

July 15, 2020

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001  <b>BSE Scrip Code: 500067</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  <b>NSE Symbol: BLUESTARCO</b>
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Dear Sir/Ma'am,

**Sub: Notice of the 72<sup>nd</sup> Annual General Meeting and submission of Annual Report for the financial year 2019-20**

We wish to inform you that the 72<sup>nd</sup> Annual General Meeting (the 'AGM') of the Members of the Company will be held on Thursday, August 6, 2020 at 3:30 p.m. IST through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') in compliance with the General Circular numbers 20/2020, 17/2020, 14/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as the 'Circulars').

The schedule of remote e-voting facility is set out as under (both days inclusive):

<b>Event</b>	<b>Day, Date and Time</b>
<b>Cut-off date for e-voting</b>	Thursday, July 30, 2020
<b>Commencement of remote e-voting</b>	Monday, August 3, 2020 (9:00 a.m. IST)
<b>End of remote e-voting</b>	Wednesday, August 5, 2020 (5:00 p.m. IST)

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of the AGM for the financial year 2019-20, which is also being sent through electronic mode, only to those Members whose email addresses are registered with the Company/ Depository Participant(s) in accordance with aforesaid Circulars. The same is also being made available on the Company's website at [www.bluestarindia.com](http://www.bluestarindia.com).

Kindly take the same on your records.

Thanking you,  
Yours faithfully,  
**For Blue Star Limited**

  
**Vijay Devadiga**  
**Company Secretary**  
Encl: a/a



# Notice of the Annual General Meeting

## BLUE STAR LIMITED

CIN: L28920MH1949PLC006870

Registered Office: Kasturi Buildings

Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020

Tel: +91 22 6665 4000, www.bluestarindia.com

**NOTICE** is hereby given that the 72<sup>nd</sup> Annual General Meeting (the 'AGM') of the Members of Blue Star Limited ('the Company') will be held on Thursday, August 6, 2020 at 3:30 p.m. IST through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), to transact the following business:

### A. ORDINARY BUSINESS

1. To receive, consider and adopt:
  - a) the Audited Financial Statement of the Company for the financial year ended March 31, 2020, along with the reports of the Board of Directors and Auditors thereon; and
  - b) the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2020, together with the report of the Auditors thereon.
2. To confirm the interim dividend of ₹10 per equity share of ₹2 each of the Company and consider the same as final dividend for the financial year ended on March 31, 2020.
3. To appoint a Director in place of Mr Rajiv R Lulla (DIN: 06384402), who retires by rotation, and being eligible, offers himself for re-appointment.

### B. SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration amounting to ₹13,00,000 (Rupees Thirteen Lakhs only) excluding out of pocket expenses and other applicable taxes, payable to M/s Narasimha Murthy & Co, Hyderabad, Cost Accountants, (Firm Registration No. 000042), who were appointed as the Cost Auditors of the Company, by the Board of Directors based on the recommendation of the Audit Committee to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, be and is hereby ratified and confirmed."
5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and subject to the provisions of the Articles of Association of the Company, approval of the Members of the Company be and is hereby accorded for the re-appointment of Mr Vir S Advani (DIN: 01571278) as Vice Chairman & Managing Director of the Company for a period of five (5) years, with effect from April 1, 2021, not liable to retire by rotation, upon the remuneration and terms and conditions set out in draft agreement placed before this meeting and initialed by the Company Secretary for the purpose of identification, with liberty to the Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions thereof in such manner as may be agreed to between the Nomination and Remuneration Committee and Mr Vir S Advani, subject to the same not exceeding the limits specified under Section 197 of the Act read with Schedule V of the Act or other applicable provisions of the Act;

**RESOLVED FURTHER THAT** as required under the provisions of clause 17(6)(e) of the Listing Regulations, approval of the Members of the Company be and is hereby accorded for authorising the Nomination and Remuneration Committee to approve payment of remuneration to Mr Vir S Advani, Vice Chairman & Managing Director of the Company, in excess of the limits prescribed under the said provisions, being the higher of ₹5,00,00,000 (Rupees Five Crores only) or 2.5% of the net profits of the Company;

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of net profits in any financial year(s) during his tenure as Vice Chairman & Managing Director, Mr Vir S Advani be paid the aforesaid remuneration as minimum remuneration for the said year(s);

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Nomination and Remuneration Committee be and are hereby authorised to do all the acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and subject to the provisions of the Articles of Association of the Company, approval of the Members of the Company be and is hereby accorded for the re-appointment of Mr B Thiagarajan (DIN:01790498) as Managing Director of the Company for a period of five (5) years with effect from April 1, 2021, not liable to retire by rotation, upon the remuneration and terms and conditions set out in draft agreement placed before this meeting and initialed by the Company Secretary for the purpose of identification with liberty to the Nomination and Remuneration Committee of the Company to alter and vary the terms and conditions thereof in such manner as may be agreed to between the Nomination and Remuneration Committee and Mr B Thiagarajan subject to the same not exceeding the limits specified under Section 197 of the Act read with Schedule V of the Act, or other applicable provisions of the Act;

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of net profits in any financial year(s) during his tenure as Managing Director, Mr B Thiagarajan be paid the aforesaid remuneration as minimum remuneration for the said year(s);

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Nomination and Remuneration Committee be and are hereby authorised to do all the acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**BLUE STAR LIMITED**  
**Kasturi Buildings**  
**Mohan T Advani Chowk**  
**Jamshedji Tata Road**  
**Mumbai 400 020**

**By Order of the Board of Directors**

**Vijay Devadiga**  
**Company Secretary**  
**Membership No: A11028**

Date : May 12, 2020

Place : Mumbai

## NOTES:

1. Pursuant to the General Circular numbers 20/2020, 17/2020, 14/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC/OAVM, without the physical presence of members at a common venue. In compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN COMPLIANCE WITH THE CIRCULARS THE AGM IS BEING HELD THROUGH VC/OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM.**
3. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the 'Act') in respect of the Special Business specified under Item no(s) 4 to 6 of the accompanying Notice are annexed hereto. The Board of Directors has considered and decided to include the said items given above as Special Business in the forthcoming AGM, as they were unavoidable in nature.
4. Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and Secretarial Standard on General Meetings (SS-2), with respect to Director seeking re-appointment at the AGM, is annexed to this Notice.
5. Corporate Members intending to authorise their representatives to participate the AGM through VC/OAVM on its behalf and to vote through remote e-voting/during the AGM, pursuant to Section 113 of the Act are requested to send a certified copy of the relevant board resolution to the Scrutiniser by email through its registered mail addresses to [navnitlb@nlba.in](mailto:navnitlb@nlba.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
6. The Board of Directors of the Company at its Meeting held on March 12, 2020 declared an Interim Dividend of ₹10 per equity share of ₹2 each for the financial year 2019-20.  
The Interim Dividend declared by the Board of Directors was paid on or before March 30, 2020 to those Members whose names appeared:
  - (a) As Beneficial Owners as at the end of business hours on March 20, 2020 as per the list furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), in respect of the shares held in electronic form.
  - (b) As Member in the Register of Members of the Company after giving effect to all valid share transfers in physical form which are lodged with the Company or its Registrar and Transfer Agent (RTA) on or before March 20, 2020.The Board considered and approved the Interim Dividend paid to the members as full and final dividend for the financial year 2019-20.
7. Pursuant to the provisions of Section 124 of the Act, the Unpaid/Unclaimed Dividend up to the financial year 2011-12 has been transferred by the Company to the Investor Education and Protection Fund (the 'IEPF') established by the Central Government.
8. Pursuant to the provisions of Section 124(5) of the Act, dividend for the financial year 2012-13 and the dividends for the subsequent years, which remain unpaid or unclaimed for a period of 7 consecutive years or more, will be transferred to IEPF. Members who have so far not encashed the dividend warrant(s) for the financial year 2012-13 are requested to make their claim to Link Intime India Private Limited, RTA on [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to the Secretarial Department on [secretarialdesk@bluestarindia.com](mailto:secretarialdesk@bluestarindia.com), failing which the unpaid/unclaimed amount will be transferred to the IEPF in the month of September 2020. In accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") the Company has sent reminder to all the Members whose shares are due for transfer to the IEPF Authority through email to those Members whose email addresses was registered and said reminder would be sent to those Members without registered email address, through postal/courier services, if it resumes before due date of transfer and published the advertisement in the newspapers. Details of unpaid/unclaimed dividend are uploaded on the website of the Company [www.bluestarindia.com](http://www.bluestarindia.com).  
Members are requested to take note of the aforesaid and claim their unclaimed dividends immediately to avoid transfer of the underlying shares.

Members can however, claim both, the unclaimed dividend amount and the shares transferred to IEPF, by making an online application to the IEPF Authority through Form IEPF-5 available on the website of the Authority [www.iepf.gov.in](http://www.iepf.gov.in) and in the manner specified under IEPF Rules.

9. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, ECS mandate, nomination, power of attorney, change of address, change in name, etc, to their Depository Participants (DP). Members holding shares in physical form are requested to intimate the changes to the RTA of the Company. These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to the Members.
10. Members are advised to avail the facility for receipt of dividends through Electronic Clearing Services (ECS). The Reserve Bank of India has launched a facility for receipt of dividends through National Electronic Clearing Service, a centralised ECS operation to provide a wider network, which requires updating of new bank account details with the DP. You are therefore advised to update your bank details with your DP (in case of those who are holding shares in dematerialised mode) or the RTA (in case of those who are holding the shares in physical mode) at an early date in order to avail the facility in future.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA of the Company.
12. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members may contact the Company's RTA for assistance in this regard.
13. In compliance with the Circulars, the Annual Report for the financial year 2019-20 along with the Notice of the AGM of the Company *inter alia* indicating the process and manner of e-voting is being sent only through electronic mode to those Members whose email addresses are registered with the Company/DP. Members may note that the Annual Report and the Notice is also available on the Company's website [www.bluestarindia.com](http://www.bluestarindia.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and also on the website of NSDL at <https://www.evoting.nsdl.com>.
14. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
15. Members seeking any information with regard to the accounts or all documents referred to in the accompanying Notice and the Explanatory Statements shall be available for inspection through electronic mode, by sending request to the Company at [secretarialdesk@bluestarindia.com](mailto:secretarialdesk@bluestarindia.com) on or before August 5, 2020. The same will be replied by the Company suitably.
16. M/s Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company for a period of five (5) consecutive years at the 70<sup>th</sup> AGM held on August 8, 2018. Their appointment was subject to ratification by the Members at every subsequent AGM, if so, required under the Act. In accordance with the amendment to the Act effective May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the AGM.
17. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialised form, and to the RTA, in case the shares are held in physical form.
18. Since the AGM will be held through VC/OAVM, the route map, proxy form and attendance slip are not annexed to this Notice of the AGM.

#### **19. VOTING THROUGH ELECTRONIC MEANS**

- I. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to its Members, facility to exercise their right to vote on resolutions proposed to be considered at the ensuing AGM by electronic means and the business may be transacted through e-voting services.

- II. The remote e-voting will be provided by NSDL which will commence from August 3, 2020 (9:00 a.m. IST) and end on August 5, 2020 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 30, 2020 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members who have cast their vote by remote e-voting prior to the AGM may also participate the AGM through VC/OAVM but shall not be entitled to cast their vote again. The facility for voting during the AGM will also be made available. Members present in the AGM through VC/OAVM and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- III. The details of the process and manner for remote e-voting are explained as mentioned below:

**Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-voting website?**

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.*

4. Your User ID details are given below:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in physical form.	EVEN followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - ii. If your email ID is not registered, please follow the instructions mentioned below in the notice.

6. If you are unable to retrieve or have not received the “initial password” or have forgotten your password:
  - a) Click on **“Forgot User Details/Password?”** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **“Physical User Reset Password?”** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant board resolution/authority letter, etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by email to [navnitb@nlba.in](mailto:navnitb@nlba.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, relating to e-voting you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). In case of any grievances connected with facility for E-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4<sup>th</sup> Floor, ‘A’ Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in), Tel: 91 22 2499 4545/ 1800-222-990.

**Process for registration of email id for obtaining Annual Report and user id/password for e-voting and updation of bank account mandate:**

Physical Holding	<p>Send a request to the RTA, Link Intime India Private Limited at <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) for registering email address.</p> <p>Additional details to be provided in case of updating Bank Account (for future purpose):</p> <ol style="list-style-type: none"> <li>Name and branch of the Bank;</li> <li>Account type and account number;</li> <li>9 digit MICR code number;</li> <li>11 digit IFSC Code; and</li> <li>A scanned copy of the cancelled cheque bearing name of the first shareholder.</li> </ol>
Demat Holding	<p>Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.</p>

**IV. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- Members will be able to attend the AGM through VC/OAVM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company's AGM.  
Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.
- Members are encouraged to join the Meeting through desktop/laptops for better experience. Further, Members will be required to allow camera and use internet with high-speed to avoid any disturbance during the meeting.
- Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first serve basis and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled time to start the AGM.
- Members may note that the VC/OAVM facility, provided by NSDL, allows participation of atleast 1,000 Members on a on a first-come-first-serve basis. The large shareholders (*i.e. shareholders holding 2% or more shareholding*), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve principle.
- Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/ 1800-222-990 or contact Mr Amit Vishal, Senior Manager – NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in)/ or at +91 22-24994360 or Ms Pallavi Mhatre, Manager- NSDL at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/ or at +9122-24994545.
- Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at [agmspeakers@bluestarindia.com](mailto:agmspeakers@bluestarindia.com) between August 3, 2020 (9:00 am IST) to August 5, 2020 (5:00 pm IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.



## **V. Other Instructions:**

- i. You can also update your mobile number and email ID in the user profile details of the folio which may be used for sending future communication(s).
- ii. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of July 30, 2020.
- iii. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. July 30, 2020, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if/she is already registered with NSDL for remote e-voting then he/she can use the existing user ID and password for casting the vote.
- iv. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories, as on the cut-off date shall only be entitled to avail the facility of remote e-voting or casting vote through e-voting during the AGM .
- v. Mr Bharat Upadhyay of M/s N L Bhatia & Associates, Practicing Company Secretaries (Membership No. 5436 CP No. 4457) has been appointed as the Scrutiniser to scrutinise the remote e-voting process and e-voting during the AGM in a fair and transparent manner.
- vi. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiniser, to all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- vii. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the meeting and thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- viii. The results declared along with the report of the Scrutiniser shall be placed on the website of the Company [www.bluestarindia.com](http://www.bluestarindia.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com), immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges where the shares of the Company are listed.
- ix. Subject to receipt of requisite number of votes, the resolutions proposed in the Notice shall be deemed to be passed on the date of the AGM, i.e. Thursday, August 6, 2020.

# Annexure to Notice

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 4

The Board of Directors of the Company, on the recommendation of the Audit Committee, had approved the appointment and remuneration of M/s Narasimha Murthy & Co, Hyderabad, Cost Accountants (Firm Registration No. 000042), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020 at a remuneration of ₹13,00,000 (Rupees Thirteen Lakhs only) (excluding out of pocket expenses and applicable taxes).

In terms of the provisions of Section 148 of the Companies Act, 2013 (the 'Act') read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

The Board of Directors recommends the ordinary resolution as set out at item no.4 of the Notice for the approval by the Members. None of the Directors, Key Managerial Personnel or their relatives are, financially or otherwise, concerned or interested in the said resolution.

### ITEM NO. 5

Mr Vir S Advani, 44 years, holds Bachelor's Degrees in Systems Engineering and in Economics from the University of Pennsylvania. He has also completed a comprehensive Executive Management Program at Harvard Business School.

Mr Vir S Advani, after a 2-year working stint in private equity in New York, joined erstwhile Blue Star Infotech Ltd in 2000 and then founded Blue Star Design & Engineering Ltd in 2003, designated as its Chief Executive Officer. In 2007, he moved to Blue Star as Vice President - Corporate Affairs, where he made valuable contributions in a profit improvement programme as well as in Electro-Mechanical projects.

In April 2016, Mr Vir S Advani was appointed as the Managing Director of the Company, and in April 2019, he was elevated to Vice Chairman and redesignated as Vice Chairman & Managing Director. In his enhanced role, Vir S Advani is the primary interface between the Board and the Executive Management, and directly oversees the PE&IS business, International Operations, Corporate Finance, Corporate Human Resources, Information Technology and Corporate Planning. Mr Vir S Advani is a Director of Blue Star Engineering & Electronics Ltd. He is an active member of the Confederation of Indian Industry and an elected member of CII National Council.

The Board of Directors, at its meeting held on May 12, 2020, based upon the recommendation of the Nomination and Remuneration Committee at its meeting held on April 23, 2020, considered and approved the re-appointment of Mr Vir S Advani as the Vice Chairman & Managing Director for a further period of 5 (five) years with effect from April 1, 2021, not liable to retire by rotation.

Mr Vir S Advani satisfies all the conditions set out in Part I of Schedule V of the Companies Act, 2013 (the 'Act') as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is not disqualified from being re-appointed as Director in terms of Section 164 of the Act.

Therefore, approval of the Members of the Company is sought for the re-appointment of Mr Vir S Advani as Vice Chairman & Managing Director of the Company for a period of five (5) years with effect from April 1, 2021.

The detailed profile of Mr Vir S Advani is provided under the head 'Profile of Directors being eligible for re-appointment as required under Regulation 36(3) of Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in order of the items mentioned in the Notice' forming part of the notice.

The abstract of the terms and conditions contained in the draft agreement as under:

#### A. Salary:

Basic Salary at the rate of ₹1,04,22,961 per annum with annual increments at such rate as may be approved by the Nomination and Remuneration Committee subject to a ceiling of 30% of his basic salary. For reference, the Basic Salary paid to Mr Vir S Advani in the financial year 2019-20 was ₹1,04,22,961.

#### B. Variable Pay and Performance linked Incentives:

- 1. Variable Pay:** ₹172.50 lakhs per annum, based on the achievement of the key results areas as approved by the Nomination and Remuneration Committee.
- 2. Performance linked Incentives:** Variable performance pay linked to his performance ratings in accordance with the relevant scheme(s) of the Company in this behalf and/or as approved by the Nomination and Remuneration Committee.

**C. Perquisites:**

- a) In addition to the salary, variable pay and performance linked incentives, Mr Vir S Advani is also entitled to perquisites and allowances including furnished accommodation or house rent in lieu thereof; gas, electricity, water and furnishings; medical reimbursement and leave travel concessions for self and family; club fees; and personal accident insurance or such other perquisites and/or cash compensation in accordance with the Rules applicable to other senior executives of the Company, subject to the condition that the total perquisites, including the cash compensation, will be restricted to an amount equivalent to twice his annual salary.  
For the purpose of calculating the above, perquisites shall be valued as per Income-tax Rules wherever applicable.
- b) Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these are, either singly or put together, not taxable under the Income-tax Act, 1961; Gratuity benefits as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of perquisites.
- c) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

The total remuneration shall not exceed the individual and overall ceilings prescribed under Section 197 of the Act for the time being and from time to time in force.

In the event of loss or inadequacy of profits in any financial year, and Mr Vir S Advani shall be paid remuneration by way of salary and perquisites in accordance with the limits laid down in Schedule V of the Act, or any statutory modifications therein or re-enactment thereof. The Nomination and Remuneration Committee shall have the discretion and authority to modify the foregoing terms of remuneration within the parameters of the applicable provisions of the Act.

**D. Leave:**

In accordance with the rules of the Company as applicable to other senior executives of the Company.

**E. Others:**

Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

**F. Termination:**

The Agreement may be terminated:

- (a) forthwith by notice in writing on his vacation of office of Director by virtue of the applicable provisions of the Act; or
- (b) by giving 6 months' notice in writing by either party.

**G. Arbitration:**

Disputes to be settled by arbitration.

A copy of the draft Agreement will be available for inspection by the members through electronic mode on all the working days during the normal business hours.

Further, as required under Regulation 17(6)(e) of the Listing Regulations, approval of the Members of the Company is requested for authorising the Nomination and Remuneration Committee for payment of remuneration to Mr Vir S Advani, Vice Chairman & Managing Director of the Company, in excess of the limits prescribed under the said provisions, being the higher of ₹5,00,00,000 (Rupees Five Crores only) or 2.5% of the net profits of the Company, the said approval shall be valid during his tenure.

Except for Mr Vir S Advani, as it concerns himself and Mrs Sunaina Murthy, being relative of Mr Vir S Advani, none of the other Directors of the Company and Key Managerial Personnel of the Company and their respective relatives, financially or otherwise, is concerned or interested in the said Resolution.

The Board of Directors recommends the special resolution as set out at item no.5 of the Notice for the approval by the Members.

**ITEM NO. 6**

Mr B Thiagarajan, 62 years, holds a Bachelor's Degree in Electrical and Electronics Engineering from Madurai University. He has also completed the Senior Executive Program of London Business School. He has over four decades of experience, having worked for reputed companies such as Larsen & Toubro Ltd, BPL Systems Ltd and Voltas Ltd, prior to joining Blue Star in 1998.

Mr B Thiagarajan joined the Company in 1998 and has handled various assignments in the Service business, Corporate Communications & Marketing, and Corporate Affairs & Planning before he was promoted as President - AC&R Products Group in 2009. He was elevated to the Board in 2013. He was appointed as Joint Managing Director in 2016 and with effect from April 1, 2019 he has taken charge as Managing Director. He currently oversees Electro-Mechanical projects and Commercial Air Conditioning Systems Business; Sales, Marketing, Supply Chain and Service Operations pertaining to the Products Business; Manufacturing and R&D; Corporate Communications; Public Relations; as well as Corporate Marketing Services. Mr B Thiagarajan plays an active role in various industry fora, and is the Past President of Refrigeration and Air Conditioning Manufacturers Association (RAMA) and CII Maharashtra State Council. He is a nominated member of the CII National Council, Co-chairperson of the CII National Agriculture Council and Deputy Chairman of the CII Western Regional Council. With strategic thinking, he has successfully steered the Company to acquire increased market share and profits in the white goods space in India and positioned it as a contender in international markets.

Considering Mr B Thiagarajan's extensive experience and invaluable contribution to the Company, the Board of Directors at its meeting held on May 12, 2020 based on the recommendation of the Nomination and Remuneration Committee at its meeting held on April 23, 2020, considered and approved the re-appointment of Mr B Thiagarajan as the Managing Director for a period of 5 (five) years with effect from April 1, 2021, not liable to retire by rotation.

Mr B Thiagarajan satisfies all the conditions set out in Part I of Schedule V of the Companies Act, 2013 (the 'Act') as also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is not disqualified from being re-appointed as Director in terms of Section 164 of the Act.

Therefore, approval of the Members of the Company be and is hereby sought for the re-appointment of Mr B Thiagarajan as Managing Director of the Company for a period of five (5) years with effect from April 1, 2021.

The detailed profile of Mr B Thiagarajan is provided under the head 'Profile of Directors being eligible for re-appointment as required under Regulation 36(3) of Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in order of the items mentioned in the Notice' forming part of the notice.

The abstract of the terms and conditions contained in the draft agreement as under:

**A. Salary:**

Basic Salary at the rate of ₹1,04,22,961 per annum with annual increments at such rate as may be approved by the Nomination and Remuneration Committee subject to a ceiling of 30% of his basic salary. For reference, the Basic Salary paid to Mr B Thiagarajan in the financial year 2019-20 was ₹1,04,22,961.

**B. Variable Pay and Performance linked Incentives:**

- 1. Variable Pay:** ₹172.50 lakhs per annum, based on the achievement of the key results areas as approved by the Nomination and Remuneration Committee.
- 2. Performance linked Incentives:** Variable performance pay linked to his performance ratings in accordance with the relevant scheme(s) of the Company in this behalf and/or as approved by the Nomination and Remuneration Committee.

**C. Perquisites:**

- a) In addition to the salary, variable pay and performance linked incentives, Mr B Thiagarajan is also entitled to perquisites and allowances including furnished accommodation or house rent in lieu thereof; gas, electricity, water and furnishings; medical reimbursement and leave travel concessions for self and family; club fees and personal accident insurance or such other perquisites and/or cash compensation in accordance with the Rules applicable to other senior executives of the Company, subject to the condition that the total perquisites, including the cash compensation, will be restricted to an amount equivalent to twice his annual salary.

For the purpose of calculating the above, perquisites shall be valued as per Income-tax Rules wherever applicable.

- b) Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these are, either singly or put together, not taxable under the Income-tax Act, 1961; Gratuity benefits as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of perquisites.
- c) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

The total remuneration shall not exceed the individual and overall ceilings prescribed under Section 197 of the Act for the time being and from time to time in force.

In the event of loss or inadequacy of profits in any financial year, and Mr B Thiagarajan shall be paid remuneration by way of salary and perquisites in accordance with the limits laid down in Schedule V of the Act, or any statutory modifications therein or re-enactment thereof. The Nomination and Remuneration Committee shall have the discretion and authority to modify the foregoing terms of remuneration within the parameters of the applicable provisions of the Act

**D. Leave:**

In accordance with the rules of the Company as applicable to other senior executives of the Company.

**E. Others:**

Reimbursement of actual entertainment expenses, actual traveling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

**F. Termination:**

The Agreement may be terminated:

- (a) forthwith by notice in writing on his vacation of office of Director by virtue of the applicable provisions of the Act; or
- (b) by giving 6 months' notice in writing by either party.

**G. Arbitration:**

Disputes to be settled by arbitration.

A copy of the draft Agreement will be available for inspection by the members through electronic mode on all the working days during the normal business hours.

Except for Mr B Thiagarajan, as it concerns himself, none of the other Directors of the Company and Key Managerial Personnel of the Company and their respective relatives, financially or otherwise, is concerned or interested in the said Resolution.

The Board of Directors recommends the special resolution as set out at item no.6 of the Notice for the approval by the Members.

**BLUE STAR LIMITED**  
**Kasturi Buildings**  
**Mohan T Advani Chowk**  
**Jamshedji Tata Road**  
**Mumbai 400 020**

**By Order of the Board of Directors**

**Vijay Devadiga**  
**Company Secretary**  
**Membership No: A11028**

Date : May 12, 2020

Place : Mumbai

## Profile of Directors seeking re-appointment at the 72<sup>nd</sup> Annual General Meeting:

	Mr Rajiv R Lulla	Mr Vir S Advani	Mr B Thiagarajan
<b>Age</b>	52 years	44 years	62 years
<b>Director Identification Number (DIN)</b>	06384402	01571278	01790498
<b>Date of first Appointment</b>	01.12.2016	01.07.2010	13.05.2013
<b>Brief Resume (including profile, qualification, experience and expertise in specific functional areas)</b>	<p>Rajiv R Lulla is a Founding Partner at Deep Blue Advisors and is the Founder of Voltaire Advisory Services, a technology-enabled financial services firms.</p> <p>He holds a Bachelor's degree in Mechanical Engineering with Electronics from King's College, London, and a Master's degree from Imperial College, London.</p> <p>Rajiv has over 25 years of experience primarily as an investment banker specialised in merger advisory and corporate finance, and has completed transactions representing a combined value in excess of USD 220 billion across multiple industry sectors and geographies. He has held senior global leadership roles at Merrill Lynch, the Credit Agricole Group, and Deutsche Bank, based in New York, London, Paris and Hong Kong.</p>	<p>Vir S Advani holds Bachelor's Degrees in Systems Engineering and in Economics from the University of Pennsylvania. He has also completed a comprehensive Executive Management Program at Harvard Business School.</p> <p>Vir, after a 2-year working stint in private equity in New York, joined Blue Star Infotech Ltd in 2000 and then founded Blue Star Design and Engineering Ltd in 2003, designated as its Chief Executive Officer. In 2007, he moved to Blue Star as Vice President - Corporate Affairs, where he made valuable contributions in a profit improvement programme as well as in Electro-Mechanical projects. In April 2016, Vir was appointed as the Managing Director of the Company, and in April 2019, he was elevated to Vice Chairman and redesignated as Vice Chairman &amp; Managing Director. In his enhanced role, Vir is the primary interface between the Board and the Executive Management, and directly oversees the PE&amp;IS business, International Operations, Corporate Finance, Corporate Human Resources, Information Technology and Corporate Planning.</p> <p>Vir is a Director of Blue Star Engineering &amp; Electronics Ltd. He is an active member of the Confederation of Indian Industry and an elected member of CII National Council.</p>	<p>B Thiagarajan holds a Bachelor's Degree in Electrical and Electronics Engineering from Madurai University. He has also completed the Senior Executive Program of London Business School. He has around four decades of experience, having worked for reputed companies such as Larsen &amp; Toubro Ltd, BPL Systems Ltd and Voltas Ltd, prior to joining Blue Star in 1998.</p> <p>Thiagarajan has handled various assignments in the Service Business, Corporate Communications &amp; Marketing and Corporate Affairs &amp; Planning before he was promoted as President - AC&amp;R Products Group in 2009. He was elevated to the Board in 2013. He was appointed as Joint Managing Director in 2016 and with effect from April 1, 2019 he has taken charge as Managing Director. He currently oversees Electro-Mechanical Projects and Commercial Air Conditioning Systems Business; Sales, Marketing, Supply Chain and Service Operations pertaining to the Products Business; Manufacturing and R&amp;D; Corporate Communications; Public Relations; as well as Corporate Marketing Services.</p> <p>Thiagarajan plays an active role in various industry fora, and is the Past President of Refrigeration and Air Conditioning Manufacturers Association (RAMA) and CII Maharashtra State Council. He is a nominated member of the CII National Council, Co-chairperson of the CII National Agriculture Council and Deputy Chairman of the CII Western Regional Council.</p>
<b>Terms and conditions of re-appointment</b>	Liabile to retire by rotation	As detailed in the respective resolutions and explanatory statement	

	Mr Rajiv R Lulla	Mr Vir S Advani	Mr B Thiagarajan
<b>Remuneration last drawn (including sitting fees, if any)</b>	₹15.75 lakhs	₹500 lakhs	₹517.50 lakhs
	For details of remuneration, please refer to the Corporate Governance Report.		
<b>Remuneration proposed to be paid</b>	As per the Nomination and Remuneration policy of the Company	As detailed in the respective resolutions and explanatory statement	
<b>Shareholding in the Company</b>	Nil	10,74,625 Equity Shares of ₹2/- each	72,800 Equity Shares of ₹2/- each
<b>Relationship with other Director/ Key Managerial Personnel of the Company</b>	None	Mr Vir S Advani is brother of Mrs Sunaina Murthy, Non-Executive Promoter Director of the Company	None
<b>No. of Board Meetings attended during the year</b>	5/5	4/5	5/5
<b>Directorships held in other Companies (excluding foreign, private and Section 8 Companies)</b>	None	<ul style="list-style-type: none"> <li>Blue Star Engineering &amp; Electronics Limited</li> </ul>	<ul style="list-style-type: none"> <li>Blue Star Engineering &amp; Electronics Limited</li> </ul>
<b>Public Limited Companies in which Director is Member of the Audit and Stakeholders' Relationship Committee (including the Company)</b>	Blue Star Limited: <ul style="list-style-type: none"> <li>Investor Grievance cum Stakeholders' Relationship Committee</li> </ul>	None	Blue Star Limited: <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Investor Grievance cum Stakeholders' Relationship Committee</li> </ul>
<b>Public Limited Companies in which Director is Chairman of the Audit and Stakeholders' Relationship Committee (including the Company)</b>	None	None	None



**BLUE STAR**



**ANNUAL REPORT 2019-2020**





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## FORWARD-LOOKING STATEMENTS

Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operational or financial performance. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised, and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**BLUE STAR**

NOBODY COOLS BETTER™

GET

**30%**

**MORE**

**COOLING**

**WHEN NEEDED.**



**OWNED  
BY VIRAT  
LOVED  
BY VIRAT**



## BOARD OF DIRECTORS

Shailesh Haribhakti  
*Chairman*

Vir S Advani  
*Vice Chairman & Managing Director*

B Thiagarajan  
*Managing Director*

Rajiv R Lulla  
*Non-Executive Director*

Sunaina Murthy  
*Non-Executive Director*

Dinesh N Vaswani  
*Non-Executive Director*

### Independent Directors

Sam Balsara

Rumjhum Chatterjee

Anil Harish

Arvind K Singhal

## COMPANY SECRETARY

Vijay Devadiga

## BANKERS

The Hongkong and Shanghai Banking Corporation Ltd

BNP Paribas

Kotak Mahindra Bank Ltd

State Bank of India

Oriental Bank of Commerce

IDBI Bank Ltd

ICICI Bank Ltd

HDFC Bank Ltd

DBS Bank India Ltd

IDFC FIRST Bank Ltd

Standard Chartered Bank

Citibank N.A.

Qatar National Bank (Q.P.S.C.)

## AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants

## INTERNAL AUDITORS

Mahajan & Aibara, Chartered Accountants LLP

## REGISTRAR & TRANSFER AGENT

Link Intime India Pvt Ltd

C-101, 247 Park, L B S Marg, Vikhroli (West),

Mumbai 400 083.

Tel: +91 22 4918 6000

Fax: +91 22 4918 6060

Website: www.linkintime.co.in

## REGISTERED OFFICE

Kasturi Buildings

Mohan T Advani Chowk, Jamshedji Tata Road

Mumbai 400 020 Tel: +91 22 6665 4000

www.bluestarindia.com

CIN: L28920MH1949PLC006870

## CORPORATE MANAGEMENT

Vir S Advani  
*Vice Chairman & Managing Director*

B Thiagarajan  
*Managing Director*

C P Mukundan Menon  
*President - Sales & Marketing, Products Business & Corporate Management Representative*

P Venkat Rao  
*President - Electro-Mechanical Projects & Customer Service*

Neeraj Basur  
*Group Chief Financial Officer*

Sandeep Bathla  
*Executive Vice President - Manufacturing*

V S Ashok  
*Chief Human Resources Officer*

D H Roy  
*Executive Vice President - R&D and Procurement*

Wilson Jebaraj  
*Vice President - Customer Service*

Rahul Deshpande  
*Vice President - Electro-Mechanical Projects (Buildings & Factories)*

C Haridas  
*Vice President - Sales & Marketing, Cooling & Purification Products*

Devidas Kasbekar  
*Vice President - Manufacturing (Himachal Pradesh & Dadra Plants)*

Suresh Iyer  
*Chief Information Officer*

## SUBSIDIARY COMPANIES

Prem Kalliath  
*Chief Executive Officer, Blue Star Engineering & Electronics Ltd*

Dawood Bin Ozair  
*Chief Executive Officer, Blue Star International FZCO*

Devashish Banerjee  
*Vice President - Industrial Systems, Blue Star Engineering & Electronics Ltd*

# *Letter from the Chairman*



Blue Star's major contribution over two decades to Indian industry has been an ability to adapt global technologies for Indian climate conditions and usage patterns. We continue to invest in R&D and manufacturing in order to remain competitive and ahead of the curve.

**Shailesh Haribhakti**  
*Chairman of the Board*

**Dear Shareholders,**

As you are aware, I assumed charge as the Chairman of Blue Star Limited a little over a year ago. At the outset, I wish to place on record my gratitude to you for your extraordinary support and feedback.

**Black Swan Event**

The COVID-19 pandemic is a huge black swan event. Not since World War II has there been an event that has stopped the entire world in its tracks. Not since the Spanish Flu has the world seen such a deadly virus that even today continues to spread unabated. Today, the World Health Organisation statistics indicate that more than 8 million people in 215 countries have been infected by COVID-19. None of us has witnessed such a devastating event in our lifetime. Until now, in global forums such as the UN, G7 or G20, the issues that were critical were Climate Change, Inequality and Terrorism; today this pandemic has focused attention on over US\$5 trillion of stimulus, collapsing economies and poverty increases that are stunning! COVID-19 will make the world change its course.

As I write this, in India we are coming out of the unprecedented lockdown that has lasted close to three months. While net new cases and deaths continue to rise, healthcare systems are beginning to respond with formidable efforts. I hope that by the time you receive the Annual Report for 2019-20, the infection rate would have fallen, as it has in some geographies. I am equally hopeful that immunity enhancers, drugs for faster cure and a vaccine for prevention would be discovered before the end of the current financial year.

**The Test of Time**

Blue Star is no stranger to crisis. This organisation was created during World War II, and grew despite several obstacles. We have survived the partition of our sub-continent; adapted to the bruising effects of changing economic policies – from Licence Raj and its crippling taxation to liberalisation and the global competition that brought many Indian companies to their knees. We have navigated political disruptions such as the Emergency in the 1970s, and the shocks of the 2008 recession and the 26/11 terror attacks.

Through all this and more, Blue Star has stood the test of time, turned challenge into opportunity and reaffirmed itself. From a Company known for large-scale engineering projects, we have transformed not only our offerings but also our mindsets, and become a leading player in the competitive retail arena with room air conditioners and other products designed for residential use. This metamorphosis took place even as we retained our leadership position in the traditional business segment of Central and Packaged Air Conditioning, for which we are globally known. Our success in the Professional Electronics & Industrial Systems (PE&IS) business is a result of the value addition that we provide to our customers in India. Blue Star now offers system integrated solutions, and world-class, India-suited products.

Blue Star's exports to 18 countries in the Middle East, Africa, SAARC, and ASEAN regions stand testament to its design and engineering capabilities, and its expertise in the science of cooling. Our success is based on our ability to combine quality and innovation with a world-class customer experience. These enduring values have helped us earn the trust of our customers, and as a result, we are the preferred vendors in almost all product categories and market segments that we address.

**Six Tenets & Six Capitals**

While making its presence felt in India and elsewhere, the Company has stood firm on six key tenets – world-class customer experience, shareholder value creation, professional management, responsibility to the environment, and commitment to being a good corporate citizen with good governance. Against all the uncertainties in its history, these qualities have defined the organisation. These six tenets have resulted in value creation across six capitals, namely Financial, Manufactured, Intellectual, Human, Social, Relationship and Natural, as detailed in the Integrated Report.

Moreover, much before the term ESG (Environmental, Social and Governance) came into vogue, Blue Star was practising the very same principles and kept them integral to its business strategy.

It is noteworthy to mention that Blue Star was bestowed with 'The Best Governed Company' award in the Listed Segment (Medium Category) by Institute of Company Secretaries of India, for implementing best practices in Corporate Governance. Besides, the Company also won the Golden Peacock Award for Excellence in Corporate Governance.

Blue Star's commitment to sustainability continues to get recognised, and the Company plays an active and constructive role in policy initiatives, be it Energy Efficiency, Ozone Depletion or the India Cooling Action Plan. In August 2019, the Company had the privilege of being invited by the French President, M. Emmanuel Macron, to attend the One Planet Working Group as a part of the G7 Summit for consultations on climate change initiatives.

During the initial phase of lockdown, apart from donating rations to the needy and Personal Protective Equipment to the front-line social workers, many employees of Blue Star were at the forefront responding to the emergency needs of our customers. I am pleased to share a few examples:

- Kasturba Hospital, which comes under the Municipal Corporation of Greater Mumbai, has been treating many COVID-19 patients of Mumbai. Blue Star was entrusted with the task of building a cold room which was to be used as a mortuary chamber.
- CT scanners are essential for scanning patients affected with pneumonia, and the Healthcare Systems service team of Blue Star Engineering & Electronics Limited supported many hospitals such as, Chitradurga District Hospital, with timely service right through the lockdown.
- Quite a few hospitals, such as Santokba Durlabhji Memorial Hospital, Jaipur, store life-saving drugs in Blue Star cold storages, and their emergency service needs were attended to, round the clock by our talented and brave engineers.
- Torrent Power, Sabarmati wanted Blue Star to commission a chiller in order to ensure reliable power supply to Ahmedabad and Gandhinagar, and the team accomplished the task successfully.

These are just a few examples; there are numerous more that have contributed to our building trust with our customers.

Blue Star's Business Continuity Plan, which forms part of the Enterprise Risk Management framework was put to the test during the lockdown period and we came through with flying colours. We are in the process of safe reopening of our offices, factories and project sites under Unlock 1.0, with serious attention to the safety of our customers, employees, dealers and business associates.

### **Aatmanirbhar Bharat**

Blue Star's major contribution over two decades to Indian industry has been an ability to adapt global technologies for Indian climate conditions and usage patterns. We continue to invest in R&D and manufacturing in order to remain competitive and ahead of the curve. As a matter of fact, Blue Star is well placed not only to work towards greater self-reliance under the Aatmanirbhar Bharat Abhiyan, but also grow its exports to the rest of the world.

### **Entrepreneurship with Agility**

It was in the month of March 2020 that Blue Star's Board approved the strategic plan for the period FY21 to FY24 which included several orbit-shifting initiatives. These were: grow faster than the market in our core businesses; improve profitability through scale and backward integration; deepen penetration in terms of distribution through conventional channels and e-commerce, and pursue profitable adjacencies. All this to be done with a razor-sharp focus on optimal resource allocation to the most value-adding activities, while making many elements of operating costs variable.

In the post COVID-19 era, as the world changes rapidly around us, we shall combine our long-term vision with agile responses to volatile circumstances. While it will be difficult to make up for the business that was lost during the peak summer season, quite a few strategic actions have been implemented in order to ensure that the Company returns to a growth path in the second half of this financial year.

It is not going to be an easy year, but I want to assure you that Blue Star is well prepared to face the challenges. We have the track record, technology, global presence and determination to make that happen.

As I sign off, I wish you and your family good health.

Stay cool and stay safe!

Yours sincerely,  
**Shailesh Haribhakti**



A portrait of Vir S Advani, a man with dark hair and a slight smile, wearing a dark blue suit, white shirt, and patterned tie. He is standing with his hands clasped in front of him. The background is a light grey gradient.

## *Letter from the Vice Chairman & Managing Director*

I am confident that the Company will be able to navigate through the current crisis, because of its strong fundamentals, committed teams and a large portfolio of solutions that impacts all elements essential to the quality of life – air, water and food. We serve the needs of sectors that are vital to the economy and the aspirations of the people of not only India, but also the overseas markets in which we operate.

**Vir S Advani**  
**Vice Chairman &**  
**Managing Director**

## Dear Shareholders,

I am hopeful that humankind will come to terms with living with the COVID-19 pandemic over the next few months, but the impact on the economy and businesses will continue for a long time. While there is no consensus on what the 'New Normal' is likely to be, it is certain that surviving and thriving will call for responding quickly to growth markets and emerging product segments, strengthening the Balance Sheet, rationalising and making our cost structure predominantly variable, creatively leveraging digital technologies and ensuring the safety and well-being of all our stakeholders. I am happy to report that your Company has prioritised efforts in this direction; more on this towards the end of the letter.

### Consolidated Financial Performance 2019-20

We maintained impressive growth for the first 10 months of the financial year, but the COVID-19 crisis and the subsequent lockdowns impacted the financial performance in Q4, resulting in a shortfall of revenue and profit to the tune of ₹400 crores and ₹70 crores, respectively. What should have been a landmark year in terms of accelerated growth and profitability improvement, ended with disappointing figures.

The Company reported a modest growth of 2.4% in its consolidated revenue from operations, which stood at ₹5360.19 crores for the year ended March 31, 2020, as compared to ₹5234.84 crores in FY19.

The Consolidated Operating Profit (PBIDTA excluding Other Income and Finance Income) for the year was ₹282.78 crores compared to ₹346.54 crores in FY19. Consolidated Net Profit for the year was ₹143.25 crores compared to ₹190.06 crores in FY19.

On a positive note, effective working capital management throughout the year meant that despite COVID-19 disruptions, consolidated net borrowings reduced to ₹155.00 crores as on March 31, 2020, compared to ₹243.60 crores as on March 31, 2019.

### Business Segments

We maintained our leadership position in the integrated Electro-Mechanical Projects space in India. Given the liquidity stress in the real estate and infrastructure sectors throughout FY20, we focused on cash flow and we remained selective in terms of order booking. Our superior project management capabilities have helped us win many prestigious orders. One such significant order is from Mumbai Metro Rail Corporation for air conditioning and tunnel ventilation system valued at ₹253 crores. With a healthy carried forward order book of ₹2039 crores as on March 31, 2020, our focus will be to identify, prioritise and accelerate the execution of projects only where cash flow is healthy.

The Commercial Air Conditioning Systems business saw order booking and growth momentum impacted in Q4FY20, but we maintained leadership in ducted systems and improved market share in the chillers and VRF categories. Our products are world-class and we are ahead of the curve in terms of technology.

In the Room Air Conditioners business, the product portfolio was rejigged to address the growing demand for entry level products in Tier 3, 4 and 5 markets. Blue Star has several new offerings in this segment, including 'premium-yet-affordable' energy-efficient air conditioners and 5-star inverter split ACs with in-built air purifiers. Apart from expanding our dealer network, we have also made inroads in the e-commerce space. In order to make our brand relevant to a wider audience, we engaged Virat Kohli as our brand ambassador and the campaign met with a great success. While we were well set for a bumper summer sale, the onset of the pandemic and the subsequent lockdown, impacted our sales in the month of March as well as the peak summer season.

We have widened our offerings in water purifiers including a few models with a unique Immuno Boost technology, which deliver alkaline and antioxidant water.

The Commercial Refrigeration business performed well and maintained leadership in deep freezers, watercoolers and cold rooms. The Company also gained market share in bottled water dispensers. The new range of refrigeration products and solutions for commercial kitchens, food retail and healthcare have gained traction and wide acceptance.

With a very large customers base cutting across Residential, Light Commercial, Industrial and Corporate segments, our after-sales service organisation is a large one with presence in over 1500 towns. It handled around 16 lakh service calls in FY20. All our service offerings including comprehensive annual maintenance contracts, spare parts, repair services, revamp and upgradation of systems and energy, air & water management solutions witnessed impressive growth during the year. Further, the Engineering Facilities Management services covering electrical, plumbing and fire-fighting apart from air conditioning, also expanded.

The Professional Electronics and Industrial Systems business did extremely well, delivering an all-time high profit of ₹54.34 crores, driven by major orders in the data security solutions business and growth in Industrial Systems.

The International business grew steadily, backed by brand-building initiatives in the Middle East, SAARC and Africa markets. The joint venture in Qatar, which executes MEP projects, did extremely well in what has otherwise been a challenging market.

The Company received a number of accolades and recognitions through the year, but the one we are proud about is being certified as a Great Place to Work™, following a rigorous work culture assessment process. The Company prides itself for having the best talent in the industry and a unique work culture that enables high customer satisfaction and loyalty.

### **Immediate Priorities**

As soon as the lockdown was announced, we ensured that the digital infrastructure is augmented to enable business continuity in all businesses and functions including R&D to the extent possible. We actively engaged with our customers, dealers, vendors and employees at all levels. We served the essential services sectors such as Healthcare, Pharmaceuticals, Food Processing, Banking and Financial Services and the Government in keeping their air conditioning and refrigeration systems functioning. In fact, our factory at Wada functioned with a skeleton staff to execute orders for cold rooms and refrigeration equipment for medicines, food preservation and exports. As the country began to unlock, we have put in place necessary safety measures to restore regular functioning of our offices, factories and project sites.

Being a market leader, we have a responsibility to educate our customers and consumers in general about the perceived risks in using air conditioning in the pandemic. It is a well-established fact that air conditioning systems increase human resistance to such infections by controlling the temperature and humidity levels, as well as by providing a mechanical ventilation cum filtration system that infuses adequate fresh air in the conditioned room every hour. We have launched an information campaign both directly as well as through our industry association and have also rolled out some operating guidelines and maintenance protocols for our customers. I am happy to inform you that our efforts have yielded the necessary results.

Having lost the summer season, there is a need to urgently reduce our cost structure. We have moved quickly and apart from cutting our operating costs, we have deferred discretionary investments. Cash management has been centralised and conserving cash is a Top Management priority.

In such uncertain times, having a strong Balance Sheet is essential. With your approval, we went ahead with the maiden issuance of Non-Convertible Debentures. It was heartening that against the issue size of ₹300 crores, we received bids aggregating to ₹450 crores and in line with the terms of the issue, we retained ₹50 crores from the oversubscription. With the additional infusion of ₹350 crores of cash and with the gradual revival of collections and sales, the Company is well secured.

### **New Opportunities**

We have continued our relentless efforts to strengthen and expand our product offerings even in these volatile times. The COVID-19 crisis has enhanced the market potential for the Company's solutions in the Healthcare, Pharmaceutical, Food Preservation and Home Delivery sectors. Building on our success in room air conditioners, we will soon be ready with a new range of central air conditioning solutions with in-built air purification capable of killing the COVID-19 virus. We are also planning to scale up our retrofit solutions for enhancing existing systems with additional fresh air, ultra-violet emitters and duct cleaning services.

The work-from-home practice is expected to continue post lockdown as well and we expect to see demand rising for unitary products that increase comfort levels in residential office spaces.

You are aware of the dealer addition drive that has been underway for the last few years in major metros and Tier 3, 4 and 5 cities. More recently, we have established the brand in the e-commerce channel. Looking ahead, this 'physical + digital sales' approach will be replaced with a "phygital" model and we will be leveraging AI, Big Data analytics and Augmented Reality technologies to give the customer a seamless and contactless buying experience in all channels. We expect this to move beyond unitary products and even in B2B sales, thereby enabling us to widen our addressable market.

The Professional Electronics and Industrial Systems business also stands to benefit in the near term. The increased thrust on digital payments offers potential for our banking data security solutions. Affordable healthcare is going to receive disproportionate investment by the Government and private sector and our Healthcare Technology business specialises in low-cost solutions.

## The Year Ahead

While it is still too early to determine the long-term implications of COVID-19 on our business, as far as FY21 is concerned, we will stay focused on:

- Ensuring the safety and health of all Blue Starites and our extended arms
- Normalising the supply chain and ensuring smooth deliveries and execution
- Keeping a close watch on recovery of demand at a sub-segment and micro-geography level
- Grabbing new opportunities as they emerge and fast-tracking development of air conditioning and refrigeration solutions meant for COVID-19 protection
- Prudent cash management while ensuring that our vendors and associates are duly supported
- Operating cost transformation across the value chain in line with demand
- Adjusting to the concept of contact-less sales and servicing of products
- Developing a “phygital” and flexible operating model
- Keeping communication channels open and ensuring transparency with all stakeholders
- Delegating decision-making down the line and identifying leaders for the new normal

While the business challenges arising out of this black swan event will be formidable, I believe that there will be adequate opportunities for us to pursue. Though I have no doubt that we will emerge stronger, I ask for your patience as the recovery is likely to take time.

## Built on Trust; Built to Last

In its 76-year history, Blue Star has weathered many storms. I am confident that the Company will be able to navigate through the current crisis, because of its strong fundamentals, committed teams and a large portfolio of solutions that impacts all elements essential to the quality of life – air, water and food. We serve the needs of sectors that are vital to the economy and the aspirations of the people of not only India, but also the overseas markets in which we operate. Most importantly, Blue Star is truly built on the trust earned from its stakeholders for over seven decades. And, Blue Star is built to last.

Today, with legendary cricketer Virat Kohli as our brand ambassador, we are cutting across demographics and geographies to reach our target markets. Like Virat, Blue Star is known for its expertise, consistent performance and excellence in all formats of the game.

All our employees are aligned to the Company’s credo, “I am Blue Star. I Take Pride in Delivering a World-Class Customer Experience,” and we continue to make substantial investments across the value chain.

We will ride out this challenging phase with determination, and it is with this unrelenting spirit that we will continue our journey towards our centennial, the immediate milestone of which is Blue Star@80 in FY24.

I deeply appreciate your continued trust in my colleague, B Thiagarajan and my leadership, and we are excited to embark on this new phase for your Company.

Yours sincerely,  
**Vir S Advani**

# BOARD OF DIRECTORS



*Sitting: Vir S Advani, Shailesh Haribhakti, B Thiagarajan  
Standing (L to R): Rajiv R Lulla, Sunaina Murthy, Dinesh N Vaswani, Arvind K Singhal,  
Rumjhum Chatterjee, Anil Harish, Sam Balsara*

## Chairmen Emeriti



**ASHOK M ADVANI**  
Chairman Emeritus

Ashok M Advani is an MBA from the Harvard Graduate School of Business Administration, an Electrical Engineer from MIT, USA and a BSc (Honours) from Mumbai University. His professional career with Blue Star spanned more than 47 years, including 33 years as Chairman. During this period, revenues multiplied more than 400 times and the Company established itself as a leader in the Air Conditioning and Commercial Refrigeration industry in India. He retired from the Board in November 2016.

In recognition of his long and distinguished leadership of Blue Star, Mr Advani was appointed Chairman Emeritus and is an invitee at Board Meetings. He continues his association with the Company as an Advisor to the Board and the Executive Management.

Suneel M Advani is a double graduate in Electrical Engineering and Economics from MIT, USA. He also holds an LLB degree from Mumbai University.

Mr Advani spent his entire working career in Blue Star, joining as a Management Trainee in 1969 and moving up steadily to President and Vice Chairman in 1984. He retired from his executive position in 2014, and was designated Vice Chairman of the Board. He was elevated to Chairman of the Board from December 2016. After spending 50 years in the Company including 36 years on its Board, he retired as Chairman of the Board on March 31, 2019. In recognition of his long and exemplary leadership of Blue Star, he was appointed Chairman Emeritus on April 1, 2019. He continues his association with the Company as an advisor to the Board and the Executive Management.

Mr Advani established Blue Star's presence in computer software development and export, and when this division was spun off to become Blue Star Infotech Ltd in 2000, he assumed the position of Chairman there and later, Managing Director as well, in addition to his responsibilities in Blue Star.

In the span of his career, Mr Advani formed many joint ventures with global majors such as HP, Motorola and Stork-Comprimo in the hi-tech area, and with Indian entities in the Air Conditioning Ancillaries field. For Blue Star and Blue Star Infotech, he conceived and completed several corporate acquisitions. Over the years, he served on the managing councils of several industry and trade bodies, such as CII, and is the founder and a Past President of the Refrigeration and Air Conditioning Manufacturers' Association (RAMA).



**SUNEEL M ADVANI**  
Chairman Emeritus

# Board of Directors



**SHAILESH HARIBHAKTI**  
Chairman

Shailesh Haribhakti is a renowned Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner with over four decades of experience in developing and leading one of India's most respected and diversified Chartered Accounting firms, Haribhakti & Co LLP Chartered Accountants. He is currently the Chairman of Shailesh Haribhakti & Associates, Chartered Accountants. He is a strong supporter of a clean and green environment, shared value creation and has pioneered the concept of 'Innovating to Zero' in the social context. Mr Haribhakti joined the Board of Blue Star in 2005 as an Independent Director and he took charge as Chairman with effect from April 1, 2019. In addition, he is currently the Chairman of the Board of L&T Finance Holdings Ltd, L&T Mutual Fund Trustee Ltd, Future Lifestyle Fashions Ltd and NSDL e-Governance Infrastructure Ltd, amongst others. He is also an independent Board member of a number of leading companies including Torrent Pharmaceuticals Ltd, Bennett Coleman and Company Ltd (Times Group), Ambuja Cements Ltd, ACC Ltd, and Bajaj Electricals Ltd. Mr Haribhakti has helped create GOVEVA, which provides digital Governance & Compliance support to corporations globally. In recent times, some prominent Boards and Board Committees led by him have been recognised with coveted awards, which speak of his penchant for excellence in the areas of corporate governance and sustainability initiatives.

Mr Haribhakti was a visiting faculty at IIM-Ahmedabad. He has led Bombay Management Association; Institute of Internal Auditors, Mumbai; Institute of Chartered Accountants of India; Indian Merchants Chambers; Financial Planning and Standards Board, India; and Rotary Club of Bombay over the last many decades. He has served on the Standards Advisory Council of the IASB in London for two years and was Chairman of NPS (National Pension Scheme) Trust from 2015-2017. He has been conferred with the 'Distinguished Fellowship of IOD (Institute of Directors) Award – 2009,' by the Institute of Directors.



**VIR S ADVANI**  
Vice Chairman &  
Managing Director

Vir S Advani holds Bachelor's Degrees in Systems Engineering and in Economics from the University of Pennsylvania. He has also completed a comprehensive Executive Management Program at Harvard Business School.

Mr Advani, after a 2-year working stint in private equity in New York, joined Blue Star Infotech Ltd in 2000 and then founded Blue Star Design and Engineering Ltd in 2003, designated as its Chief Executive Officer. In 2007, he moved to Blue Star as Vice President-Corporate Affairs, where he made valuable contributions in a profit improvement programme as well as in Electro-Mechanical projects. In April 2016, Mr Advani was appointed as the Managing Director of the Company, and in April 2019, he was elevated to Vice Chairman and redesignated as Vice Chairman & Managing Director. In his enhanced role, Mr Advani is the primary interface between the Board and the Executive Management, and directly oversees the Professional Electronics and Industrial Systems business, International Operations, Corporate Finance, Corporate Human Resources, Information Technology and Corporate Planning.

Mr Advani is a Director of Blue Star Engineering & Electronics Ltd. He is an active member of the Confederation of Indian Industry and an elected member of the CII National Council.



**B THIAGARAJAN**  
Managing Director

B Thiagarajan holds a Bachelor's Degree in Electrical and Electronics Engineering from Madurai University. He has also completed the Senior Executive Program of London Business School. He has around four decades of experience, having worked for reputed companies such as Larsen & Toubro Ltd, BPL Systems Ltd and Voltas Ltd, prior to joining Blue Star in 1998.

Mr Thiagarajan has handled various assignments in the Service Business, Corporate Communications & Marketing and Corporate Affairs & Planning before he was promoted as President-AC&R Products Group in 2009. He was elevated to the Board in 2013. He was appointed as Joint Managing Director in 2016 and with effect from April 1, 2019 he has taken charge as Managing Director. He currently oversees Electro-Mechanical Projects and Commercial Air Conditioning Systems Business; Sales, Marketing, Supply Chain and Service Operations pertaining to the Products Business; Manufacturing and R&D; Corporate Communications; Public Relations; as well as Corporate Marketing Services.

Mr Thiagarajan plays an active role in various industry fora, and is the Past President of Refrigeration and Air Conditioning Manufacturers Association (RAMA). He is a nominated member of the CII National Council, Co-chairperson of the CII National Agriculture Council and Deputy Chairman of the CII Western Regional Council.



**SAM BALSARA**  
Independent Director

Sam Balsara is Chairman of Madison World, which is amongst India's largest media and communication agencies. He holds a Bachelor's degree in Commerce and a Post Graduate diploma from Jamnalal Bajaj Institute of Management Studies. He has over 45 years of extensive experience in marketing, advertising and media. Sam started his career at Sarabhai's in 1972, with stints thereafter at Cadbury India Ltd, Contract Advertising Company (WPP) and Mudra Communications, before founding Madison in 1988.

Mr Balsara has won many accolades such as 'The Most Influential Person in Media' by Economic Times-Brand Equity for 10 consecutive years; IAA Leadership Award for Media Agency Professional of the Year, 2013; 'Lifetime Achievement Award' in 2009 from Advertising Agencies Association of India; and has been a jury member at the International Festival of Advertising in Cannes in 2005 as well as 2014; to name a few. He has held prestigious positions in several associations such as President of AAAI of which he continues to be an Executive Committee member; Chairman of The Advertising Standards Council of India, 2000-2001 and presently its Advisor; amongst others. Sam joined the Blue Star Board in June 2017.



**RUMJHUM CHATTERJEE**  
Independent Director

Rumjhum Chatterjee is one of the co-founders of Feedback Infra Group and serves as its Managing Director and Head-Human Capital, and is its Chief Compliance Officer. She is also Chairperson of the Feedback Foundation Trust. She is a member of the Board of Somany Ceramics Limited. She is also the Vice Chairperson of HelpAge India and a member of its Governing Board. She holds a degree in Psychology from Calcutta University. She joined the Board of Blue Star with effect from February 5, 2019.

As an active member of CII, Mrs Chatterjee has served as the first woman Chairperson for CII Northern Regional Council (2016-17). She is currently a Member of the National Council of CII, and co-chairs the National Committee on CSR.



**ANIL HARISH**  
Independent Director

Anil Harish is a Partner at the law firm, D M Harish & Co, and his practice includes many diverse areas of law including Property, Exchange Control, Foreign Investments, Trusts, Wills, and Indian as well as International Taxation. He has been on the Managing Committee of Indian Merchants Chamber, Chamber of Tax Consultants and ITAT Bar Association. He has also been an office bearer of several institutions in the legal field, such as the Society of Indian Law Firms, of which he was the Executive Vice President. He has authored several articles which have been published in leading newspapers and professional journals.

Mr Harish joined the Board of Blue Star in November 2017. He is a Director of reputed companies including Hinduja Global Solutions Ltd and NXT Digital Limited, amongst others. He is also involved with a number of educational and charitable trusts, and is a Trustee of the Hyderabad (Sind) National Collegiate Board.



**RAJIV R LULLA**  
Non-Executive Director

Rajiv R Lulla is a Founding Partner at Deep Blue Advisors and is the Founder of Voltaire Advisory Services, a technology-enabled financial services firm. He holds a Bachelor's degree in Mechanical Engineering with Electronics from King's College, London, and a Master's degree from Imperial College, London.

Mr Lulla has over 25 years of experience primarily as an investment banker specialised in merger advisory and corporate finance, and has completed transactions representing a combined value in excess of USD 220 billion across multiple industry sectors and geographies. He has held senior global leadership roles at Merrill Lynch, the Credit Agricole Group, and Deutsche Bank, based in New York, London, Paris and Hong Kong.





**SUNAINA MURTHY**  
Non-Executive Director

Sunaina Murthy joined the Blue Star Board with effect from April 1, 2019. She holds a Bachelor's degree in Molecular Genetics from the University of Rochester, and a Master's degree in Biotechnology from Northwestern University. She began her career as a cancer researcher at the University of Pennsylvania, and then worked at a venture capital firm specialising in life sciences. Thereafter, she co-managed a USD 3 billion healthcare fund for AIM Capital Management, USA, where she made investments in publicly traded companies in the areas of biotechnology, medical devices, pharmaceuticals, hospitals and other healthcare services. After moving back to India in 2006, she consulted for CMEA Ventures, a California-based venture capital firm, and other companies in the life sciences space.

Mrs Murthy has recently shifted gears and co-founded a digital newspaper for children, named [currentkids.in](http://currentkids.in), a venture to curate and simplify current affairs for children. She has served on the Board of Trustees of the Blue Star Foundation for the past 6 years.



**ARVIND K SINGHAL**  
Independent Director

Arvind K Singhal is the Founder & Chairman of Technopak Advisors, one of India's leading management consulting firms focusing on four sectors that cover Consumer Products & Retail, Textiles & Apparel, Food Services & Agriculture, and Education & Skills Development. He is also a member of the Boards of Welspun India, Greaves Cotton Limited, Metro Brands Limited, and Premium Transmission Private Limited. He holds an Engineering degree from IIT-Roorkee (Electronics & Communication) and an MBA (Finance & Marketing) from UCLA, USA.


Mr Singhal was involved in a consulting assignment with Blue Star that led to the Company's launching its water purifier business. He joined the Blue Star Board with effect from February 5, 2019. He has served on several committees in the leading chambers of commerce and industry in India.



**DINESH N VASWANI**  
Non-Executive Director


Dinesh N Vaswani is the Founder and Managing Director of Acuitas Capital Advisors Pvt Ltd, a multi-family investment office focused on advising families on their investment portfolios in India. He has over three decades of experience in both investing in and operating companies in India and the US. He holds an MBA from the Wharton School of Business and a BBA cum laude from the University of Texas at Austin.

Mr Vaswani was the Managing Director at Temasek Holdings Advisors India Pvt Ltd, established Bessemer Venture Partners' operations in India, and was CEO of Blue Star Infotech, USA. He has served on a number of Boards of public and private companies including Firstsource, Mindtree, Venture Infotech, and Borosil.




**VISION**

**TO DREAM, TO STRIVE,  
TO CARE, AND ABOVE ALL,  
TO BE THE BEST IN  
EVERYTHING WE DO.**



**CREDO**



**I AM BLUE STAR.  
I TAKE PRIDE IN  
DELIVERING  
A WORLD-CLASS  
CUSTOMER  
EXPERIENCE.**



BLUE STAR

# Finding the Perfect Balance

Integrated Report  
2019-2020

- FINANCIAL CAPITAL
- MANUFACTURED CAPITAL
- INTELLECTUAL CAPITAL
- HUMAN CAPITAL
- RELATIONSHIP CAPITAL
- SOCIAL AND NATURAL CAPITAL

# ENHANCED VALUE CREATION

## Relationship Capital

3,880 Channel Partners;  
1,060 Service Associates



## Manufactured capital

5 state-of-the-art manufacturing facilities across Himachal Pradesh, Dadra, Ahmedabad and Wada



## Intellectual Capital

R&D spend of ₹68 crores



## Social and Natural Capital

~ 55,000 lives were impacted through the Company's CSR outreach programmes; besides, Blue Star has undertaken numerous initiatives to protect the environment such as usage of eco-friendly refrigerants, tree plantation drives, and achieving reduction in consumption of water



## Human Capital

People strength 2,885;  
9.2% female employees across levels and roles in the management cadre



## Financial Capital

Total Income ₹5,405 crores;  
PAT ₹143 crores;  
ROCE 25.4%



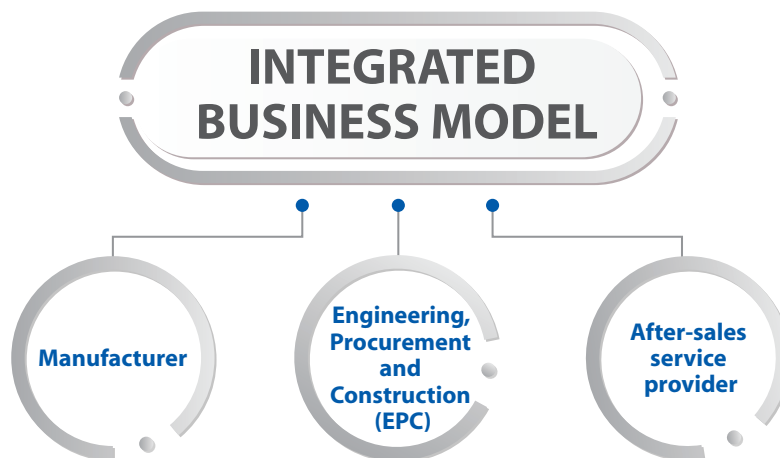


**WE'VE BEEN  
MAKING IN INDIA,  
MAKING FOR  
THE WORLD  
FOR OVER  
75 YEARS NOW.**

# COMPANY OVERVIEW

#VocalForLocal  
#MakeInIndia

Blue Star is India's leading air conditioning and commercial refrigeration company with 76 years of rich heritage 'Built-on-Trust' of its internal and external stakeholders. Well-known for its value-driven differentiated and customer-centric products and solutions, the Company enjoys a preferred partnership status with most of corporate and commercial India, almost one-third of which has a Blue Star product installed in its premises. The Company's integrated business model of a Manufacturer; Engineering, Procurement and Construction (EPC) services provider; and After-sales service provider; enables it to offer end-to-end solutions to its customers across Building, Industrial and Infrastructure segments.



Empowered by deep domain knowledge, the Company's expertise in areas of cooling, purification and project management are unmatched. Blue Star has time and again reinvented itself to stay relevant to the changing times. Underpinned by consistent growth and systematic diversification, and driven by exemplary leadership, Blue Star has grown multi-fold over the last 76 years with many landmark achievements under its belt.

The Company's potent blend of technical know-how, talented workforce, design expertise, exceptional project execution capabilities and global footprint makes it the preferred choice for Mechanical, Electrical and Plumbing (MEP) projects. As an expert in cooling and purification, Blue Star offers a plethora of solutions in these arenas, in addition to providing Engineering Facilities Management (EFM), as well as being present in the Commercial Kitchen and Healthcare Refrigeration segments. It entered into the Residential Air Conditioners segment in 2011, and has since then, made deep inroads into this category, with a current market share of 12.5%. Known for its reliability, Blue Star is also the country's largest after-sales air conditioning and commercial refrigeration service provider with a spectrum of world-class customer service solutions. It has an extensive network of exclusive, multi-brand and modern retail format channel partners as well as service partners across the country. Blue Star's manufacturing prowess, its ability to leverage on innovation and technology, along with its strategic endeavours across business segments, all steered towards customer-centricity at its core; continue to give the Company an edge over its competitors. Digital interventions have efficiently sharpened its business processes, and the organisation continues to judiciously invest in state-of-the-art technologies for enhanced productivity and consistency.

Blue Star, through its joint ventures in Qatar and Malaysia, undertakes MEP projects for Residential, Commercial and Infrastructure purposes. The Company exports to 18 countries across the Middle East, Africa, SAARC and ASEAN regions, where its products stand the test of time in some of the most difficult and extreme climatic conditions in the world. Traversing boundaries, Blue Star continues to garner global acclaim, thereby enhancing the Company's brand beyond India, while providing significant growth opportunities for its businesses on the international platform.

Blue Star's other businesses include marketing and maintenance of imported professional electronic equipment and services, as well as industrial products and systems, which are handled by Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company. It holds the repute of providing advanced technology products as well as turnkey engineering solutions that cater to several industries across the country.

**Blue Star has been declared as one of India's 50 fastest growing companies for the period from FY15 to FY19, by Business World Magazine.**

“

With a clearly articulated vision, and a management driven by ambition, integrity, and values, Blue Starites continue to march ahead, living by its core values and beliefs referred to as the Blue Star Way, and all of this has catapulted the Company into the league of the most trusted business houses in India and a Great Place to Work™!



# BUSINESS SEGMENTS

## **ELECTRO-MECHANICAL PROJECTS AND COMMERCIAL AIR CONDITIONING SYSTEMS**

This business segment covers the design, manufacturing, installation, commissioning and maintenance of central air conditioning plants, packaged/ducted systems and variable refrigerant flow (VRF) systems, as well as contracting services in electrification, plumbing and fire-fighting. It also comprises after-sales services such as revamp, retrofit and upgrades as well as Engineering Facilities Management (EFM), which is the Company's recent introduction and covers a wide repertoire of operation and maintenance services for efficient functioning of electro-mechanical utilities.

## **UNITARY PRODUCTS**

Blue Star offers a wide variety of stylish, contemporary and highly energy-efficient room air conditioners for both residential as well as commercial applications. It also manufactures and markets a comprehensive range of commercial refrigeration products and cold chain equipment. The Company also has water purifiers, air purifiers and air coolers in its product portfolio.

## **PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS**

For over six decades, Blue Star has been the exclusive distributor in India for many internationally renowned manufacturers of professional electronic equipment and services, as well as industrial products and systems. This business is managed by the Company's wholly owned subsidiary, Blue Star Engineering & Electronics Limited.



Blue Star continues to play an active role for the betterment of the industry as a whole by regularly partnering with industry bodies and trade associations.

During the period under review, Blue Star was the only AC&R company in the world and the only other industry player from India to have been invited to the G7 Summit by the President of the French Republic, His Excellency M. Emmanuel Macron for consultations on tackling global issues such as inequalities and climate change on August 23, 2019.



# INDUSTRY STRUCTURE AND DEVELOPMENTS

## **AIR CONDITIONING PRODUCTS**

In FY20, the overall market size for air conditioning products in India was estimated at around ₹17,500 crores. Of this, the market for central air conditioning, including central plants, packaged and ducted systems, and VRF systems was around ₹3,250 crores and the market for other ancillary equipment was estimated at around ₹3,050 crores, while the market for room air conditioners comprised the balance ₹11,200 crores.

During the year, in Central Air Conditioning, growth was mainly driven by Government, Industrial, Infrastructure, Hospitality, Retail, and Healthcare segments.

The Room Air Conditioners market was on a growth trajectory till February 2020. However, the COVID-19 related market disruptions and the subsequent lockdown measures meant that it could only manage to stay flat over FY19.

## **COMMERCIAL REFRIGERATION**

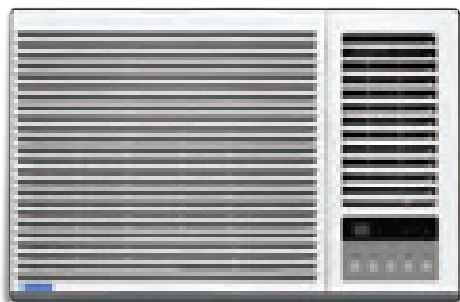
The Commercial Refrigeration segment consists of a wide spectrum of products including deep freezers, water coolers, visi coolers, visi freezers, bottled water dispensers, bottle coolers, ice machines and cold rooms. Kitchen refrigeration products such as reach-in as well as undercounter chillers and freezers, blast freezers, back bar chillers and saladettes; medical refrigeration products such as ultra-low temperature freezers, medical freezers, blood bank refrigerators and pharmacy refrigerators; and supermarket refrigeration products; were in focus for this segment. The market witnessed a surge in demand driven by aggressive expansion plans from fast growing segments such as food, dairy, Quick Service Restaurants (QSRs), e-tailers such as Big Basket, and cloud kitchens under Swiggy and Zomato. Supermarket Refrigeration also provided ample growth opportunities in addition to Pharmaceutical and Healthcare industries.



# WIDE RANGE OF PRODUCTS



**Inverter Split AC**



**Window AC**



**Portable AC**

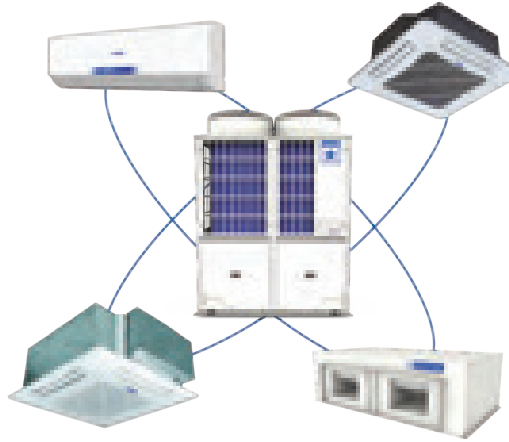


**Air Cooler**



**Air Purifier**

# WIDE RANGE OF PRODUCTS



**VRF V Plus System**



**Water Cooled VRF System**



**Air Cooled Inverter Scroll Chiller**



**Water Cooled Scroll Chiller**



**Indoor Unit of Inverter Ducted System**



**Air Cooled VFD Screw Chiller**

# WIDE RANGE OF PRODUCTS



*Glass Top Deep Freezer*



*Platinum Series Water Cooler*



*Bottle Cooler*



*Bottled Water Dispenser*



*Water Purifiers*

# WIDE RANGE OF PRODUCTS



**Four Door Reach-in Chiller**



**Visicooler**



**Cold Room**



**Medical Freezer**

# SOME PRESTIGIOUS INSTALLATIONS

Integrated Mechanical, Electrical & Plumbing (MEP) services for Apollo Proton Cancer Centre, Chennai



HVAC and Mechanical Piping at Apollo Tyres, Tada, Andhra Pradesh



HVAC services for Bengaluru International Airport



# SOME PRESTIGIOUS INSTALLATIONS

**|** HVAC services for Chennai International Airport



**|** HVAC services for Delhi International Airport



**|** MEP services including GIS substation at DLF Cyber Park, Gurugram



# SOME PRESTIGIOUS INSTALLATIONS

Supermarket refrigerators installed at Reliance Retail outlets across India



Integrated MEP (Mechanical, Electrical & Plumbing) services for Lulu Mall, Lucknow



HVAC services for Sigma Freudenberg Nok, Chennai





# EXPANDING GLOBAL PRESENCE

Blue Star continues to steadily grow on the global front. The Company exports its products to around 18 countries in the Middle East, African, SAARC, and ASEAN regions.

Blue Star International FZCO, a 100% subsidiary of Blue Star headquartered in Dubai Airport Free Zone, manages the Company's International business as well as its joint ventures which focus on HVAC&R, in addition to MEP projects for Residential, Commercial and Industrial segments.

Blue Star International FZCO takes care of the exports of air conditioning and commercial refrigeration products, and Original Equipment Manufacturing (OEM)/Original Design Manufacturing (ODM) businesses for globally recognised brands such as Danfoss and Rheem.

During the year under review, in order to consolidate its global presence, Blue Star actively participated in international exhibitions and segment specific seminars in the Middle East, African, and SAARC regions. Customer and distributor visits to the Company's world-class manufacturing facilities and best-in-class testing laboratories were also organised to showcase the Company's expertise in these arenas.

Further, to expand operations in the Middle East, Blue Star inaugurated a new office and its first state-of-the-art flagship showroom in Dubai during the year. The Middle East has always been a promising market for Blue Star— the region has extended summers and the temperature rises to as high as 60° C. Blue Star is well-known in the region for its quality of products. Besides, the Company's water coolers have been in demand in this market for over 40 years now, and they are approved by many ministries across the GCC. Also, the Company's overhead tank chillers which are unique to the GCC market continue to be in high demand in the commercial and residential space due to high ambient temperature across the GCC. Blue Star's eco-friendly inverter split air conditioners with zero ozone depletion R32 refrigerant, are also well accepted in the Maldives and Sri Lankan markets.

“

In FY20, some of the projects under execution by Blue Star in Qatar and Malaysia include Qatar University and multi-storey building projects in Qatar; and Cyberjaya Hospital, Bukit Jalil Mall, and BB Tower project in Malaysia.





*Qatar University project; scope of work - construction of the district cooling plant, including complete civil and MEP works*

The subsidiary Blue Star Systems and Solutions LLC incorporated in FY19 in mainland UAE to support and expand the air conditioning and service businesses in the country, is also progressing well—it has recently booked projects for air conditioning installation, maintenance and service. Further, in 2021, plans are on the anvil to expand the existing Refrigeration business operations in the region.



*Blue Star's service vehicle and showroom in the UAE*

## SOCIAL AND NATURAL CAPITAL

- Implemented CSR initiatives aimed at empowering the society
- Concerted efforts towards sustainable growth; continued with efforts to protect the environment reaping in significant savings in energy consumption and water consumption, amongst others

## FINANCIAL CAPITAL

- Efficient usage of Capital
- Reduction in Debt Equity Ratio

## RELATIONSHIP CAPITAL

- Nurtured and fostered robust relationships 'Built on Trust' with all its stakeholders

## MANUFACTURED CAPITAL

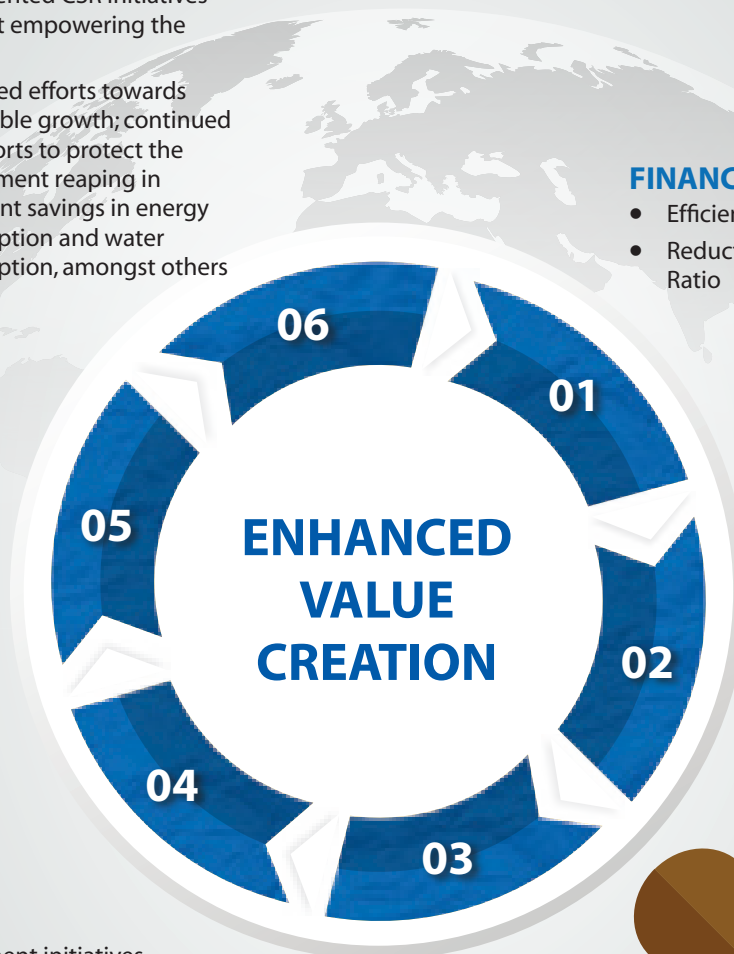
- Adopted new technologies
- Upgraded existing technologies
- Invested in low cost automation
- Invested in Culture Building
- Invested in Total Quality Management

## HUMAN CAPITAL

- Enhanced engagement initiatives with a development-focused agenda aimed at empowering employees
- Enhanced investments in Training & Development
- Undertook women empowerment initiatives
- Adopted employee friendly policies
- Focused on Talent Management

## INTELLECTUAL CAPITAL

- Accelerated R&D performance
- Rolled out new products
- Rolled out more new variants/models across product categories



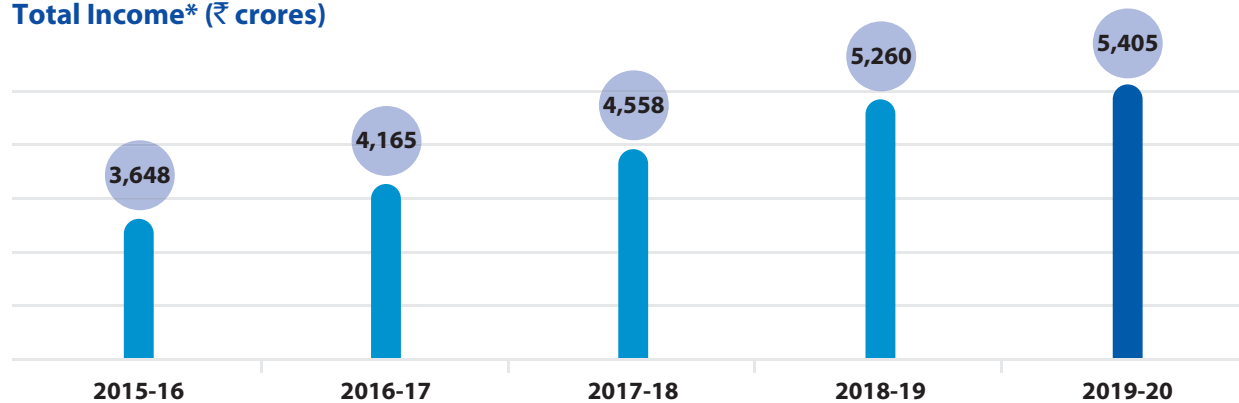
# FINANCIAL CAPITAL

The Company has been delivering good financial performance supported by its lines of businesses and operational efficiencies. However, financial performance for the year was significantly impacted on account of the business disruption caused by the spread of COVID-19. The Company will endeavour to sustain the current challenging phase in a prudent, balanced and agile manner and emerge stronger from the crisis to normalise operations with agility and resume on the growth and expansion trajectory.

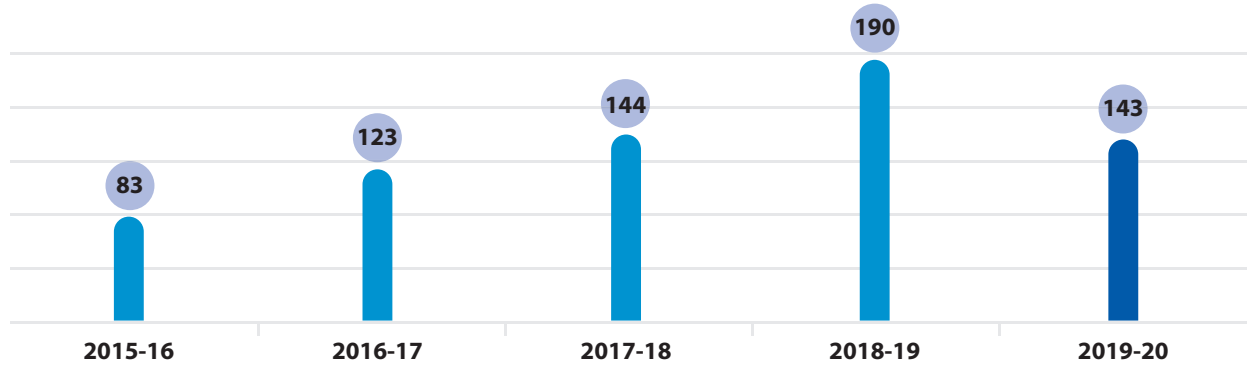


Blue Star's debt to equity ratio improved to 0.2 as on March 31, 2020, compared to 0.3 as on March 31, 2019, reflecting improvement in cash conversion cycle and overall cash flow discipline.

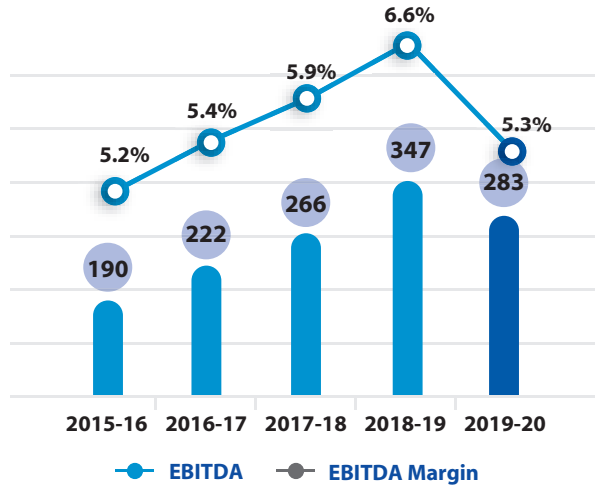
**Total Income\* (₹ crores)**



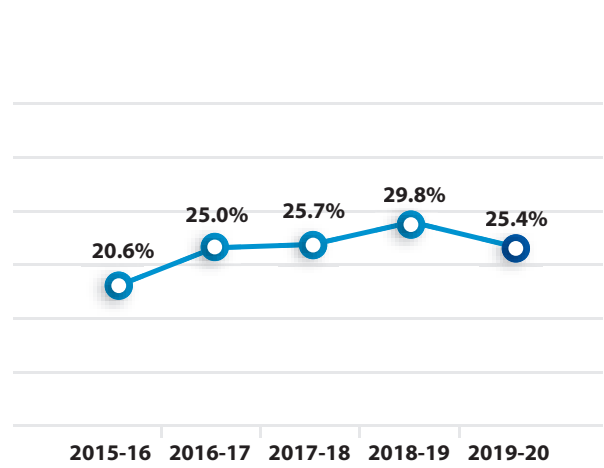
**PAT\* (₹ crores)**



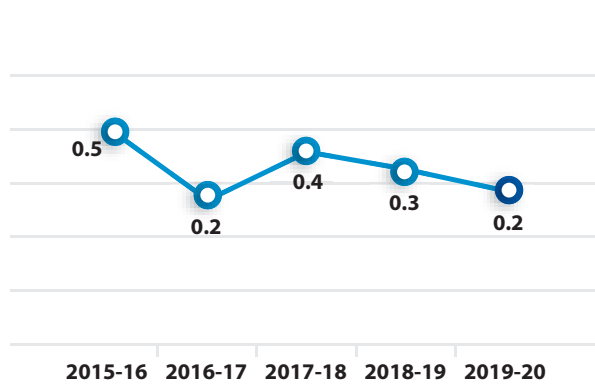
**Operating Margin (EBITDA)**  
(%) (crores)



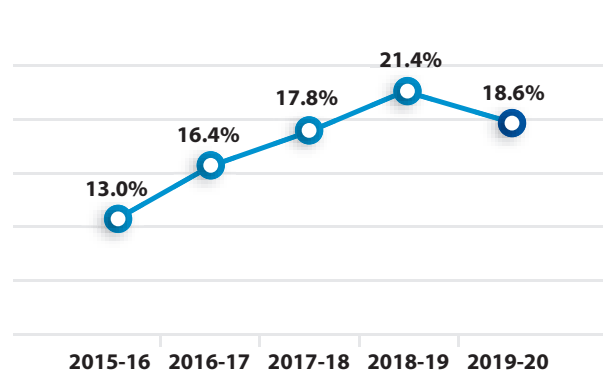
**Return on Capital Employed (%)**



**Debt Equity Ratio**



**Return on Shareholders' Funds (%)**



Note: 1) The financial information is on a consolidated basis  
2) \*Revenue and PAT of 2018-19 have been restated for the impact of IND AS 115



# MANUFACTURED CAPITAL

Blue Star's manufacturing footprint spans five state-of-the-art facilities across Wada, Dadra, Himachal Pradesh and Ahmedabad, which are dedicated to various product lines. The Company is highly acclaimed the world over for its manufacturing prowess, and regularly embarks on initiatives to leverage and build on to its existing strengths, and keep pace with dynamic market conditions.

Blue Star, under the aegis of the 'Manufacturing Excellence Programme' initiated in 2016, that lays strong emphasis on lean manufacturing, technology upgradation, quality improvement, and culture building, continues to significantly strengthen its manufacturing expertise. This has resulted in the Company having been able to continuously enhance its operational efficiency while producing robust, differentiated and acclaimed products.

As a next logical step, Blue Star has now embarked upon a manufacturing transformation project titled 'Qualis 2.0' with a focus on supplier excellence, end-to-end logistics, Industry 4.0 practices and building new-age competencies in people. The Company strongly believes that such a holistic approach of going beyond manufacturing will enable it to reap in benefits of larger magnitude across its entire value chain.

As a part of its strategic initiatives the Company has invested in expanding its range of plastic moulding tools and hard formed tools, to enable backward integration. Manufacturing Process Management (MPM) as an extension of product life cycle management was successfully implemented for all new products rolled out during the period under review. Besides, Six Sigma is a way of life to drive process cost improvement and quality. Blue Star's manufacturing facilities are ISO 9001-2015 and ISO 45001:2018 certified by TUV Nord, for Occupational Health and Safety. In order to emphasise employee health and safety, near-miss accident campaigns were run, and safety kaizens were awarded suitably across factories.



In line with the Company's plans to enhance its production capacity under the manufacturing footprint redesign programme that was initiated in FY17, the Company is in the process of setting up an additional facility to expand its manufactured commercial refrigeration range of products, using some of the latest techniques such as virtual factory simulation and 3D modelling, amongst others, at its existing manufacturing plant in Wada which is expected to be operational by FY22.

Moving ahead on the digital front, Blue Star's factories continue to imbibe new and emerging technologies under the ambit of Industry 4.0 implemented by the Company. Robotic interventions are being successfully used for automation of sheet loading and unloading on Amada machine to optimise manpower. Blue Star's manufacturing facilities have won many awards at national and international fora in the fields of automation, kaizen, 5S and quality circle competitions, to name a few.

The Company's Dadra Plant, which boasts of a state-of-the-art testing facility, enjoys the reputation of being one of the top manufacturing facilities in India for high-quality air conditioning products. The facility manufactures packaged/ducted split air conditioners and VRF systems, and has performed particularly well during the review period. During FY19, the Company had upgraded key equipment at Dadra such as the 6TR test lab, auto panel bender, and electronic PCB test set ups, which resulted in improved productivity levels as well as efficient space utilisation during the period under review. The facility was recognised with the 'Excellence in Operation' award at the Annual Manufacturing Today conclave.



*The new Salvagnini Px installation at Dadra Plant efficiently bends sheet metal for product chassis, thereby increasing the capacity of the Plant*

The two plants in Himachal Pradesh which continue to cater efficiently to the fast growing markets of room air conditioners and refrigeration products had an impressive performance during the review period. The Company continued to unlock enhanced value through vertical integration with the in-house design and manufacture of key components such as drives, headers and strainers. A new 5mm copper coil line with a new auto brazing machine was added at the plant to keep pace with emerging trends in technology and quality upgradation. For storage water coolers, 245FA Polyol (PUF) has been introduced to comply with Zero ODP (Ozone Depletion Potential) regulatory norms.



*The room air conditioners manufacturing facility at Himachal Pradesh*



*The 5 mm Fin Press and Vertical expander machines were installed at the Himachal Pradesh Plant to produce the recommended 5 mm coils, which are used in some models instead of the older 7 mm coils*

The Wada Plant, which is the largest manufacturing facility of the Company in terms of built-up area, produces a wide range of products such as scroll chillers, screw chillers, cold room panels, condensers and evaporators for the cold room business as well as condensing units for an overseas OEM. The Plant continues to reap the benefits of the Automated Guided Vehicle (AGV) and Auto Storage and Retrieval System (ASRS) installed last year to enable automated movement of materials. IoT is very effectively used for monitoring equipment efficiency and energy consumption, as well as for intelligent maintenance. Besides, a heater-less vapouriser is also deployed at the factory, a revolutionary technology that does not consume electricity for the vaporisation of LPG, making the entire vaporisation process green, economical and efficient.

The Ahmedabad plant continues to invest in initiatives aimed at enhancing operational efficiency. This factory won the 'Gold Award' at the International Convention on Quality Concepts – ICQCC 2019 held at Tokyo, Japan, which is organised by the Union of Japanese Scientists and Engineers (JUSE). This is the second consecutive Gold award won by Ahmedabad plant on the international arena.



*The heater less vapouriser installed at Wada Plant, which has replaced the 36kW electrical heater base vapouriser, has achieved energy saving of ₹5.1 lakhs/annum with a payback of 14 months*



*This robot at Wada Plant has been installed on the Amada Turret punching machine for sheet metal 'Pick & Place' process. It is Fanuc make, with a 165kg payload capacity. The robot has eliminated human fatigue and increased machine utilisation by 15%*





# INTELLECTUAL CAPITAL

The Company continues to have a strong focus on technology and innovation, and remains committed in its efforts towards dedicated R&D underpinned by a systematic and structured approach. Blue Star has always been a front runner in areas related to energy-efficiency, sustainability and climate change.

The Company's mainstay of product development and R&D has been customer-centric designs and applied innovation coupled with environment-friendly and sustainable products. The Company continues to make investments into upgrading its infrastructure and design capabilities as well as imbibing cutting-edge technologies across its comprehensive range of products.

With the adoption of the latest technology and best-in-class test facilities, Blue Star's R&D capabilities are well aligned to meet market and regulatory requirements related to room air conditioners, and commercial air conditioning and refrigeration products in the domestic as well as the international arena.

On account of the enhanced thrust in this direction, the Company has been accelerating its R&D performance across its businesses and continues to roll out new products, as well as an increasing number of new variants and models across product categories.

During the year, Air-Conditioning, Heating and Refrigeration Institute (AHRI)-certified configured series of air cooled VFD screw chillers and inverter series of scroll chillers were introduced which have significantly enhanced the Company's market share in the chiller segment. This comprehensive range of products meets the 3, 4 and 5-star energy efficiency levels as per the voluntary labelling programme launched by BEE.

A complete range of 3 & 5-star room air conditioners with a specific focus on the cost-competitive Inverter model series



**Blue Star's R&D has over 135 employees, best-in-class infrastructure including performance test labs, reliability testing facilities, electronics lab, design studio, and high end workstations for CAD and analysis, amongst others. Today, with many patents to its credit including the four won during FY20, the Company prides itself on having one of the best R&D centres in the Indian HVAC industry.**



*Compressor Lab comprising of two Compressor Test Rigs and Cut Sections of Tested Compressors at Blue Star's R&D facility in Thane*

was launched. Breakthrough innovations were achieved by introducing highly energy-efficient inverters with 5.41 ISEER, ACs with integrated air purifiers and smart 5-star ACs with the most advanced Wi-Fi feature in 1.50 ton models, and ACs operated through voice commands using appropriate interface devices. In-house designed inverter drives were also rolled-out to reap in benefits of vertical integration and thereby reduce dependency on vendors.

The side discharge range of VRF series up to 16 HP was indigenised to ensure cost competitiveness. This will help Blue Star enhance its market share in the VRF segment.

Water purifiers with the state-of-the-art filtration system/process delivering alkaline water with added minerals were well accepted in the market, creating a niche for Blue Star.



*Room air conditioners undergoing endurance testing*



*The salt spray test chamber, where components such as nuts and bolts, sheet metal and electronic PCBs are tested*

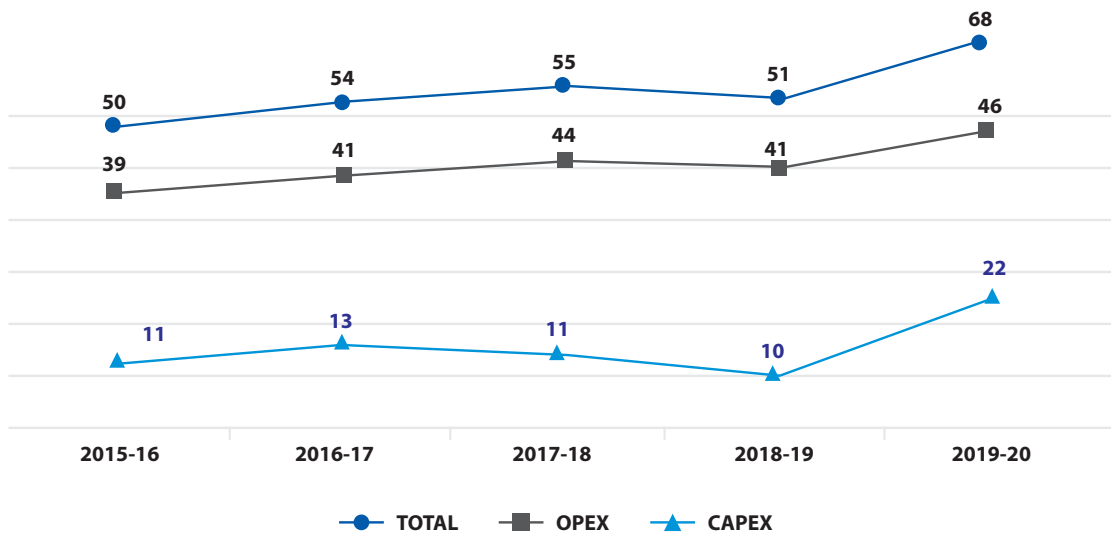


A water Ingress Protection (IP) test being conducted at Blue Star's R&D facility

The new range of air coolers with the unique Cross Drift technology delivering efficient evaporative cooling were well accepted in the Industry.

The Company's performance laboratories for air conditioning and refrigeration products have received accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL). Reliability test facilities have been recognised by Intertek, Sweden, and TUV, Japan, as their satellite laboratories. Blue Star continued to invest in building new test facilities for electronics as well as towards competency development in inverter drives, smart controllers, low GWP refrigerants and industrial design.

### INVESTMENT IN R&D (₹ CRORES)



In FY20, the total investment in R&D saw a significant increase to ₹68 crores, compared to ₹51 crores of FY19. Of the total investment during the year, ₹46 crores was OPEX investment, and ₹22 crores was CAPEX investment.

# HUMAN CAPITAL

Blue Star believes in continuously empowering its people by way of numerous employee driven engagements as well as by embracing people-friendly HR practices and initiatives.

To create and sustain a great workplace by getting feedback, insights and recommendations from its employees, Blue Star partnered with 'Great Place to Work' and participated in the Great Place to Work Employee Engagement Survey in April 2019. In this edition of the survey, the Company received a higher response rate of 93% as against 91% received in the last edition in 2016. The Company notched a big jump in the Trust Index Grand Mean score to 75, up from 69 in 2016, and with this Blue Star is now Great Place to Work-Certified.

Based on the results, the Company identified six pillars – strategic focus areas (SFAs) – for action, each of which has a sponsor from Senior Management who is responsible for driving the initiatives under the pillar:

- Communication
- Fairness & Transparency in PMS
- Gender Diversity
- Learning & Development
- Respect and Appreciation
- Work-Life Balance



Starry App

With a focus on improving employee experience, the Company launched an HR Bot named Starry, a virtual personal assistant, which is a friendly chat bot to cater to employee requisites with respect to key policies, reimbursements, leave/work-from-home, to raise IT tickets in a couple of taps, and communicate important official notifications. Amidst the current COVID-19 disruptions, the app has been playing a significant role in assisting people to remain engaged effectively while being at home by handling employee queries on subjects such as self-risk assessment and raising SOS alerts to HR, and providing information on COVID-19, sifting facts from myths, national and central helpline numbers, and medical insurance, to name a few.

Digitisation of the Talent Management process was further enhanced to include all processes and activities related to the same; the employee talent profile has been designed in the HR portal,

“  
With a strong focus on learning, quality, teamwork, and reengineering, the Company is making significant progress in sensitising the development of its employees through its revised and redefined Learning and Development.”

'MyWorld' to enable the Company's talent council to review the profile and formulate appropriate development action plans for the workforce. Roll-out of time sheets and their review was implemented on a pan-India level for the projects business to enhance employee utilisation and productivity. The Company continues to encourage job rotation, which has been instrumental in reducing attrition levels during the year. In FY20, 70 campus recruits from reputed professional institutions were centrally appointed and allocated to respective functions based on the business needs.

The Company remains committed in its efforts towards improving female gender representation in its workforce. The female gender ratio is 9.2% in FY20. One-third of the entry level intake of trainees were women. To improve retention of women, specific interventions such as Steer Your Career workshops highlighting the importance of 'Each for Equal,' factory visits, women focused group discussions across regions, and regional women foras, amongst others, were initiated.

Under the e-learning platform Learning Management System (LMS) of an internally constituted 'Academy for Technical & Functional Excellence (ATFE),' certification courses for 20 new roles were launched. In FY20, 321 employees got certified under this new L&D format. The e-Learning LMS platform was also launched to benefit the Company's Channel Partners and Service Associates. 'Training on Wheels,' a mobile training facility to cater to the training needs of channel partners was launched. This mobile training van is the miniature version of Blue Star's training centre and is designed to train the Company's expert service associates, and dealer technicians at their place of work itself. The classroom sessions as required under the blended learning process are being conducted through webinars, thereby saving on travel time as well as having enhanced participation.

The Company's 'Academy for Leadership Development' rolled out various management and leadership development programmes for junior, middle and senior level managers. Compliance related e-learning modules covering critical subjects such as training on the 'Code of Conduct,' 'Whistle Blower Framework' and 'Insolvency & Bankruptcy Code,' were mapped on the LMS for the purpose of employee awareness. Diversity & Inclusion sessions for all new joiners in the induction programme, and POSH awareness sessions across various groups provided adequate focus throughout the year.



Vir S Advani with participants at an 'Each for Equal' workshop



The 'Training of Wheels' van

## SAFETY

Safety training, safety audits and implementation of corrective actions as well as review of current actions were undertaken.

The Company believes in promoting and encouraging the holistic well-being of its employees. On the health front, a monthly bulletin titled 'Health Watch' creates awareness amongst employees to stay fit as well as provides updates/information on the latest happenings in the health sector.

During the year, behavioural-based safety programmes were conducted aimed at developing ownership towards safety. Evacuation safety drills were staged across all office establishments and factories for safety readiness at all times. Sensitisation on adhering to safety standards and procedures was communicated through various mediums like print, audio visual films, classroom interactions as well as imparting subject-specific trainings. Overall, more than 3,479 safety audits were conducted across the Company's project sites, service sites and manufacturing facilities.

Besides, health sessions by experts in the medical field on a variety of subjects including cancer, diabetes, hypertension, and prostate cancer, to name a few, were held across office locations under the aegis of CII-DRFHE programme which garnered enthusiastic participation from Blue Starites.

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During the year, Environment, Health & Safety (EHS) activities continued with great fervour and enthusiasm with an intent to inculcate a 'Safety First' culture within the organisation.



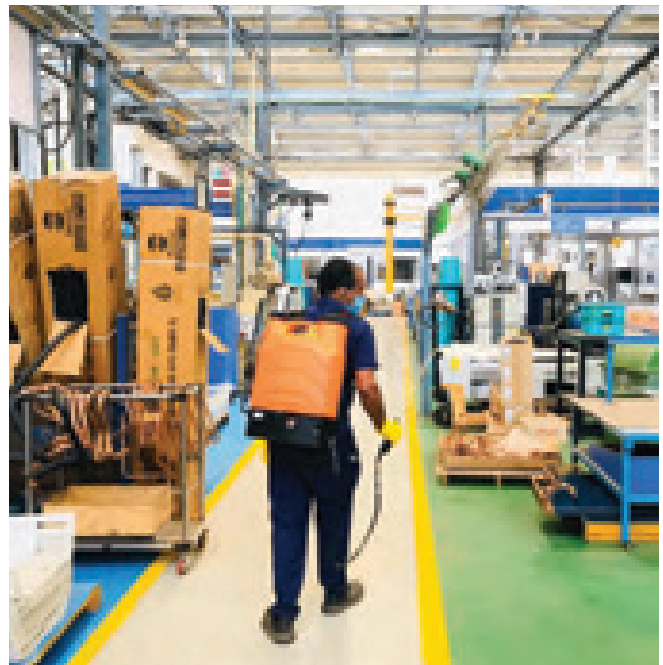
**/** Safety measures undertaken at a project site

Training programmes on safety management were conducted covering 54,000 training man-days during the year.

A focused campaign was launched across all manufacturing plants aimed at hazard identification and mitigation of safety risks for all employees including workers and staff. Poka-Yoke solutions have been deployed to provide a safe working environment resulting in machine guarding of the highest order. Electronic sensors and cut off devices at identified locations have been deployed to prevent inadvertent ingress of any human body part in the operational area.

#### **SAFETY PRACTICES AND MEASURES UNDERTAKEN POST COVID-19:**

Safety of its employees and customers being paramount at Blue Star, the Company, based on the guidelines provided by the Indian Government, has rolled out a series of internal set of guidelines for its employees; and Blue Starites have been strictly following these while working-from-home, while commuting as well as while working in offices and a project sites after the phased resumption was permitted by the government. Besides, the Company's offices across locations have been thoroughly fumigated and central AC systems have been cleaned before the resumption (More details are covered in the Business Responsibility Report on page no. 139).



**/** Dadra factory being fumigated and sanitised before resuming operations



/// Daily health check-ups at factory premises



/// Office locations being sanitised



/// Safety measures being ensured while operating in office



Foot-operated sanitiser dispenser installed at factory premises



Blue Star's engineer attends to a major breakdown of CT scanner at IQRAA International Hospital, Kozhikode, which is treating Covid-19 patients during the lockdown



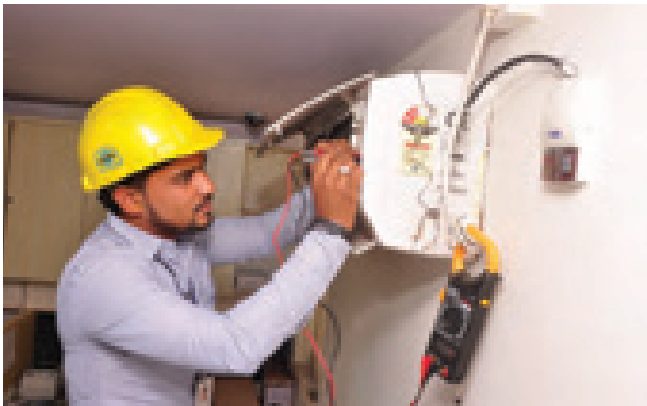
A split air conditioner being cleaned ensuring safety standards amidst the current pandemic





# RELATIONSHIP CAPITAL

Blue Star consciously nurtures and ensures the fostering of strong relationships with all its external stakeholders such as customers, suppliers, channel partners, shareholders and bankers.



*Blue Star's service technician ensuring round the clock customer service*

## VALUE CREATION THROUGH SERVICES – AIR CONDITIONING AND REFRIGERATION SERVICE

Recognising the fact that after-sales service is one of the critical success factors for the air conditioning and commercial refrigeration businesses, Blue Star strives to provide a seamless customer experience with assured response time and highest quality of service embedded in it. As a testimony to this, the Company continues to be the largest air conditioning and commercial refrigeration after-sales service provider in the country. Under the framework of its service excellence programme, the service reach

### CUSTOMER FOCUS

As an organisation, Blue Star is completely oriented towards serving its customers' needs, with a strong focus on providing a world-class customer experience.

The Company gives due importance to safety and environment while designing and developing all its products and services.



The Company through its differentiated products and services not only endeavours to satisfy its customers but also aspires to delight its customers whereby it has been able to significantly improve its customer satisfaction index as well as ensure brand loyalty across categories.

has improved significantly to 3946 taluks/tehsils with a new assured service response time of 3 hours and turnaround time of 18 hours. The Company assures same-day installation for all its retail customers. Blue Star has set up a 24x7 call desk with an interactive voice response system wherein the customer can log a call within 12 seconds without talking to any personnel. As an add-on, there is a customer service app with a one-touch facility for logging a service requirement. A host of other digital initiatives include a technician application and remote monitoring of chillers among others that give the Company a competitive edge. The facility to generate electronic field service reports by technicians using mobile apps is another added advantage which ensures transparency and real-time data sharing, and saves paper too. More than 30 service centres were set up across the country and the Company has more than 250 service vans to reach out to its customers speedily. For its quickservice restaurant customers, refrigerated vans have been deployed for cold storage across seven major cities, 24x7 service is provided for a select segment of its cold room customers. A fully equipped VRF commissioning van also operates in major metros to ensure smooth commissioning of the Company's wide range of VRF units.



VRF Commissioning van



Refrigerated service van

Backed by its strong value proposition to provide 'Gold Standard Customer Service,' the Company's Customer Service Group (CSG) has been known for its credibility and reliability. Blue Star's air conditioning and refrigeration service is ISO 9001:2015 certified which ensures consistent performance across product lines and geographies. CSG is one amongst the few service organisations to go for ISO 45001:2018 certification that ensures a safe working environment for its field force.



'Service On Wheels' van

Blue Star's Engineering Facilities Management (EFM) service, which covers a wide range of operations and maintenance services to ensure efficient working of electro-mechanical utilities, has received a good response from customers across various segments. The Company secured several EFM orders from prestigious clients including seven manufacturing units of Cipla Limited across India, Alstom (Electric Locomotive Factory), Visakhapatnam Port Trust, ESIC Medical College & Hospital, Hyderabad, Engineers India Limited, UIDAI (Aadhar), and Banaras Hindu University.

As a pioneer in the AC&R service industry, the Company has several benchmarks to its credit and continues to advance rapidly on the services front.

In fact, even while under confinement during the COVID-19 lockdown, Blue Star has been doing their bit for the greater good by rendering services to, and supplying as well as installing its products, to essential services sectors such as Healthcare, Pharmaceuticals, Food Processing, Banking and Financial Services and the Government.

## SUPPLIER FOCUS

### SUPPLY CHAIN MANAGEMENT

Over the last couple of years, the Company's efforts towards reorienting its 'Supply Chain function' towards strengthening 'Sourcing and Vendor Development' to systematically focus on cost innovation, localisation, inventory management, and risk mitigation, has brought in desired results.

During the year under review, the supply chain function worked on many important areas such as lead time reduction, working capital management, expanding supplier base in FTA countries, to name a few. The supply chain function also focused on the risk framework and worked on mitigation of risks such as heavy dependence on one sourcing partner as well as initiated steps

towards de-risking dependence on China, amongst others. The localisation of indoor units, inverter ACs and drives was a great step forward in the direction towards mitigation of risks.

Through various Value Analysis & Value Engineering initiatives, the Company achieved a reduction in its procurement cost elements resulting in Blue Star's products being more competitive in the market. Besides, the Company also embarked on a Total Cost Management journey for its products across businesses.

The Supplier Excellence programme which was launched in FY19 also progressed well during the period under review. Currently, 50 suppliers are deploying the Company's best practices in order to upgrade the overall quality of products/components.

“  
During the year under review, the Company streamlined its vendor portal 'Star Sampark' with 100% on-boarding of suppliers. This portal, with an automated 'Procure-to-Pay' process, is a huge success as it has resulted in higher efficiency and reduced transactional costs.

## DEALER FOCUS

### CHANNEL MANAGEMENT

The Channel Management Centre, which is the overall custodian of Blue Star's channel partners and a single point of contact for all channel administration, development and conflict resolution initiatives, added around 720 channel partners and service associates during the year under review. The Company also expanded its retail distribution reach for room air conditioners and added about 508 retailers and distributors across the country, thereby increasing its presence in Tier 2 and 3 markets by 10% over last year.

“  
Currently, Blue Star has 3,880 channel partners with over 6,000 stores for room air conditioners, packaged air conditioners, chillers, cold rooms, and refrigeration products and systems, as well as 1,060 service associates reaching out to customers in over 900 towns.

Blue Star's channel partners form the extended arm of the Company, and many of these dealers have been associated with the organisation for over a decade. Several dealers are ex-employees of the Company and are, therefore, well aligned to its value proposition. Dealer satisfaction surveys are conducted periodically, and their issues are addressed through various platforms.

Blue Star has been regularly conducting training programmes for its channel partners with the intention of apprising them on the latest developments with regards to the Company's products and services. Traditionally, these trainings were conducted in a class room session format but with the growing penetration of digital interventions in business, the Company in FY20 launched an e-Learning platform, which has tremendously benefitted the dealers and associates fraternities as they can learn at their pace and convenience.

'Star Connect,' a digital portal to engage and electronically transact with dealers and distributors launched in FY18 to facilitate engagement with the channel

partners with a focus on enhancing the ease of doing business has garnered wide acceptance and appreciation. Extensive 'Star Connect' training programmes were organised across all branches for dealers and their staff members, and video tutorials and manuals in local languages were created to facilitate the training. In FY20, 'Star Connect' was upgraded to handle all transactions related to both products and spares. Deployment of 'Star Connect' has contributed in improving dealers' satisfaction due to enhanced efficiency. Channel finance benefits are being extended to the channel partners by way of tie-ups with reputed bankers to support channel partners manage their working capital efficiently.

Blue Star conducted the sixth edition of its coveted 'Star League Awards' at Hotel ITC Grand Bharat, New Delhi, on February 6, 2020. 92 top performing dealers were a part of this elite Star League Group in Gold and Twin Silver categories. Numerous other programmes aimed at enhancing dealer engagement, development and motivation, including foreign incentive trips and felicitation of star performers at product launches, were undertaken during the year.



Star Connect landing page

## E-COMMERCE

With the advancement and penetration of digital technologies, the marketing paradigm is changing rapidly. Not only is buying behaviour changing, but also media consumption trends. E-commerce, as a distribution channel, is witnessing phenomenal growth with India ranked amongst the fastest growing e-commerce countries in the world. Currently, the e-commerce market in India is pegged at about Rs 2,63,000 crores (USD 35 billion) and is expected to double over the next four years. Further, digital marketing has emerged as an important tool for securing the share of the mind of consumers. Integral to this development is digital content creation and management. Moreover, for targeted marketing, customer data analytics is critical. In managing and growing brand equity and market share, omni-channel marketing as a concept is gaining momentum.

On the e-commerce business front, the Company has not only partnered with reputed online distributors but has also become preferred sellers of Flipkart and Amazon. In addition, the Company has also deployed direct seller and dropship models. While the current contribution of Blue Star's unitary products from e-commerce to overall sales is less than 5%, this is likely to grow to over 20% by FY24. Online sales of room air conditioners and water purifiers in FY20 grew by 63% and 42% respectively over the previous year along with a strong beginning in sales of air purifiers and deep freezers. Investments in e-commerce marketing with sponsored listings and brand ads across platforms created immense brand visibility and resulted in high conversions.

During the year, a new Digital Asset Management system was deployed for all the cooling and purification products, which is now a strong product information and digital asset repository widely used by various internal stakeholders. The Company is also enhancing its customer database management activities with a plan to cross-sell and up-sell various products that the Company has to offer, along with gaining customer insights which will be used to formulate its product management, sales and marketing strategies.

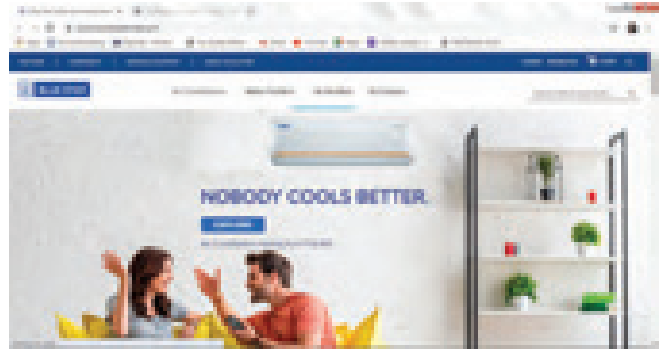
## SHAREHOLDER ENGAGEMENT

Blue Star continues to enhance value for its shareholders through healthy return on equity and dividend pay-outs. Blue Star regularly engages with its shareholders, both individual and institutional, through an investor relations programme and apprises them on its performance on an on-going basis. Quarterly earnings conference calls are organised to apprise the investor community about the Company's performance for the quarter gone by and the short- and medium-term outlook.

Besides these, the Company's management regularly conducts several interactions with fund houses and research firms through the year to update them on the Company's strategic direction and growth aspirations over the medium term.

## BANKERS AND CREDIT RATING AGENCIES

Over the years, Blue Star has built relationships with a group of banks who have supported its growth. Blue Star regularly interacts with its bankers to update them about its financial performance and support required for growth. Collaboration with the Company's bankers to deploy automated solutions across trade finance, payment and cash management functionalities in an integrated manner has enabled the Company to improve stakeholder service levels while optimising costs. The Company's bankers have sanctioned sufficient fund and non-fund based lines of credit to suffice its operating needs. Blue Star has been prompt in servicing all its obligations and its covenants around lines of credit and borrowings. Blue Star's Commercial Paper has been rated 'A1+' by CARE and CRISIL.



Blue Star's e-commerce website landing page



Flipkart felicitates Blue Star with the 'Best CSAT for Water Purifier Category' award under Customer's Choice Award.



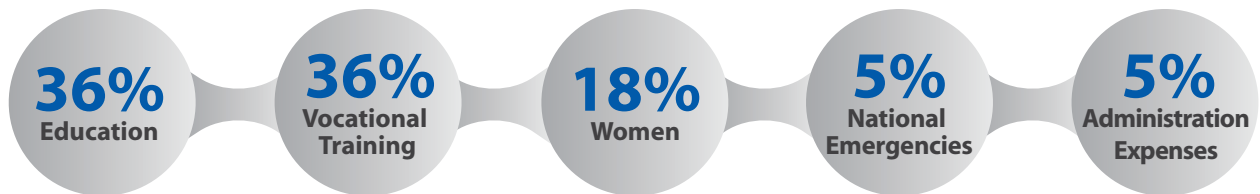
# SOCIAL CAPITAL

Blue Star remains committed in its endeavours on the social front. The Company believes in empowering society through its contributions and dedicatedly works towards this cause while also generating economic value for its stakeholders.

Blue Star's Corporate Social Responsibility (CSR) team, established over a decade ago, consists of professionals with the requisite domain knowledge for planning, implementation and monitoring of the scheduled activities with due diligence.

The Company's major CSR initiatives include vocational training, community development in and around the Company's manufacturing facilities, and philanthropic activities in the areas of education, health and women empowerment.

## FY20 SPENDS



### VOCATIONAL TRAINING

Blue Star is a significant stakeholder in holistic vocational training initiatives in Air Conditioning and Refrigeration Service as well as in Mechanical, Electrical and Plumbing fields, in partnership with like-minded institutions, professional bodies and corporates. Blue Star's training personnel contribute to setting up customised classrooms and practical labs, curriculum development, and training of trainers. As in the last couple of years, Blue Star continued its support to institutes such as Bala Mandir Kamaraj Trust, Chennai, and Apollo Total Health, Chittoor, contributing to faculty fees and student expenditure reimbursement. The Company has also upgraded its labs with the new technology-aided inverter ACs, water purifiers and other suitable equipment to ensure training aligned to market requirements.

“ Blue Star spent a total of ₹3.49 crores during the year on CSR, including sponsorship of CSR initiatives implemented by Blue Star Foundation, the Company's registered public charitable Trust.

Vocational training labs were set up with partners such as Sanskriti Samvardhan Mandal, Sagroli, Maharashtra, towards a plumbing lab on the lines of the IGIAT model, and at Thakkar Bapa Vidyalyaya, in Chennai, akin to the AC & R lab at Bala Mandir and Apollo. Besides these, eight centres of ICICI Academy of Skills were upgraded with a working model of a water purifier, so that the students get trained in installation and service of modern water purifiers, along with AC&R training.

Blue Star has enrolled apprentices under National Employability Through Apprenticeship Program, a Public Private Partnership of TeamLease Skills University (a PPP with the Gujarat Government at Vadodara); CII; All India Council for Technical Education; and National Skills Development Corporation under Ministry of HRD. In the year under purview, NETAP apprentices were oriented to the work environment at Blue Star's manufacturing facilities, R&D and supply chain functions, as well as across EMPG project sites of the Company. The apprenticeship programme accords the academic credit for on-the-job training students from diploma and degree programmes, and aids in bridging theory with practice.



**I** A training session in progress at an ICICI Academy of Skills

## WATER, SANITATION AND HYGIENE

Blue Star is committed to enhance the access of safe drinking water, especially for children. School children are a vulnerable population for whom provision of safe drinking water needs to be provided. Continuing the efforts of FY18 and FY19, Blue Star embarked on a holistic intervention for safe and purified drinking water stations as well as refurbishment and renovation of the existing toilet blocks and group hand-washing stations in over 35 new Zilla Parishad schools across Wada, Vikramgarh and Palghar blocks of Palghar district, Maharashtra. Also, awareness sessions on safe sanitation and hygiene practices for various stakeholders, including students, teachers and school management committees were conducted in these schools. Over 150 schools have benefitted from this programme over the last three years.

## EDUCATION

Blue Star's manufacturing plants at Himachal Pradesh implemented an e-Pathshala programme in the Government Primary School, Kala Amb. The e-Pathshala set-up is aimed at smart learning, aided by a computer, projector with screen, sound system and age-appropriate e-learning material, benefitting over 350 children. Sanitation facilities were also built for these schools during the year.

Blue Star partnered with Govardhan Eco Village, Wada, to initiate an interactive teaching programme in schools in Wada. Significant



**I** Vir S Advani during his visit to the Government Primary School, Kala Amb

concepts from the State Board's science syllabus are explained to the students, using visual models. Close to 9,500 students from 24 schools benefited from this initiative. As done in the previous years, the Company sponsored two special 'In School' issues of The Hindu— the Independence Day as well as the Children's Day editions. The bulletins were distributed across 40 Government-aided schools in Mumbai to encourage reading and augment one's general knowledge.

Blue Star partnered with CII and Aid India to support 20 villages in Cuddalore District of Tamil Nadu for the Eureka Walk 'n' Talk English Programme, and for a similar programme in 3 large centres of Perumbakkam, Chennai. This is an after-school programme implemented in the villages to augment the speaking and writing capabilities of the English language in students and help enhance their confidence. The project has impacted over 1500 children between the ages of 6-14.

## RESPONSE TO NATIONAL EMERGENCIES

Kalinga Institute of Social Sciences, Bhubaneswar, India's largest institute for less-privileged tribal students, was affected by Cyclone Fani, leading to massive destruction of their property. Blue Star contributed towards restocking their library with copies of books for the Science stream for students of Grade XI and XII.

The outbreak of the COVID-19 pandemic brought in a severe shortage of the full gear of Personal Protective Equipment (PPE) for front-line health workers, leaving them vulnerable to the deadly illness. Blue Star partnered with CII Foundation, contributing ₹13 lakhs worth of PPE for the staff working at the Thane Municipal Corporation hospitals. In FY21, Blue Star is planning several relief projects pertaining to the COVID-19 aftermath.

## ENVIRONMENT

Blue Star supported the All India Plog Run organised by United Way India on October 2, 2019, to spread awareness on the issue of plastic pollution. This event, which was the largest community-led waste collection initiative in the country, was held across 50 cities of India with a turnout of over 2.5 lakh runners across all age groups, collecting 32,475 kg of waste material. Blue Star's employee volunteering drive for the Plog Run saw participation of 733 employees, including their families and friends across Mumbai, Thane, New Delhi, Gurugram, Chandigarh, Kolkata, Chennai, Bengaluru and Hyderabad.



Shailesh Haribhakti, flagging off the India Plog Run at Mumbai University



B Thiagarajan, with other employee volunteers at the Mumbai All India Plog Run event

## INITIATIVES UNDERTAKEN THROUGH BLUE STAR FOUNDATION

Blue Star routed Rs 75 lakhs to Blue Star Foundation, which aims for broad social impact through specific and targeted programmes across the spheres of education, vocational training and women empowerment, in liaison with reputed NGO partners. Here are some of the Foundation's activities:

- Women Farmers Producer Organisation (WFPO) is an unique and innovative agribusiness entity wherein only women farmers become shareholders of their company registered under Companies Act 1956/2013. FPOs are aimed at making agriculture profitable by involving individual farmers along the entire agricultural value chain, while providing them with complete ownership of their venture. Blue Star invested in 'Business Service Units' for such women-led FPOs, in partnership with CII. The work centred around capacity building, business plans preparation and establishing credit norms, along with training inputs on branding, sales and marketing. Three such FPOs across Tamil Nadu and Uttarakhand benefitted from Blue Star Foundation's aid.



Members of the Tamil Nadu Farmer Producer Organisation at a training session

- The 'Waterwheels' project is an initiative which aims to reduce the drudgery of the chore of fetching water from distant sources, primarily considered a woman's job in villages. This was executed in partnership with Habitat for Humanity, a reputed international NGO. Water wheels are durable cylindrical water tanks which can be rolled along the ground and can hold 45 litres at a time, designed for easily carrying water from far-off distances. Blue Star distributed 400 such waterwheels in villages near its Dadra factory, in addition to the previous 100 in the villages of Wada which face water shortage.
- Support to The Akshaya Patra Foundation for providing mid-day meals to 1600 children in a Government school near the Dadra factory for a period of a year, through their new mega kitchen at Silvasa.
- Support to the International Foundation for Fine Arts towards their dedicated efforts towards fostering and promoting Indian classical music. The foundation works with needy musicians and is committed to develop a taste for Indian classical music amongst the youth. Sambandh Health Foundation was supported for their Tobacco Advocacy programme in colleges, with the help of National Service Scheme volunteers in Maharashtra. The campaign held in January 2020 witnessed over 1.5 lakh students across 909 colleges taking the anti-tobacco pledge.
- Support to new initiatives to augment the Mohan T Advani Centennial Scholarships, making it the flagship project of the Foundation, going beyond the earlier scope of the B Tech/B Arch support scholarships. The scope of the scholarship programme was extended to MTech and Diploma in engineering courses, along with Architecture and Hospitality. Additionally, 50 academically deserving, less privileged students across 3 engineering colleges and 3 architectural institutes are presently being supported with Mohan T Advani Centennial Scholarships.



*Sunaina Murthy at a school in Dadra, where mid-day meals from The Akshaya Patra Foundation are served to the students*

The Foundation's charter covers education of less privileged children, health/medical support to marginalised communities and poverty alleviation, disbursing around Rs 50 lakhs in FY20 towards the same.

The organisations supported during the year include Jyot Bahu-Uddeshiy Samajik Sanstha, Thane, towards vocational training opportunities for girls and adolescent health education; The Anchorage, Mumbai, offering opportunities for education and vocational training for the mentally challenged; Ashray Akroti, Hyderabad, towards a special school for children with varying degrees of hearing impairment; Aishwarya Trust, Chennai, for corrective surgery for congenital heart defects in children; Indian Association of Blood Cancer & Allied Diseases, Kolkata, for medical relief of cancer-affected children; among others.

Complementing the CSR initiatives driven centrally, the Company's manufacturing facilities have also been engaging in community development around the manufacturing plants, as well as have been encouraging its employees to volunteer their time for the same. Some major events organised during FY20 by the manufacturing facilities comprised blood donation camps, industrial training and factory visits for students, donation camps and drives for schools, orphanages and old age homes, amongst others.

Blue Star is committed to directly conducting or supporting initiatives to ensure an equal footing for socially and economically disadvantaged sections in the country at large, especially the Scheduled Caste and Scheduled Tribe communities. Therefore, as part of its CSR initiatives, Blue Star actively participates in the Affirmative Action Agenda of CII and has contributed towards Development of Dalit Entrepreneurs by promoting supplier diversity,



*A nutritionist from Cuddles Foundation feeding a wholesome meal to a paediatric cancer patient*





*Water cooler distribution undertaken at a school in Nigeria*

imparting management techniques and mentoring. The Company is also an active member of the CII Sub Committees on CSR and Affirmative Action, and contributes regularly to industry initiatives in this regard.

The Company also encourages its employees to adopt a fit and healthy lifestyle, and to augment this, encourages its employees to participate in marathons. Blue Star supports the four city marathons of Mumbai, Delhi, Chennai and Kolkata, as a corporate charity team.



# NATURAL CAPITAL

Blue Star proactively works towards protecting the environment by consciously embarking on various initiatives such as usage of eco-friendly refrigerants, planting trees at its premises and reduction in consumption of water.

## SOME OF THE PROACTIVE STEPS INCLUDE:

- The Company engages in regular tree plantation drives which help to combat many environmental issues such as deforestation, erosion of soil, desertification in semi-arid areas and global warming, thereby enhances the beauty and balance of the environment.
- The Company's Plants in Himachal Pradesh have been undertaking various energy reduction initiatives which have resulted in 12% reduction in CO2 emissions.
- The Himachal Pradesh Plant replaced its old electric fired oven with new energy efficient LPG heating oven which has enhanced the efficiency and resulted in energy savings.
- The Company has changed over from R141B ozone depletion blowing agent to 245FA zero ozone depletion blowing agent in water cooler foaming.
- No effluents were discharged outside Blue Star manufacturing facilities in FY20. Efficient operation of effluent treatment plants and sewage treatment plants ensured zero discharge. Treated water is used for flushing and local irrigation.
- The Company has also been deploying solar power at select locations for office and street lighting.
- Conscious efforts are being undertaken to eliminate the usage of wood in packaging.
- The rain water harvesting project initiated at the Dadra Plant in FY19 to meet the daily needs of the plant (80kl) is serving its purpose well. During the monsoon season, it recharged around 137kl of water on a daily basis. This has helped raise the water table of the surrounding areas.

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Through rigorous initiatives, the Company achieved an overall 4% reduction in water consumption across plants.

*Refer Annexure 1 to Board's Report on page no. 88*



Replaced LPG with PNG for fuel efficiency at Dadra Plant



Solar Panels installed at Dadra Plant



Recharge pits made for the rainwater harvesting plant at Dadra



# STRATEGY PLANNING AND DEVELOPMENT

Strategy Planning at Blue Star is a well-established process that has enabled the organisation to design a robust and integrated business model to compete successfully in dynamic and fiercely competitive B2B, B2G, and B2C business segments. Overall, the Company's strategy planning process focuses on anticipating big challenges and spotting mega trends and opportunities emerging due to changes in the economic, social, technological, geopolitical and environmental realities, enables evaluation of key capabilities to capture market opportunities, and co-designs with businesses its future growth path.

Blue Star's successive rolling 3-year strategic plans of Blue Star@75 and Blue Star@77 were focused on identifying new opportunities to expand Blue Star's addressable market while retaining leadership in existing segments. In the next strategic plan, Blue Star@80, the Company will look to consolidate its positions in new businesses while addressing emerging challenges in core businesses. Blue Star@80 will also be aimed at establishing cross-linked objectives for all business units and support functions in order to achieve the common goal of profitable growth. With the COVID-19 crisis bringing in new realities, Blue Star's planning process will be focused on monitoring these new realities, identifying emerging opportunities and being prepared for the economic recovery as and when it happens. Conservation of liquidity and strengthening the Company's Balance Sheet will be at the core of the new strategic plans. In line with this objective, the Company plans to raise ₹300 crores in the near term through issue of unsecured Non-Convertible Debentures having a three year repayment tenor. These funds will provide sufficient resilience, stability and liquidity to Blue Star's Balance Sheet over the medium to long term. In addition, a laser sharp focus on managing credit risk profile of its customers, operating cash flow focus and implementation of margin improvement and cost rationalisation measures will ensure that the Company continues to deliver profitable growth, consistently.

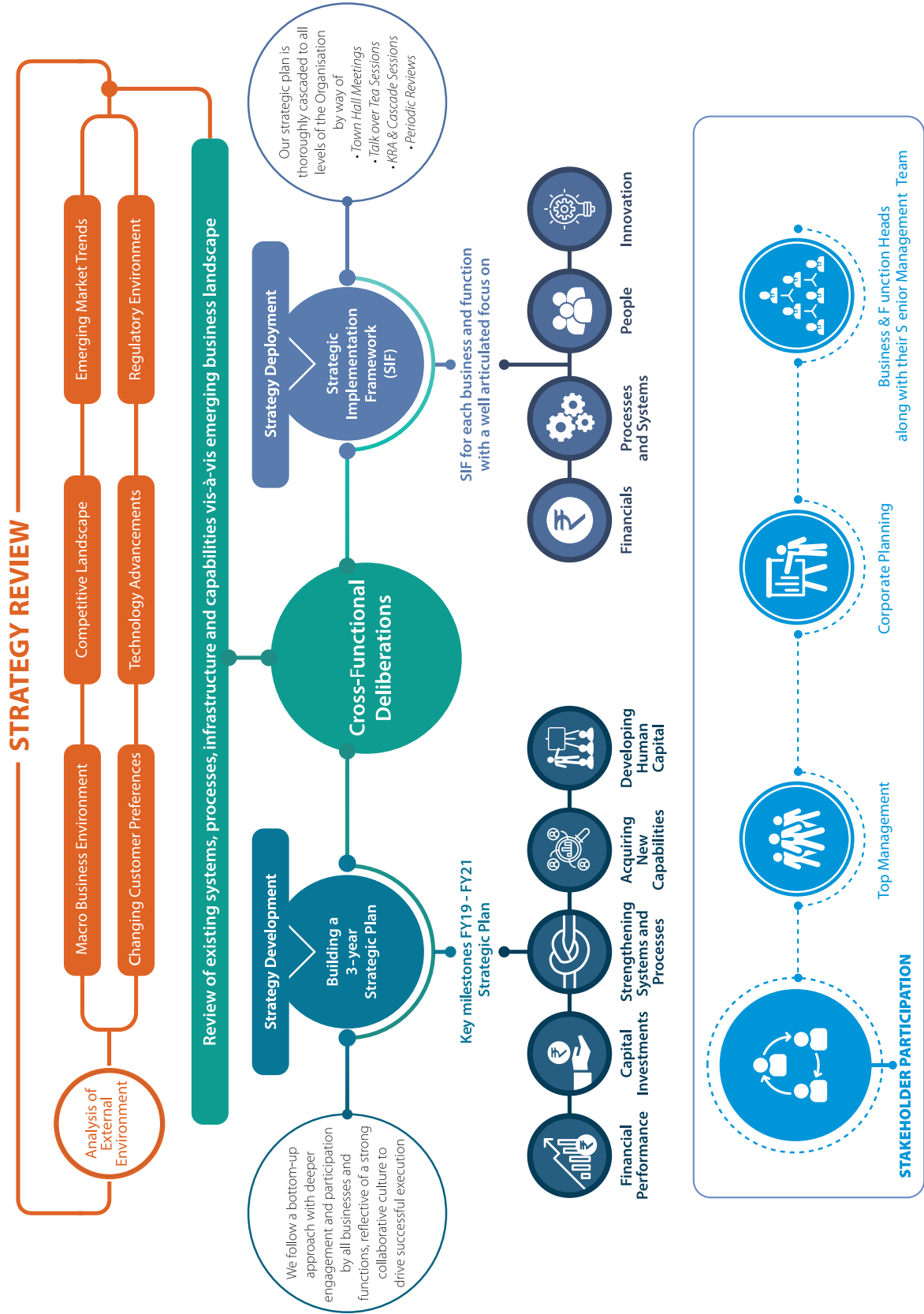
The Company continues to have in place a framework called Strategic Implementation Framework (SIF) for each business and function. The SIF essentially draws upon Balanced Scorecard concepts of strategy execution and it maintains well-articulated focus on financials, processes and systems, people and innovation. The Company's strategic plan is thoroughly cascaded to all levels of the organisation by way of town hall meetings, KRA cascade sessions, talk over tea sessions and various appropriate internal forums to align teams to the Company's goals.

The SIF provides for periodic reviews in a structured manner to take stock of progress towards key milestones. This internal process helps in periodically discussing and reviewing the underlying assumptions related to the business landscape as well as understanding the competitive positioning of the Company and making due corrections as needed. The Company has undertaken several internal measures based on the strategic plan.

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Blue Star's strategic process puts in place checks and targets across the organisation, both horizontally and vertically, to ensure steady progress towards our goals.

Blue Star has a robust Strategic Planning process in place to formulate a 3-year roadmap for the Company and its businesses





# RISKS AND MITIGATION STRATEGIES

## ..... DYNAMIC MACRO-ECONOMIC ENVIRONMENT RISK

The Company's core businesses are cyclical in nature and are exposed to the macro-economic environment. Besides, the international operations are also exposed to geo-political risks associated with these regions such as changes in tax regime, political unrest amongst others.

- ✔ **MITIGATION STRATEGIES:** The Company closely monitors the macro-economic environment on a regular basis. It undertakes efforts to tap the untapped segments in case of projects business and engages in development of new products with focus on profitability and scalability, all of which assist in de-risking its business operations. The Company also has a robust risk assessment system which helps to undertake and analyse the risk prior to venturing into new business segments or geographies. Enhanced thrust is placed on expanding Blue Star's global footprint as well as on diversifying into related product segments. Besides, the Company invests in continuous in-house capability building and awareness creation with regards to new tax laws and related compliances.

## ..... SEASONALITY RISK

The Company's product businesses are seasonal in nature. Unforeseen weather patterns may impact forecasting, leading to either stock-out and resultant loss of opportunity or excess inventory.

- ✔ **MITIGATION STRATEGIES:** The Company has in place a well-defined process to review and re-align, wherever necessary, the procurement plan, on a dynamic basis. It also has a continuous process improvement plan to reduce lead time for procurement.

## ..... BUSINESS MODEL RISK FOR PROJECT BUSINESS

There has been a gradual shift in the business model for large projects where the full contracts are assigned to civil contractors who in turn sub-contract the components of the project. Some of the Mechanical, Electrical and Plumbing jobs undertaken by the Company are through such sub-contracted route. This could impact the returns and increase the credit risk based on the credit profile of the main contractor.

- ✔ **MITIGATION STRATEGIES:** The Company carries out independent due diligence before entering into a sub-contracting arrangement with the main contractor. The Company also enters into selective and project specific tie-ups with reputed and financially sound civil contractors.

## BUSINESS MODEL RISK FOR THE PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS SEGMENT

Each line of business within the Professional Electronics and Industrial Systems segment is significantly dependent on supply of products by very few principals. There would be significant impact on the segment's revenue, should a key principal terminate the arrangements.

- ✔ **MITIGATION STRATEGIES:** The Company evaluates opportunities to expand into new lines of businesses in the segment and also develops new principal relationships for each line of business, on an on-going basis.

## PROFITABILITY RISK

Constant changes in business environment may stress the Company's profitability due to inaccurate forecasting, fluctuation in material prices, competitive pressures and high operating costs.

- ✔ **MITIGATION STRATEGIES:** The Company's businesses are ring-fenced with policies and guidelines for booking and execution of orders, constant review of operating costs and continuous re-engineering of commercial practices.

## FINANCIAL RISK

Financial risks comprise volatility in global financial markets as well as fluctuations in exchange rates. Credit default by customers is also a concern for the Company.

- ✔ **MITIGATION STRATEGIES:** The Company has a robust policy in place for managing currency exposures. The Company has a due diligence mechanism to reduce the risk associated with credit default.

## OPERATIONAL RISK

The Company in the normal course of its business is exposed to operational risks such as volatility in commodity prices; over-dependency on suppliers and vendors; health and safety related concerns; higher input cost in case of fixed price contracts for projects business; failure of Information Technology systems; and risk of epidemic technical failure.

- ✔ **MITIGATION STRATEGIES:** The Company hedges a majority of the commodities that it uses in manufacturing. Alternate vendors are developed with similar facility on product category basis. Regular safety audits are conducted across project sites. There is a robust delegation of authority matrix in place. Order booking guidelines are strictly implemented to book quality orders. Business Continuity Plan is developed in IT systems by setting up the ERP DR and the same is periodically monitored. Quality check teams are present to test all pre-launched products as well as for field tests in the market.

## SOURCING RISK

Key components for manufacture of the Company's products such as compressors, copper tubes, electronic parts, indoor units for split airconditioners and inverter drives are sourced from vendors in China and some other countries. Any disruption in supply caused due to geo-political reasons, imposition of non-tariff barriers or the occurrence of a pandemic, such as COVID-19, that limits imports from China or any other countries may significantly impact the Company's ability to import, manufacture and sell. There are also key component and finished goods suppliers located outside and within India on whom the Company has and may continue to have strategic dependency. Any disruption in the business operations of these suppliers may also impact the Company's ability to sell underlying product and equipment seamlessly.

- ✔ **MITIGATION STRATEGIES:** The Company has a well-defined review mechanism to identify dependencies either on a single country or single vendor for the key components required for manufacture of its products. The Company, on an on-going basis, takes steps to diversify such procurements from alternative sources and identify backward integration opportunities.

## COMPLIANCE RISK

Regulatory compliance often impacts business operations if the Company is not proactive enough to diligently identify and adhere to such compliances. Some of the regulatory compliances comprise compliance with Competition Commission of India for norms pertaining to dedicated dealership; compliance with BEE rating norms; compliance with QCO norms; compliance with statutory requirements pertaining to Labour Laws, Environmental Laws, Factory Laws, Competition Laws, PF Laws, Insider Trading and listing requirement; amongst others.

**MITIGATION STRATEGIES:** The Company is very agile and ensures complete adherence to all regulatory compliances. It has built a strong compliance management system and has automated the compliance management process. It has adopted the automated legal metrology label printing, in order to prevent non-compliance and prosecution. Besides, the Company has entered into a comprehensive agreement with its dealers. The Company follows a structured approach towards any changes in the BEE ratings and ECBC 2017 norms by conducting meetings on a regular basis to identify and implement these changes across its product range. It also ensures compliance confirmation by its JVs and foreign subsidiaries.

## CYBER CRIME

Risk from absence of Information Security Mechanisms may leave the IT infrastructure vulnerable to hacking attacks.

**MITIGATION STRATEGIES:** The Company has a robust Vulnerability Assessment and Penetration Testing framework. The Company has in place a cyber-insurance policy to protect its data from unauthorised software, computer code or third-party data and wrongful appropriation of network access code. It also has a set of policies and procedures to ensure compliance to rules and guidelines related to information security.

## COMPETITION RISK

The Company faces competition from local and overseas players. There are chances of experiencing a shift in the buying behaviour of consumers due to the growth of e-commerce platforms. The Company could encounter low demand for some of its products in certain regions.

**MITIGATION STRATEGIES:** The Company is well diversified across related and new product categories. It has tie-ups with key e-commerce companies and has rolled out dedicated models meant to be sold only through online platforms. There is enhanced thrust on increasing penetration in Tier 3/4/5 cities. The Company focuses on developing more exclusive dealers. Periodic performance reviews are undertaken for the dealers.

## TECHNOLOGY RISK

The Company faces the risk of losing business to competitors if it is unable to create new products or upgrade its existing products within the evolving technology landscape.

**MITIGATION STRATEGIES:** The Company has partnered with consultants to evolve on the technology front for select product categories. It also has tie-ups with institutions for initiating technology development projects. It regularly reviews its product portfolio and has a structured medium-term new product development plan.

## PEOPLE RISK


Risk of inadequate success planning at the top and middle management positions may impact business continuity and business performance in the short term.

**MITIGATION STRATEGIES:** The Company has in place a systematic framework for management and development of its talent through structured leadership development programmes. Talent councils are formed to review the succession plan on a periodic basis.




## INDUSTRIAL RELATIONS RISK

The Company may face industrial unrest in the nature of strikes and lock outs at its manufacturing locations due to any disputes with the trade unions which may lead to stoppage of production. Further non-availability of skilled and other labour at the manufacturing, distribution, service and project sites at the appropriate time may also have an adverse impact the ability to meet its obligations to deliver products and services on time.

 **MITIGATION STRATEGIES:** The Company keeps its employees at all levels including the organised workforce engaged through various engagement initiatives across locations for increased employee satisfaction, productivity and motivation. The two-way communication and the open culture practised by the Company's management ensures smooth industrial relations.


## FRAUD RISK

Risk of not being able to proactively identify and address potential frauds.

 **MITIGATION STRATEGIES:** The Company has a robust governance mechanism consisting of three lines of defence and a firm balanced three-tiered governance structure as required under the COSO 2013 framework. It extensively uses data analytics and rigorous monitoring to strengthen its fraud management framework.


## CREDIT RISK

Inadequate assessment of credit worthiness of customers and consequent risk of non-recoverability, delayed collections and disruptions in working capital cycle.

 **MITIGATION STRATEGIES:** The Company has in place a robust credit policy and carries out customer credit worthiness assessment prior to all new customer acquisitions. Credit worthiness of all customers is reviewed on a continuous basis.

## PANDEMIC EVENTS RISK

An outbreak of an infectious disease or any other serious public health concerns could adversely affect the company's operations.

 **MITIGATION STRATEGIES:** The Company has formulated Standard Operating Procedures to continue serving the needs of customers in essential services such as Healthcare, Pharma, Banking and Financial Institutions during such disruptions. All the businesses and the support functions of the Company have processes in place to carry on the operation for a reasonable period of time through remote monitoring and controls. Standard Operating Procedures have also been established for safe re-opening and operation of the company's factories, offices, warehouses and the project sites upon resumption of operations post the subsiding of the pandemic risk



# OPPORTUNITIES

- The economy is passing through a challenging phase due to the disruption caused by the spread of the COVID-19 epidemic. However, the Company's well diversified portfolio of business and its healthy order book, are expected to open up opportunities even in these circumstances.
- E-commerce and online sales may grow faster due to continuation of social distancing norms, which will create new and additional requirements and opportunities for warehouse spaces that will need execution of air conditioning and electrical projects.
- India is still a deeply under-penetrated market with only 5% of the population having access to air conditioners, as compared to 50% and more in the developed markets. The significant under-penetration levels are likely to continue to fuel demand for room air conditioners in India over the next few years. Increased opportunities from the Pharma, Healthcare and Processed Food sectors offers tremendous opportunities for growth of the Company's Commercial Refrigeration business.
- With the growing awareness on health and enhancing levels of human immunity to infectious diseases, the Company believes that water purifiers as a category should witness market size expansion. This category is also under-penetrated and with a greater proportion of middle class population staying at home, the Company anticipates the demand for water purifiers to also grow.
- In the Professional Electronics and Industrial Systems business segment, increased emphasis on digital interaction by the banking and financial services sector as an outcome of increased social distancing will open up new opportunities for the Data Security Systems business. Further, a possible increase in Government's spending allocation towards Healthcare Systems is also expected to create opportunities for the Company's Healthcare business.



# INFORMATION TECHNOLOGY

The Company continued to march ahead on this front by imbibing the latest digital technologies across its operations and businesses. Leveraging opportunities offered by digital technologies, the Company has been improving its customer experience, as well as optimising internal efficiencies. Blue Star's ultimate goal is to become a data-driven organisation powered by insights. As a consequence, the Company constantly explores avenues where technology can be effectively used.

The Company implemented an industry-leading treasury management product for digitising its treasury operations. Blue Star also put in place a digital asset management system to facilitate the creation, management, organisation, production, distribution of product literature, specifications, logos and images. The system will enable seamless dissemination of latest product content to various sources such as websites and e-commerce sites.

On the manufacturing front, Blue Star extended the deployment of its Industry 4.0 based 'Intelligent Factory' solution to its Himachal Pradesh facilities. This solution, which is already live at Dadra and Wada factories, enables the factories to improve their overall equipment effectiveness, optimise energy utilisation and reduce machine downtimes.

The Company extended its virtual sales assistant – 'Sandra' – to its entire product field force. The intelligent virtual assistant was upgraded further and now delivers key actionable insights to the sales teams, thereby enabling them to drive sales and collection more effectively. The assistant also enables the sales team to plan and track their field visits more efficiently.

On the Customer Service front, the Company, from its core service management system, migrated to a state-of-the-art industry solution and also digitised a number of manually driven processes during this migration. This solution will enable Blue Star's Customer Service operation to leverage technologies such as analytics and artificial intelligence for its business.

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During FY20, the Company further expanded its digital footprint by automating more processes, providing virtual assistants to employees in various work areas and rolling out analytics-driven tools for improved visibility and controls.



# BRAND EQUITY

During the year, the Company enhanced spends with regard to advertising and brand communication.

The Company, by leveraging its brand salience, intends to garner mass appeal cutting across geographies and demographics. Hence, to propel the brand into its next orbit, Blue Star decided to take the celebrity route for its new campaign and hired a celebrity cricketer – Virat Kohli. Cricket has a mass appeal in India and that Virat Kohli's skills are unmatched in this game, thus this campaign has been apt for the Company, as Blue Star's persona deeply resonates with both Cricket and him.

As Blue Star continues to remain young and relevant through its world-class products and solutions, Virat's youthful image and his commitment to deliver excellence on the field makes him a great fit for the campaign. Just as Blue Star is a market leader in many product categories and segments and prides in being innovative, Virat is a born leader with a winning instinct, raising the bar every time and always willing to experiment. Likewise, Virat excels in all the 3 formats of cricket – T-20, One-day and Test, and Blue Star is a leading player in all formats: residential, light commercial medium spaces, and large spaces such as airports, hotels and hospitals. The real fit is the 'Trust' factor. Just as hundreds of millions of cricket lovers across the world trust Virat for his expertise and consistent performance, Blue Star has been 'Built on Trust' of millions of its customers.

The campaign, while talking about the Company's new range of room air conditioners which are capable of delivering upto 30% extra cooling when needed, also reinforces Blue Star's value proposition 'Nobody Cools Better.' Further the Company, through this campaign, also rolled out its new innovative models: AC with in-built air purifier, which cools and purifies the air in the room at the same time; and next-gen Wi-Fi-enabled 5-star inverter split AC, which can be operated through voice commands in both English and Hindi by using an appropriate interface device.

Earlier during the year, the Company's summer campaign had also revolved around the concept of '30% more cooling when you need it.'

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With a proven track record as an established multi-product and service brand, in its next phase of growth, Blue Star aims to shift orbit and accelerate growth by penetrating deeper across the length and breadth of India.

Besides, Blue Star ran a campaign for its new range of air coolers. The value proposition for this product category is 'Summer Will Now Feel Like Winter' which is attributed to its unique cross-drift technology, a design advancement that retains water in the meshes for a longer time, resulting in 20% more cooling than other air coolers, thus giving a winter-like feeling in summers. These ads were released in leading channels on television and leading platforms on the digital medium. Likewise, the Company also launched a campaign for its new range of innovative air purifiers with SensAir Technology, and advanced 7-stage filtration that can eliminate some of the smallest pollutants, down to PM 1.0. This campaign was released across print, outdoor and digital platforms.

Digital marketing is another thrust area for the Company. On this front, Blue Star strengthened its activities on social media with community engagement through its Cool My World pages and the promotion of products and services, while also leveraging its association with Virat Kohli through new brand pages. The Company also continued to invest in Google, Facebook and YouTube advertising.

Significant investments were made in brand building of water purifiers during the year, including running an innovative television campaign during the World Cup, which communicated the Company's new value proposition, 'Purity you can Trust.'

The Company also conducted press conferences across major markets to highlight Blue Star's offerings in the room air conditioning, air coolers, air purifiers, and water purifiers category.

# AWARDS & RECOGNITION



Blue Star receives the prestigious 'Great Place to Work' certification.



Blue Star was declared as the winner of the 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2019.



Blue Star was adjudged as the 'MEP Contractor of the Year' in recognition of MEP services provided by the Company for the Amazon IT Campus in Hyderabad, at the 9<sup>th</sup> edition of Construction Week India Awards.



Blue Star was declared as the winner of the 'Golden Peacock Award for Excellence in Corporate Ethics' for the year 2019.



Blue Star was bestowed with 'The Best Governed Company' in Listed Segment – Medium Category, for implementing best practices in Corporate Governance, at the 19<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance.



Wada Plant bagged the prestigious 'Excellence Award' for '5S' Kaizen implemented at the Wada manufacturing facility at the 6<sup>th</sup> National Conclave on 5S (Workplace Management) organised by CII Quality Circle Forum of India.



Ahmedabad Plant won the 'Gold Award' at the International Convention on Quality Concepts - ICQC 2019 held in Tokyo, Japan, organised by Union of Japanese Scientists and Engineers (JUSE).



Dadra Plant was declared winner at the Manufacturing Today Awards 2019 held in Mumbai under the category, 'Excellence in Operations'.



Blue Star's negative temperature condensing unit was adjudged 'Innovative Refrigeration Product of the Year 2019,' at the Refcold India Emerson Awards.



**|** Blue Star International FZCO receives 'Exporter of the Month' award from the Dubai Chamber of Commerce and Industry, in recognition of distinguished export performance by the Company for the month of August 2019.



**|** Blue Star was bestowed with the 'Cold Room Manufacturer of the Century' award at the 'Hall of Fame Awards' event by India Food Service Equipment Council.



**|** Blue Star was recognised as 'The Most Committed Vendor and Trusted Brand in Cold Room Industry' at the General Body meeting of the Fresh Fruit Importers Association.



# 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™



**BLUE STAR**

NOBODY COOLS BETTER™

**COOLS  
LIKE AN  
AIR CONDITIONER.  
PROTECTS  
LIKE AN  
AIR PURIFIER.**

*Virat Kohli*

**OWNED  
BY VIRAT  
LOVED  
BY VIRAT**





**BLUE STAR**

NOBODY COOLS BETTER™



**SUMMER  
WILL NOW  
FEEL LIKE  
WINTER.**



# Board's Report

## To the Members,

The Directors are pleased to present the 72<sup>nd</sup> Annual Report, together with the audited financial statements for the financial year ended March 31, 2020.

## COMPANY OVERVIEW

Your Company offers one of India's widest range of air conditioning and commercial refrigeration products, as well as a comprehensive range of air purifiers, air coolers, water purifiers, cold storage equipment and specialty products. It fulfils the cooling and refrigeration requirements of a large number of corporate, commercial as well as residential customers.

Leveraging on its project execution capabilities, your Company offers turnkey solutions in MEP (Mechanical, Electrical, Plumbing and Fire-fighting) contracting for Buildings & Factories, Infrastructure, and Heavy Industry projects. The Company's integrated business model of a Manufacturer, Contractor and After-sales service provider enables it to offer end-to-end solutions to its customers, a factor that has proved to be a significant differentiator in the marketplace.

## FINANCIAL RESULTS

The financial statements of the Company are in accordance with the Section 133 of the Companies Act, 2013 (the 'Act') read with Companies (Accounts) Rules, 2014, and amendments thereof. The consolidated and standalone financial highlights of the Company for the financial year ended March 31, 2020, are summarised as follows:

(₹ in crores)

Particulars	Consolidated		Standalone	
	For the year ended		For the year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue from operations	5,360.19	5,234.84	4,786.49	4,783.70
Total revenue	5,404.89	5,259.53	4,859.92	4,806.81
Total expenses	5,194.87	5,011.07	4,688.22	4,600.51
Profit before exceptional items and tax	210.02	248.46	171.70	206.30
Profit after exceptional items and before tax	205.99	251.14	167.67	179.85
Income tax	65.32	41.99	46.80	58.06
<b>Profit for the year</b>	<b>143.25</b>	<b>190.06</b>	<b>120.87</b>	<b>121.79</b>

## OPERATING RESULTS

Revenue from operations maintained impressive growth momentum in line with the Company's plans until the end of third quarter of the financial year. The fourth quarter also started on track; however, the rapid spread of the COVID-19 pandemic across the globe resulted in significant demand and supply chain disruptions across India in March. Further, the nationwide lockdown imposed by the Government towards the end of March resulted in a complete shutdown of all operating activities. Order fulfilment suffered and consequently there was a significant impact on the Company's billing and profitability in the fourth quarter of the financial year.

In the backdrop of the above mentioned disruption and its consequential impact on the Company, on a consolidated basis, for the current financial year, revenue from operations of the Company registered a modest 2.39% growth at ₹5,360.19 crores as compared to ₹5,234.84 crores in the previous year. The Company registered Net Profit after Tax of ₹143.25 crores as compared to ₹190.06 crores for the financial year ended March 31, 2019. On a standalone basis, revenue from operations of the Company remained almost flat at ₹4,786.49 crores as compared to ₹4,783.70 crores in the previous year. The Company registered standalone Net Profit after Tax of ₹120.87 crores as compared to ₹121.79 crores for the previous year.

The spread of the pandemic and the consequent stringent nationwide lockdown in India has happened during the peak selling season across the Company's product businesses and accordingly has also significantly impacted the Company's revenue in the first quarter of FY21. The full impact of the economic losses arising from the extended nationwide lockdown will be assessed once reasonable normalcy gets restored across the major markets and customer segments served by the Company. Your Company is undertaking several course correction initiatives such as cost optimisation and will focus on productivity improvement measures to minimise the impact on profitability in FY21 and thereafter.

The Company operates three business segments: (i) Electro-Mechanical Projects and Commercial Air Conditioning Systems; (ii) Unitary Products; and (iii) Professional Electronics and Industrial Systems. Performance of the Company in the above-mentioned segments during the year under review is as stated below:

## **I. Electro-Mechanical Projects and Commercial Air Conditioning Systems**

### **a) Electro-Mechanical Projects Business**

Your Company continued to maintain its leadership position in the integrated electro-mechanical space in India. During the year, the Company won some notable orders in the infrastructure space from Mumbai Metro Rail Corporation Limited, and the airport expansion projects at Chennai, Bengaluru and New Delhi.

Revenue growth in the business was driven by faster pace of execution in select projects in the Buildings & Factories segment, though the overall sentiment remained muted initially due to challenges in flow of credit to these sectors and subsequently on account of the lockdown and stoppage of work at the project sites due to the spread of COVID-19 across the country.

Your Company continues to invest in systems and technology in line with its value proposition of superior project delivery through intelligent engineering, modern execution practices and committed teams.

### **b) Commercial Air Conditioning Systems**

In this segment, the business grew at a faster pace than the market and the Company improved its market share across all product categories aided by new product launches and increased operational reach in tier 3 and 5 cities. The newly launched products such as the next generation inverter ducted, water cooled VRF, air cooled VFD screw chiller and configured oil free chiller gained good traction and market acceptance.

Key segments that contributed to billing were Industrial, Hospitals and Educational Institutions. However, the order booking and growth momentum in this business were also impacted in the last quarter due to the spread of the pandemic.

### **c) International Business**

Your Company's international business continued to focus on growth in Middle East, Africa, SAARC and ASEAN countries.

The international projects executed through the Joint Ventures at Qatar and Malaysia continue to do well. During the year, the Joint Venture at Qatar executed the prestigious Chilled Water Supply Unit project at Qatar University. The profitability of the Joint Venture at Malaysia was moderately impacted due to the challenging economic conditions.

On a consolidated basis, revenue of this segment grew by 2.86% to ₹2,826.67 crores from ₹2,748.11 crores. Segment results de-grew to ₹120.26 crores from ₹150.85 crores in the previous year. Shortfall of revenue in March led to a decline in segment results. In addition, taking into consideration the outlook for the commercial real estate and infrastructure sectors, the Company has, on a prudent basis, made additional provisions for potential doubtful receivables.

## **II. Unitary Products**

The room air conditioner business did well in the first half of the financial year supported by a strong summer. The growth momentum continued in the third quarter and the initial period of the fourth quarter. However, low off-take during the month of March, 2020, which is a key month of the peak selling season, due to the spread of COVID-19 led to only a marginal growth in the financial year. The affordable premium range of products introduced during the year did well and contributed to the significant growth in split air conditioners sales. There was increased demand from tier 3, 4 and 5 cities. The Company improved its market share to 12.5%.

In the Commercial Refrigeration Products business, the Company continued to maintain its leadership position and grew well in the deep freezers and the water coolers businesses and gained market share in bottled water dispensers. Adjacencies such as supermarket refrigeration and medical refrigeration also gained traction.

In the Water Purifiers business, while the competition is intensifying, the Company continues to stay focused on establishing its brand as a trusted one in the category, with well-engineered and reliable products backed by superior service delivery. The Company established itself as one of the leading brands in the e-commerce channels. The Company has established a reasonable foothold in the Water Purifier category and closed the current financial year with a market share of two percent.

On a consolidated basis, Unitary Products' revenue for the year grew marginally to ₹2,300.61 crores as against previous year's revenue of ₹2,268.97 crores. Segment results were ₹162.27 crores as compared to ₹185.92 crores in the previous year due to higher spending on advertising and in-store presence in the modern trade to support growth in a good summer in the peak selling season of 2019. Segment results were also impacted by scale due to the loss of sales in the month of March, 2020.

### III. Professional Electronics and Industrial Systems (PE&IS)

The PE&IS segment is operated by Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company. This segment did very well during the year aided by regulatory requirements of data localisation and increased thrust on digital payment solutions creating good opportunities for the Data Security Solutions business. The Government's programmes for affordable healthcare created good opportunities for the Healthcare business.

At a consolidated level, the revenue generated by this business segment during the year under review grew by 6.96% to ₹232.91 crores from ₹217.76 crores of the previous year. Segment results increased by 24.12% to ₹54.34 crores in the previous year. Segment margins improved from 20.1% to 23.3%.

## DIVIDEND

The Board, at its meeting held on March 12, 2020, declared an interim dividend of ₹10 per equity share of ₹2 each for the financial year ended March 31, 2020. This dividend has been paid to those members whose names appeared in the Register of Members as on the Record Date i.e. March 20, 2020.

The Board has adopted the Dividend Distribution Policy for the Company which can be viewed on the website of the Company under the link at: <https://www.bluestarindia.com/media/104569/dividend-distribution-policy.pdf>

## FINANCING

On a consolidated basis, finance cost for the year decreased to ₹29.47 crores as compared to ₹47.87 crores in the previous year, due to effective management of working capital and consequently lower quantum and cost of borrowings.

Towards the fag end of the year, serious disruptions in the operating cash flow consequent to the lockdown had necessitated additional borrowings during the last few days of the year. In spite of the additional borrowings during that period, the Company ended March 2020 at a lower net borrowing level compared to March 2019 on the back of tight working capital management throughout the year.

The Company's forex cost was ₹9.70 crores for the year as compared to ₹4.06 crores in the previous year due to the impact of high volatility and sharp depreciation of INR in February 2020 and March 2020 due to several global events that unfolded in this period.

## DEPOSITS

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act, and the Companies (Acceptance of Deposits) Rules, 2014.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and Section 129(3) of the Act, the consolidated financial statements have been prepared by the Company, as per the Indian Accounting Standards (Ind AS), and form part of this Annual Report.

The Consolidated Financial Statements shall also be laid at the ensuing Annual General Meeting of the Company.

## PROPOSED ISSUE OF NON-CONVERTIBLE DEBENTURES

Your Company has been meeting its working capital as well as capital expenditure funding requirements largely through internal accruals. The national lockdown to control the outbreak of COVID-19, especially during the peak summer season, has impacted the Company's cash flow and, consequently, the working capital cycle of the Company is likely to get lengthened in the months to come.

As your Company foresees demand revival from the second half of the next financial year, it will need to ensure sufficient liquidity on the Balance Sheet and also continue to persist with capital expenditure pertaining to indigenisation and backward integration programmes to enhance its competitiveness and market leadership. Therefore, your Company proposes to infuse additional funds through the issuance of Non-Convertible Debentures up to a value of ₹500 crores in order to retain adequate liquidity primarily to support business continuity and growth in the financial year 2020-21.

## SUBSIDIARIES AND JOINT VENTURE COMPANIES

### I. Subsidiary Companies:

#### a) Blue Star Engineering & Electronics Limited

Blue Star Engineering & Electronics Limited is a wholly owned subsidiary of the Company. It is a material subsidiary as per the thresholds laid down under the Listing Regulations. The company provides advanced technology products as well as turnkey engineering solutions that cater to several industries. It is the exclusive distributor in India for many globally renowned manufacturers of high-technology professional electronics equipment and solutions, as well as industrial products and systems.

Revenue from operations from Blue Star Engineering & Electronics Limited for the year ended March 31, 2020, was ₹244.50 crores, as against its previous year's revenue of ₹226.34 crores. The subsidiary achieved a net profit of ₹41.84 crores for the year under review, as against last year's net profit of ₹51.02 crores. The subsidiary's net profit for last year included a credit of ₹17.06 crores on account of Deferred Tax Asset on carried forward tax losses. Out of the Deferred Tax Asset created in the last year, an amount of ₹11.61 crores was reversed during the year due to higher profit before tax earned during the year ended March 31, 2020. The subsidiary's profit before tax grew 77% to ₹60.12 crores for the year ended March 31, 2020 as against last year's profit before tax of ₹33.96 crores.

#### b) Blue Star Qatar WLL

Blue Star Qatar WLL is a joint venture between the Company and Al Malki Trading and Contracting WLL, wherein the Company holds 49% of the share capital and voting rights, and the balance is held by Al Malki Trading and Contracting WLL. The company is principally engaged in the business of MEP contracting and maintenance in Qatar.

It is a subsidiary of the Company by virtue of Section 2(87)(i) of the Act, as the Company controls the management of this company.

Total income of this company for the year ended March 31, 2020, was ₹254.14 crores as compared to ₹154.07 crores in the previous financial year. Net profit after tax for the year ended March 31, 2020, was ₹9.02 crores as compared to ₹6.85 crores in the previous year, representing a growth of 32%.

#### c) Blue Star International FZCO

Blue Star International FZCO is a wholly owned subsidiary of the Company, operating in the Dubai Airport Freezone, UAE. It is responsible for development and growth of the Company's Global Products Sales business and Global Projects business. This company primarily promotes the export of Blue Star's air conditioning and commercial refrigeration products and systems and its Original Equipment Manufacturing (OEM)/Original Design Manufacturing (ODM) business.

Consolidated total income of this company for the year ended March 31, 2020, was ₹238.54 crores as compared to ₹169.95 crores in the previous financial period. On a consolidated basis, the company has generated a profit of ₹0.33 crores for the year ended March 31, 2020 as compared to net profit of ₹1.56 crores in the previous period.

#### d) Blue Star Systems and Solutions LLC

This company was incorporated in the mainland UAE as a subsidiary of Blue Star International FZCO to directly sell central air conditioning equipment, execute mid-sized HVAC projects and launch its after sales service business.

The subsidiary commenced the first year of its operations during the financial year.

The company's total income for the year ended March 31, 2020, was ₹8.99 crores. The Company incurred a loss of ₹4.86 crores for the year ended March 31, 2020.

### II. Joint Venture Companies:

#### a) Blue Star M & E Engineering Sdn Bhd

Blue Star M & E Engineering Sdn Bhd, a joint venture between Blue Star International FZCO and Amcorp Properties Bhd, Malaysia, is principally engaged in the business of HVAC contracting and maintenance in Malaysia.

This company's total income for the year ended March 31, 2020, was ₹115.30 crores as compared to ₹106.88 crores in the previous financial year. Net profit after tax for the year ended March 31, 2020, was ₹5.57 crores as compared to ₹11.26 crores in the previous year.

**b) Blue Star Oman Electro-Mechanical Company LLC**

A joint venture between W J Towell & Co LLC and the Company, Blue Star Oman Electro-Mechanical Company LLC was formed to principally engage in the business of MEP contracting and maintenance in Oman.

In view of cost overruns in the projects executed by the company and unattractive market potential in Oman, the Board of Directors of the Company had approved a proposal to exit this Joint Venture in the previous financial year, subject to regulatory and other compliances as may be applicable. The Company had filed a petition before the jurisdictional court in Oman for liquidation of this company as per the provisions of the Commercial Companies Law of Oman. The petition of the Company was rejected by the said Court in Oman and the Company has filed an appeal before the appellate Court in Oman which is pending adjudication.

In accordance with Section 136 of the Act, the audited annual accounts, including the consolidated financial statement of the Company and audited accounts of the subsidiary companies, are available on the website of the Company at [www.bluestarindia.com](http://www.bluestarindia.com).

A copy of these documents will be available to the members, on their request in writing. The annual accounts will also be available for inspection by any member during business hours through electronic mode.

A statement containing the salient features of the financial statements of the subsidiaries and joint venture companies in Form AOC-1, as required under Rule 5 of the Companies (Accounts) Rules, 2014, forms part of the Consolidated Financial Statement.

**SIGNIFICANT DEVELOPMENTS**

The COVID-19 pandemic and the consequential extended nationwide lockdown has caused significant impact on the businesses of the Company as elaborated in the foregoing paragraph on Company's operations.

**NEW INITIATIVES**

The Company has embarked upon several initiatives in the areas of technology led digitalisation of some key business processes, employee engagement and internet enabled automation across its products and services.

**AWARDS AND RECOGNITIONS**

During the year under review, the Company was felicitated with many prestigious awards for excellence in its areas of business, and an illustrative list is given below:

- Wada Plant won the 'Excellence Award' for '5S' Kaizen Implementation
- Dadra Plant won the first prize at the 31<sup>st</sup> Quality Circle Regional Finals organised by CII
- Won the prestigious Golden Peacock awards for Excellence in Corporate Governance-2019
- Won the prestigious Golden Peacock Award for Corporate Ethics-2019
- Best Governed Company award in the medium listed company category at the 19<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance
- Won the 'MEP Contractor of the Year' award at Construction Week India 2019 Awards for the fourth time at the ninth edition of the Construction Week India 2019 Awards
- 'Cold Room Manufacturer of the Century' at the 'Hall of Fame Awards' by the Indian Food Service Equipment Council
- Gold Award for quality concepts in the International Convention on Quality Concepts, Japan
- CIO Award for digital transformation
- Negative Temperature condensing unit adjudged 'Innovative Refrigeration Product of the Year 2019' at Refcold India Emerson Awards

**DIRECTORS**

In accordance with the provisions of the Act, Rajiv R Lulla retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

The term of office for Vir S Advani as Vice Chairman & Managing Director and B Thiagarajan as Managing Director shall expire on March 31, 2021. The Board of Directors based on the recommendation of the Nomination and Remuneration Committee recommends their re-appointment for a tenure of five years at the ensuing Annual General Meeting.

Brief profile of Vir S Advani, B Thiagarajan and Rajiv R Lulla is annexed to the notice convening Annual General Meeting.



## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declarations from each of the Independent Directors of the Company under Section 149(7) of the Act and Regulation 25 of the Listing Regulations, confirming that they meet with the criteria of independence as laid down in Section 149(6) of the Act, along with Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

## KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 203 of the Act, the following personnel have been designated as the Key Managerial Personnel of the Company:

Name	Designation
Vir S Advani	Vice Chairman & Managing Director
B Thiagarajan	Managing Director
Neeraj Basur	Group Chief Financial Officer
Vijay Devadiga	Company Secretary

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 134(5) of the Act, the Directors, to the best of their knowledge and belief, confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020, and of the profit of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts for the year ended March 31, 2020, on a going concern basis;
- They have laid down internal financial controls to be followed by the Company, and such internal financial controls are adequate and are operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws, and that such systems are adequate and operating effectively.

## MEETINGS OF THE BOARD OF DIRECTORS

Shailesh Haribhakti was appointed Chairman of the Board of Directors with effect from April 1, 2019. During the year under review, 5 (five) meetings of the Board of Directors were held. The intervening gap between these meetings was within the period prescribed under the Act and Listing Regulations. The details of the meetings and attendance of the Directors are provided in the Corporate Governance Report.

## BOARD COMMITTEES

Your Company has in place all the Committee(s) as mandated under the provisions of the Act and Listing Regulations. Currently, there are eight Committees of the Board, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Investor Grievance cum Stakeholders' Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee
- Share Transfer Committee
- Executive Management Committee
- Debenture Committee

## AUDIT COMMITTEE

Gurdeep Singh ceased to be a member of the Audit Committee with effect from July 31, 2019, upon his retirement from the Board. Arvind K Singhal was inducted as member of the Committee with effect from August 1, 2019. Accordingly, the Audit Committee was reconstituted comprising Anil Harish, Shailesh Haribhakti, Arvind K Singhal and B Thiagarajan. Shailesh Haribhakti stepped down as the Chairman of the Committee with effect from August 13, 2019 after being appointed as Chairman of the Board with effect from April 1, 2019. Thereafter, Anil Harish was appointed Chairman of the Committee with effect from August 14, 2019.

The composition of the Committee is in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations. The terms of reference of the Committee is in conformity with the Act and the Listing Regulations as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report. During the year under review, there was no instance wherein the Board had not accepted any recommendation of the Audit Committee.

## NOMINATION AND REMUNERATION COMMITTEE

Gurdeep Singh, Chairman of the Committee, ceased to be a member of the Nomination and Remuneration Committee with effect from July 31, 2019, upon his retirement from the Board. Sunaina Murthy and Rumjhum Chatterjee were inducted as members of this Committee with effect from April 1, 2019, and August 1, 2019, respectively. Consequently, the Committee was reconstituted comprising Sam Balsara, Dinesh N Vaswani, Sunaina Murthy and Rumjhum Chatterjee. Sam Balsara is the Chairman of this Committee effective August 1, 2019.

The Committee is constituted in line with the requirements mandated by Section 178 of the Act and Regulation 19 of the Listing Regulations. The terms of reference of the Committee are in conformity with the said requirements, as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report.

## INVESTOR GRIEVANCE CUM STAKEHOLDERS' RELATIONSHIP COMMITTEE

Gurdeep Singh, Chairman of the Committee, ceased to be Member of the Investor Grievance cum Stakeholders' Relationship Committee with effect from July 31, 2019, upon his retirement from Board. Accordingly, the Committee comprises Anil Harish, Rajiv R Lulla and B Thiagarajan. Anil Harish is the Chairman of this Committee with effect from August 1, 2019.

The Committee is constituted in line with the requirements mandated by Section 178 of the Act and Regulation 20 of the Listing Regulations. The terms of reference of the Committee are in conformity with the said requirements, as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been formed to assist the Board in fulfilling its responsibilities relating to evaluation and mitigating various risks exposures that potentially impact the Company. An Enterprise Risk Management (ERM) framework prescribed under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework has been adopted for implementation by the Committee.

The Committee comprises Vir S Advani, Rajiv R Lulla, B Thiagarajan and Neeraj Basur. Vir S Advani is the Chairman of this Committee. The Committee has adopted a formal Risk Management Policy. The Committee identifies, evaluates and assesses the risks, understands the exposure of risks and accordingly prepares and oversees execution of appropriate risk mitigation plans. It has identified Risk Management Units within the Company, the risk profiles of which are constantly monitored, and the severity of risk is tracked, based on a systematic risk rating methodology. The Committee and the Board have identified elements of risks, which, according to them, are crucial to the Company. Details of these elements of risks have been covered in the Management Discussion and Analysis and Integrated Report, which form part of this Annual Report and in the standalone financial statement in Note 44.

The Company maintains comprehensive risk registers to ensure that the effectiveness of the mitigation action plan gets assessed independently. These registers were presented to and reviewed by the Risk Management Committee and Audit Committee.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Shobana Kamineni ceased to be a member of the Corporate Social Responsibility Committee with effect from May 29, 2019, upon completion of her tenure as an Independent Director on the Board. Rumjhum Chatterjee was inducted as member of this Committee with effect from May 30, 2019. Consequently, the Committee was reconstituted comprising B Thiagarajan as Chairman and Rumjhum Chatterjee and Sunaina Murthy as members.

During the year under review, the Company was required to spend an amount of ₹3.27 crores towards activities as stipulated under Schedule VII of the Act. The Company has spent an amount of ₹3.30 crores towards various CSR initiatives.

A brief outline of the CSR Policy and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure 2 of this report as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Policy is also available on the website of the Company, under the weblink at: <https://www.bluestarindia.com/media/217799/blue-star-csr-policy.pdf>

Details of the other committees of the Board are provided in the Corporate Governance Report.

## EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND OF DIRECTORS

The Nomination and Remuneration Committee at its meeting held on November 12, 2019, approved the process of conducting the evaluation of Chairman, Directors, Board and its Committees. Accordingly, the questionnaires were circulated seeking inputs of the Directors to evaluate governance standards based on various parameters including structure and composition of Board and committees, quality of Board processes, Board culture and dynamics, effectiveness vis-à-vis stakeholders' expectations in terms of strategic direction, and guidance to the leadership team.

The inputs received from the Directors were deliberated upon and reviewed by the Independent Directors at a separate meeting held on March 11, 2020. At this meeting, they evaluated the performance of the Non-Independent Directors, the Board as well as that of the Chairman, taking into account the views of the Executive and Non-Executive Directors. The Board of Directors carried out an annual evaluation of the performance of the Board as a whole, the Directors individually and the working of the Committees of the Board. The outcome of the evaluation was noted by the Nomination and Remuneration Committee at its meeting held on April 23, 2020, and by the Board of Directors at its meeting held on May 12, 2020. Broadly, the Directors have expressed their satisfaction with the evaluation process and the outcome. The Board also noted the key action points that emerged from the process for implementation. A detailed update on the Board Evaluation is provided in the relevant section in the Corporate Governance Report.

## NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration policy of the Company was adopted by the Board based on the recommendation of the Nomination and Remuneration Committee. The Policy provides broad guidelines on appointment, removal, retirement, qualifications, attributes, and structure of remuneration, of the Directors, Key Managerial Personnel and Senior Management. It is designed to foster a high-performance culture that enables the Company to attract, retain and motivate the employees to achieve results. The performance of the Vice Chairman & Managing Director and Managing Director was evaluated and reviewed by the Nomination and Remuneration Committee at its meeting held on April 23, 2020. The Nomination and Remuneration Policy is uploaded on the Company's website under the weblink at: <https://bluestarindia.com/media/217800/blue-star-nrc-policy.pdf>

## MANAGERIAL REMUNERATION

Details of the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided below:

i.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Vir S Advani	56.24x
		B Thiagarajan	58.21x
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Vir S Advani	-41.46%
		B Thiagarajan	-3.53%
		Neeraj Basur	11.30%
		Vijay Devadiga	4%
iii.	The percentage increase in the median remuneration of employees in the financial year	6.09%	
iv.	The number of permanent employees on the rolls of Company	2704	

v.	Average percentile increases already made in the salaries of employees, other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof, and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase to employees other than Managerial Personnel and justification thereof	12% To remain competitive in the market, to attract and retain talent
		Average increase to Managerial Personnel	Please refer to (ii) of this table
		Exceptional circumstances for an increase to managerial remuneration	In light of the unexpected impact of COVID-19, a lumpsum amount was awarded as commission to the Managing Directors thus leading to a downward revision to their overall remuneration.
vi.	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.	

The Non-Executive Directors of the Company are paid sitting fees and commission as per the statutory provisions and within the limits approved by the members. The ratio of remuneration and percentage increase for Non-Executive Directors' Remuneration are therefore not considered for the purposes above. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report.

## CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standards of corporate governance and continues to be compliant with the requirements of corporate governance as enshrined in the Listing Regulations. The report on corporate governance together with a certificate from the Statutory Auditors of the Company, confirming compliance of corporate governance norms as stipulated in the Listing Regulations, forms a part of this Annual Report.

The Company was declared as the winner of 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2019. The Company also won the 'Golden Peacock Award for Corporate Ethics' for the year 2019. Golden Peacock Awards were instituted by the Institute of Directors (IOD), India in 1991, and over time they have become a hallmark of excellence, both in India and globally. The Golden Peacock Award Trophy and a Certificate were presented to Blue Star at a specially organised 'Golden Peacock Awards Presentation Ceremony', in November, 2019, at London.

The Company was also bestowed with 'The Best Governed Company' in Listed Segment - Medium Category, for implementing best practices in Corporate Governance, at the '19<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance' event, held on January 10, 2020, in New Delhi.

## VIGIL MECHANISM

Your Company is committed to conducting its business with the highest standards of ethics, integrity and transparency across its operations, in compliance with the applicable laws and regulations. In line with a strong commitment to governance and compliance, the Company has instituted a robust Vigil Mechanism framework encompassing various elements and components in an integrated manner.

The Vigil Mechanism structure at Blue Star is based on the COSO 2013 framework governing risk, compliance and controls. Embedded in the Vigil Mechanism structure are three lines of defence. The first line of defence comprises key management controls, viz., financial controls, governance policies and internal control measures. The second line of defence is addressed by an assurance from risk management and compliance procedures. The third line of defence is provided through the work done by internal and external auditors.

Governance policies, internal controls, stakeholders' engagement, enterprise risk management, compliance, and internal and statutory audit, are key components of Blue Star's vigil mechanism. They are interwoven in the vigil mechanism system to enable constant interplays to drive home the assurance of best practices and creation of value for all the stakeholders of the Company.

As a part of its governance policies, the Company has in place a whistleblower policy to enable the Directors and employees of the Company to report concerns of any unethical behaviour, unacceptable and improper practices or suspected fraud. The policy has also been uploaded on its website. An Ethics Committee has been constituted, comprising the Group Chief Financial Officer, Chief Human Resources Officer and Company Secretary (Ethics Officer) to administer this Policy.

The Whistleblower Policy is uploaded on the Company's website under the weblink at:

<https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf>

The Company has also adopted a Code of Conduct which is available on the website of the Company under the weblink at:

<https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>

The Audit Committee reviews on a quarterly basis, whistleblower and other complaints, if any, and implements corrective actions, wherever necessary.

## **INTERNAL CONTROL SYSTEMS**

The Company has established an internal control system commensurate with the size, scale and complexity of its operations. In order to enhance the standards of controls and governance, the Company has adopted the COSO 2013 framework to ensure that robust internal financial controls exist in relation to operations, financial reporting and compliance.

Significant features of the Company's internal control system are:

- A well-established, independent, Internal Audit team operates in line with best-in-class governance practices. It reviews and reports to the Audit Committee about compliance with internal controls, the efficiency and effectiveness of operations as well as key process risks.
- The Audit Committee periodically reviews internal audit plans, significant audit findings and adequacy of internal controls.
- Systematic self-certification of adherence to key internal controls, as part of control self-assurance by process owners, monitors and reviewers.
- Adherence with a comprehensive information security policy and continuous upgrades of the Company's IT systems for strengthening automated controls.

During the year, the internal controls were tested and found effective, as a part of the Management's control testing initiative.

Accordingly, the Board, with the concurrence of the Audit Committee and the Auditors is of the opinion that the Company's Internal Financial Controls were adequate and operating effectively for the financial year ended March 31, 2020.

## **LOANS, GUARANTEES AND INVESTMENTS**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act, as may be applicable, are given in the standalone financial statement as per Note 8-10.

## **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions are approved by the Audit Committee. All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business.

There are no material transactions with any related party as defined under Section 188 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014. In view of this, disclosure in form AOC-2 has not been provided. The details of transactions with the related parties are provided in the standalone financial statement in Note 40.

A policy governing the related party transactions has been adopted, and the same has been uploaded on the Company's website under the weblink at: <https://www.bluestarindia.com/media/78799/policy-for-transaction-with-related-parties.pdf>

## HUMAN RESOURCES

The Human Resources philosophy of your Company is to attract and retain the best talent in the industry. Your Company considers its employees as partners in success. Your Company constantly endeavours to adopt the best policies to keep its employees motivated, engaged and aligned to the interests of the Company. Your Company undertakes various employee engagement programmes and also fosters a culture of continuous learning and development and creating future leaders. The Company has migrated to an e-learning platform wherein role-based self-learning programmes are designed to improve the proficiency level of the employees. Based on the employee engagement feedback, we have moved to a new performance management system which is much fairer and more transparent. Your Company constantly explores various possibilities to make Blue Star a better place to work. Your Company has also been categorised as 'Great Place to Work' by 'Great Place to Work' Institute (India) for the period from July 2019 to June 2020.

## PARTICULARS OF EMPLOYEES

Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are required to be annexed to the Board's Report. The Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining the said particulars may write to the Company Secretary at the Registered Office of the Company.

## DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at the workplace, and has adopted a policy on prevention, prohibition and redressal of the same, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

The Company has duly constituted Internal Complaints Committees in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to redress complaints received regarding sexual harassment. The Company organises workshops and awareness programmes at regular intervals for sensitising the employees with the provisions of the said act. During the year under review, two complaints with allegations of sexual harassment were filed with the Company, and the same were investigated and appropriate actions were taken.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company incurred a total expenditure of ₹68.48 crores on research and development for the year as against ₹50.75 crores in the previous year.

During the year, the Company recorded foreign exchange earnings from export of its products, commission and other income, aggregating to ₹181.30 crores as against ₹227.03 crores in the previous year.

The foreign exchange outflow, stood at ₹1,160.58 crores as compared to ₹1,272.06 crores in the previous year.

The information on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure 1.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis for the year under review, as stipulated under Regulation 34 of Listing Regulations, forms a part of this Annual Report.

## **BUSINESS RESPONSIBILITY REPORT**

In compliance with the Regulation 34 of the Listing Regulations, the Business Responsibility Report describing sustainability initiatives undertaken by the Company during the year under review is provided in a separate section forming part of this Annual Report.

## **INTEGRATED REPORTING**

The Company being one of the top 500 listed companies in the Country in terms of market capitalisation, has adopted Integrated Reporting describing initiatives undertaken by the Company for enhancing stakeholders' value in the long-term. The report on Integrated Reporting is provided in a separate section forming part of this Annual Report.

## **STATUTORY AUDITORS**

The Company's existing Statutory Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed by the Members at the 70th Annual General Meeting (AGM) of the Company, for a period of 5 years, to hold office until the conclusion of the 75<sup>th</sup> AGM to be held for FY 2022-23. The period under review was the second year of audit by M/s Deloitte Haskins & Sells LLP in the Company.

## **AUDITORS' REPORT**

The Board has duly reviewed the Statutory Auditors' Report on the financial statements. There is no qualification, reservation or adverse remark given by the Auditors in their report.

## **COST AUDITORS**

In terms of the provisions of Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors had, on the recommendation of the Audit Committee, appointed M/s Narasimha Murthy & Co, Hyderabad, Cost Accountants, as the Cost Auditors, to conduct the cost audit for the financial year ended March 31, 2020.

As required under the Act, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to Cost Auditors, forms part of the Notice convening the Annual General Meeting.

## **SECRETARIAL AUDITOR**

In terms of the provisions of Section 204 of the Act, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s N L Bhatia & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company for conducting the secretarial audit of your Company for the financial year ended March 31, 2020.

The Secretarial Audit Report given by M/s N L Bhatia & Associates, Practicing Company Secretaries, has been provided in Annexure 3 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## **REPORTING OF FRAUDS BY AUDITORS**

During the year under review, none of the auditors, viz., statutory auditors, cost auditors and secretarial auditors, have reported to the Audit Committee, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

## EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return in form MGT-9 has been uploaded on the Company's website under the weblink at: <https://www.bluestarindia.com/investors/extract-of-annual-return>

## RESERVES

During the financial year, there was no amount proposed to be transferred to the reserves.

## OTHER DISCLOSURES

- The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, relating to Meetings of the Board, Committees and General Meetings which have mandatory application.
- Except as provided in the Report, there were no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year under review and the date of this report.
- The Company has prepared and maintained the cost accounts and records as specified by the Central Government under Section 148(1) of the Act.
- There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of your Company and its operations in the future.
- Your Company has not issued any shares with differential voting rights.
- Your Company has listed its Commercial Paper on National Stock Exchange of India Limited.
- Your Company has not issued any sweat equity shares.
- There was no revision in the financial statements.

## ACKNOWLEDGEMENTS

The Directors place on record, their sincere appreciation for the assistance, guidance and co-operation provided by the Government of India and other regulatory authorities. The Directors thank the financial institutions and banks associated with the Company for their support as well. The employees of Blue Star are instrumental in the Company scaling new heights year after year, and their commitment and contribution is deeply acknowledged. Shareholders' involvements are greatly valued. The Directors look forward to your continuing support.

For and on behalf of the Board of Directors

Date : May 12, 2020  
Place : Mumbai

**Shailesh Haribhakti**  
Chairman  
(DIN: 00007347)



# Annexure 1 to Board's Report

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Rule 8 of Companies (Accounts) Rules, 2014

### (A) CONSERVATION OF ENERGY

#### I. STEPS TAKEN OR IMPACT ON THE CONSERVATION OF ENERGY

##### 1. HIMACHAL PRADESH PLANTS (HP1 AND HP2)

- Energy cost reduced by 12%, from ₹2.65 crores to ₹2.32 crores, in the HP Plant during the year. This resulted in a saving of ₹0.33 crores per annum, while billing increased by 18.6%, from ₹688 crores to ₹816 crores this year.
- Energy cost/product produced reduced by 14% in the HP Plant during the year.
- Automation done for cooling tower fans with temperature control system in HP-1, saving ₹0.03 crores per annum.
- Automation with lux level controller/solar street lights in HP-1, resulted in a saving of ₹0.03 crores per annum.
- Segregation of lighting feeder to 500 kVA transformers to avoid 750 kVA transformer no-load losses during night hours in HP-1 plant resulted in a saving of ₹0.03 crores per annum.
- Improvement of system Power Factor in HP-1 from 0.97 to 1.0 by installing additional capacitors in 750 KvaR capacitor bank by splitting up 25 KvaR to 2 banks of 12.5 KvaR each, resulted in a saving of ₹0.06 crores per annum in HP1 plant.
- Energy savings by arresting the compressed air leakage in LP and HP pneumatic circuit, saving ₹0.05 crores per annum.
- Introduction of battery-operated forklifts (in place of LPG operated ones) in HP-1, saving ₹0.04 crores per annum.
- Introduction of buzzer system to avoid standby compressor VSD's no-load consumption (for 6 hours) in HP1, saving ₹0.02 crores per annum and installation of high bay LED lights in the shop floor in place of traditional metal halide lamps, saving ₹0.02 crores per annum.

##### 2. DADRA PLANT

- Installed zero air loss type drains on the compressed air receivers, saving ₹0.02 crores per annum.
- Provided cooling blower in place of compressed air cooling for auto brazing machine for coil cooling, saving ₹0.02 crores per annum.
- Provided sequential timer-controlled panel for exhaust fans and air curtains in the plant, saving ₹0.02 crores per annum.
- Energy savings by arresting air leaks of LP/HP air system, saving ₹0.01 crores per annum.
- Installation of energy eco savers units on split ACs at 4 locations, saving ₹0.002 crores per annum.
- Started degreasing application of paint shop on ambient temperature instead of 45°C. This has eliminated running of one diesel fired burner, resulting in saving of ₹0.09 crores per annum.
- Rainwater harvesting project has been undertaken to contribute to the daily need of the Plant, which is 80kl. Seven recharge pits have been made for this purpose. From January to June 2019, the plant consumed a total of 92 tankers worth of water, costing ₹1.5 lakhs. This year, not a single water tanker was required. This indicates the effectiveness of the rainwater harvesting project. Approximate saving is ₹0.01 crores per annum.
- Installed piped natural gas system (PNG system) as fuel in place of diesel in paint shop ovens. This has allowed for a saving of ₹0.14 crores per annum. This has also resulted in drastic reduction of environmental parameter readings.

##### 3. WADA PLANT

- In a conventional vaporiser, heat is transferred from a hot water bath to LPG gas where electrical heaters were used for heating the water bath. A new technology called heaterless vaporiser is installed and it does not consume electricity for vaporisation of LPG, making the entire process green, economical and efficient, and saving ₹0.05 crores per annum.
- An LP air compressor of 190CFM (31kW load) was used for nitrogen generation plants in CSD shops since 2015. This system is operational seven days a week to keep safety equipment operational. A 106CFM (18.5kW load) LP air compressor has been installed for times when the nitrogen requirement is low, such as during holidays, weekly-off days as well as at night. This has resulted in a saving of 42500kWH amounting to ₹0.04 crores per annum.

- Utility consumes a substantial part of the overall energy consumption in which low pressure air compressors play a major role. To save power, a PLC based timer system is installed for switching - off of air compressor during tea, lunch and dinner breaks. This has resulted in a saving of 23000kWH/year, amounting to ₹0.02 crores per annum.
- For Cold Room panel manufacturing, panel presses are used with manual on-off switches for electrical heaters which add a 48kW load. An in-house timer system was developed for powering the heaters in auto mode. This has resulted in an annualised saving of ₹0.02 crores per annum.

## II. STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY:

- At HP1 Plant, the electric fired oven was replaced by an LPG fired oven which produced better calorific value in terms of heating efficiency. This initiative resulted in a saving of ₹0.12 crores since November 2018 and has a potential annualised saving of ₹0.18 crores per annum.
- Installation of a 100kW solar project at the Dadra Plant is under process, to be commissioned post lockdown. The estimated saving from this project is ₹0.05 crores per annum.
- Installed piped natural gas system (PNG system) as a fuel in lieu of diesel in paint shop ovens. This has resulted in a saving of ₹0.14 crores per annum. This has also resulted in a drastic reduction of environmental parameter readings.

## III. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

(₹ in crores)

Particulars	Amount
<b>Himachal Pradesh plants (HP1 and HP2)</b>	
Investment in LPG fired oven, installation of 2 stage vertical expander with highly efficient servo system, LED lights, electric forklifts and battery-operated stackers	1.60
<b>Dadra</b>	
Investment in IFC air saving unit, solar project, PNG project, APFC panel	0.64
<b>Total Investment</b>	<b>2.14</b>

## (B) TECHNOLOGY ABSORPTION

### I. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION:

Energy efficiency of air conditioners has become the most important driver for the new product development in recent years. Regulations such as Energy labelling schemes introduced by BEE, Energy Conservation Building Codes (ECBC) and overall awareness of residential and commercial customers about the reducing operating expenses are the main reasons for the demand for energy efficient products.

During the year, Air-Conditioning, Heating and Refrigeration Institute (AHRI) certified configured series of air cooled VFD screw chillers were introduced in the capacity range of 70TR to 400TR to cater to large central air conditioning applications. Inverter range of water cooled scroll chillers were also launched in the range of 13TR to 78TR to offer energy efficiency for medium sized process cooling and commercial air conditioning applications. Both the new products were developed in close technical cooperation with the compressor and drive suppliers.

One more model of in-house design indoor unit was developed to cater to the increased demand of room air conditioners. During the development, R&D team had extensive interaction with an external design firm with competency in the area of wall mount unit design. Own design inverter drives were also introduced in inverter room air conditioners under the guidance of technical experts from Japan.

Side discharge VRF units were developed with technical expertise from a Japanese consultant, covering a range from 4HP to 16HP in both cooling only and heat pump versions. The new range will be offered for high end residential apartments, villas and light commercial applications.

Breakthrough products such as room air conditioner integrated with air purification and water purifiers with UV LED technology were also developed during the year in technical cooperation with technology partners.

## II. OUTCOME AND BENEFITS:

Configured series air cooled VRF screw chillers and water cooled inverter scroll chillers introduced during the last year are expected to enhance the Company's market share in the chiller segment. The comprehensive range of new products meet the 3, 4 and 5-star energy efficiency levels as per the voluntary chiller labelling programme launched by BEE.

With an extended range of in-house wall mount indoor units, the Company will be able to cater to the increased demand of room air conditioners with reduced dependency on imported or locally sourced indoor units. Along with in-house design of inverter drives, the in-house indoor units will help in consolidating vertical integration and in reducing the impact of higher import duties.

In-house range of side discharge VRF units will help in increasing market share in residential and light commercial applications and will also reduce impact of higher duty on imported CBUs.

## III. INFORMATION REGARDING IMPORTED TECHNOLOGY (IMPORTED DURING LAST 3 YEARS):

No technology has been imported by the Company in the last 3 years.

## IV. EXPENDITURE INCURRED ON R&D:

(₹ in crores)

Particulars	2019-20	2018-19
Capital	22.57	9.59
Recurring	45.91	41.16
<b>Total</b>	<b>68.48</b>	<b>50.75</b>
Total R&D expenditure as a percentage of total turnover	1.28%	0.96%

## (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crores)

Particulars	2019-20	2018-19
Total foreign exchange outgo	1160.58	1272.06
Total foreign exchange earned	181.30	227.03

For and on behalf of the Board of Directors

Date : May 12, 2020  
Place : Mumbai

**Shailesh Haribhakti**  
Chairman  
(DIN: 00007347)

# Annexure 2 to Board's Report

## CORPORATE SOCIAL RESPONSIBILITY REPORT

### **Brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR Policy and project or programmes:**

Blue Star's CSR Committee determines the CSR activities to be undertaken, and the Company pursues such activities over a considerable period of time (minimum 2 or 3 years), in order to create long-term and sustainable impact in the areas that it works in.

Some points outlined in the Company's CSR policy are as follows:

1. In the long-term, Blue Star's CSR focus areas comprise air purification, water purification and food preservation.
2. Contributing to the Government's 'Skill India' mission, the Company undertakes vocational education programmes in the air conditioning, plumbing and electrical installation and maintenance trades; apprentice programmes; as well as scholarships for the academically deserving and less privileged engineering/architecture students.
3. Pursuant to the 'Swachh Bharat' initiative of the Government, the Company endeavours to improve sanitation and hygiene facilities for the less privileged communities, especially school children.
4. The Committee also considers other deserving causes in the areas of health, education, poverty alleviation and others.
5. The Committee undertakes specific projects, in case of natural calamities, based on available budgets.
6. The Company continues to actively participate in the Affirmative Action Agenda of CII.
7. The Committee involves the Company's employees in these CSR activities, so as to give them a sense of purpose beyond commercial objectives, as well as to build pride in the Company.

Weblink to the CSR policy: <https://www.bluestarindia.com/media/217799/blue-star-csr-policy.pdf>

### **Composition of the CSR Committee**

Name	Designation
B Thiagarajan	Chairman
Rumjhum Chatterjee	Member
Sunaina Murthy	Member

**Average net profit of the Company for last three financial years:** ₹163.3 crores

**Prescribed CSR expenditure (two per cent of the average net profit computed above):** ₹3.27 crores

### **Details of CSR spent during financial year 2019-20:**

- a) Total amount required to be spent for the financial year: ₹3.27 crores
- b) Amount unspent, if any: Not Applicable

c) Manner in which the amount spent during the financial year is detailed below:

(₹ in crores)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programmes: (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Subheads: (1) Direct expenditure on projects or programmes (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Skill Development	Education	Aragonda Chennai Mumbai Kolkata Sagroli Himachal Pradesh Dadra Wada Uttarakhand	1.54	1.42 Direct	1.42	1.00 – Direct National Employability Through Apprenticeship Program (NETAP); equipment for training purposes in eight centres of ICICI Academy of Skills 0.42 – Bala Mandir Kamaraj Trust, Chennai; Thakkar Bapa Vidyalaya, Chennai; Apollo Total Health, Chittoor; Sanskriti Samvardhan Mandal, Sagroli; Ramakrishna Mission Shilpamandira, Kolkata and CII for Business Service Units for women fed Farmer Producer Organisation, Dehradun, Uttarakhand
2	Community Development Around factories	Health	Wada Vikramgarh Palghar	0.40	0.40 Direct	0.40	0.40 – Government schools through SACRED
3	Towards projects of Blue Star Foundation	Education Health	Mumbai Dadra and Nagar Haveli Cuddalore Gurugram	0.75	0.75 Direct	0.75	0.75 – Blue Star Foundation

(₹ in crores)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programmes: (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Subheads: (1) Direct expenditure on projects or programmes (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
4	Other Causes	Education Health Environment	Mumbai Bhubaneswar Cuddalore Perumbakkam Wada Himachal Pradesh	0.42	0.44 Direct	0.44	0.44 – The Hindu Publishing Group; CII Foundation; Kalinga Institute of Social Sciences, Bhubaneswar; CII-FAEA
5	COVID-19 Relief Projects	Health Emergency Relief	Thane	0.00	0.13	0.13	CII Foundation – Personal Protective Equipment (PPE) for front-line health workers of Thane Municipal hospitals
6	CSR Administrative Expenses	Administration	Mumbai	0.16	0.16 Overhead	0.16	0.15-Direct
	<b>Total</b>			<b>3.27</b>	<b>3.30</b>	<b>3.30</b>	

In addition, the Company donated over ₹2 lakhs of equipment to deserving, non-profit institutions.

**In case the Company has failed to spend two percent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report:** Not Applicable

**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company:**

We hereby declare that implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and CSR Policy of the Company.

**Sunaina Murthy**

Director  
(DIN: 07865860)

Date : May 12, 2020

Place : Mumbai

**B Thiagarajan**

Chairman  
Corporate Social Responsibility Committee  
(DIN: 01790498)

# Annexure 3 to Board's Report

## SECRETARIAL AUDIT REPORT

To The Members

### BLUE STAR LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on a test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the processes and practices we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For M/s N L Bhatia & Associates**

Practicing Company Secretaries

UIN: P1996MH055800

UDIN: F005436B000228065

**Bharat Upadhyay**

Partner

FCS: 5436

CP No. 4457

Date : May 12, 2020

Place : Mumbai

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To The Members

**BLUE STAR LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Blue Star Limited** (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes book, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Companies (Amendment) Act, 2017 and the Rules made thereunder (to the extent notified);
3. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable;
5. The Depositories Act, 1996 and amendments thereof and the Regulations and bye-laws framed thereunder;
6. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and amendments thereto ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR');
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable to the Company during the Financial Year;**
  - f) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable to the Company during the Financial Year;**
  - g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable to the Company during the Financial Year;**
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable to the Company during the Financial Year;**
7. Other applicable Laws as per list attached as 'Annexure A' to this report.



We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and LODR.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The Company has complied with the Secretarial Standards in respect of the meetings of its members, Board and its committees.

During the Financial year under review, the meeting of Independent Directors was held on March 11, 2020 for Board Evaluation. All the decisions taken in the Board Meetings were passed unanimously and with the requisite majority in General Meetings.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that during the period under review:**

1. There existed a vigil mechanism framework in the Company under which the concerns of financial misconduct by the employees were reported and necessary actions were taken by the Company under oversight of the Audit committee.
2. The Company had listed its Commercial Papers on National Stock Exchange of India Limited.

**For M/s N L Bhatia & Associates**

Practicing Company Secretaries

UIN: P1996MH055800

UDIN: F005436B000228065

**Bharat Upadhyay**

Partner

Date : May 12, 2020

Place: Mumbai

FCS: 5436

CP No. 4457

**'ANNEXURE A'****LIST OF OTHER APPLICABLE LAWS (including statutory amendments made thereto or amendments thereof for the time being in force):**

1. Maharashtra Shops and Establishments (Regulation of employment and conditions of service) Act, 2017, Rules thereunder and other State Acts and rules thereunder, including statutory amendments made thereto.
2. Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation and Abolition) Central Rules, 1971 and applicable State Rules.
3. Industrial Employment (Standing Orders) Act, 1946 and Industrial Employment (Standing Orders) Central Rules, 1946 and applicable State Rules.
4. Factories Act, 1948 and applicable State Rules.
5. Foreign Exchange Management Act, 1999 read with notifications, directions and circulars issued by the Reserve Bank of India (RBI).
6. Foreign Trade (Development and Regulation) Act, 1992.
7. Petroleum Act, 1934 and Petroleum Rules, 2002.
8. Securities and Exchange Board of India Act, 1992.
9. The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996, The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Central Rules, 1998, The Building and Other Construction Workers' Welfare Cess Act, 1996 and Cess Rules, 1998 and applicable State Rules.
10. Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957 and applicable State Rules.
11. Apprentices Act, 1961 and Apprentices Rules, 1992.
12. Employee Compensation Act, 1923 and Workmen Compensation Rules, 1924 and applicable State Rules.
13. Employees' State Insurance Act, 1948 and Employees' State Insurance (Central) Rules, 1950 and Employees' State Insurance (General) Regulations, 1950.
14. Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees' Provident Fund Scheme, 1952 and Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976.
15. Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976.
16. Maternity Benefit Act, 1961 and applicable State Rules.
17. Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975.
18. Payment of Wages Act, 1936 and Payment of Wages (Nomination) Rules, 2009 and applicable State Rules.
19. Minimum Wages Act, 1948 and Minimum Wages Rules, 1950 and applicable State Rules.
20. Payment of Gratuity Act, 1972 and applicable State Rules.
21. Bombay Labour Welfare Fund Act, 1953 rules thereunder and other State Acts and rules thereunder.
22. Food Safety and Standards Act, 2006 and Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011.
23. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
24. Information Technology Act, 2000 and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.

25. Bureau of Indian Standards Act, 1986 and Indian Standard Code of Practice for Selection, Installation and Maintenance of Portable First Aid Fire Extinguishers.
26. Maharashtra Fire Prevention and Life Safety Measures Act, Rules and other applicable States Acts and Rules as applicable.
27. Legal Metrology Act, 2009 and Legal Metrology (Enforcement) Rules, 2011 and applicable State Rules.
28. Explosives Act, 1884 and Gas Cylinder Rule, 2004.
29. Electricity Act, 2003 and Central Electricity Authority (Measures Relating to Safety and Electric Supply) Regulations, 2010.
30. Energy Conservation Act, 2001.
31. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017, Central Excise Act, 1944 and rules thereunder; State Acts governing Profession Tax, Tax on Trades, Callings and Employments Act and rules thereunder.
32. Environment (Protection) Act, 1986 and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Noise Pollution (Regulation and Control) Rules 2000, Environment (Protection) Rules, 1986, E-waste (Management) Rules, 2016, Ozone Depleting Substances (Regulation and Control) Rules, 2000, Bio-Medical Waste Management Rules, 2016, Batteries (Management and Handling) Rules, 2001.
33. Air (Prevention and Control of Pollution) Act, 1981 and Air (Prevention and Control of Pollution) (Union Territories) Rules, 1983 and applicable State Rules.
34. Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975 and applicable State Rules.
35. Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.
36. Bombay Provincial Municipal Corporation Act, 1949.
37. Disaster Management Act, 2005 and the rules framed thereunder.
38. Any other Central and State Acts and rules made thereunder, as may be applicable.

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance refers to the manner in which a corporation is governed, directed and managed. Corporate governance essentially involves balancing the interests of all stakeholders, such as shareholders, Board of Directors, management team, employees, customers, suppliers, bankers, government and the community. Sound corporate governance practices rest on the basic principles of transparency, accountability, integrity, reliability, independence and security. Corporate governance facilitates effective, entrepreneurial and prudent management which can deliver sustainable business results over a long-term. Good corporate governance creates a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

We, at Blue Star, continuously strive to adopt and implement the best in class governance practices. Responsible corporate conduct is integral to the way we do our business, referred to by us as "The Blue Star Way". Our actions are governed by our values and principles, which are reinforced at all levels within the Company. The Company's governance framework enjoins us to follow the highest standards of ethical and responsible conduct of business, so as to create value for all stakeholders. We firmly believe that, for our continued success, we will need to consistently adhere to the highest standards of corporate behaviour towards every stakeholder and the society at large. Over the years, we have strengthened our governance practices, and it is our endeavour to achieve best-in-class governance standards, benchmarked globally. Our governance practices and ethical conduct have also received recognition and acknowledgement from independent professional bodies.

### VISION, CREDO, VALUES AND BELIEFS

We have consistently followed the principles of good corporate governance through transparency, accountability, fair dealings, and the promotion of mutual trust. Our Values and Beliefs have become a way of life in the Company, and each employee is responsible for adherence to our Values.

It is our commitment to do business with integrity, honesty and fairness. With a view to achieve this, we have defined our Vision, Credo, Values and Beliefs as follows:

Blue Star's Vision is, *"To dream, to strive, to care and, above all, to be the best in everything we do."*

Our Credo is, *"I am Blue Star. I take pride in delivering a world-class customer experience."*

The Company's core Values and Beliefs are:

- 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.

The Company confirms compliance to the corporate governance practices as enshrined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'), details whereof for the financial year ended March 31, 2020, are as set out hereunder:

## BOARD OF DIRECTORS

The Board of Directors is the primary stakeholder influencing the standards of, and practices relating to, corporate governance. An active, well-informed and independent board safeguards and maintains sound corporate governance across all the functions. The Board oversees how the management safeguards the interests of all stakeholders. The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties. The Board of Directors provides a long-term vision and policy approach which improves the quality of governance. It sets out the overall corporate objectives and provides direction and independence to the management to achieve these objectives for value creation through sustainable profitable growth.

## COMPOSITION OF THE BOARD

The Company has a balanced and diverse Board. The Company's Board has an optimum mix of Executive and Non-Executive Directors, to maintain independence and separate the functions of governance and management. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 (the 'Act'). As on March 31, 2020, the Board comprised ten Directors. Out of the ten, eight (i.e. 80 percent) were Non-Executive Directors, of whom five (i.e. 50 percent) were Independent Directors. The Board comprised one woman Independent Director.

The Chairman presides over the meetings of the Board and of the shareholders of the Company. He leads the Board and ensures effective communication among the Directors. He is responsible for administering all matters relating to corporate governance. He ensures effectiveness of the Board and its Committees and evaluates the performance of individual directors in fulfilling their roles and responsibilities.

The Executive Directors assume overall responsibility for strategic management of the business and corporate functions including oversight of governance processes and ensuring top management's operating effectiveness. They act as a link between the Board and the Management of the Company and are responsible in managing and reviewing the roles and responsibilities of other executive officials including the Group Chief Financial Officer, Company Secretary and Heads of various business segments and support functions.

The Non-Executive Directors/Independent Directors play a critical role in providing balance to the Board processes with their independent judgment on issues involving strategy, performance, resources, and overall governance, besides providing the Board with valuable inputs based on their professional expertise.

The Company's Board comprises eminent professionals having sound knowledge, relevant expertise and experience in the areas of finance, legal, advertising, sales, marketing, technology, human resources and general business management. The Company has established systems and procedures to ensure that the Board of Directors are well informed and well equipped to fulfil their overall responsibilities and to provide management with strategic direction needed to create long-term shareholder value.

The composition of the Board of Directors and the number of directorships and committee positions held by them as on March 31, 2020, are as under:

Name of Director	Category	Particulars of Directorships, Committee Memberships/Chairmanships as on March 31, 2020			
		Directorships <sup>1</sup>	Number of Directorship(s) held in public listed companies	Committee Memberships <sup>2</sup>	Committee Chairmanships <sup>2</sup>
Shailesh Haribhakti <sup>3</sup>	Non-Executive Independent Chairman	18	7	10	5
Vir S Advani <sup>4</sup>	Vice Chairman & Managing Director	3	1	-	-
B Thiagarajan <sup>4</sup>	Managing Director	2	1	2	-
Sam Balsara	Independent Director	18	1	-	-
Rumjhum Chatterjee <sup>6</sup>	Independent Director	6	3	-	-
Anil Harish	Independent Director	6	3	4	4
Rajiv R Lulla	Non-Executive Director	5	1	1	-
Sunaina Murthy <sup>5</sup>	Non-Executive Director	1	1	-	-
Arvind K Singhal <sup>6</sup>	Independent Director	10	3	2	-
Dinesh N Vaswani	Non-Executive Director	2	1	-	-

<sup>1</sup> Directorships held by the Directors as mentioned above consist of Directorships held in public limited companies and private limited companies but excludes directorships held in foreign companies and companies registered under section 8 of the Act.

<sup>2</sup> In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of two Committees, namely Audit Committee and Stakeholders' Relationship Committee, have been considered. Committee memberships include Chairmanships.

<sup>3</sup> Suneel M Advani retired as the Chairman of the Board on March 31, 2019. Subsequently, Shailesh Haribhakti was appointed as the Chairman of the Board effective April 1, 2019.

<sup>4</sup> Effective April 1, 2019, Vir S Advani was elevated from Managing Director to Vice Chairman & Managing Director and B Thiagarajan was elevated from Joint Managing Director to Managing Director.

<sup>5</sup> Sunaina Murthy was appointed as Additional Non-Executive Promoter Director of the Company effective April 1, 2019, and regularised as Non-Executive Promoter Director on August 13, 2019.

<sup>6</sup> Regularised as an Independent Director with effect from August 13, 2019.

None of the Directors is a Director on the Board of more than 10 public limited companies or act as an Independent Director in more than 7 listed companies. Further, none of the Directors is a member in more than 10 committees nor is a chairperson/ chairman of more than 5 committees, amongst the companies mentioned above.

Except Vir S Advani and Sunaina Murthy, who are related, none of the Directors is a relative of the other, as defined under the Act.

Details of listed entity(ies) in which the Directors hold directorship as on March 31, 2020:

Name of Director	Name of Listed Entity(ies)	Category
Shailesh Haribhakti	- Blue Star Limited	Independent Director
	- Torrent Pharmaceuticals Limited	Independent Director
	- L&T Finance Holdings Limited	Independent Director
	- Future Lifestyle Fashions Limited	Independent Director
	- Ambuja Cements Limited	Independent Director
	- Bajaj Electricals Limited	Additional Independent Director
	- ACC Limited	Independent Director
Vir S Advani	- Blue Star Limited	Executive Promoter Director
B Thiagarajan	- Blue Star Limited	Executive Director
Sam Balsara	- Blue Star Limited	Independent Director
Rumjhum Chatterjee	- Blue Star Limited	Independent Director
	- Somany Ceramics Limited	Independent Director
	- Feedback Infra Private Limited	Nominee Director
Anil Harish	- Blue Star Limited	Independent Director
	- NXT Digital Limited (formerly known as Hinduja Ventures Limited)	Independent Director
	- Hinduja Global Solutions Limited	Independent Director
Rajiv R Lulla	- Blue Star Limited	Non-Executive Promoter Director
Sunaina Murthy	- Blue Star Limited	Non-Executive Promoter Director
Arvind K Singhal	- Blue Star Limited	Independent Director
	- Welspun India Limited	Independent Director
	- Greaves Cotton Limited	Independent Director
Dinesh N Vaswani	- Blue Star Limited	Non-Executive Promoter Director

#### **CORE SKILLS REQUIRED IN THE CONTEXT OF COMPANY'S BUSINESS**

The Company inducts distinguished individuals with expertise in diverse fields, as Directors on the Board. Members with high levels of integrity, appropriate qualifications, skills and expertise, and with the ability to contribute to the growth of the Company are brought on board.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company:

Strategy & Business Planning	- Comprehend the socio-economic, political, legal, regulatory and competitive environment in which the Company is operating and provide insights to identify opportunities and threats for the Company's businesses
Financial Acumen	- Analyse the Company's financial performance and provide oversight of capital allocation and returns
Human Capital	- Support management to develop policies and identity and retain the best talent; to develop people at all levels and make them future-ready; and to institutionalise succession planning for critical positions
Governance	- Monitor and guide statutory and regulatory compliance and contribute towards setting and upholding the highest standards of ethics, integrity and organisational conduct. Understand the key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation
Stakeholder Value Creation	- Enable shareholder value creation while ensuring interventions that create a positive and sustainable impact on society

All these skills are available with the Board.

In the table below, the primary/dominant area(s) of expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not mean that the member does not possess the corresponding qualification or skill.

Name of Director	Area of Expertise				
	Strategy & Business planning	Financial Acumen	Human Capital	Governance	Stakeholder Value Creation
Shailesh Haribhakti	✓	✓		✓	
Vir S Advani	✓	✓	✓		
B Thiagarajan	✓		✓		✓
Sam Balsara	✓		✓	✓	
Rumjhum Chatterjee	✓		✓	✓	
Anil Harish		✓		✓	✓
Rajiv R Lulla		✓		✓	✓
Sunaina Murthy			✓	✓	✓
Arvind K Singhal	✓	✓			✓
Dinesh N Vaswani	✓	✓			✓

#### CONFIRMATION ON INDEPENDENCE OF DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations and in the opinion of the Board the Independent Directors fulfil the said criteria and are independent of the Management.

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

A certificate from M/s N L Bhatia & Associates, Practicing Company Secretaries, has been issued, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as a director by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs or any such statutory authority. The certificate is appended as an Annexure to this report.

## BOARD MEETINGS

A minimum of four Board Meetings are held each year to review the quarterly financial results and operations of the Company. Apart from this, additional Board Meetings are convened to address specific needs of the Company.

There could be instances where it may not be possible for each of the Directors to be physically present at all the meetings. In such cases, video conferencing facilities are provided to enable their participation.

The agenda and agenda notes are circulated to all the Directors well in advance, usually a week before the meeting. All the agenda items are backed by agenda notes and relevant supporting papers to ensure adequate flow of information from the Management, and to enable Directors to have focused discussions at the meeting and take informed decisions. All relevant information as mentioned in Part A of Schedule II of the Listing Regulations were tabled before the Board.

Draft Minutes of the Board/Committee meetings are circulated to all the Directors for their comments within 15 days of the meeting, and after incorporating comments so received, from the Directors, minutes are recorded and entered in minutes book within 30 days from the date of conclusion of the meeting.

## NUMBER OF MEETINGS HELD BY THE BOARD

During the year, the Board met five times. The meetings were held on May 2, 2019; August 13, 2019; November 13, 2019; January 30, 2020; and March 12, 2020. The gap between two consecutive Board meetings did not exceed 120 days.

The Company had convened its last Annual General Meeting on August 13, 2019.

Attendance of the Directors at the Board meetings and at the last Annual General Meeting is as under:

Name of Director	Category	Attendance	
		Board Meeting	Last AGM (Y/N/NA)
Shailesh Haribhakti	Non-Executive Independent Chairman	5	Y
Vir S Advani	Vice Chairman & Managing Director	4	Y
B Thiagarajan	Managing Director	5	Y
Sam Balsara	Independent Director	5	Y
Rumjhum Chatterjee	Independent Director	5	Y
Anil Harish	Independent Director	4	Y
Shobana Kamineni***	Independent Director	1	NA
Rajiv R Lulla	Non-Executive Director	5	Y
Sunaina Murthy	Non-Executive Director	5	Y
Arvind K Singhal	Independent Director	4	Y
Gurdeep Singh**	Independent Director	1	NA
Dinesh N Vaswani	Independent Director	5	Y

\*\*Gurdeep Singh retired from the Board on July 31, 2019 and was not required to be present at the Annual General Meeting.

\*\*\*Shobana Kamineni ceased to be Director of the Company from May 29, 2019, pursuant to completion of her one term of five years as Independent Director and was not required to be present at the Annual General Meeting.



## FAMILIARISATION OF INDEPENDENT DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him/her, which *inter alia* explains the role, functions, duties and responsibilities expected from him/her as an Independent Director of the Company. The Company's management makes business presentations periodically at the Board meetings to familiarise Independent Directors with the strategy, operations and functioning of the Company.

Such presentations help them to understand Blue Star's strategy, competitive landscape, business model, operations, service and product offerings, markets, organisation structure, finance, human resources, technology, quality, facilities and risk management, and such other areas as may be relevant for their familiarisation from time to time. These interactions provide them with a holistic perspective of the Company's business and regulatory framework. A structured induction programme for new Directors is also organised where they get to meet and interact with all senior leaders of business divisions and functions to obtain an in-depth understanding of the Company's business.

The details of familiarisation programmes imparted to the Independent Directors are available on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/56472/familiarization-programme-for-independent-directors.pdf>

## PERFORMANCE EVALUATION

The Board carried out an annual performance evaluation comprising review of the performance of the Directors individually as well as the evaluation of the working of the entire Board and its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as structure and composition of the Board, quality of Board processes, Board culture and dynamics, and effectiveness in carrying out its role as expected by all the stakeholders.

The performance of the Chairman of the Board was evaluated on parameters such as level of engagement and contribution, ability to encourage frank and free discussions among Board members, relationships with Board members and guidance in case of complex issues.

The performance evaluation criteria for the Directors was determined by the Nomination and Remuneration Committee. The factors on which evaluation was carried out include: (i) qualifications, experience, understanding and knowledge of business and sector, (ii) availability and attendance at meetings, (iii) openness in debating complex issues and aiding decision making, voicing opinion freely, exercising own judgment, (iv) adding value to the strategic direction and image makeover of the Company, (v) ensuring integrity, regulatory compliance and controls as required, (vi) level of preparedness, engagement and participation at various meetings, (vii) guidance and support to the leadership team as required, (viii) ability to function as a team member, actively taking initiatives in various areas, commitment to Board and Company, (ix) keeping shareholder and other stakeholder's interests in mind while voicing views and making recommendations, and (x) expressing independent views and judgments freely.

In accordance with provisions of the Act and the Listing Regulations, a meeting of the Independent Directors of the Company was also held on March 11, 2020, to discuss the following:

- performance of Non-Independent Directors and the Board as a whole;
- performance of the Chairman of the Board, taking into account the views of Executive Directors and Non-Executive Directors; and
- quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

In the financial year 2018-19, the Independent Directors had observed that the Board should focus on profitability improvement, technology developments, sustainability objectives, and the leveraging of the Blue Star brand for faster growth. In addition, more time should be spent on addressing key strategic issues and opportunities facing the Company. These observations were implemented during the financial year 2019-20 and duly noted by the Board.

In the Board evaluation carried out for the financial year 2019-20, the Independent Directors observed that there should be deeper engagement of the Committees of the Board, viz., Nomination and Remuneration Committee, Investor Grievance cum Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Company should organise structured education and information sharing for the Directors by external experts. In addition, the impact of various cost cutting initiatives should be highlighted to the Board.

The outcome of the evaluation was presented to the Board along with the course of actions proposed to be taken up for implementing the above observations.

## CODE OF CONDUCT

While operating in a competitive and demanding market, the Company had published a comprehensive code of conduct for its Board members, employees and business partners that requires strict adherence to our corporate values while delivering a world-class customer experience. The Company makes conscious efforts to align its employees and business partners with the Blue Star code of conduct. All the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct as on March 31, 2020. A declaration to the effect, confirming the same signed by the Vice Chairman & Managing Director of the Company, forms part of this Report.

The Company's Code of Conduct is available on the Company's website under the weblink at:  
<https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>

## CORPORATE SAFETY POLICY

The Company firmly believes that the safety of its employees and all the stakeholders associated with the Company's project sites, manufacturing facilities, customer premises and office locations is of utmost importance. Safety is an essential and integral part of the Company's work activities. The Company believes that incidents or accidents and risk to health are preventable through active involvement of all the stakeholders, thereby creating a safe and accident-free workplace. Accordingly, health and safety awareness programmes and safety audits are conducted regularly. Safety protocols have been documented and get shared across the organisation regularly.

## COMMITTEES OF THE BOARD

The Committees of the Board include Audit Committee, Nomination and Remuneration Committee, Investor Grievance cum Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Executive Management Committee, Share Transfer Committee and Debenture Committee. These Committees assist the Board in discharging its specific functions in which more focused and extensive discussions are required.

The role, composition and other details of the aforesaid Committees are given below:

### A. AUDIT COMMITTEE

The Audit Committee of the Company oversees the financial reporting process of the Company. The powers and role of the Audit Committee are in accordance with the Listing Regulations and the Act. The Audit Committee is governed by the terms of reference which is in line with the regulatory requirements of the Act and the Listing Regulations.

As on March 31, 2020, the Committee comprised four directors:

- Anil Harish, Chairman
- B Thiagarajan
- Shailesh Haribhakti
- Arvind K Singhal

The composition of the Audit Committee is in line with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

### NUMBER OF MEETINGS HELD BY THE COMMITTEE

During the year, this Committee met 5 times. The meetings were held on May 2, 2019; August 13, 2019; November 13, 2019; January 30, 2020; and March 11, 2020.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Anil Harish, Chairman <sup>#</sup>	5
B Thiagarajan	5
Shailesh Haribhakti <sup>#</sup>	5
Arvind K Singhal <sup>*</sup>	4
Gurdeep Singh <sup>*</sup>	1

*\* Gurdeep Singh retired from the Board, effective July 31, 2019, whereupon he ceased to be the Member of the Committee. Arvind K Singhal was inducted as Member of the Committee with effect from August 1, 2019.*

*\* Anil Harish was appointed as Chairman of the Committee with effect from August 14, 2019. Shailesh Haribhakti stepped down as the Chairman of the Committee effective August 13, 2019.*

The gap between two consecutive meetings did not exceed 120 days.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

## **TERMS OF REFERENCE**

### **A. Financial reporting and financial reporting processes, internal controls:**

1. Oversee the Company's financial reporting process, its overall internal controls and the disclosure of its financial information submitted to the stock exchanges, regulatory authorities or the public, and, ensure that the financial statements are correct, sufficient and credible.
2. Oversee the Company's internal control framework, its adequacy and appropriateness across business processes.
3. Review with Management, annual financial statements and the Auditors' Report thereon, before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be made part of the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
  - b) Changes, if any, in the accounting policies and reasons for the same.
  - c) Major accounting entries based on exercise of judgment by the Management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements concerning financial statements.
  - f) Disclosures in financial statements, including related party transactions.
  - g) Modified opinion(s) in the draft Audit Report, if any.
4. Review any accounting adjustments that were noted or proposed by the statutory auditors but were not passed (as immaterial or otherwise).
5. Review with the Management quarterly financial statements before submission to the Board for approval.
6. Review with the Management, statement of use/application of funds raised through an issue (public, rights, preferential issue, etc), statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public issue or rights issue, and make appropriate recommendations to the Board to take steps in the matter whenever such fund raising happens.
7. Review and monitor the auditors' independence and performance, and effectiveness of audit processes.
8. Approve or action any subsequent modification of transactions of the Company with the related parties.
9. Scrutinise inter-corporate loans and investments.
10. Conduct valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluate internal financial controls and risk management systems.
12. Review with the Management performance of statutory and internal auditors, and adequacy of the internal control systems.
13. Review the adequacy of internal audit function, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
14. Discuss with internal auditors on any significant findings and follow up thereon.
15. Review the findings of any internal investigations by the internal auditors in matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.
16. Discuss with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.

17. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, stakeholders (in case of non-payment of declared dividends) and creditors.
18. Approve appointment of Chief Financial Officer after assessing the qualifications, experience and background etc of the candidate.

**B. Review of information:**

1. Review of the Management Discussion and Analysis of the financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Committee), submitted by the Management.
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm of internal auditors.
6. Statement of deviations:
  - a) Quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
  - b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice, in terms of Regulation 32(7) of the Listing Regulations.

**C. Statutory audit:**

1. Recommend to the Board, the appointment, re-appointment, terms of appointment, and if required, the replacement or removal of the statutory auditors and cost auditors after considering and reviewing their independence and effectiveness, and recommend the audit fees.
2. Give approval for making all payments to the statutory auditors for any other services rendered by them.
3. Annually review and discuss with the statutory auditors, all significant relationships that they have with the Company or any of its related parties to determine the auditors' independence.
4. Review performance of the statutory auditors.
5. Review and discuss the scope of the statutory auditors' annual audit.
6. Review management letters and any significant findings and recommendations issued by the statutory auditors, together with the management's response thereto.
7. Following completion of the annual audit, review with the statutory auditors, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
8. Meet at least once in a year separately with the statutory auditors to discuss any matters that the Committee or the statutory auditors believe should be discussed separately.
9. Review the annual Cost Audit Report submitted by the Cost Auditors.

**D. Internal audit:**

1. Review the internal audit plan and recommend changes, for the approval of the Board.
2. To approve appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm selected to manage internal audit deliverables.
3. Consider and approve, in consultation with the Statutory Auditors and the Internal Auditors, the annual scope and plan of the Company's internal audit and any significant changes thereto.
4. Review with the Internal Auditors and the Statutory Auditors, the co-ordination of audit efforts to assure adequacy of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. Review any significant findings and recommendations of Internal Audit, together with the management's responses thereto.
6. Review the findings of any internal investigations by the Internal Auditors in matters where there is suspected fraud or irregularity or a failure of an internal control system of a material nature, and report the matters to the Board.

7. Review with the Internal Auditors, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
8. Meet at least once in a year separately with the Internal Auditors, to discuss any matters that the Committee or the Chief Internal Auditor believes should be discussed separately.

## B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for devising criteria for determining qualifications, attributes and independence of the Directors. It is also responsible for identifying persons to be appointed at Senior Management levels as well as devising remuneration policy for the Directors, Key Managerial Personnel and Senior Management Personnel.

The composition of the Committee meets the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

As on March 31, 2020, the Committee comprised four directors:

- Sam Balsara, Chairman
- Rumjhum Chatterjee
- Sunaina Murthy
- Dinesh N Vaswani

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company.

### MEETINGS HELD BY THE NOMINATION AND REMUNERATION COMMITTEE

During the year, the Committee met two times. The meetings were held on April 26, 2019, and November 12, 2019.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Sam Balsara, Chairman <sup>#</sup>	2
Rumjhum Chatterjee <sup>**</sup>	1
Sunaina Murthy <sup>*</sup>	2
Gurdeep Singh <sup>#</sup>	1
Dinesh N Vaswani	2

<sup>#</sup> Gurdeep Singh retired from Board with effect from July 31, 2019, whereupon he ceased to be Chairman and Member of the Committee. Sam Balsara has been appointed as Chairman of the Committee with effect from August 1, 2019.

<sup>\*\*</sup> Rumjhum Chatterjee was appointed as Member of the Committee with effect from August 1, 2019.

<sup>\*</sup> Sunaina Murthy was appointed as Member of Committee with effect from April 1, 2019.

### TERMS OF REFERENCE

1. To *inter alia* recommend nominations for Board Membership, develop and recommend policies with respect to composition of the Board, commensurate with the size, nature of the business and operations of the Company.
2. To establish criteria for selection to the Board, with respect to the competencies, qualifications, experience, track record, integrity and gender, and to establish Directors' retirement policies and appropriate succession plans, and determining overall compensation policies of the Company.
3. To monitor/administer the Company's Employee Stock Option Schemes formulated from time to time, and take appropriate decisions in terms of the concerned Scheme(s) and such other matters as may be required under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
4. To review market practices and formulate a remuneration policy, and within the framework of the said policy:
  - a) Recommend to the Board, a remuneration package applicable to the Key Managerial Personnel and Senior Management comprising the working directors and the leadership team.
  - b) Recommend to the Board for its approval, performance parameters for them, review the same from time to time and thereafter, recommend the above to the Board for its approval.

5. To recommend to the Board, all remuneration, in whatever form, payable to the Key Managerial Personnel and Senior Management Personnel.
6. Such other matters as may be required under the Act and Listing Regulations.

## REMUNERATION OF DIRECTORS

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission, performance linked incentives and stock options (variable component) to its Vice Chairman & Managing Director and Managing Director. Annual increments are decided by the Nomination and Remuneration Committee, within the salary scale approved by the members of the Company. The Nomination and Remuneration Committee recommends to the Board, the remuneration payable to the Vice Chairman & Managing Director and Managing Director out of the profits for the financial year, and within the ceilings prescribed under the Act, based on their performance and the performance of the Company. Services of the executive directors may be terminated by either party, giving the other party six months' notice. There is no separate provision for payment of any severance fees.

The Non-Executive Directors are, in addition to sitting fees, paid a commission based on the net profits of the Company, in accordance with the Act and Nomination and Remuneration Policy of the Company. The remuneration structure and criteria for determining performance-based compensation are provided in the Nomination and Remuneration Policy.

During the year, none of the Non-Executive Directors had received remuneration exceeding 50% of the total remuneration paid to the Non-Executive Directors. The annual remuneration of Vir S Advani who is an Executive Promoter Director, was within the limits specified under Regulation 17(6)(e) of the Listing Regulations i.e higher of ₹5 crores or 2.5% of Net Profits.

The Nomination and Remuneration Policy is available on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/217800/blue-star-nrc-policy.pdf>

The details of amount paid/provided towards Directors' remuneration are as follows:

(₹ in lakhs)

Name	Salary	Retirals	Perquisites	Commission	Performance linked incentive	Sitting Fees	Total
Shailesh Haribhakti	-	-	-	19.00	-	8.00	27.00
Vir S Advani	104.23	32.31	208.46	155.00	-	-	500.00
B Thiagarajan	104.23	32.31	208.46	172.50	-	-	517.50
Sam Balsara	-	-	-	9.50	-	5.75	15.25
Rumjhum Chatterjee	-	-	-	9.50	-	5.50	15.00
Anil Harish	-	-	-	9.50	-	7.75	17.25
Shobana Kamineni <sup>®</sup>	-	-	-	1.58	-	1.25	2.83
Rajiv R Lulla	-	-	-	9.50	-	6.25	15.75
Sunaina Murthy*	-	-	-	9.50	-	6.25	15.75
Arvind K Singhal	-	-	-	9.50	-	6.50	16.00
Gurdeep Singh **	-	-	-	3.17	-	2.75	5.92
Dinesh N Vaswani	-	-	-	9.50	-	5.25	14.75

\* Sunaina Murthy has been appointed as Non- Executive Director with effect from April 1, 2019.

<sup>®</sup> Shobana Kamineni ceased to be director of the Company from May 29, 2019, pursuant to completion of her tenure of five years as Independent Director

\*\* Gurdeep Singh retired from the Board on July 31, 2019.

## DIRECTOR SHAREHOLDING AS ON MARCH 31, 2020

Name of Director	No. of Shares held	Percentage (%)
Shailesh Haribhakti	-	-
Vir S Advani	10,74,625	1.12
B Thiagarajan	72,800	0.08
Sam Balsara	10,566	0.01
Rumjhum Chatterjee	-	-
Anil Harish	-	-
Rajiv R Lulla	-	-
Sunaina Murthy	72,525	0.08
Arvind K Singhal	-	-
Dinesh N Vaswani	26,944	0.03
<b>Total</b>	<b>12,57,460</b>	<b>1.31</b>

### C. INVESTOR GRIEVANCE CUM STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Investor Grievance cum Stakeholders' Relationship Committee specifically looks into the redressal of investors' complaints relating to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends and other investor related matters. In addition, the Committee also looks into matters, which facilitate investors' services and relations.

The composition of the Committee meets the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations.

As on March 31, 2020, the Committee comprised three Directors:

- Anil Harish, Chairman
- B Thiagarajan
- Rajiv R Lulla

Anil Harish became the member of the Committee with effect from April 1, 2019.

Gurdeep Singh ceased to be member of the Committee with effect from July 31, 2019, upon his retirement from the Board. Anil Harish was appointed as Chairman of the Committee with effect from August 1, 2019.

During the year, the meeting of this Committee was held on April 26, 2019. The Meeting was attended by all the members.

The Chairman of the Committee was present at the last Annual General Meeting.

### TERMS OF REFERENCE

1. Resolve the grievances of the security holders of the Company (including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings).
2. Review measures taken for effective exercise of voting rights by the shareholders.
3. Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agent (RTA).
4. Review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

## INVESTORS' COMPLAINTS

At the beginning of the year, 3 complaints were pending for resolution. During the year under review, the Company received 14 complaints, all the complaints were resolved to the satisfaction of the shareholders. There were no complaints pending for resolution as on March 31, 2020. Further during the year, the complaints received from the investors were mainly pertaining to non-receipt of dividend, etc.

## COMPLIANCE OFFICER

Vijay Devadiga  
 Company Secretary & Compliance Officer  
 Tel: 022 6654 4000  
 Email: investorcomplaints@bluestarindia.com

## D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee has been constituted in accordance with the requirements of Section 135 of the Act. The Committee recommends the CSR projects to be undertaken by the Company and also monitors its implementation status.

As on March 31, 2020, the Committee comprised three directors:

- B Thiagarajan, Chairman
- Rumjhum Chatterjee
- Sunaina Murthy

Suneel M Advani, Chairman of the Committee, ceased to be the chairman and member of the Committee effective March 31, 2019, upon his retirement from the Board. Subsequently, B Thiagarajan was appointed as Chairman of the Committee with effect from April 1, 2019.

Sunaina Murthy was appointed as Member of the Committee with effect from April 1, 2019.

Shobana Kamineni ceased to be a Member of the Committee from May 29, 2019, upon completion of her tenure of five years as Independent Director. Rumjhum Chatterjee was appointed as member of the Committee with effect from May 30, 2019.

During the year, the meeting of this Committee was held on April 25, 2019, and August 12, 2019. The Meetings were attended by all the members.

## TERMS OF REFERENCE

1. To formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the CSR Policy of the Company from time to time.

The detailed CSR Report, which forms a part of the Board's Report, may be referred to, for further information on CSR.

## E. RISK MANAGEMENT COMMITTEE

The Company has a robust risk management framework to identify, monitor and mitigate applicable risks. The Company has a comprehensive Risk Management Policy which is periodically reviewed by the Risk Management Committee.

As on March 31, 2020, the Committee comprised four members:

- Vir S Advani, Chairman
- B Thiagarajan
- Neeraj Basur
- Rajiv R Lulla

During the year, the Committee met four times. The meetings were held on July 29, 2019; October 14, 2019; December 9, 2019; and March 17, 2020.



The attendance of the Committee members is given below:

<b>Name of the Member</b>	<b>No. of meetings attended</b>
Vir S Advani, Chairman	4
B Thiagarajan	4
Neeraj Basur	4
Rajiv R Lulla	4

#### **TERMS OF REFERENCE**

1. Annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.
2. Ensure that the Company is taking appropriate measures to achieve prudent balance between risk and rewards in both ongoing and new business activities.
3. Assist the Board in effective operation of the risk management systems by performing specialised analyses and quality reviews.
4. Ensure that the Company has a robust compliance framework. Review the compliance reports and ensure appropriate measures for compliance adherence.
5. Maintain an aggregated view on the risk profile of the Company and its underlying business segments.
6. Report to the Board details on the risk exposures and actions taken to manage the exposures.
7. Advise the Board with regard to risk management decisions, in relation to the strategic and operational matters such as corporate strategy, mergers and acquisitions, and related matters.
8. Make regular reports to the Audit Committee and Board on risk assessment and mitigation strategies adopted by the Company.

#### **F. EXECUTIVE MANAGEMENT COMMITTEE**

The Company has constituted an Executive Management Committee to approve matters relating to availing of financial facilities pertaining to borrowings and investments, and also to look after other operational and administrative matters of the Company.

As on March 31, 2020, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the year, the Committee met seven times. The meetings were held on May 2, 2019; May 13, 2019; July 25, 2019; August 13, 2019; November 13, 2019; January 20, 2020; and March 5, 2020.

The meetings were attended by both the members.

#### **G. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee is empowered to make allotment of all kind of shares that may be issued by the Company from time to time.

As on March 31, 2020, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

Vir S Advani was appointed as Chairman of the Committee with effect from April 1, 2019.

During the year, there was no meeting of the Committee.

## H. DEBENTURE COMMITTEE

The Debenture Committee was constituted by the Board of Directors on April 30, 2020, to look after all the matters relating to issuance of Non-Convertible Debentures.

As on the date of this report, the Debenture Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

## CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS AND CODE OF FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has a code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders and code of fair disclosure of unpublished price sensitive information for its Designated Persons and the code is in line with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The same is disclosed on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/6013/code-of-conduct-insider-trading.pdf>

Further, in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has formulated a written policy and procedures for inquiry in case of leak of Unpublished Price Sensitive Information ('UPSI') or suspected leak of UPSI, to initiate appropriate inquiries on becoming aware of leak or suspected leak of UPSI and inform to SEBI promptly of such leaks, inquiries and results of such inquiries. This policy is adopted and also disclosed on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/236290/policy-on-procedure-of-inquiry-in-case-of-leak-of-unpublished-price-sensitive-information.pdf>

## SUBSIDIARY COMPANIES

Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL, Blue Star International FZCO and Blue Star Systems and Solutions LLC are the four subsidiaries of the Company. As on March 31, 2020, none of the Subsidiaries have exceeded the threshold of 20% of consolidated income or net worth determining the materiality for appointment of an Independent Director of the Company on the board of the material unlisted subsidiary as per Regulation 24 of the Listing Regulations. Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company is a material unlisted subsidiary of the Company however it has not exceeded the above mentioned threshold.

In accordance with the Listing Regulations, the Company has in place a policy on determining material subsidiaries and the same has been disclosed on the website of the Company at: <https://www.bluestarindia.com/media/6017/policy-for-determining-material-subsiadiaries-26022019.pdf>

## RELATED PARTY TRANSACTIONS

All transactions entered into with related parties during the financial year, as defined under the Act and read with the Listing Regulations, were in the ordinary course of business and at an arm's length pricing basis. The requisite approvals of the Audit Committee and Board members, as applicable, are taken from time to time. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interests of the Company. The Company has a policy in place for related party transactions, and the same is disclosed on the website of the Company at: <https://www.bluestarindia.com/media/78799/policy-for-transaction-with-related-parties.pdf>

## COMMODITY PRICE RISK/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company mitigates commodity price risk by entering into appropriate rate contracts with major suppliers which factors in price commitments for a time period by the suppliers. This approach provides sufficient mitigation against volatility in commodity rates. Disclosure pursuant to SEBI circular dated November 15, 2018 is as below:

Commodity Name	Exposure (₹ in crores)	Exposure in quantity (MT)	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
Copper	139	2678	-	3.8%	-	-	3.8%
Aluminium	41	1921	-	-	-	-	-

The Company has also laid out a well-defined forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. The forex policy of the Company defines limits for uncovered exposures. The Company uses foreign exchange forward and options contracts to hedge the forex exposures. The hedging strategy is to gear towards managing currency fluctuation risk within predefined risk appetite, while complying with applicable guidelines, rules, regulations and other statutory compliances. The Company does not use foreign exchange forward and options contract for trading or speculative purposes. Forward and options contract are fair valued at each reporting date. The resultant gain or loss from these transactions is recognised in the Statement of Profit and Loss.

### DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (THE 'POSH ACT')

The details of the complaints filed, disposed of and pending during the financial year under the POSH Act, related to sexual harassment has been disclosed in the Business Responsibility Report forming part of this Annual Report.

### OTHER DISCLOSURES

- The details of transactions with related parties are given in note no. 40 to the standalone financial statements for the year ended March 31, 2020. There were no materially significant related party transactions, which are likely to have potential conflict with the interests of the Company at large.
- The Company has complied with the requirements of regulatory authorities on capital markets, and no penalties/strictures have been imposed on/against it by the stock exchanges, SEBI or any statutory authority during the last three years.
- The Company has complied with all the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of Listing Regulations. The Company has also complied with the discretionary requirements such as ensuring financial statements with unmodified audit opinion, separation of the post of Chairman and Managing Director, and reporting of internal auditor directly to the Audit Committee.
- The Company has followed all relevant Indian Accounting Standards while preparing the Financial Statements.
- Pursuant to the formulation of a Whistle Blower Policy by the Company, a mechanism has been provided to all the employees and directors of the Company to enable them to report on any frauds/irregularities by way of complaints. The Whistle Blower Policy provides direct access to the Chairman of the Audit Committee in exceptional cases and no person was denied access to the Audit Committee.
- During the financial year, the Company has not raised funds through preferential allotment or qualified institutional placements as specified in Regulation 32(7A) of the Listing Regulations.
- During the financial year, the Company has listed its Commercial Papers on National Stock Exchange of India Limited.
- The details of total fees for all the services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

Type of services	(₹ in crores)	
	March 31, 2020	March 31, 2019
Audit fee	1.02	0.92
Limited review	0.24	0.24
Tax audit	0.08	0.07
Other services	0.21	0.05
Reimbursement of expenses	0.04	0.05
<b>Total</b>	<b>1.59</b>	<b>1.33</b>

## COMPLIANCE WITH NON-MANDATORY PROVISIONS

In accordance with the Listing Regulations, effective April 1, 2022, the chairman of the board shall be non-executive and shall not be related to the managing director as per the definition of the term 'relative' defined under the Act. The Company has pro-actively adopted the said non-mandatory provision effective April 1, 2019, by appointing Mr Shailesh Haribhakti who is not related to any of the Managing Directors of the Company, as the Chairman of the Board.

## CONFIRMATION BY THE BOARD OF DIRECTORS' ON ACCEPTANCE OF RECOMMENDATION OF MANDATORY COMMITTEES

In accordance with the Listing Regulations, the Board of Directors confirms that during the financial year, it has accepted all the recommendations received from its mandatory committees.

## ANNUAL GENERAL MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Venue	Time	Details of Special Resolutions
2016-17	August 11, 2017	Jai Hind College Hall, 23-24 Sitaram Deora Marg, ("A" Road), Churchgate, Mumbai - 400 020	4:00 p.m.	None
2017-18	August 8, 2018	P. L. Deshpande Maharashtra Kala Academy, (Ravindra Natya Mandir), Sayani Road, Next to ICICI Bank, Prabhadevi, Mumbai - 400 025	10:00 a.m.	None
2018-19	August 13, 2019	Jai Hind College Hall, Sitaram Deora Marg, ("A" Road), Churchgate, Mumbai - 400 020	3:30 p.m.	None

## POSTAL BALLOT

During the financial year 2019-20, the Company did not pass any special resolution through Postal Ballot.

As on the date of this report, the Company has proposed to pass special resolutions through Postal Ballot seeking approval of the members. The Board of Directors of the Company, at its meeting held on April 30, 2020, had approved the postal ballot process for passing the following special resolutions set out below:

- To increase the limits of borrowing by the Board of Directors of the Company under section 180(1)(c) of the Companies Act, 2013; and
- To seek approval under Section 180(1)(a) of the Companies Act, 2013 *inter alia* for creation of mortgage or charge on the assets, properties or undertaking(s) of the Company

The Board of Directors at its meeting held on April 30, 2020, had also appointed Mr Bharat Upadhyay (Membership No. FCS 5436), failing him Mr N L Bhatia (Membership No. FCS 1176), and failing him Mr Bhaskar Upadhyay (Membership No. FCS 8663) of M/s N L Bhatia & Associates, Practicing Company Secretaries, as the Scrutiniser for conducting the postal ballot (remote e-voting process).

Due to the current COVID-19 pandemic requiring social distancing, and in compliance with the General Circular no. 14/2020 and 17/2020 issued by the Ministry of Corporate Affairs (MCA), the Company had proposed special businesses for approval of members by way of Postal Ballot only through remote e-voting facility and the requirement of sending hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business reply envelope had been dispensed with. In compliance with the requirements of MCA circulars, the Company has completed sending of Postal Ballot Notice dated April 30, 2020, on May 6, 2020, by email to only those members who have their email addresses registered with Company/Depository Participants. The Postal Ballot Notice was sent by email to all those members, whose names were appearing on the Register of Members/List of Beneficial Owners, received from NSDL and CDSL as on the cut-off date i.e. May 1, 2020.

The e-voting period was kept open from Thursday, May 7, 2020 (9:00 hours IST) and to be continued up to Friday, June 5, 2020 (17:00 hours IST). NSDL was engaged for the purpose of providing remote e-voting facility to all its members. The e-voting facility would be disabled by NSDL for voting after the said date and time.

Post-closing of voting period at 17:00 hours (IST) on Friday, June 5, 2020, the Scrutiniser would submit his report and the Company would declare/announce the results of Postal Ballot.

## DETAILS OF UNCLAIMED SHARES IN TERMS OF REGULATION 39 OF THE LISTING REGULATIONS

In terms of regulation 39(4) of the Listing Regulations, the details in respect of equity shares lying in the suspense account are given as below:

Particulars	No. of Shares
Aggregate outstanding shares lying in the suspense account at the beginning of the year i.e. as on April 1, 2019	49
Number of shareholders who approached to the Issuer/Registrar for transfer of shares from suspense account during the financial year 2019-20	-
Number of shareholders to whom shares were transferred from suspense account during the financial year 2019-20	-
Number of shares transferred to Investor Education and Protection Fund from suspense account	49
Aggregate outstanding shares lying in the suspense account at the end of the year i.e. as on March 31, 2020	-

## MEANS OF COMMUNICATION

The Company published its quarterly and half yearly results in the prescribed form within the prescribed time. The results were forthwith sent to the Stock Exchanges, where shares of the Company are listed and the same were published in Economic Times, Financial Express and Mumbai Lakshadeep. The financial results are also displayed on the website of the Company [www.bluestarindia.com](http://www.bluestarindia.com). Official press releases also feature on the website of the Company.

The Company frequently holds meetings with institutional investors and analysts after declaration of the results, the same is also available on the website. In addition, investor interactions by way of quarterly earnings concalls and participation in various investor conferences are also organised throughout the year.

## SHAREHOLDERS' INFORMATION

### ANNUAL GENERAL MEETING:

Date	: August 6, 2020
Time	: 3:30 p.m.
Venue	: No physical meeting is required to be held, as per the general circular no.20/2020, 17/2020 and 14/2020 issued by MCA, the meeting will be held through Video Conferencing/Other Audio Visual Means.
Financial Year	: April 1, 2019 to March 31, 2020

### FINANCIAL CALENDAR (PROVISIONAL):

Unaudited results for the quarter ending June 30, 2020	: August, 2020
Unaudited results for the quarter ending September 30, 2020	: November, 2020
Unaudited results for the quarter ending December 31, 2020	: January, 2021
Audited results for the year ending March 2021	: May, 2021

## LISTING ON STOCK EXCHANGES

: BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

National Stock Exchange of India Ltd  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051

Listing fees as applicable have been paid

## STOCK CODE

: BSE Limited – 500067  
National Stock Exchange of India Ltd – BLUESTARCO

## NSDL/CDSL – ISIN

: INE472A01039

## CREDIT RATING OBTAINED DURING THE YEAR

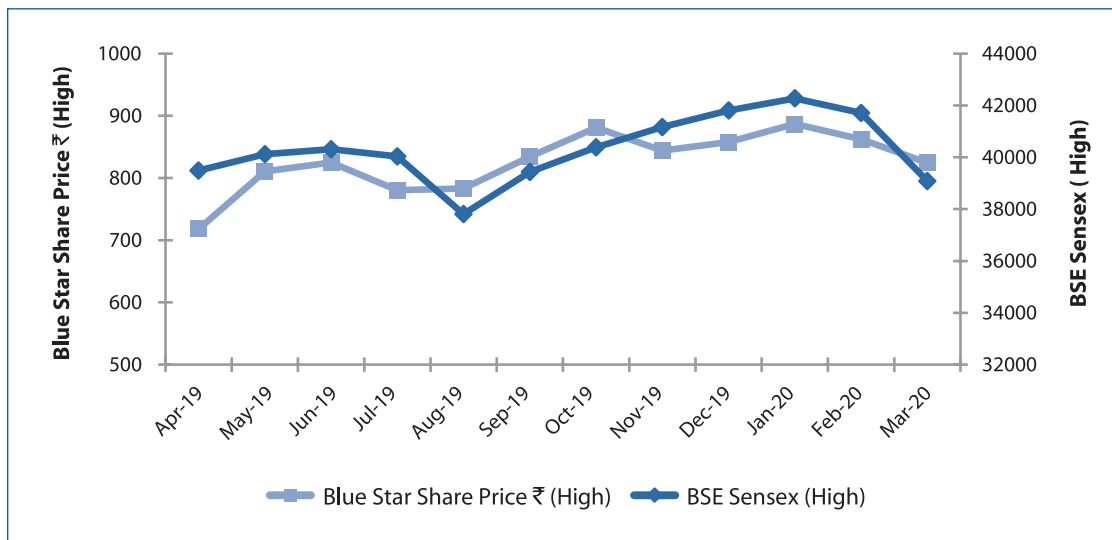
: During the year, there were no change in the credit rating obtained. A1+ rating from CARE and CRISIL for its Commercial Paper, AA+ rating for its long-term bank facilities and A1+ rating for its short-term bank facilities from CARE.

**MARKET PRICE DATA**

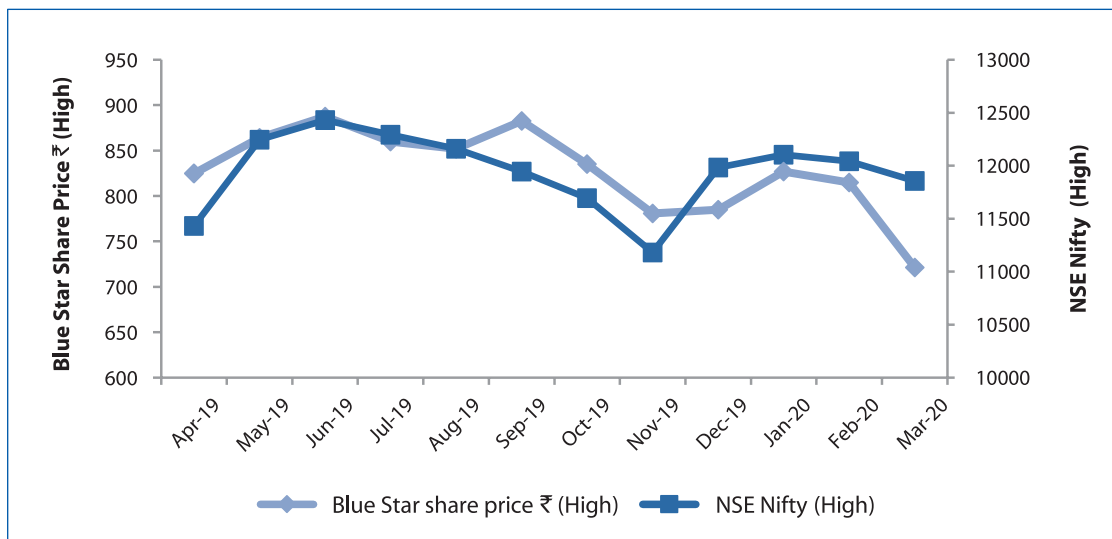
(₹ per share)

Financial Year	BSE Limited		National Stock Exchange of India Ltd	
	High	Low	High	Low
<b>2019</b>				
April	718.00	647.00	721.30	646.15
May	810.80	677.05	814.85	678.10
June	825.00	744.00	826.80	740.05
July	780.50	675.00	784.90	666.95
August	783.00	642.00	780.90	640.10
September	834.15	701.40	835.00	698.65
October	881.00	766.75	882.45	777.50
November	844.00	773.35	852.00	772.20
December	857.75	780.00	859.85	780.35
<b>2020</b>				
January	887.00	780.00	887.55	796.50
February	862.40	788.30	863.90	790.00
March	824.60	425.00	824.75	408.90

## PERFORMANCE - COMPARISON WITH BSE SENSEX



## PERFORMANCE - COMPARISON WITH NSE NIFTY



## REGISTRAR & TRANSFER AGENT

Link Intime India Pvt Ltd  
 C 101, 247 Park,  
 L.B.S. Marg, Vikhroli (West)  
 Mumbai - 400 083  
 Tel: +91 22 4918 6000  
 Fax: +91 22 4918 6060  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## SHARE TRANSFER SYSTEM

The Company's shares are traded in the Stock Exchanges in demat mode. These transfers are effected through NSDL and CDSL. Most of the transfers of shares take place in this form. All the physical share transfers received till March 31, 2019, were found to be duly completed and processed within the timelines permitted.

SEBI vide its notification dated June 8, 2018, amended regulation 40 of the Listing Regulations, effective April 1, 2019, transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in case of request received for transmission/transposition of securities. Members holding shares in physical form are requested to dematerialise their holdings at the earliest as it will not be possible to transfer shares held in physical mode. However, holding of shares in physical mode is not barred.

## UNCLAIMED DIVIDENDS

In accordance with the provisions of Section 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the companies shall transfer the dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to the IEPF. In order to protect the rights of the members, the Company has sent periodical reminders to the Members to claim their unclaimed dividends/shares in order to avoid transfer of such unclaimed dividends/shares to IEPF. Once the unclaimed dividends/shares are transferred to the IEPF, Members will not be able to claim the same from the Company. However, pursuant to the aforesaid provision, the Members can claim their unclaimed dividends/shares transferred to IEPF, by making an online application to the IEPF Authority through Form IEPF-5 available on the website of the Authority [www.iepf.gov.in](http://www.iepf.gov.in)

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, the Company has credited ₹9,48,513 as unpaid final dividend, for the financial year 2011-12, lying in the unclaimed/unpaid dividend account to the IEPF. Further the unpaid dividend of ₹1,91,466 for the year 2011-12, lying in unclaimed/unpaid dividend account of erstwhile Blue Star Infotech Limited was also credited to the IEPF account during the year under review.

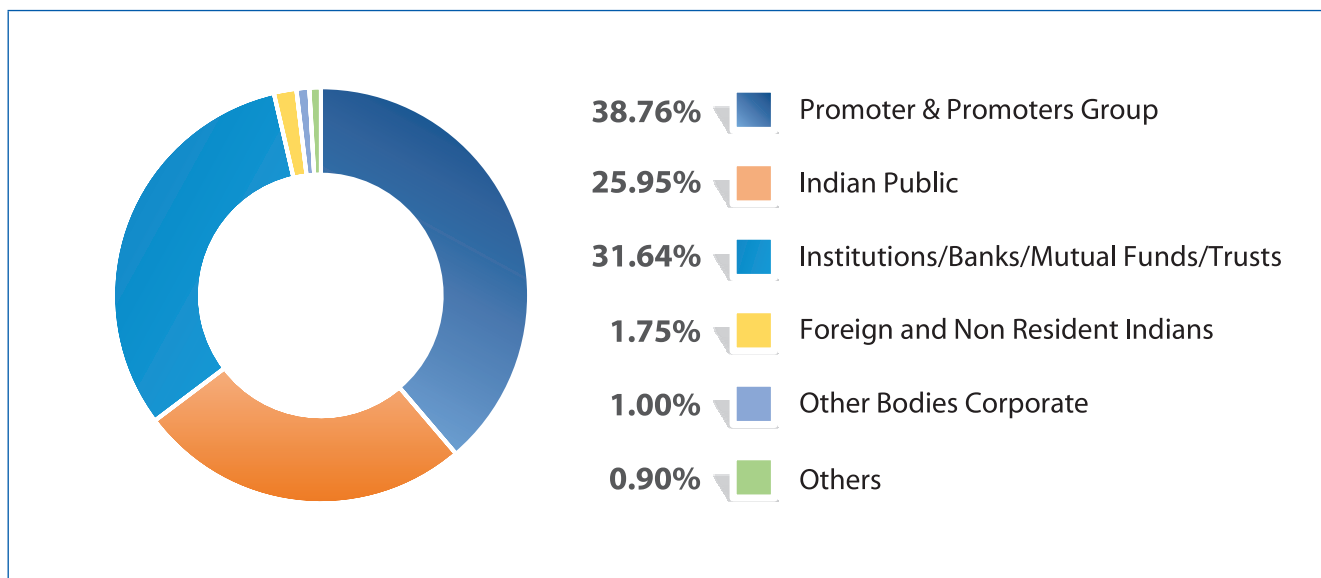
In terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the bankers to the dividend accounts opened by the Company for the earlier years have credited back the amount of dividend lying unpaid beyond the validity period into the relevant bank accounts. The Company has reconciled the dividend pertaining to the year 2012-13, to be transferred in the month of September, 2020.

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2020

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders (%)	Total No. of Shares held	Percentage of Shares held (%)
1 - 5000	52765	98.36	1,25,60,011	13.04
5001 - 10000	477	0.89	33,16,596	3.44
10001 - 20000	182	0.34	25,76,434	2.68
20001 - 30000	48	0.09	11,90,229	1.24
30001 - 40000	24	0.04	8,25,973	0.86
40001 - 50000	21	0.04	9,76,563	1.01
50001 - 100000	38	0.07	27,93,185	2.90
100001 - and above	92	0.17	7,20,74,897	74.83
<b>TOTAL</b>	<b>53,647</b>	<b>100.00</b>	<b>9,63,13,888</b>	<b>100.00</b>



## CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2020



## DEMATERIALIZATION OF SHARES & LIQUIDITY

As on March 31, 2020, 98.08% of the equity shares of the Company were held in dematerialised form and rest in physical form. The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company has entered into agreements with NSDL and CDSL whereby Members have the option to dematerialise their shares with either of the Depositories. The shares are actively traded in BSE Limited and National Stock Exchange of India Ltd.

## PLANT LOCATIONS

Blue Star Limited  
Village - Vasuri Khurd, Khanivali Road,  
P O - Khupari  
Taluka - Wada  
Dist: Palghar 421 312

Blue Star Limited  
Survey No. 265/2,  
Demni Road,  
U.T. of Dadra & Nagar Haveli,  
Dadra 396 191

Blue Star Limited  
Nahan Road,  
Village Ogli, Kala Amb  
Dist: Sirmour  
Himachal Pradesh 173 030

Blue Star Limited  
Nahan Road,  
Rampur Jattan, Kala Amb  
Dist: Sirmour  
Himachal Pradesh 173 030

Blue Star Limited  
501/3, 503/2  
Tajpur Road  
Sarkhej-Bavla Highway  
Changodar  
Ahmedabad 382 213

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms a part of this Annual Report.

## MD/CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, certificate duly signed by the MD/CFO of the Company is appended as an Annexure to this Report.

**AUDITORS' CERTIFICATION**

As required under Regulation 34 of the Listing Regulations, the certificate from M/s Deloitte Haskins & Sells LLP, Chartered Accountants, affirming compliance of Corporate Governance as stipulated in the aforesaid Regulations is appended as an Annexure to this report.

**OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS**

There are no outstanding convertible warrants/instruments.

**ADDRESS FOR CORRESPONDENCE**

Blue Star Limited  
Band Box House  
4<sup>th</sup> floor, 254 D  
Dr. Annie Besant Road  
Worli, Mumbai - 400 030  
CIN: L28920MH1949PLC006870  
Website: www.bluestarindia.com

For and on behalf of the Board of Directors

Date : May 12, 2020  
Place : Mumbai

**Shailesh Haribhakti**  
Chairman  
(DIN: 00007347)

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**Declaration**

As provided under Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the financial year ended March 31, 2020.

For **Blue Star Limited**

Date : May 12, 2020  
Place : Mumbai

**Vir S Advani**  
Vice Chairman & Managing Director  
(DIN: 01571278)

# Corporate Governance Certification

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To The Members  
**Blue Star Limited**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Blue Star Limited having CIN: L28920MH1949PLC006870 and having registered office at Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended March 31, 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Shailesh Haribhakti	00007347	04/08/2006
2.	Vir S Advani	01571278	01/07/2010
3.	B Thiagarajan	01790498	13/05/2013
4.	Sam Balsara	00076942	20/06/2017
5.	Rumjhum Chatterjee	00283824	05/02/2019
6.	Anil Harish	00001685	22/11/2017
7.	Rajiv R Lulla	06384402	01/12/2016
8.	Sunaina Murthy	07865860	01/04/2019
9.	Arvind K Singhal	00709084	05/02/2019
10.	Dinesh N Vaswani	00306990	01/12/2016

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date : May 12, 2020  
Place : Mumbai

For **N L Bhatia & Associates**  
Practicing Company Secretaries  
UIN: P1996MH055800  
UDIN: F005436B000228054

**Bharat Upadhyay**  
Partner  
FCS: 5436  
CP No. 4457

# Corporate Governance Certification

## MD/CFO Certificate

To,

**The Board of Directors**

**Blue Star Limited**

Mumbai

We, Vir S Advani, Vice Chairman & Managing Director, and Neeraj Basur, Group Chief Financial Officer, of Blue Star Limited ('the Company'), to the best of our knowledge and belief, hereby certify that:

- a) We have reviewed the financial statements of the Company for the year ended March 31, 2020, and:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, Applicable Laws and Regulations.
- b) There are no transactions entered into by the Company during the financial year 2019-20 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee, wherever applicable:
  - i. significant changes in the internal control over financial reporting during the year;
  - ii. significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

**Vir S Advani**

Vice Chairman & Managing Director  
(DIN: 01571278)

**Neeraj Basur**

Group Chief Financial Officer

Date : May 12, 2020

Place : Mumbai

# Corporate Governance Certification

## Auditors' Certificate

### Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### To Members of Blue Star Limited

1. This certificate is issued in accordance with the terms of our engagement letter reference no. MJ/2019-20/167A dated September 6, 2019.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Blue Star Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

#### Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Mukesh Jain**  
**Partner**

(Membership No. 108262)  
(UDIN: 20108262AAAAGJ6185)

Date : June 8, 2020  
Place : Mumbai

# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS

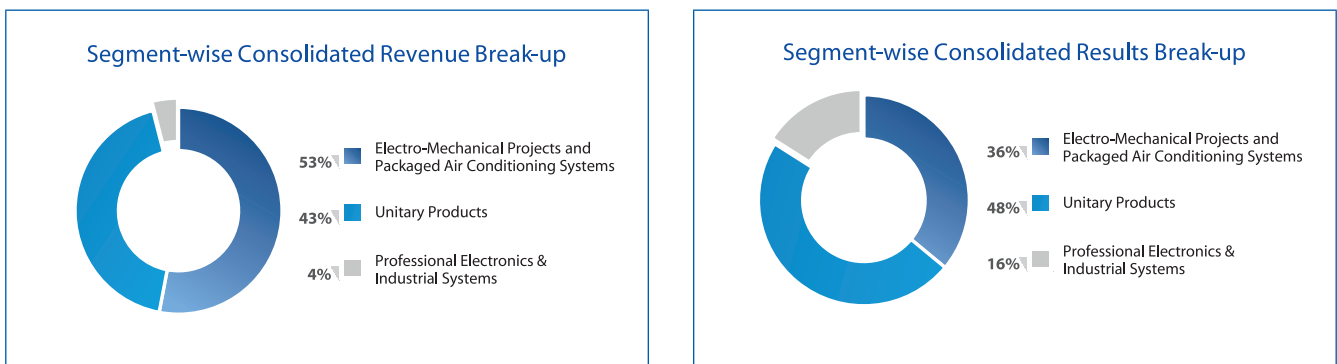
In the context of Blue Star's business operations and strategic positioning that are detailed in the Board's Report and Integrated Report, an in-depth analysis of the operating business as well as financial performance is enumerated in the ensuing sections of this report.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

Blue Star is a leading player in the Air Conditioning and Refrigeration industry in India. An overview of the industry and the current market dynamics are described in detail in the Integrated Report (refer Industry Structure and Developments covered in the Integrated Report on page no. 23).

## SEGMENT-WISE ANALYSIS

The consolidated revenue and results break-up in terms of business segments for FY20 are as follows:



## ELECTRO-MECHANICAL PROJECTS AND COMMERCIAL AIR CONDITIONING SYSTEMS

The Electro-Mechanical Projects and Commercial Air Conditioning Systems business accounted for 53% of the Company's Total Revenue from Operations.

In the Electro-Mechanical Projects business, growth was mainly driven by Buildings & Factories, Infrastructure, and Industrial segments, amongst others. In particular, new order acquisitions gained momentum in the Infrastructure segment – the Company bagged a significant order from Mumbai Metro; and L&T awarded Blue Star with prestigious orders for major airports at Delhi, Bengaluru and Chennai. Factories also contributed to a significant percentage of the total order bookings. The business continued to expand into the Hospital and IT spaces as well. For FY20, more than 40% of the orders were multi-service orders and the Company continues to be a significant player in the industry in this category. Order inflows in the second half of the year were impacted, initially due to the challenges in flow of credit to the Construction and Infrastructure sectors and, later, due to slow-down in new projects due to the business disruption caused by the spread of COVID-19.

Blue Star was adjudged as the 'MEP Contractor of the Year' in 2019 in recognition of MEP services provided by the Company for Amazon's IT Campus in Hyderabad, at the 9<sup>th</sup> edition of Construction Week India Awards, held on September 20, 2019, in Mumbai. With this award, the Company has now been recognised for the fifth time in a row by Construction Week India: winning three times earlier - in 2018 for overhead stations and depots for the Delhi Metro, in 2017 for underground stations again for the Delhi Metro, and in 2015 for services to the Mumbai International Airport – and being declared runner-up in 2016 for services provided to the Bengaluru Metro.

Some of the eminent clients of the Electro-Mechanical Projects business for FY20 include Lodha Group, L&T, Embassy Group, DLF, Oberoi Realty, Lulu Group, NCC, Phoenix Market City, Chalet Hotels (K Raheja group), Kochi International Airport Hotel, Deloitte Consulting, Amity University, Oracle, HCL Technologies, Cognizant, Wipro, Amazon, Brigade, Amrita Hospitals, HDFC Bank, Netmagic Solutions, Sify, Yotta, CEAT, JSW Steel, TPI Composites, TCL, Mahindra & Mahindra, Sigma Freudenberg Nok, Tata Steel, Timken, Haldiram, and MRF Limited, amongst others.

With a commitment to remain true to its value proposition of 'Superior project delivery through intelligent engineering, modern execution practices, and committed teams,' the Business Management team works towards ensuring modern and best-in-class project management practices across projects under execution. Further, 'Project Tiger Woods,' a Business Process Re-engineering exercise to improve operational efficiencies and sharpen contract management, has been conceived and is under implementation.

In the Commercial Air Conditioning segment, while the Company registered a healthy growth for the first three quarters of FY20 across product categories such as ducted systems, VRF systems and chillers, growth in Q4FY20 was impacted due to disruption caused by the spread of COVID-19. During the period under review, the market share of VRF systems stood at 18% and that of screw chillers at 15%. With 45% market share in the ducted systems category and 40% market share in scroll chillers category, the Company maintained its market leadership position in these two categories.

During the year under review, the Company organised mega product launches across four major metros to introduce its new range of commercial air conditioning products including Next Gen inverter ducted, water cooled VRF, side discharge VRF, and variable frequency drive (VFD) air cooled screw chiller, in the market. These launches were attended by over 2000 participants comprising architects, interior designers, customers and HVAC consultants. This new product range helped Blue Star sustain its leadership position in the Commercial Air Conditioning market. Besides, the Company also organised a factory tour for 50 HVAC consultants in the country to help them get a better understanding of Blue Star's products.

In order to penetrate into unrepresented markets, the Company undertook a specific dealer addition drive. For the year FY20, Blue Star brought on board more than 75 dealers. In order to assist the dealers to offer technically correct solutions they were trained with the help of a VRF sales software tool, which provided the new dealers especially in smaller towns with phenomenal support.

Some of the notable orders received during the year were from JSW Steel, Bellary; GACL-NALCO Alkalies & Chemicals, Vadodara; Salarpuria Satva, Bengaluru; Secretariat Office, Silvasa; VIT, Bhopal and Visakhapatnam; NTPC, Gurugram; ISRO, Sriharikota; Director General of Naval Project, Visakhapatnam; Avenue Super Market at multiple locations across India; Government Medical Hospital, Rajasthan; Safdarjung Hospital, Delhi; Ambuja Cements, Jaipur; Telangana State Industrial Infrastructure Corporation (T Hub), Hyderabad; Holiday Inn, Jammu; Police Headquarters, Mumbai; Airports Authority of India (AAI) for the Multi-Layer Car Parking (MLCP), Chennai International Airport; Sterling Biotech, Vadodara; and DRDO, Sambalpur; amongst others.

## **UNITARY PRODUCTS**

This business segment comprises room air conditioners as well as commercial refrigeration products and systems, apart from water purifiers, air coolers and air purifiers.

In FY20, the Room Air Conditioners industry was recovering well from an extremely challenging FY19. While the summer season was reasonably good, the industry witnessed a lukewarm festival season. However, the months of January and February saw a strong growth, and just when the industry was picking up, it was impacted by the COVID-19 induced lockdown across the country. In spite of such challenges, for the period under review, the Room Air Conditioners business continued to perform better than the market, thereby marginally increasing the Company's market share to 12.5% in value terms.

In FY20, Blue Star strategically forayed into the 'Premium-Yet-Affordable' segment by rolling out a stunning range of 3-star inverter split air conditioners at attractive prices.

This new range of ACs retains the premium build quality which is the hallmark of Blue Star's air conditioners. They are built to be highly reliable and durable and are virtually trouble-free. These ACs are also highly energy-efficient, and so running costs are low. Besides, the complete range runs on eco-friendly refrigerants.

Another significant aspect of this range of ACs is that each unit comes with a built-in voltage stabiliser that ensures trouble-free operations across a wide range of input voltage from 160V to 270V without the need for an external voltage stabiliser. This not only saves on the cost of the external stabiliser, but also does away with the need for space, besides the nuisance of having to mount one beside the AC.

Apart from the 'Premium-Yet-Affordable' range of air conditioners, the Company also launched a series of innovative range of split air conditioners:

- Super-energy-efficient 5-star inverter split AC with an ISEER of 5.41, which is 55% more energy-efficient compared to a 3-star inverter split AC.
- 5-star inverter split AC with in-built air purifier, which can remove 99.78% of particulate matter down to PM 2.5 and microbial kill rate of 99.999%. This can be operated just like an air purifier in winter, without the compressor being switched 'ON.'
- Next-gen wi-fi-enabled 5-star split AC, which can be controlled from anywhere in the world, with smart options such as energy budgeting, customised sleep modes, climate control, and dual user setting, amongst others; it can also be operated through voice commands in both English and Hindi by using an appropriate interface device such as Amazon's Alexa or Google Home.
- 5-star split AC that can deliver 30% more cooling based on the heat load inside the room. This is one of the more popular of Blue Star's innovations. Introduced in 2019, this range will be continued in 2020 as well.
- 4-star inverter split AC with Hot and Cool Technology which provides both, cooling and heating solutions throughout the year.
- Inverter split AC with 'iRest,' a unique fuzzy logic function, which, when activated, will switch automatically from air conditioning (cooling) mode to fan-only mode at the pre-designated time, to provide utmost comfort for undisturbed sleep.

Future ready products:

- Future ready 3-star inverter split AC complying to the 2021 BEE energy-efficiency norms, with an ISEER of 3.90.

Blue Star also added several new customers in its National Accounts Business during the period under review. The year saw healthy order booking traction amongst customers in Retail, Hotels & Resorts, Restaurants, Financial, Healthcare, and Industrial segments.

The Company also launched a new range of air coolers with a unique Cross Drift Technology that helps in faster cooling in harsh and dry summers. The range comes with different water tank capacities starting from 35 litres to 75 litres.

The Commercial Refrigeration Products business performed consistently well with its wide range of product offerings, including deep freezers, bottle coolers, visi coolers, visi freezers, water coolers, and bottled water dispensers. The newly launched commercial kitchen refrigeration products, healthcare refrigeration products, supermarket refrigeration products and modular cold rooms, continued to gain traction in the market and are being appreciated by the customers. During the year, the business successfully catered to diverse customer needs across various segments such as Dairy, Ice-cream, Processed Foods, Pharmaceutical, Hotels, Restaurants, Fast Food Chains, Retail Outlets, and several institutional clients.

Blue Star was honoured with 'Cold Room Manufacturer of the Century' award at 'The Hall of Fame' awards ceremony organised by the Indian Food Service Equipment Council, for its excellent service.

The expansion of e-tailers, cloud kitchens and portals such as Big Basket, Swiggy and Zomato accompanied by aggressive expansion plans from Quick Service Restaurants (QSRs) such as Dominos, McDonald's, KFC, Pizza Hut, and Sapphire Foods, amongst others, resulted in increase in demand for the Company's modular cold rooms.

Jubilant FoodWorks felicitated Blue Star with the 'Long Term Partner for Refrigeration and HVAC' recognition for delivering world-class products and solutions, and meeting 'Excellence in Quality' at their stores across the country. Other eminent clients include Amul, Hatsun, DMart, Vadilal, Dinshaw, and Mahindra Logistics.

Blue Star's foray into adjacencies such as Commercial Kitchen Refrigeration and Healthcare Refrigeration products and solutions, evoked a good response in the market. The Company bagged several notable orders from Rebel Foods, Swiggy, Food Panda, Lemon Tree Hotels, AIIMS, Metropolis Healthcare, Chittaranjan National Cancer Institute, KEM Hospital and Newtronic Lifecare, to name a few. The Company's Supermarket Refrigeration Equipment and Solutions segment has gained market acceptance with several major retail players, such as Shell India and Reliance Retail, who have placed orders on the Company.



The Company regularly launches new products and solutions in the Commercial Refrigeration space to cater to the emerging needs of varied customer segments and is a preferred partner for several reputed brands across segments.

Overall, the Company's Commercial Refrigeration business with its strong and wide product range as well as solutions backed by excellent pan-India after-sales service network holds excellent growth potential. To combat the rising pollution levels in many cities across India, Blue Star also introduced a new range of innovative air purifiers with SensAir Technology, along with Nano-e, Plasma, and UV purification systems.

During FY20, Blue Star made significant progress in the Residential Water Purifier business. The Water Purifier business expanded its product portfolio to add a new series of products in the RO/RO+UV range in the entry/mid-level segment including an aggressively priced product range for e-commerce platforms. With the addition of this series, Blue Star now has a comprehensive range of models across various price points from ₹10,900 to ₹46,900 in the RO range. In addition, it launched Immuno Boost technology, which offers alkaline antioxidant water that boosts metabolism, reduces acidity, improves hydration and enhances immunity, in select variants.

The Company has also launched a range of commercial RO+UF as well as commercial UV water purifiers which were targeted to water cooler customers of Blue Star as well as offices, restaurants, clinics, and other commercial establishments. In addition, it launched India's first point-of-use instant UV LED purifier, which offers pure water instantly without waiting for the warm up time of the UV lamp, as this model is powered by an eco-friendly non-mercury UV LED. Moreover, it offers a lifetime warranty on the UV LED which makes this product a unique and differentiated offering in markets which have fresh water supplies.

During the year, the Company consolidated its distribution and began focusing on enhancing channel effectiveness as well as identifying new channel partners who can strengthen the availability of the products in the markets it operates in. Blue Star water purifiers are present in 3000 touch-points across 450 towns and cities. The Company also made significant inroads in the e-commerce market which is showing a lot of potential to grow, with the Company having strong presence in leading portals such as Amazon, Flipkart, Paytm and TataCLiQ.

## **PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS**

For over six decades, the Professional Electronics and Industrial Systems business has been the exclusive distributor in India for many internationally renowned manufacturers of hi-tech professional electronic equipment and services, as well as for industrial products and systems. Over the years, the Company has significantly scaled up operations in this business and has moved up the value chain by changing its business model from being merely a distributor to that of a system integrator and value-added re-seller. This business is handled by Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company. The business operates in two broad segments; Professional Electronics that comprises Healthcare Systems, Data Security Solutions, Infra Security Solutions and Communication Systems; and Industrial Systems that encompasses Testing Machines, Non Destructive Testing (NDT) Systems and Industrial Automation, NDT Products and Industrial Products.

The business has been successful in capturing the pulse of the market and has carved out profitable niches for itself in most of the specialised markets that it operates in.

During the review period, while Industrial Systems business gradually regained traction from sluggish market conditions with some significant order wins, the Professional Electronics business grew propelled by increased orders for Data Security Systems. Regulatory requirements on data localisation and increased thrust on digital payments solutions created good opportunities for Data Security Solutions business. The Healthcare Systems business performed well and registered some good orders on the back of the growing Healthcare market in India. The Data Security business continued on the growth path aided by a significantly large order. Orders on account of various digitisation initiatives undertaken by major banks, certificate authorities, and telecom and payment technology companies, contributed in its growth as well. The Infra Security business, which predominantly revolves around video surveillance, was majorly engaged in project execution. The Communication Systems business that deals with radio frequency, microwave as well as avionics test and measuring equipment, secured a few orders from the Defence, Space and Aerospace sectors.

Research centres and agricultural universities continued to place orders for a wide range of inspection equipment including universal testing machines and customised plant growth chambers enabling the Testing Machines business to clock good performance through the year. The Non-Destructive Testing Systems and Industrial Automation business augmented its automation offerings and booked substantial orders from Steel and Automotive segments. The Non-Destructive Testing Products business, with a highly diversified portfolio including technologies such as Ultrasound, Eddy-Current, RVI, X-ray, Industrial CT, Radioscopy, Portable Radiography and Metrology, secured orders from the Automotive, Aerospace and Inspection sectors. The Industrial Products business, which mainly deals in industrial valves and filters, despite a slowdown, was able to sustain itself by securing orders from the Oil & Gas industry.

Further, with the intent to improve focus on its chosen customer segments, the business continued to reorient its internal organisation structure. The business reinforced its value proposition 'Superior Technology Solutions' to increase the focus on its core capabilities. This business continues to exert greater thrust on business development, sales automation, service management and project execution functions.

### **MEDIUM-TERM AND LONG-TERM STRATEGY**

Strategy formulation for medium to long-term as well as its execution and review have always been a part of the Company's planning process. The Board plays a key role in guiding and shaping the Company's medium to long-term strategy. The Company regularly monitors and evaluates its internal strategies vis-à-vis the dynamic external environment and also evaluates the key strategic risks that impact the Company and its business (refer Strategy Planning and Development covered in the Integrated Report on page no. 59).

### **FINANCIAL PERFORMANCE ANALYSIS**

Following are the financials highlights of the Company for the year ended March 31, 2020, on a consolidated basis:

Revenue from operations maintained impressive growth momentum in line with the Company's plans until the end of third quarter of the financial year. The fourth quarter also started on track, however, the rapid spread of COVID-19 pandemic across the globe resulted in significant demand and supply chain disruptions across India in the month of March. Further, the nationwide lockdown imposed by the Government towards the end of March resulted in a complete shutdown of all operating activities. Order fulfilment suffered and consequently there was a significant impact on the Company's revenue and profitability in the fourth quarter of the financial year.

Consolidated financial performance analysis is provided below:

#### **1. INCOME**

In the backdrop of the disruption caused by the pandemic, Total Income for the year ended March 31, 2020, increased marginally by 2.8% to ₹5,404.89 crores as compared to ₹5,259.53 crores in the previous year.

#### **2. COST OF SALES, WORK BILLS AND SERVICES**

The cost of sales, work bills and services during the year was ₹4,018.11 crores compared to ₹3,931.18 crores in the previous year. This cost was 75.0% of the Revenue from Operations compared to 75.1% in the previous year.

#### **3. EMPLOYEE REMUNERATION AND BENEFITS**

Employee cost for the year at ₹484.51 crores increased by 15.0% compared to ₹421.49 crores in the previous year. The employee cost was 9.0% of the Total Income compared to 8.0% in the previous year.

#### **4. OPERATING AND GENERAL EXPENSES**

Operating and General Expenses increased to ₹574.79 crores from ₹535.63 crores in the previous year. As a percentage of Total Income, the Operating and General Expenses for the year were at 10.6% compared to 10.2% in the previous year.

#### **5. FINANCIAL COST**

Financial cost for the year was at ₹29.47 crores compared to ₹47.87 crores in the previous year. The financial cost for the year decreased to 0.5% of the Total Income compared to 0.9% in the previous year.

## 6. DEPRECIATION

Depreciation charge for the year increased to ₹87.99 crores compared to ₹74.90 crores in the previous year.

## 7. PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

Profit before tax and exceptional items for FY20 decreased by 15.5% to ₹210.02 crores compared to ₹248.46 crores in FY19. Profit before tax and exceptional items was 3.9% of the Total Income compared to 4.7% in the previous year.

## 8. EXCEPTIONAL ITEMS

There was an exceptional expense (Platinum Jubilee expense) of ₹4.03 crores during the year.

## 9. PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS

Profit before tax and after exceptional items for FY20 decreased by 18.0% to ₹205.99 crores compared to ₹251.14 crores in FY19 primarily due to scale reduction. Profit before tax and after exceptional items was 3.8% of the Total Income compared to 4.8% in the previous year.

## 10. KEY FINANCIAL RATIOS

Sr No	Key Financial Ratio	UOM	FY19	FY20	% change
1	Debtors Turnover Ratio	Times	5.1	5.4	6%
2	Inventory Turnover Ratio	Times	4.2	4.6	11%
3	Interest Coverage Ratio	Times	6.2	8.1	31%
4	Current Ratio	Times	1.1	1.0	-4%
5	Debt Equity Ratio	Times	0.28	0.21	-25%
6	Operating Profit Margin (%)	(%)	6.6	5.3	-20%
7	Net Profit Margin (%)	(%)	4.7	3.9	-17%
8	Return on Net Worth	(%)	21.4	18.6	-13%

Operating Profit Margin, Net Profit Margin and Return on Net Worth for the year decreased on account of scale reduction due to business disruption caused due to COVID-19 related lockdown.

In spite of the reduction in profit, interest coverage ratio for the year improved to 8.1 (times) from 6.2 (times) in the previous year as the Company ended March, 2020, on a lower borrowing level compared to previous year due to effective management of working capital and consequently lower financial cost for the year compared to the previous year.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established an internal control system, commensurate with the size, scale and complexity of its operations. In order to enhance the standards of controls and governance, the Company has adopted COSO 2013 framework to ensure that robust internal financial controls exist in relation to operations, financial reporting and compliance. In addition, the internal audit function reviews and reports to the Audit Committee around compliance with internal controls, the efficiency and effectiveness of operations as well as key process risks. During the year, as part of the management's control testing initiative, the internal controls were tested and found effective.

## RISKS AND CONCERNS

### RISKS

The primary operating risks which could impact the Company relate to dependence on room air conditioners products sales, volatile exchange rates, interest rates, credit risks, procurement concentration risks, volatile commodity prices risks, changes in tax and other legislations as well as risks arising out of higher input costs, especially in the case of fixed price contracts, health and site safety, and changes in technology which impact the Company's product offerings. In addition, considering the current scenario, pandemic events also pose a business continuity risk, apart from a general slowdown in the global and local economy which tends to intensify risks faced by the Company. Blue Star lays great emphasis on risk management, and has put in place

a robust system for risk identification, assessment and mitigation with strong internal controls, at both business groups and corporate level. Significant risks across the entity are reviewed periodically by the Risk Committee. Further, the mitigation action plans are integrated with the internal audit plans and embedded in the strategic business plan of each business group (refer Risks and Mitigation Strategies covered in the Integrated Report on page no. 61).

### **CONCERNS**

A confluence of factors on the global and local fronts, such as geo-political equations between countries, the usage of tariff and non-tariff barriers to address trade imbalances, volatility in crude oil and commodity prices, and the speed with which the spread of COVID-19 is contained in India, could impact business and consumer confidence. The Company will continue to closely monitor the macro and micro level trends in the global and Indian economy, and will take necessary steps to address these challenges.

### **OPPORTUNITIES**

The Company's presence in multiple segments across the industry and low penetration levels in the segments in which the Company operates continue to provide the Company with opportunities to grow even under the current challenging circumstances. These opportunities have been elaborated in the Integrated Report. (refer Opportunities covered in the Integrated Report on page no. 65)

### **HUMAN RESOURCES**

The Company remains committed to nurturing and empowering its people. With caring for its people a way of life at Blue Star, the Company has been successful in fostering a people-centric cohesive trust-based culture within the organisation that has been instrumental in creating and retaining its diverse pool of intellectual capital. The Company continues in its endeavour towards embarking on employee-friendly initiatives and practices. (refer Human Capital covered in the Integrated Report on page no. 43)

### **CORPORATE OUTLOOK**

The spread of the COVID-19 pandemic and continuation of the stringent nationwide lockdown in India in the months of April and May has taken place during the peak selling season across the Company's products businesses and has significantly impacted the Company's revenue in the first quarter of FY21. The adverse impact may continue over most of FY21 depending on the speed with which the pandemic is contained and when the restrictions are lifted. The full financial impact arising from the pandemic triggered market disruption can be assessed once reasonable normalcy gets restored across the major markets and customer segments served by the Company.

The Company will continue to focus on cash flow and capital employed in these challenging conditions with increased emphasis on assessing credit risk profile of its customers. The Company will take necessary steps to provide adequate liquidity support to all its businesses as they recover from the current disruption. Accordingly, fund raising plans for the short, medium and long-term have been strategised to ensure adequate availability of capital in liquidity across all durations. The Company is also undertaking several course correction initiatives such as cost optimisation and will focus on productivity improvement measures to minimise the impact on profitability in FY21 and thereafter. The Company will endeavour to sustain this phase in a prudent, balanced and agile manner and emerge stronger once the crisis gets over to resume its growth and expansion trajectory.

# The Dynamics of Blue Star's Growth

## 5 YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

		2019-20	2018-19	2017-18	2016-17	2015-16
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### OPERATING RESULTS:

	₹ Crores	5404.89	5259.53	4558.35	4165.35	3648.35
Total Income *						
EBITDA (before exceptional items excluding other income & Finance income)	"	282.78	346.54	265.90	222.41	189.75
Profit for the year after tax	"	143.25	190.06	143.96	123.05	83.02
Dividend (Including corporate dividend tax)	"	116.11	115.92	115.54	86.46	74.59

### FINANCIAL POSITION:

	₹ Crores	19.26	19.26	19.20	19.11	17.99
Share Capital						
Shareholders' Funds	"	784.67	874.89	794.24	725.10	631.43
Borrowings (Net)	"	166.44	246.63	294.72	124.55	319.23
Net Capital Employed		869.36	1013.97	975.39	727.60	842.78

### PERFORMANCE INDICATORS:

Revenue Growth	%	2.8	15.4	9.4	14.2	14.4
Gross Margin	%	25.0	24.9	23.7	23.8	28.7
EBITDA Growth (before exceptional items excluding other income & Finance income)	%	(18.4)	30.3	19.6	17.2	13.4
EBITDA Margin (before exceptional items excluding other income & Finance income)	%	5.3	6.6	5.9	5.4	5.2
Earnings per Share	₹	14.9	19.8	15.0	12.9	8.7
Dividend per Share	₹	10.0	10.0	10.0	7.5	6.5
Book Value per Equity Share	₹	81.5	90.9	82.7	75.9	66.2
Debt Equity Ratio	Ratio	0.21	0.28	0.37	0.17	0.51
Capital Turnover Ratio	Ratio	5.7	5.3	5.3	5.0	4.6
Return on Shareholders' Funds	%	18.6	21.4	17.8	16.4	13.0
Return on Capital Employed	%	25.4	29.8	25.7	25.0	20.6

### OTHER INFORMATION:

Number of Shareholders	Nos.	53647	48068	39692	25553	19221
Number of Employees	"	2885	2812	2819	2711	2567

Note: Financial Year 2015-16 excludes operating performance of the erstwhile subsidiary, Blue Star Infotech Limited for a like-to-like comparison.

\* Revenue from Operations in this statement for FY17 and FY18 have been restated to make them comparable since the reported Revenue for FY17 includes Excise Duty and that of FY18 includes Excise Duty in Q1. Revenue from operation for FY 18 has also been adjusted and restated to make it comparable with FY19, consequent to the adoption of Ind AS 115 effective April 01, 2018.

# Business Responsibility Report

Blue Star's sustainable business practices continue to empower the organisation to continuously deliver responsible and profitable growth. The Company understands that social value creation and business growth go hand in hand. Hence, Blue Star has integrated sustainable business practices into its core business strategy and aligned it with the societal and environmental interests. The Company takes into consideration the interests of its internal and external stakeholders with equal zest. The Company seeks increasingly higher stakeholder alignment to generate sustainable value creation. To align itself to modern and sustainable management practices, Blue Star continues to imbibe the latest technologies and productivity processes which ultimately result in efficient utilisation of resources.

All products and services of the Company are designed and developed keeping in view customer experience and safety, holistic community development, and environmental protection. Blue Star also seeks involvement of employees across all levels to raise awareness, enhance engagement and ensure commitment towards the cause of sustainability.

## About this Report

This Business Responsibility Report, as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides general information about the Company and its business responsibility as required by SEBI. The following five sections cover disclosures as per the Business Responsibility Report (BRR) framework suggested by SEBI.

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company L28920MH1949PLC006870
2. Name of the Company: Blue Star Limited
3. Registered address: Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020
4. Website: www.bluestarindia.com
5. E-mail id: secretarialdesk@bluestarindia.com
6. Financial Year reported: April 1, 2019 to March 31, 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Sr No	Name of main product/services	NIC of product/services
1	Electro-Mechanical Projects and Commercial Air Conditioning Systems	43219/43229
2	Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)	28191/28192
3	Professional Electronics and Industrial Systems	NA

8. List three key products/ services that the Company manufactures/ provides (as in balance sheet):
  - i. Electro-Mechanical Projects and Commercial Air Conditioning Systems
  - ii. Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)
  - iii. Professional Electronics and Industrial Systems
9. Total number of locations where business activity is undertaken by the Company:
  - (a) Number of International Locations (Provide details of major 5):
    - i. Blue Star International FZCO (a wholly owned subsidiary): UAE
    - ii. Blue Star Qatar WLL: Qatar
    - iii. Blue Star M & E Engineering Sdn Bhd: Malaysia\*
    - iv. Blue Star Systems and Solutions LLC: UAE\*

\* held through the Company's wholly owned subsidiary, Blue Star International FZCO
  - (b) Number of National Locations: 32 offices and 5 manufacturing facilities across the country.

#### 10. Markets served by the Company:

Apart from India, the Company caters to select countries in Middle East, Africa, SAARC and ASEAN regions.

#### **Section B: Financial Details of the Company**

1. Paid up Capital (₹): 19.26 crores comprising 9,63,13,888 equity shares of ₹2 each
2. Total Turnover (₹): 4786.49 crores
3. Total profit after taxes (₹): 120.87 crores
4. Total spending on Corporate Social Responsibility (CSR) as a percentage of average net profit of the Company for last three financial years: 2.02 % (₹3.30 crores)
5. List of activities in which expenditure in 4 above has been incurred:
  - (a) Vocational Training in the areas of air conditioning and refrigeration as well as mechanical, electrical and plumbing services
  - (b) Installation of water purification systems in schools
  - (c) Construction of sanitation and hygiene facilities in schools
  - (d) Initiatives in education, health and women empowerment

#### **Section C: Other Details**

##### **1. Does the Company have any subsidiary company/companies?**

Yes. The Company has four subsidiary companies, Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL, Blue Star International FZCO and Blue Star Systems and Solutions LLC. Details of these companies are provided under Note 51 to the Consolidated Financial Statements.

##### **2. Do the subsidiary company/companies participate in the Business Responsibility (BR) Initiatives of the parent company?**

Blue Star Engineering & Electronics Limited fulfils its CSR obligations. No other subsidiary participates in the BR initiatives.

If yes, then indicate the number of such subsidiary company(s): As explained above.

##### **3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

The Company promotes BR initiatives throughout its value chain, in collaboration with the concerned internal and external stakeholders. At present, over 60% of Blue Star's business associates participate in its BR initiatives. From the start of its association with the suppliers and distributors, the Company urges them to adhere to the various aspects of sustainable business. Further, Blue Star's Whistle Blower Policy applies across its network of business associates, providing them with a robust platform to report any unethical business practices without any hesitation or fear.

#### **Section D: BR Information**

##### 1. Details of Director/Directors responsible for BR

Details of Director/Directors responsible as the BR Head for implementation of the BR policy/policies

<b>Name</b>	Vir S Advani	B Thiagarajan
<b>Designation</b>	Vice Chairman & Managing Director	Managing Director
<b>DIN</b>	01571278	01790498
<b>Telephone No</b>	+91 22 6654 4000	+91 22 6654 4000
<b>Email Id</b>	vsa@bluestarindia.com	btn@bluestarindia.com

## 2. Principle-wise BR policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs has adopted nine principles of Business Responsibility, as listed below:

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3 : Businesses should promote the well-being of all employees.

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Principle 5 : Businesses should respect and promote human rights.

Principle 6 : Business should respect, protect, and make efforts to restore the environment.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8 : Businesses should support inclusive growth and equitable development.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

### Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)

Sr No	Questions	Busines Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies in these areas	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies conform to the nine Principles of the NVGs for business responsibilities, further described under Section E below.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y



Sr No	Questions	Business Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
6	Indicate the link for the policy to be viewed online?	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	-	Y Note 1	Y Note 1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y Note 2	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Blue Star has a robust internal review mechanism for its key policies. Efforts have been made to enhance management systems and performance so that they conform to the Company's sustainability framework. On a regular basis, employees are also trained for assimilation and application of new techniques to ensure higher standards of socially responsible performance.								

Note 1: All the relevant policies are uploaded on the intranet site for information as well as implementation by internal stakeholders. Further, policies on the Code of Conduct, CSR Policy, Whistle Blower Policy, Dividend Distribution Policy, Corporate Safety Policy and E-Waste Management Policy are also available on the website of the Company.

Note 2: The Company has adopted the Whistle Blower Policy to report concerns of unethical behaviour, violation of law or regulations, or suspected fraud.

If answer to the question at serial number 1 against any principle is 'No', please explain why:

Principle	Response
Principle 7: Policy Advocacy	Blue Star is a member of various industrial and trade bodies, and plays a key role in advocating issues of the sector through them. It actively participates in industry fora, and also provides support in the formulation of relevant policies. Though the Company does not have a stated policy on advocacy currently, it continues to follow and monitor the business and regulatory environment closely. The Company leads various industry forums and provides technical and sectoral thought leadership to assist policy formulation by various bodies.

### 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO reviews to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:

The CSR Committee annually reviews the BR initiatives of the Company.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

The Company has published its Business Responsibility Report, and the same is available on the Company's website at <https://www.bluestarindia.com/investors/business-responsibility-report>. As a responsible corporate citizen, Blue Star has been undertaking numerous sustainability initiatives over the years.

### **Section E: Principle-wise Performance**

#### **Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

The trinity has always been embraced by Blue Star and continues to be an integral part of its core values and beliefs, which govern the Company's conduct. Blue Star continues to strictly adhere to fair and transparent business practices including supreme emphasis on personal integrity and ethics. The values and beliefs, referred to as the Blue Star Way, have been seamlessly integrated into its culture, with the onus resting on every employee, irrespective of their designation or profile. Each new employee, whether a campus or lateral recruit, is introduced to the Blue Star Way through a detailed classroom module in the HR training schedule. Well enumerated policies which are easily accessible on the employee portal as well as the corporate website, publicly affirm the Organisation's commitment, govern actions and provide clarity of direction.

Trust has been the building block of the Company's robust foundation. The Company has been successfully fostering high trust-based relationships with all its internal and external stakeholders, who consider it a pleasure to deal with Blue Star as the Company's fair and transparent business conduct has always resonated well with them. Blue Star's timeless basic values are: to never compromise on delivering value to its stakeholders; to be open, transparent and fair; and to maintain integrity in business. The Company has long sustained relationships with several channel partners who have been associated with Blue Star over a long period, and they have also imbibed the Company's values and beliefs in their conduct and dealings. Blue Star believes that sustainable economic growth can at best be achieved by imbibing shared growth dynamics whereby all the stakeholders, employees, business partners and the society are benefitted. The Company has a robust vigilance and control framework in place, and has implemented Enterprise Risk Management, Internal Audit and Whistle Blower Policies. All the policies and guidelines of the Company extend to its subsidiaries, joint ventures, employees, vendors, contractors, channel partners and associates.

Blue Star has put in place a robust Code of Conduct (<https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>) applicable to its directors, employees and other business partners. The code focuses on strict adherence to the Company's corporate values while delivering a world-class customer experience. Integrity in personal conduct, conflict of interests and related aspects of dealing with external stakeholders are all covered under this code. It covers issues related to ethics, bribery and corruption, and serves as a roadmap for its employees as well as those of its subsidiaries and joint ventures. The Company's core values and beliefs which are embedded in the Code of Conduct are the guiding force for all business activities and stakeholder interactions at Blue Star. The Company is committed to follow the highest standard of professionalism and business ethics. The Board Members and Senior Management affirm their compliance to the Code of Conduct through an annual declaration.

The Company's Whistle Blower Policy has been communicated to the employees and other business partners, encouraging them to report any instance of wrong-doing directly to the Company Secretary, who acts as the Ethics Officer; or to the Chairman of the Audit Committee, who is an Independent Director of the Company. As a responsible corporate body, Blue Star is particular about its financial and other disclosures on an ongoing basis in a transparent and truthful manner.

Time and again the Company through its endeavours continues to reinforce its Code of Conduct and Whistle Blower Policy. During FY20, Blue Star rolled-out e-learning modules on the Code of Conduct and Whistle Blower Policy for its employees. Likewise, with regard to the Whistle Blower Policy, the CHRO has been sending out quarterly emails to all employees reminding them of the availability of the Whistle Blower mechanism to report any concerns of unethical behaviour, violation of laws or regulations, or suspected fraud, to the Ethics Officer or the Chairman of the Audit Committee.

During 2019-20, the Ethics Committee of Blue Star investigated complaints received from whistle-blowers within and outside the Company, and initiated disciplinary action and other recovery actions as appropriate. Blue Star has an established mechanism to receive and deal with whistle blower complaints from various stakeholders.

Blue Star has been bestowed with 'The Best Governed Company' award in Listed Segment-Medium Category, for implementing best practices in Corporate Governance, by the Institute of Company Secretaries of India. This was in addition to the 'Golden Peacock Award for Excellence in Corporate Governance' and 'Golden Peacock Award for Excellence in Corporate Ethics,' won by the Company in FY20. These awards are the testimony to the highest levels of values, ethics and governance standards followed by Blue Star.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

Blue Star has been a frontrunner in areas related to sustainability and mitigating climate change. All Blue Star products rate high in energy-efficiency standards. The Company's adoption of eco-friendly refrigerants has been ahead of the industry curve. The product management and R&D teams regularly review and adopt latest technology in products across businesses, keeping in mind that these are resource-efficient and sustainable. There is a special, in-house focus on embedding the energy-efficient inverter technology across three key products of the Company, namely chillers, VRFs and wall-mounted split air conditioners. Refrigerants with low global warming potential help mitigate environmental impact and energy-efficiency concerns. Sustainability related aspects, risks as well as opportunities are integrated into the engineering and design of the Company's projects, products and services. Resources used for the production of the entire product portfolio of the Company are tracked and monitored diligently and systematically. Due to continuous product innovations with a focus on energy-efficiency and low global warming potential, power utilisation during product use at the consumer's end is systematically reduced, with lower environmental impact. The businesses strive to raise consumers' awareness of their rights through education, product labelling and details of the product composition, appropriate marketing communication, and promotion of safe usage as well as disposal of the products. The Company has been working towards higher sustainability in sourcing through a common supplier basket for multiple businesses. With respect to packaging to minimise waste, regular supplier meetings and discussions on the recommended practices as well as on optimising logistics to reduce fuel consumption and carbon footprint are being undertaken. The sourcing team provides suppliers with managerial and technical assistance for improvements in productivity, quality, cost, delivery and safety. The Company makes concerted efforts towards limiting waste in its production processes across factories. There is a continued focus on energy management, enhancement of safety practices and total productive maintenance across the Company.

Blue Star officials are part of several national and international fora which are involved in the study of the technological feasibility and performance of new eco-friendly refrigerants with low global warming potential; related safety issues, environmental impact assessments and intellectual property rights; commercial viability; as well as energy-efficiency in high ambient temperature conditions. Over the last couple of years, the Company has phased out refrigerants such as R-22 and R-134A, and replaced them with lower Global Warming Point (GWP) environmentally friendly refrigerants such as R-32 in the Room Air Conditioning segment and R-290 propane gas in the Freezer segment. In the Company's Electro-Mechanical Projects business, in 2019-20, 92.5% of the total spend was through local producers, which include micro and small vendors. As a part of Supplier Excellence programme, the Supply Chain Management team of the Company on-boarded 50 suppliers, mainly from the MSME sector, and also drove quality and process improvement projects. The Company also took the initiative of driving a supplier diversity programme, especially with respect to suppliers from OBC/SC/ST community and have 24 suppliers on-board under this programme.

Under the E-waste (Management) Rules, 2016, the Company has obtained authorisation as a Producer, to dispose all e-waste generated during business operations on a pan-India basis through an arrangement with authorised e-waste dismantlers and recyclers. The Company has been discharging its Extended Producer Responsibilities (EPR) under the e-waste rules by achieving the set target of channelising e-waste and implementing other initiatives. During the year under review, due to the outbreak of the COVID-19 pandemic and the subsequent lockdown, the Company could achieve only 82% of e-waste collection and channelisation against the set target of EPR for the year.

**Principle 3: Businesses should promote the well-being of all employees.**

Blue Star, through its continuous emphasis on employee-centric endeavours has been successful in creating a high-performing culture within the organisation. The Company highly values its people and is responsive towards their needs and well-being - thereby nurturing and empowering its employees. The Company's approach of shared growth, whereby it gives equal importance to its employees' individual growth and development along with the Company's growth, has been resonating well with the employees. The passion and fervour showcased by its employees, several of whom have been associated with the organisation since decades, and the pride they take in their association with Blue Star, is the highest testimony of the trust and confidence placed by its employees in the Company. Welfare of its employees is paramount for Blue Star. The Company has a robust HR framework in place, which it revisits and improves regularly in order to bring in a more modern and contemporary approach towards its people systems and processes. All of this is aimed at augmenting the employee-friendly ecosystem.

Blue Star has a rich and diversified workforce with employees from varied backgrounds, geographies, ethnicities, languages, genders, religions, castes and creeds. The core thinking of its people is ingrained with strong value systems, ethics, honesty, sincerity of purpose and teamwork, among many others. The total employee count of the Company was 2885 as on March 31, 2020.

Apart from this, the Company had hired 2570 persons on a temporary or contractual basis. There are no permanent employees with permanent disabilities in the organisation. 195 employees, forming 7% of the permanent staff, are members of employee associations recognised by the Company. With a strong emphasis on development of its people, Blue Star organises numerous training and developmental programmes as well as workshops for its people in addition to providing them with a well-rounded exposure to business activities, which enables them to hone their capabilities and build their career within the organisation. The Company believes in paying close attention to each employee's career graph, in relation to his/her potential and provides relevant opportunities for individual growth. Blue Star encourages job rotation which helps employees to take on new responsibilities thereby widening their exposure and enhancing their credentials. Training programmes for all-round development of workmen are also conducted at the factories.

The Company has rolled out numerous initiatives in its endeavour towards promoting a healthy work-life balance, such as flexible timing and work-from-home that keep the employees positive and energised. The Management has always been open and transparent in its dealings with the employees where an open-door policy is promoted and practised under which an employee can approach any Senior Management member to discuss ideas, suggestions or concerns.

During the year, the Company received the prestigious 'Great Place to Work™' certification. The survey results revealed that Blue Star notched a big jump in the Trust Index Grand Mean score to 75, up from 69 in 2016. With this, Blue Star is at par with the 'India Manufacturing Companies Benchmark' that has a score of 75 and within striking distance of 'India's 100 Best Companies to work for' that has a score of 84.

Blue Starites take pride in being associated with the Company and have a strong belief in the management's Vision, Competence and Ethics. They appreciate the Management for maintaining a strong and regular communication with them as well as cherish the friendly and family-like work environment.

There are 232 permanent women employees in the Management cadre in the organisation. The Company has augmented the strength of its female employees to approximately 9.2% across levels and roles in the Management cadre during FY20. The Company endorses equal gender representation across management and leadership positions, and regularly conducts programmes around women-centric initiatives, honing aspiring female contenders for Senior Management positions. The HR team is committed to create a woman-friendly ecosystem across offices, factories and work sites which encourages gender equality at all times.

With Compensation and Benefits forming an integral part of being an employer of choice, Blue Star has a well-structured Compensation and Benefits system in place, which boosts the recruitment and retention efforts of the Company. The Company's performance appraisal system is fair and transparent, and ensures higher employee satisfaction, leading to increased motivation and productivity. Besides, Blue Star's HR practices are also being strengthened with the intent to attract and retain the best-in-class talent which will help take the Company into the league of top 10 employers in the engineering industry. A strong employee engagement programme has been put in place to build energised teams across Blue Star. Largely, these encourage a culture of entrepreneurship and innovation in the Company. A full-fledged leadership development and succession planning programme has been put in place to develop the next set of leaders for Blue Star.

Safety is paramount at Blue Star and it is not compromised with, at any cost. Blue Star remains committed in its endeavour to ensure and adhere to the highest standards of safety for which regular sensitisation and training workshops are conducted, mock drills are hosted and specific safety interventions are held across Blue Star's offices and manufacturing facilities. The channel partners are also familiarised with the safety standards. Around 54,000 safety training man-days were logged during the year. This has been instrumental in fostering a 'Safety First' culture within the organisation. The capability of new sub-contractors with respect to safety requisites is evaluated before assigning contracts, and compliance to the policy is ensured through regular training, site visits and audits. All new employees, dealer technicians and contract workmen receive systematic safety training before commencing work, and regular refresher sessions are conducted in the course of work. The safety performance of various divisions of the Company is reviewed during business meetings and management review meetings. In addition, key safety performance numbers are reviewed by the Board on a quarterly basis. In the period under review, 3582 touch points (permanent employees including 184 women employees) underwent the safety skills upgradation training.

The Company has been diligently ensuring the safety of its employees amidst the current pandemic situation. During the lockdown Blue Starites had seamless access to the Company's resources to enable them to work from home. Before resuming operations, the Company's offices were thoroughly fumigated and meticulously disinfected, and Central AC systems were checked and cleaned, as well as all precautionary measures had been undertaken to provide a safe working environment for Blue

Starites. The Company has in place a set of guidelines to be complied with, by employees while travelling, working in office or at project sites, and they have been clearly informed and educated about the safety measures to be adhered to prevent the spread of COVID-19.

Besides, an app, 'Star Safe App,' which gathers daily health data of the employees, is used across Blue Star's offices to monitor the health of the employees' on a daily basis. Also, the download and usage of 'Aarogya Setu App' and another app internal to the Company's employees – 'Starry App,' have been made compulsory for all employees.

The Company lives by the principle of 'equal pay for equal work', and has a no-tolerance policy towards child labour, forced labour, sexual harassment and discriminatory employment or biases in growth opportunities for its staff members. Well-defined policies on safety at work, prevention of sexual harassment at workplace, employee welfare programmes, managerial remuneration and benefits, performance recognition, maternity benefits, medical insurance, support for education of employees' children, service awards, health and wellness, celebrations, get-togethers and sports competitions, amongst others, have been made available on the employee portal for easy access and reference.

There were no complaints related to child labour, forced or involuntary labour filed during 2019-20. In line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company organises workshops and awareness programmes at regular intervals to sensitise employees across its offices and manufacturing facilities. During the year under review, two complaints alleging sexual harassment were filed with the Company, and the cases were investigated thoroughly and resolved as per the provisions of the aforesaid Act.

**Principle 4: Businesses should respect the interests of, and be responsive towards, all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

Blue Star immensely values the contribution of its stakeholders and towards this, the Company has been effectively engaging with all of them. Effective communication being the key to effective engagement, the Company, through various programmes and meets held across the country, regularly disseminates information pertaining to its vision as well as its product and service portfolio to its stakeholders. The Company has clearly mapped its internal and external stakeholders which include employees, customers, business associates, suppliers and distributors, shareholders, bankers, regulatory authorities and industry associations, besides others, in order to understand and respond to their changing needs. Over the last 76 years, the Company, through its transparent engagement, has built high trust-based relationships with all its stakeholders which has strengthened the Company's standing and has significantly contributed in its growth.

Blue Star's dealer network is extensive and a major strength in its channel distribution businesses since dealers, as the extended arms of the Company, are responsible for quick and efficient response to customer needs all over the country. Product launch programmes and training sessions for dealers, besides performance recognition, ensure a continuing interaction with channel associates. Through an active investor relations programme which covers both individual and institutional investors, the investors are regularly apprised of the on-going performance of the Company. The Company holds regular meets with institutional investors and analysts after declaration of its financial results. During the year, the Company attends several investor conferences and also meets analysts and fund managers in group and one-on-one sessions. The corporate website contains information on all its products and services, policies, press releases, financial results, annual reports, investor updates and conference calls transcripts, amongst others.

Blue Star's CSR programmes focus primarily on disadvantaged and marginalised communities. The Company is conscious of the impact of its operations on the communities around its facilities, and is committed to contributing actively towards enhancing their living standards through interventions in skill development, water, sanitation and hygiene, health, education and women empowerment. Blue Star strongly believes in affirmative action, and has been actively involved in the development of Dalit entrepreneurs by providing them with opportunities as vendors and channel partners, as well as mentoring them on various aspects of business and communication. For the initiatives undertaken by the Company towards the society, please refer to the CSR activities enumerated in Annexure 2 to the Board's Report as well as the Social Impact section in the Integrated Report section of this report.

**Principle 5: Businesses should respect and promote human rights.**

Blue Star remains committed towards respecting and protecting human rights under all circumstances. The Company through policy advocacy, and fair and transparent business conduct which is clearly enumerated and articulated in its systems and policies, ensures strict adherence to protection of human rights and prevention of any violations thereunder.

Blue Star has formulated and adopted a Code of Conduct that is applicable to its vendors, dealers, service providers and employees to address and redress grievances of any nature including those that may lead to breach of ethics and sexual harassment. These comprise formal mechanisms which are administered through committees that review any grievance and are responsible to ensure anonymity and confidentiality of the complainants. Through regular communication and workshops, the employees have been made aware of the policy related to sexual harassment at the workplace, along with the objectives, applicability, structure of committees and the process undertaken to redress complaints. The complainants are assured of complete anonymity and confidentiality. In its commitment towards safety and security of its employees, Blue Star ensures that safety practices are adhered to at its construction sites, and continues to engage with construction suppliers through training, safety audits and checks.

There is a discreet and formal mechanism in place for all the employees to voice their concerns, if any member of the Executive Committee, which is the senior most leadership level in the Company, in person with the open-door policy in place or through a dedicated email address, which is handled and managed by only the Vice Chairman & Managing Director or the Managing Director.

**Principle 6: Business should respect, protect, and make efforts to restore the environment.**

Blue Star plays a critical role in initiatives to reduce power consumption and incorporate non-ozone depleting refrigerants with low global warming potential. The Company's room air conditioner range has always been in line with the updated energy standards prescribed by the Bureau of Energy Efficiency (BEE), and Blue Star was amongst the first companies to comply with BEE's voluntary labelling programme for inverter split air conditioners.

Effective January 1, 2018, the Government issued a notification revising the star rating plan applicable to unitary and split air conditioners. This evolved rating methodology factors in variance in higher temperature in the country and rates air conditioners accordingly. Consumers can now purchase air conditioners with higher efficiency leading to lower electricity bills. The Bureau has been increasing these standards such that the highest star rated air conditioner in 2010 has become the least rated air conditioner in 2018. The Company has complied with this revised star rating plan for all its room air conditioners to which the said notification is applicable.

Blue Star closely monitors the reduction of the use of hazardous substances in the manufacturing of its products. It consistently ensures that the products do not, at any given time, contain lead, mercury, cadmium or any such hazardous substances over the concentration value permitted by the environmental laws in India.

The manufacturing facilities are equipped with testing machines that use latest technology to aid in quality improvement as well as energy and water savings, which includes water harvesting facilities at manufacturing plants. A first-of-its-kind set-up for cold room panel manufacturing at the Wada/Ahmedabad plants incorporates an eco-friendly foaming process using cyclopentane, which is supported by the Ozone Cell, Ministry of Environment and Forests. This is in line with Blue Star's commitment to phase out CFC/HFC substances. Cyclopentane blown foam contains no ozone depleting substances and has a negligible impact on global warming. Blue Star's Wada factory is certified as a Gold-rated Green Building by the Indian Green Building Council, Hyderabad.

Blue Star's Senior Management is part of numerous domestic and international initiatives, including participation in round table discussions and workshops that focus on certification and compliance processes, as well as standards and labelling programmes. These fora centre around the use of refrigerants and technologies used in HVAC products; the economic impact of the new generation of refrigerants that come at a higher price; new kinds of patents; development of alternate and natural refrigerants; safety standards; and financial viability, amongst others.

All the manufacturing facilities of the Company have consented to operate on a zero-discharge basis, since all the wastes generated due to industrial processes are treated onsite. The Company has been filing returns with the Central Pollution Control Board under E-Waste (Management) Rules, annually.

The organisation works at optimising its water consumption through adoption of new technologies and behaviour change initiatives. The employees of Blue Star showcase their support to the cause of renewable energy at various public fora. Key business partners and associates are persuaded, supported and educated to adopt the organisation's environmental-friendly practices across the value chain. The Company has received numerous commendations from its clients for its energy-efficient products and services, projects as well as installations.

In our endeavour to utilise renewable energy, Blue Star has initiated installation of a 1MW of solar power plant at its manufacturing facility at Wada and likewise another 100kW at Dadra during FY20, both of which will result in savings in power and fuel cost to the tune of ₹90 lakhs and ₹4.8 lakhs, per annum, respectively, starting FY21.

Blue Star has implemented the use of PNG in place of diesel for heating load at Dadra. This has resulted in energy saving as well as reducing environmental pollution.

The Management of Blue Star identifies and assesses potential environmental risks from time-to-time. The Company has always been sensitive towards the environmental impact of its operations, and has proactively adopted environmentally-sustainable business practices wherever possible. Regular checks are conducted by internal and independent auditors/assessors to ensure compliance with relevant environmental regulations and policies.

There were no show-cause/legal notices from these bodies pending as on March 31, 2020. Blue Star's initiatives on clean technology, energy-efficiency and renewable energy are given in Annexure 1 to the Board's Report.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

Blue Star is very active on the industry front and through its collaborations with industrial institutions and professional bodies, endeavours to work towards the betterment of the industry as a whole. The Company aspires to drive a positive change in the industry by way of providing advocacy in matters pertaining to advancement of the industry and public good. The Company also contributes to industrial and trade bodies related to governance and administration, economic reforms, inclusive development policies, energy security, water and food security, sustainable business principles, and others, seeking to create a transformational change.

Blue Star's senior leadership has been offering its expertise and insights during the formulation of public policies through strategic partnerships with industrial bodies and consortiums at the local, national and international levels, namely, Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Refrigeration and Air-conditioning Manufacturers Association (RAMA), Bombay Chamber of Commerce & Industry (BCCI), Indian Green Building Council (IGBC), The Energy and Resource Institute (TERI), Water Quality Association (WQA), National Safety Council, and various other collective platforms or fora, to put forth the larger interests of the industry.

During the year, the Company participated in development of product standards along with BIS, and in the development of the labelling programme for deep freezers and commercial air conditioners for the first time, as well as in driving the room AC programme under the BEE as a part of the implementation of the India Cooling Action Plan through RAMA.

During the period under review, Blue Star was the only AC&R company in the world and the only other industry player from India to have been invited to the G7 Summit by the President of the French Republic, His Excellency M. Emmanuel Macron for consultations on tackling global issues such as inequalities and climate change on August 23, 2019.

**Principle 8: Businesses should support inclusive growth and equitable development.**

The Company endeavours to help less privileged, rural and urban communities in the country through its social initiatives. Blue Star's social initiatives are strategically aligned to its domain knowledge and the skill sets of its employees, who are given the opportunity to volunteer in these programmes. In the long-term, the Company is committed to preservation of the quality of air, water and food through its products, services and social initiatives. The programmes are aligned to the UN Sustainable Development Goals (SDGs), and to the country's development indices. The initiatives focus on holistic interventions in vocational training and upskilling of school dropouts in air conditioning as well as mechanical, electrical and plumbing services; building water purification systems, sanitation and hygiene facilities in Government schools around its manufacturing facilities; and supporting targeted and impact-driven interventions in the fields of education, health, women empowerment and livelihood generation. Blue Star also believes in rapid relief response, in partnership with on-ground NGOs, during times of national need, such as flood, earthquakes, and the most recent example of the COVID-19 emergency. The CSR Committee presently comprises the Managing Director along with one Non-Executive Director and an Independent Director of Blue Star Limited. The role of the CSR Committee is to review, monitor and provide strategic direction to Blue Star's CSR practices, which is well aligned to its competencies and core people skills. This Committee formulates and monitors the CSR Policy as well as recommends the annual CSR Plan of the Company to the Board, in line with Companies Act, 2013. Periodic reviews help monitor the benefits received by the community, and lead to augmenting the projects.

In addition to its CSR efforts, the Company has been supporting various philanthropic causes through its charitable trust, Blue Star Foundation, which sponsors activities in the areas of education and healthcare. Besides these, the local teams across its major offices and factories also support local initiatives to improve health, education, environment, hygiene and infrastructure for public utility. Details of the CSR activities of the Company and their impact are given in Annexure 2 to the Board's Report as well as in the Integrated Report.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

As a customer-centric organisation, the Company strives to generate the highest value for its consumers with every product or service that it offers. All its efforts are directed towards meeting and surpassing customer expectations, and creating customer delight through enhanced value creation. Blue Star's world-class products are the result of extensive research and development and incorporate cutting edge technology with stringent quality checks. The Electro-Mechanical Projects business, with 'Superior Project Delivery' as its value proposition, offers turnkey design and build solutions to its customers, which has proved to be a significant differentiator in the market place. The Company offers Gold Standard Service that has stringent response and turnaround time, adhered to by the teams for resolution of consumer complaints and breakdown calls. Blue Star has a defined mechanism in place whereby consumer insights are sought systematically across businesses through customer interactions and focused group discussions, and incorporated in product development processes. All this empowers and enables the Company to respond effectively to the changing dynamics in the markets that it operates in, giving it an edge. Blue Star is also advancing well on the digital front by imbibing latest digital technologies across its lines of businesses including applications designed for smooth and enhanced customer interface across products and services as well as ease of doing business.

Blue Star's products and services are widely accepted across countries the world over. The Company's products, services and facilities have been validated and endorsed by several certification bodies for adherence to set standards and guidelines. Blue Star's room air conditioners have cleared stringent Bureau of Energy Efficiency (BEE) norms with each passing year. The Company's air conditioning & refrigeration services are ISO 9001:2015 certified. The Company was recently certified under ISO 45001:2018 for Engineering Facilities Management and Revamp Site Operation of Customer Service Group. The manufacturing facilities have received several certifications with respect to health and safety compliance as well as quality adherence. The Company has also received multiple certifications for its products and services for international markets.

Blue Star believes in honest and sincere communication of its products and services across media. The Senior Management regularly communicates the Company's performance, market trends, and impact of change in industry policies or Government regulations, to all its stakeholders and the public at large. Blue Star adheres to all norms and standards, as well as to voluntary codes and guidelines related to marketing communication. The brand management guidelines have been institutionalised by Blue Star's Corporate Communications and Marketing Services department, which help customers identify and distinguish Blue Star's products and services. The television commercials focus on intelligent, humour-based communication, educating customers in a unique manner about the function and benefits of its products and services.

The social media pages of the brand deliver value-based communication to customers. All marketing collaterals of the Company disseminate information truthfully and factually, so that customers can exercise their freedom to consume its products and services in a responsible manner. All products are accompanied by Operation & Maintenance manuals, in line with relevant codes and specifications. The sale of products is followed by responsible and seamless integration of its related services to enhance customer experience.

Customer engagement is an on-going process at Blue Star. The Company conducts periodical surveys through external market research firms to understand customer behaviour, requirements and satisfaction levels with respect to its products and services. There are several modes by which a customer can connect with the brand for getting their enquiries, feedback or concerns addressed. A multi-platform grievance mechanism ensures that the Company officials can be contacted via phone, e-mail, website, feedback forms and letters, as deemed fit.

Out of the total calls received by the Company from customers, approximately 76% were related to complaints, of which, 0.89% complaints were pending resolution as on March 31, 2020. All the other complaints were closed satisfactorily with the customers. The dissatisfied customers of the Company generally file their cases before the consumer fora, which the Company defends appropriately. Out of the total consumer cases filed, 10 cases were resolved during 2019-20, and as on March 31, 2020, 73 cases were pending before various consumer fora. No case was filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour during the last five years. The organisation is compliant with all legal requirements pertaining to product information and labelling. In addition to the mandatory requisites, it also provides service and safety manuals to the customers as deemed appropriate. Further details with respect to the businesses and support functions of the Company have been enumerated in the Management Discussion and Analysis section and Integrated Report section of this report.

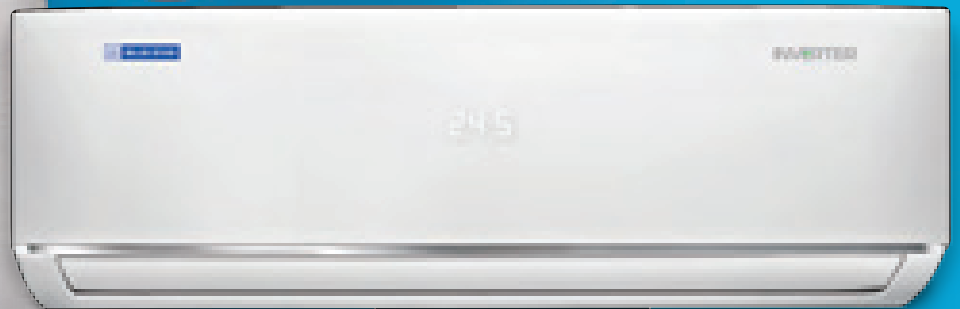




**BLUE STAR**

NOBODY COOLS BETTER™

**I CONTROL MY AC  
WITH MY VOICE.  
WHAT ABOUT YOU?**



*Virat Kohli*

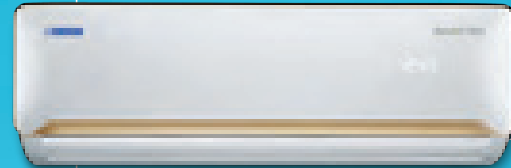
**OWNED  
BY VIRAT  
LOVED  
BY VIRAT**



**BLUE STAR**

NOBODY COOLS BETTER™

**GET 30%  
MORE COOLING  
WHEN NEEDED.**



**OWNED  
BY VIRAT  
LOVED  
BY VIRAT**



# Independent Auditor's Report on Consolidated Financial Statements

## To The Members of Blue Star Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Blue Star Limited (the "Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as the "Group") which includes the Group's share of profit/loss in its joint venture, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the subsidiary and a joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Accounting for fixed price contracts:</b></p> <p>Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations.</p> <p>(Refer Note 15, 23, 27 and 52)</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>assessed the appropriateness of the accounting policy for recognizing revenue on fixed price contracts with the requirements of Ind AS 115.</li> <li>evaluated the design and implementation of internal controls over recording of actual cost till date and estimation of total cost required to complete the performance obligations.</li> <li>tested the operating effectiveness of the said internal controls for a selected sample of contracts.</li> <li>verified the Company's measurement of the actual cost till date and the total estimated cost for completion of performance obligations.</li> <li>performed substantive tests on a sample of contracts to identify, if any, significant variations in actual costs till date and total costs required to complete the performance obligations and verified whether the revenue was recognised based on such costs after considering the effects of variations, if any, in the total costs required to complete the performance obligations.</li> <li>identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.</li> </ul>
2	<p><b>Assessment of the carrying value of trade receivables and contract assets:</b></p> <p>The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment.</p> <p>(Refer Note 12 and 15)</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets.</li> <li>tested the operating effectiveness of the said internal controls for selected samples.</li> <li>scrutinised a sample of receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties to make payment based on passage of time and/or information available with management.</li> <li>verified of subsequent receipts, for select samples, post balance sheet date.</li> <li>verified the management estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.</li> </ul>
3	<p><b>Physical verification of Inventories:</b></p> <p>The Company's management conducts physical verification of inventories during the year at reasonable intervals, however, on account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations. Management has carried out other procedures to validate the existence of its inventory as at the year end, such as obtaining confirmations from third party warehouses and carrying out consumption analysis and stock movement analysis.</p> <p>(Refer Note 11)</p>	<p>We performed following alternate procedures to audit the existence of inventories as at the year-end, since we were not able to physically observe the stock verification:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year.</li> <li>for stocks at third party warehouses, obtained direct confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at year end, on a sample basis.</li> <li>observed the physical verification of inventories carried out by management at certain locations subsequent to year end through virtual mediums, and performed roll back procedures evidencing the movement in stocks from the date of such verification to the year end, on a sample basis.</li> <li>verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.</li> </ul>

### **Information Other than the Financial Statements and Auditor's Report Thereon**

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board's Report, Management Discussion and Analysis, Business Responsibility Report and the Dynamics of Blue Star's Growth (herein after referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of subsidiary and a joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary and joint venture is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹140.63 crores as at March 31, 2020, total revenues of ₹253.56 crores and net cash inflows amounting to ₹2.11 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹2.73 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and a joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and a joint venture is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and joint venture referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and a subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture.
  - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

For **Deloitte Haskins and Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Porus Pardiwalla**  
Partner  
(Membership No. 40005)  
(UDIN No: 20040005AAAAAG3631)

Place: Mumbai  
Date : May 12, 2020



# Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

## **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Blue Star Limited (hereinafter referred to as the “Parent”) and its subsidiary company, which includes internal financial controls over financial reporting of the Company’s subsidiary company incorporated in India, as of that date.

### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent, its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Porus Pardiwalla**  
Partner  
(Membership No. 40005)  
(UDIN No: 20040005AAAAAG3631)

Place: Mumbai  
Date : May 12, 2020

# Consolidated Balance Sheet as at March 31, 2020

(₹ in crores)

	Notes	As at March 31	
		2020	2019
<b>A ASSETS</b>			
<b>1. Non-current assets</b>			
Property, plant and equipment	4	274.24	281.46
Right-of-use assets	5	55.45	-
Capital work-in-progress		56.35	30.77
Investment property	6	62.71	68.42
Intangible assets	7	51.39	50.32
Intangible assets under development		11.01	10.45
Investment in joint ventures	8	16.87	14.63
Financial assets			
- Loans	9	19.28	19.82
- Other financial assets	10	4.62	4.36
Income tax assets (net)		91.46	46.50
Deferred tax assets (net)	26	81.75	107.55
Other non-current assets	15	62.92	56.10
<b>Total non-current assets</b>		<b>788.05</b>	<b>690.38</b>
<b>2. Current assets</b>			
Inventories	11	869.82	869.32
Financial assets			
- Loans	9	14.63	11.34
- Trade receivables	12	837.67	1,112.05
- Cash and cash equivalents	13	286.15	83.86
- Other bank balances	14	7.79	17.08
Other current assets	15	635.07	566.79
Assets held for sale	4	0.08	0.14
<b>Total current assets</b>		<b>2,651.21</b>	<b>2,660.58</b>
<b>Total Assets</b>		<b>3,439.26</b>	<b>3,350.96</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
Equity share capital	16	19.26	19.26
Other equity	17	763.11	853.80
<b>Total equity</b>		<b>782.37</b>	<b>873.06</b>
Non controlling interest		2.31	1.83
<b>Total equity</b>		<b>784.68</b>	<b>874.89</b>
<b>2. Non-current liabilities</b>			
Financial liabilities			
- Borrowings	19	47.71	8.65
- Lease liabilities	21	38.54	-
Provisions	24	13.26	12.06
Government grants	25	9.38	6.45
<b>Total - non-current liabilities</b>		<b>108.89</b>	<b>27.16</b>
<b>3. Current liabilities</b>			
Financial liabilities			
- Borrowings	19	401.23	335.89
- Trade payables			
A. Total outstanding dues of micro enterprises and small enterprises	20	44.08	40.06
B. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,538.28	1,494.56
- Lease liabilities	21	21.24	-
- Other financial liabilities	22	33.37	19.98
Provisions	24	64.98	87.00
Government grants	25	3.52	4.08
Income tax liabilities (net)		1.43	0.98
Other current liabilities	23	437.56	466.36
<b>Total current liabilities</b>		<b>2,545.69</b>	<b>2,448.91</b>
<b>Total equity and liabilities</b>		<b>3,439.26</b>	<b>3,350.96</b>

The accompanying notes are an integral part of the financial statements 1 to 53

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Porus Pardiwalla**  
Partner

Mumbai: May 12, 2020

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti**

**Vir S Advani**

**Vijay Devadiga**

**Neeraj Basur**

Chairman

Vice Chairman & Managing Director

Company Secretary

Group Chief Financial Officer

DIN:00007347

DIN:01571278

# Consolidated Statement of Profit & Loss for the year ended March 31, 2020

(₹ in crores)

	Notes	Year ended March 31	
		2020	2019
Revenue from operations	27	5,360.19	5,234.84
Other income	28	44.70	24.69
<b>Total income (i)</b>		<b>5,404.89</b>	<b>5,259.53</b>
<b>Expenses</b>			
Cost of raw materials consumed (including direct project and service cost)	29	3,108.84	2,801.24
Purchase of stock-in-trade	29	917.22	959.50
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(7.95)	170.44
Employee benefits expense	30	484.51	421.49
Depreciation and amortisation expense	31	87.99	74.90
Finance costs	33	29.47	47.87
Other expenses	32	574.79	535.63
<b>Total expenses (ii)</b>		<b>5,194.87</b>	<b>5,011.07</b>
<b>Profit before exceptional items and tax (i) – (ii)</b>		<b>210.02</b>	<b>248.46</b>
<b>Profit before tax and exceptional items</b>		<b>210.02</b>	<b>248.46</b>
Exceptional items	34	(4.03)	2.68
<b>Profit before tax</b>		<b>205.99</b>	<b>251.14</b>
Tax expense			
i) current tax	26	37.27	37.01
ii) deferred tax	26	28.05	4.98
<b>Total tax expense</b>		<b>65.32</b>	<b>41.99</b>
<b>Net profit after tax</b>		<b>140.67</b>	<b>209.15</b>
Share in profit/(loss) of joint ventures		3.03	(18.75)
Non-controlling interests		(0.45)	(0.34)
<b>Profit for the year</b>		<b>143.25</b>	<b>190.06</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans		(2.94)	(4.87)
Income tax effect	26	0.93	1.55
		(2.01)	(3.32)
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Foreign currency translation reserve		4.47	0.30
Income tax effect	26	-	(0.11)
		4.47	0.19
<b>Total comprehensive income for the year</b>		<b>145.71</b>	<b>186.93</b>
<b>Earnings per share (face value of ₹2 per share)</b>	35		
Basic (in ₹)		14.87	19.75
Diluted (in ₹)		14.87	19.74

The accompanying notes are an integral part of the financial statements 1 to 53.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Porus Pardiwalla**  
Partner

Mumbai: May 12, 2020

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti**  
**Vir S Advani**  
**Vijay Devadiga**  
**Neeraj Basur**

Chairman  
Vice Chairman & Managing Director  
Company Secretary  
Group Chief Financial Officer

DIN:00007347  
DIN:01571278

# Consolidated Statement of Changes in Equity for the year ended March 31, 2020

## (A) Equity share capital

For the year ended March 31, 2020

(₹ in crores)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
19.26	-	19.26

For the year ended March 31, 2019

(₹ in crores)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
19.20	0.06	19.26

## (B) Other equity

For the year ended March 31, 2020

(₹ in crores)

Particulars	Securities premium (refer note 17)	Share based payment reserve (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income		Capital reserve on acquisition of joint venture	Total other equity
								Foreign currency translation reserve			
As at April 1, 2019	210.15	-	2.34	0.60	43.43	152.21	444.74	0.33	-	-	853.80
Transition impact of Ind AS 116 (net of tax)	-	-	-	-	-	-	(4.20)	-	-	-	(4.20)
Profit for the year	-	-	-	-	-	-	143.25	-	-	-	143.25
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(2.01)	4.47	-	-	2.46
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	<b>141.24</b>	<b>4.47</b>	-	-	<b>145.71</b>
Dividend and dividend distribution tax thereon (refer note 18)	-	-	-	-	-	-	(232.20)	-	-	-	(232.20)
<b>As at March 31, 2020</b>	<b>210.15</b>	<b>-</b>	<b>2.34</b>	<b>0.60</b>	<b>43.43</b>	<b>152.21</b>	<b>349.58</b>	<b>4.80</b>	<b>-</b>	<b>-</b>	<b>763.11</b>

For the year ended March 31, 2019

(₹ in crores)

Particulars	Securities premium (refer note 17)	Share based payment reserve (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income		Capital reserve on acquisition of joint venture	Total other equity
								Foreign currency translation reserve			
As at April 1, 2018	197.26	3.13	2.34	0.60	43.43	152.21	373.96	0.14	0.46	-	773.53
Profit for the period	-	-	-	-	-	-	190.06	-	-	-	190.06
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(3.32)	0.19	-	-	(3.13)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	<b>186.74</b>	<b>0.19</b>	-	-	<b>186.93</b>
Exercise of employee stock options	12.89	(3.13)	-	-	-	-	-	-	-	-	9.76
Dividend and dividend distribution tax thereon (refer note 18)	-	-	-	-	-	-	(115.96)	-	-	-	(115.96)
Adjustment/transfer	-	-	-	-	-	-	-	-	-	(0.46)	(0.46)
<b>As at March 31, 2019</b>	<b>210.15</b>	<b>-</b>	<b>2.34</b>	<b>0.60</b>	<b>43.43</b>	<b>152.21</b>	<b>444.74</b>	<b>0.33</b>	<b>-</b>	<b>-</b>	<b>853.80</b>

The accompanying notes are an integral part of the financial statements 1 to 53.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants  
**Porus Pardiwalla**  
 Partner

Mumbai: May 12, 2020

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti**  
**Vir S Advani**  
**Vijay Devadiga**  
**Neeraj Basur**

Chairman  
 Vice Chairman & Managing Director  
 Company Secretary  
 Group Chief Financial Officer

DIN: 00007347  
 DIN: 01571278

## Consolidated Cash Flow Statement for the year ended March 31, 2020

(₹ in crores)

	Year ended March 31	
	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>205.99</b>	<b>251.14</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Profit on sale of property, plant and equipment	-	(15.18)
Depreciation/amortisation	87.99	74.90
Amortisation of government grant	(20.29)	(1.36)
Fair value (gain)/loss on financial instruments	(5.69)	5.03
Loss/(profit) on sale of fixed assets	0.19	1.61
Bad debts written off and provision for doubtful debts	48.00	20.37
Unrealised foreign exchange loss/(gain)	11.45	(10.01)
Liabilities written back	(11.65)	(18.50)
Finance cost	29.47	47.87
Interest (income)	(7.99)	(14.14)
Dividend (income)	(1.81)	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>335.66</b>	<b>341.73</b>
Increase/(decrease) in working capital:		
Trade payables	50.99	25.98
Provisions	(6.31)	5.99
Other current liabilities	(7.35)	23.62
Trade receivables	229.38	(182.76)
Inventories	(0.50)	147.77
Loans	(2.75)	1.23
Other assets	(56.31)	(69.96)
Cash generated from operations	542.81	293.60
Direct taxes paid (net of refunds)	(85.39)	(35.19)
<b>Net cash flow from operating activities (A)</b>	<b>457.42</b>	<b>258.41</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property plant and equipment, including CWIP and capital advances	(86.04)	(108.48)
Loan given to joint venture	-	(4.46)
Payment for obligation towards guarantee given for joint venture	(19.24)	-
Proceeds from sale of property, plant and equipment	4.63	29.86
Interest received	7.44	14.06
Dividends received from joint venture	3.17	4.15
Dividends received from other investments	1.81	-
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(88.23)</b>	<b>(64.87)</b>
<b>Balance carried forward</b>	<b>369.19</b>	<b>193.54</b>

(₹ in crores)

	Year ended March 31	
	2020	2019
<b>Balance brought forward</b>	<b>369.19</b>	<b>193.54</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) from short-term borrowings	65.92	(26.65)
Proceeds from long-term borrowings	50.00	-
Repayment of long-term borrowings	(3.11)	(0.70)
Repayment of lease liabilities	(18.51)	-
Interest and bank charges*	(31.06)	(47.91)
Proceeds from fresh issue of equity capital (including securities premium)	-	9.82
Dividend paid on equity shares (including dividend distribution tax)	(230.14)	(115.35)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(166.90)</b>	<b>(180.79)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>202.29</b>	<b>12.75</b>
Cash and cash equivalents at the beginning of the year	83.86	71.11
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 13)</b>	<b>286.15</b>	<b>83.86</b>

\*Finance cost includes ₹1.34 crores capitalised in property, plant and equipment.

The accompanying notes are an integral part of the financial statements 1 to 53.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Porus Pardiwalla**  
**Partner**

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti** Chairman DIN:00007347

**Vir S Advani** Vice Chairman & Managing Director DIN:01571278

**Vijay Devadiga** Company Secretary

**Neeraj Basur** Group Chief Financial Officer

Mumbai: May 12, 2020

# Notes to Financial Statements for the year ended March 31, 2020

## 1. CORPORATE INFORMATION

Blue Star Limited (the "Parent"), a public listed company incorporated in the year 1943, and its subsidiaries (herein after referred to as the "Group"). The Group is primarily engaged in the business of manufacturing and installation of air conditioning units, commercial refrigeration units, water and air purifiers and air coolers. The Group is also into distribution and maintenance of imported professional electronics and industrial systems. The registered office of the Parent is located at Kasturi Buildings, MT Advani Chowk, Jamshedji Tata Road, Churchgate, Mumbai - 400020, Maharashtra.

The financial statements of the Group were approved by its Board of Directors on May 12, 2020.

## 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation and presentation

The Consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### (b) Basis of consolidation

#### Subsidiaries:

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of Group entities are consolidated on a line – by – line basis. If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expense, cash flows and unrealised gains/losses relating to transactions between Group entities are eliminated on consolidation.

#### Investments in joint ventures:

The Group's interests in joint ventures are accounted for using the equity method, after initially recognising investment at cost, and the carrying amount is increased or decreased to recognise the Group's share in of profit or loss of the joint venture after the date of acquisition.

### (c) Critical accounting judgments and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 36.

### (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is net off trade discounts, rebates and other similar allowances. Revenue excludes indirect taxes which are collected on behalf of Government.



**i. Revenue from sale of goods:**

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include, the establishment of the Group's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer.

**ii. Revenue from construction contracts:**

Contract revenues are recognised based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Incremental costs of obtaining a contract (such as professional fees, commission paid to acquire the contract) are recognised as assets and amortised over the term of the contract.

Contract modifications are accounted for, when additions, deletions or changes are approved either to the contract scope or contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

**iii. Revenue from sale of services:**

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on straight line basis over the period of the performance obligation.

**iv. Dividend and Interest income:**

Dividend income is accounted for when declared and the right to receive the same is established. Interest income is recognised using the effective interest method.

**v. Rental income:**

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

**(e) Government grant**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**(f) Employee benefits**

**Short-term benefits:**

Salaries, wages, short-term compensated absences and other short-term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

**Retirement benefits**

*Defined contribution plan:*

Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

*Defined benefit plan:*

The Group makes monthly contributions towards the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Group, based on an actuarial valuation.

The Group's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognised in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

- i. service cost – recognised in profit or loss;
- ii. net interest on the net liability or asset - recognised in profit or loss;
- iii. rereasurement of the net liability or asset - recognised in other comprehensive income

**Other long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

**(g) Share-based payments**

Share based payment arrangements: Equity-settled share-based payments to employees of the Group are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 38. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Group is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Group revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**(h) Leases**

**As a lessee**

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short-term leases and low value leases. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter.

Lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are rereasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non- financial assets.

The company has opted for exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

**As a lessor**

Lease income from operating leases where the Company is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term.

**(i) Foreign currencies**

The functional currency of the Group is Indian rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in profit or loss.

Foreign currency denominated non - monetary assets and liabilities that are measured at historical cost are not retranslated.

In case of foreign operations of the Group with functional currency other than the functional currency of the Group, assets and liabilities have been translated using exchange rates prevailing on the balance sheet date and items of income and expense have been translated using average exchange rates during the period. Such translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

**(j) Taxes**

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.

**i. Current income tax**

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

**ii. Deferred tax**

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**(k) Exceptional items**

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group and to assist users of financial statements in making projections of future financial performance.

**(l) Property, plant and equipment**

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses.

Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Group depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on written-down value basis over their estimated useful lives. Estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60 - 85
Roads	5
Temporary structure	3
Plant & machinery	15 - 20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - desktop, laptops	3
Computer - servers and networks	6
Leasehold improvements	6 or the life based on lease period, whichever is lower

Useful lives of plant and machinery are higher than those indicated in Schedule II to the Companies Act, 2013 based on management estimate and technical assessment made by technical expert.

Freehold land is not depreciated.

Any gain or loss arising on derecognition/disposal of an asset is included in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

**(m) Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives of intangible assets are as mentioned below:

Nature of intangible asset	Method of amortisation
Software	Straight line basis over a period of 6 years
Technical knowhow	Straight line basis over a period of 6 years

**Research and development costs**

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

**(n) Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the schedule II to the Companies Act, 2013. Investment properties are de-recognised either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising on disposal of investment properties is included in profit or loss.

**(o) Impairment of non-financial assets**

Property, plant and equipment and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

**(p) Financial instruments**

**Recognition and initial measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised by the Group when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss.

**Financial assets**

**Cash and cash equivalents**

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

**Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

**Financial liabilities and equity instruments****Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

**Other financial liabilities**

Other financial liabilities (including borrowings, financial guarantee contracts and trade and other payables) are subsequent to initial recognition, measured at amortised cost using the effective interest (EIR) method.

**Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

**Derivative financial instruments**

The Group enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge item.

**Derecognition of financial instruments**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

**Fair value measurement**

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**(q) Inventories**

Inventories including Work-in-Progress (other than construction contracts) are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**(r) Provisions and contingencies**

**Provisions**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**Warranty provisions**

The estimated liability for product warranties is recorded when products are sold/project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise being typically upto five years.

**Contingencies**

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements. However, where an inflow of economic benefits is probable, the Group discloses the same in the financial statements.

**(s) Segment reporting**

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for on the basis of the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

**(t) Earnings per share**

The Group's Earnings per Share ('EPS') is determined based on the net profit attributable to the equity shareholders of the Group.

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed using the weighted average number of common and dilutive shares outstanding during the year including share based payments, except where the result would be anti-dilutive.

## 4. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Land - leasehold	Land - freehold	Buildings	Plant and equipment	Leasehold improvements	Furniture & fixtures	Office equipment	Vehicles	Computers	Total
<b>Cost</b>										
At April 1, 2018	13.94	15.15	99.72	169.37	5.78	10.98	4.92	18.09	16.63	354.58
Additions	-	-	4.30	48.68	0.99	6.08	2.64	7.55	7.25	77.49
Transfer to investment property	-	-	(11.47)	-	-	-	-	-	-	(11.47)
Disposals	(10.53)	-	(0.07)	(1.54)	-	(1.41)	(0.55)	(1.63)	(0.01)	(15.74)
Exchange differences	-	-	-	0.09	-	0.09	0.07	0.24	0.01	0.50
At March 31, 2019	<b>3.41</b>	<b>15.15</b>	<b>92.48</b>	<b>216.60</b>	<b>6.77</b>	<b>15.74</b>	<b>7.08</b>	<b>24.25</b>	<b>23.87</b>	<b>405.35</b>
At April 1, 2019	3.41	15.15	92.48	216.60	6.77	15.74	7.08	24.25	23.87	405.35
Additions	-	0.20	1.49	36.33	0.31	0.23	1.42	5.86	5.23	51.07
Disposals	-	-	(0.11)	(2.96)	-	(0.07)	(0.18)	(3.93)	(0.10)	(7.35)
Reclassified to ROU (refer note 5)	(3.41)	-	-	-	-	-	-	-	-	(3.41)
Exchange differences	-	-	0.03	0.20	0.05	0.10	0.06	0.35	0.12	0.91
At March 31, 2020	-	<b>15.35</b>	<b>93.89</b>	<b>250.17</b>	<b>7.13</b>	<b>16.00</b>	<b>8.38</b>	<b>26.53</b>	<b>29.12</b>	<b>446.57</b>
<b>Accumulated depreciation</b>										
At April 1, 2018	0.30	-	18.48	38.91	1.53	3.00	1.12	5.34	11.90	80.58
Disposals	(0.38)	-	(0.14)	(1.01)	-	(1.15)	(0.38)	(1.01)	(0.01)	(4.08)
Reclassified to investment property	-	-	(0.51)	-	-	-	-	-	-	(0.51)
Provided during the year	0.15	-	6.73	26.27	0.90	2.75	2.31	4.82	3.97	47.90
At March 31, 2019	<b>0.07</b>	-	<b>24.56</b>	<b>64.17</b>	<b>2.43</b>	<b>4.60</b>	<b>3.05</b>	<b>9.15</b>	<b>15.86</b>	<b>123.89</b>
At April 1, 2019	0.07	-	24.56	64.17	2.43	4.60	3.05	9.15	15.86	123.89
Disposals	-	-	(0.11)	(1.97)	-	(0.07)	(0.14)	(2.86)	(0.10)	5.25
Exchange differences	-	-	-	0.12	0.06	0.06	0.04	0.25	0.08	0.61
Provided during the year	-	-	5.33	29.81	1.72	2.92	2.22	5.37	5.79	53.16
Reclassified to ROU (refer note 5)	(0.07)	-	-	-	-	-	-	-	-	(0.07)
At March 31, 2020	-	-	<b>29.78</b>	<b>92.13</b>	<b>4.21</b>	<b>7.51</b>	<b>5.17</b>	<b>11.90</b>	<b>21.63</b>	<b>172.33</b>
<b>Net book value</b>										
At March 31, 2020	-	15.35	64.11	158.04	2.92	8.49	3.21	14.63	7.49	274.24
At March 31, 2019	3.34	15.15	67.92	152.43	4.34	11.14	4.03	15.10	8.01	281.46

(₹ in crores)

Asset held for sale	As at March 31	
	2020	2019
Asset held for sale - plant and equipment	0.14	5.22
Disposal/reclassified to property, plant and equipment	(0.06)	(3.72)
Less: Impairment allowance	-	(1.36)
<b>Asset held for sale - plant and equipment</b>	<b>0.08</b>	<b>0.14</b>



## 5. RIGHT OF USE ASSETS

(₹ in crores)

Particulars	Land - leasehold	Building	Total
<b>Cost</b>			
At April 1, 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
At March 31, 2019	-	-	-
*As at date of transition April 1, 2019	3.41	51.15	54.56
Additions	-	17.14	17.14
Disposals	-	-	-
At March 31, 2020	<b>3.41</b>	<b>68.29</b>	<b>71.70</b>
<b>Accumulated depreciation</b>			
At April 1, 2018	-	-	-
Disposals	-	-	-
Provided during the year	-	-	-
At March 31, 2019	-	-	-
As at date of transition April 1, 2019	0.07	-	0.07
Disposals	-	-	-
Provided during the year	0.03	16.15	16.18
At March 31, 2020	<b>0.10</b>	<b>16.15</b>	<b>16.25</b>
<b>Net book value</b>			
At March 31, 2020	3.31	52.14	55.45
At March 31, 2019	-	-	-

\* Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. On transition, the adoption of the new standard resulted in recognition of "Right to Use" asset of ₹54.49 crores. (refer note 50).

## 6. INVESTMENT PROPERTY

Particulars	(₹ crores)
<b>Cost</b>	
At April 1, 2018	75.07
Additions	-
Transfer from property, plant and equipment	11.47
At March 31, 2019	<b>86.54</b>
Additions	-
Disposal	(1.85)
At March 31, 2020	<b>84.69</b>
<b>Depreciation</b>	
At April 1, 2018	13.20
Additions	4.41
Disposal	-
Transfer from property, plant and equipment	0.51
At March 31, 2019	<b>18.12</b>
Additions	4.13
Disposal	(0.27)
At March 31, 2020	<b>21.98</b>
<b>Net book value</b>	
At March 31, 2020	62.71
At March 31, 2019	68.42
<b>Fair value* (refer note 44)</b>	
At March 31, 2020	88.18
At March 31, 2019	96.58

\*Valuation is based on fair value assessment done by accredited independent valuer.

Movement in fair valuation of investment property	(₹ crores)
<b>At March 31, 2019</b>	<b>96.58</b>
Reduction due to disposal of investment property	(2.53)
Decrease in fair valuation	(5.87)
<b>At March 31, 2020</b>	<b>88.18</b>

### Information regarding income & expenditure of investment property

(₹ in crores)

Asset held for sale	As at March 31	
	2020	2019
Rental income derived from investment property	7.47	7.32
Direct operating expenses (including repairs and maintenance) associated with rental income	(0.89)	(0.74)
Profit arising from investment property before depreciation and indirect expenses	6.58	6.58
Less: Depreciation	4.13	4.41
Less: Adjustment/reclassification	-	0.51
Profit arising from investment property before indirect expenses	2.45	1.66

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

## 7. INTANGIBLE ASSETS

(₹ in crores)

Particulars	Technical knowhow	Software	Total
<b>Cost</b>			
At April 1, 2018	50.50	48.86	99.36
Additions	0.66	16.11	16.77
Disposals	-	(0.02)	(0.02)
At March 31, 2019	<b>51.16</b>	<b>64.95</b>	<b>116.11</b>
At April 1, 2019	51.16	64.95	116.11
Additions	0.20	15.39	15.59
Disposals	-	(0.22)	(0.22)
At March 31, 2020	<b>51.36</b>	<b>80.12</b>	<b>131.48</b>
<b>Amortisation</b>			
At April 1, 2018	18.95	24.28	43.23
Disposals	-	(0.03)	(0.03)
Provided during the year	7.97	14.62	22.59
At March 31, 2019	<b>26.92</b>	<b>38.87</b>	<b>65.79</b>
At April 1, 2019	26.92	38.87	65.79
Disposals	-	(0.22)	(0.22)
Provided during the year	7.32	7.20	14.52
At March 31, 2020	<b>34.24</b>	<b>45.85</b>	<b>80.09</b>
<b>Net book value</b>			
At March 31, 2020	17.12	34.27	51.39
At March 31, 2019	24.24	26.08	50.32

The Company evaluated the method of estimating the future economic benefits of software installed in various systems and accordingly applied straight line method for amortisation from April 1, 2019 instead of written down method. Due to change in amortisation method, the profit has increased by ₹6.95 crores.

**8. INVESTMENT IN JOINT VENTURES**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Non-current investments</b>		
<b>Investment in equity instruments</b>		
<i>Unquoted equity instruments at cost</i>		
<b>Investment in joint ventures (refer note 42)</b>		
367,500 (31 March 2019 : 367,500) fully paid equity shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	13.39	11.15
255,000 (31 March 2019 : 255,000) fully paid equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co LLC (refer note a. below)	-	-
<b>Other investment in joint venture</b>		
Investment in 49 redeemable convertible preference shares of MR 40,000 each in Blue Star M & E Engineering (Sdn) Bhd	3.48	3.48
<b>Total non-current investments</b>	<b>16.87</b>	<b>14.63</b>

**Note a. Investment in joint venture - Blue Star Oman Electro-Mechanical Co LLC**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Investment in joint venture - Blue Star Oman Electro-Mechanical Co LLC	4.34	4.34
Less: Impairment loss	(4.34)	(4.34)
<b>Balance</b>	<b>-</b>	<b>-</b>

**9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)**

(₹ in crores)

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Security deposit	14.08	14.92	13.42	9.45
Less: Allowance for doubtful deposits	-	-	(0.96)	(0.96)
Loans to employees	5.20	4.90	2.17	2.47
Loan to joint venture	4.46	4.46	-	-
Less: Allowance for doubtful loan (refer note 24)	(4.46)	(4.46)	-	-
Others	-	-	-	0.38
<b>Total loans</b>	<b>19.28</b>	<b>19.82</b>	<b>14.63</b>	<b>11.34</b>

**10. OTHER FINANCIAL ASSETS**

(₹ in crores)

Particulars	Non-current	
	31-March-20	31-March-19
Non-current bank balances (including accrued interest thereon)*	4.62	4.36
<b>Total other financial assets</b>	<b>4.62</b>	<b>4.36</b>

\*Margin money deposits with a carrying amount of ₹4.62 crores (March 31, 2019 : ₹4.36 crores) are subject to a first charge as security deposit with customers.

## 11. INVENTORIES

(Valued at lower of cost and net realisable value)

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Raw materials & components (includes in transit: ₹47.30 crores (March 31, 2019 : ₹67.33 crores))	190.94	204.04
Work-in-progress	58.83	47.09
Finished goods	261.22	236.59
Stock-in-trade	299.49	327.91
Stores and spares	59.34	53.69
<b>Total inventories</b>	<b>869.82</b>	<b>869.32</b>

The finished goods and stock-in-trade inventory includes goods-in-transit from one location to another of ₹102.89 crores (March 31, 2019: ₹17.31 crores).

The above inventory values are net of provisions made of ₹6.94 Crores (March 31, 2019 ₹8.34 Crores) for slow moving, obsolete and defective inventory.

## 12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Current	
	31-Mar-2020	31-Mar-2019
Trade receivables considered good - unsecured	837.67	1,112.05
Trade receivables which have significant increase in credit risk	43.42	37.24
Trade receivables - credit impaired	56.54	66.13
	937.63	1,215.42
Less: Allowance for doubtful debts	99.97	103.37
<b>Total trade receivables</b>	<b>837.67</b>	<b>1,112.05</b>

The movement for allowance for doubtful debts during the year in respect of trade receivables containing significant credit risk are as follows:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Opening balances as on 1 <sup>st</sup> April	103.37	161.80
Add: Allowances for doubtful debts recognised	42.60	13.20
Add: Allowances provided earlier written off as bad debts	(46.00)	(38.20)
<b>Closing balance as on 31<sup>st</sup> March</b>	<b>99.97</b>	<b>103.37</b>

**13. CASH AND CASH EQUIVALENT***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
<b>Cash and cash equivalents</b>		
<i>Balances with banks:</i>		
– On current accounts	112.55	54.59
Deposits having maturity less than 3 months	172.97	28.49
Cash on hand	0.63	0.78
<b>Total cash and cash equivalents</b>	<b>286.15</b>	<b>83.86</b>

**14. OTHER BANK BALANCES***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Other bank balances		
- Unpaid dividend*	5.38	3.31
- Cash & bank balance not available for immediate use	2.41	13.77
<b>Total other bank balances</b>	<b>7.79</b>	<b>17.08</b>

\* The company can utilise these balances only towards settlement of unpaid dividend and fractional shares.

**15. OTHER ASSETS***(₹ in crores)*

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Contract assets	-	-	406.26	356.56
Less: Allowance for doubtful contract assets	-	-	24.47	19.88
Net contract assets	-	-	381.79	336.68
Retention	-	-	89.93	70.80
Capital advances	23.60	14.38	-	-
Balance with statutory authorities	38.72	41.24	66.64	81.61
Vendor advances	-	-	52.11	47.13
Less: Allowance for doubtful vendor advances	-	-	1.00	-
Vendor advances	-	-	51.11	47.13
Prepaid expenses	0.60	0.48	34.86	26.91
Government grant receivable	-	-	8.32	3.67
Gratuity paid in advance (refer note 37)	-	-	0.22	-
Other assets	-	-	2.20	-
<b>Total other assets</b>	<b>62.92</b>	<b>56.10</b>	<b>635.07</b>	<b>566.79</b>

The movement for allowance for doubtful contract assets during the year are as follows:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Opening balances as on 1st April	19.88	15.82
Impairment loss recognised	4.59	4.06
<b>Closing balances as on 31st March</b>	<b>24.47</b>	<b>19.88</b>

Breakup of total financial assets carried at amortised cost:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Trade receivables (refer note 12)	837.67	1,112.05
Cash and cash equivalents (refer note 13)	286.15	83.86
Bank balances (refer note 14)	7.79	17.08
Loans (refer note 9)	33.91	31.16
Other financial assets (refer note 10)	4.62	4.36
<b>Total financial assets carried at amortised cost</b>	<b>1,170.14</b>	<b>1,248.51</b>

## 16. EQUITY SHARE CAPITAL

Authorised share capital	7.8% Cumulative convertible preference shares of ₹100 each		Equity shares of ₹2 each		Unclassified shares of ₹100 each		Cumulative compulsorily convertible preference shares of ₹10 each	
	No.	₹crores	No.	₹crores	No.	₹crores	No.	₹crores
<b>At April 1, 2018</b>	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
<b>At March 31, 2019</b>	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

### Terms/Rights attached to equity shares

The Parent has one class of equity shares having par value of ₹2 per share. Each share holder is entitled to one vote per share. The Parent declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

### Terms/Rights attached to 7.8% cumulative convertible preference shares and cumulative compulsorily convertible preference shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the shares of the parent in the event of increase in share capital or winding up of the parent up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

**Issued share capital***(₹ in crores)*

<b>Equity Shares of ₹2 each issued, subscribed &amp; fully paid up</b>	<b>No.</b>	<b>₹ crores</b>
<b>At April 1, 2018</b>	<b>95,999,788</b>	<b>19.20</b>
Issue of share capital - employee stock options exercised	314,100	0.06
<b>At March 31, 2019</b>	<b>96,313,888</b>	<b>19.26</b>
Issue of share capital - employee stock options exercised	-	-
<b>At March 31, 2020</b>	<b>96,313,888</b>	<b>19.26</b>

**Details of shareholders holding more than 5% shares in the company**

<b>Name of the shareholder</b>	<b>As at 31-March-20</b>		<b>As at 31-March-19</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
Vistra ITCL (India) Limited as a Trustee of Ashok M Advani Family Private Trust	11,955,601	12.41%	11,955,601	12.41%
Vistra ITCL (India) Limited as a Trustee of SMA Family Private Trust	7,719,930	8.02%	7,719,930	8.02%
Suneel Mohan Advani	2,816,496	2.92%	6,116,496	6.35%

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

*(₹ in crores)*

<b>Particulars</b>	<b>31 March</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
53,91,383 equity shares of ₹2 each of the company issued to the shareholders of Blue Star Infotech Ltd. (BSIL) as per the approved Scheme of merger of BSIL and BSIBIA with the Company, vide High Court Order dated April 16, 2016	-	-	-	-	1.08

**Shares reserved for issue under options**

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company (refer note 38).

**17. OTHER EQUITY**

**Securities premium** - Where the Parent issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Parent may issue fully paid-up bonus shares to its members out of the securities premium reserve and Parent can use this reserve for buy-back of shares.

**Share based payment** - The Parent has an employee share option scheme under which options to subscribe for the Company's shares have been granted to the key employees and directors. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to the key employees and directors as part of their remuneration. Refer to Note 38 for further details of the scheme.

**Capital redemption reserve** - Capital redemption reserve was created for buy-back of shares.

**Capital subsidy received from government** - Subsidy was received towards setting up of a factory in the state of Himachal Pradesh during the years ended March 31, 2009 and March 31, 2013.

**General reserve** - General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of bonus shares.



## 18. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Cash dividends on equity shares declared and paid :</b>		
Final dividend for the year ended on March 31, 2019 : ₹10 per share (March 31, 2018: ₹10 per share)	96.31	96.20
Dividend distribution tax on final dividend	19.79	19.76
Interim dividend for the year ended on March 31, 2020 : ₹10 per share (March 31, 2019 : ₹NIL per share)	96.31	-
Dividend distribution tax on interim dividend	19.79	-
<b>Total dividend distribution</b>	<b>232.20</b>	<b>115.96</b>

## 19. BORROWINGS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>At amortised cost</b>		
<b>Non-current borrowings</b>		
Term loan from bank (unsecured) (note a)	5.83	8.65
Term loan from bank (secured) (note b)	41.88	-
<b>Total non-current borrowings</b>	<b>47.71</b>	<b>8.65</b>
<b>Current borrowings</b>		
<b>Unsecured</b>		
Working capital demand loan (unsecured) (note c)	278.50	20.00
<b>Commercial papers</b>		
- From others (unsecured) (note e)	49.21	148.70
Packing credit loan account from banks (unsecured) (note c)	16.30	-
Cash credit/bank overdrafts (unsecured) (note c)	13.40	-
<b>Secured</b>		
Packing credit loan account from banks (secured) (note c & d)	27.80	50.50
Cash credit/bank overdrafts (secured) (note c & d)	16.02	116.69
<b>Total current borrowings</b>	<b>401.23</b>	<b>335.89</b>
Aggregate secured loans	85.70	167.19
Aggregate unsecured loans	363.24	177.35
<b>Total borrowings</b>	<b>448.94</b>	<b>344.54</b>

- Unsecured Term loan availed by one of the subsidiary Company is payable in sixteen equated quarterly installments @ 3M Libor plus 1.60% p.a (March 31, 2019 : 3M Libor plus 1.60%).
- Term Loan is secured against Plant and Machinery @ 3 months Treasury bill plus 1.90%.
- Outstanding loans carry an average interest rate of 7.40% - 9.80% p.a. (March 31, 2019 : 5.20% - 9.75% p.a.).
- Outstanding loans is secured by hypothecation of inventory and trade receivables.
- Commercial papers carry average interest rate 8.0% @ p.a. for the current year (March 31, 2019 : 7.60% p.a.). These are repayable within 80 days from the date of drawdown.

**20. DISCLOSURE AS PER SECTION 22 OF MSME ACT***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	41.93	38.13
(ii) Interest due on above	0.23	0.12
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year but without adding the interest specified under this Act).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.15	1.93
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act, 2006	2.15	1.93
	<b>44.08</b>	<b>40.06</b>

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Group.

**21. LEASE LIABILITY***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Opening balance	-	-
Addition during the year (refer note 50)	74.60	-
Add: Interest for the year	5.89	-
Paid during the year	(20.71)	-
<b>Closing balance</b>	<b>59.78</b>	-
Non-current lease liability	38.54	-
Current lease liability	21.24	-
<b>Total lease liability</b>	<b>59.78</b>	-

**22. OTHER FINANCIAL LIABILITIES***(₹ in crores)*

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Derivatives not designated as hedges</b>				
Foreign exchange forward contracts [refer note (a) below]	-	-	-	3.71
<b>Financial liabilities at amortised cost</b>				
Other deposits	-	-	6.85	7.61
Interest accrued but not due on borrowings	-	-	-	0.25
Unpaid dividend (refer note b below)	-	-	5.38	3.31
Current maturities of long term borrowings	-	-	11.44	3.02
Creditors - capital expenditure	-	-	2.43	2.08
Leave encashment payable to employees	-	-	7.27	-
<b>Total other financial liabilities</b>	-	-	<b>33.37</b>	<b>19.98</b>

**a) Foreign exchange forward contracts**

The Company enters into foreign exchange forward contracts and option contracts with the intention of reducing the foreign exchange risk of buyers credit and trade payables. The Company has also entered into commodity hedging contract with the intention of reducing the price fluctuation risk. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

**b) Unpaid Dividend**

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

**Break up of financial liabilities carried at amortised cost**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Borrowings (refer note 19 and 22)	460.38	347.56
Trade payables	1,582.36	1,534.62
Other deposits (refer note 22)	6.85	7.61
Unpaid dividend (refer note 22)	5.38	3.31
Creditors - capital expenditure (refer note 22)	2.43	2.08
Interest accrued but not due on borrowings (refer note 22)	-	0.25
Leave encashment payable to employees (refer note 22)	7.27	-
<b>Total financial liabilities carried at amortised cost</b>	<b>2,064.68</b>	<b>1,895.43</b>

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Company does not anticipate that the carrying amount would be significantly different from the value that would eventually be received or settled.

**23. OTHER CURRENT LIABILITIES**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Contract liabilities from construction contracts	90.59	60.57
Contract liabilities from annual maintenance contract services	61.18	61.82
Advances from customers	265.49	301.36
Dues to statutory bodies	17.94	25.06
Others	2.36	17.55
<b>Total other current liabilities</b>	<b>437.56</b>	<b>466.36</b>

**24. PROVISIONS**

(₹ in crores)

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 37)	-	0.53	-	0.46
Compensated absences	-	-	18.31	20.69
Provision for other employment benefits	0.10	-	4.04	3.20
Additional gratuity (refer note 37)	0.45	0.38	-	-
	<b>0.55</b>	<b>0.91</b>	<b>22.35</b>	<b>24.35</b>
<b>Other provisions</b>				
Provision for customer warranties	12.71	11.15	15.46	16.38
Provision for foreseeable loss	-	-	2.11	2.07
Provision for obligation towards guarantee given*	-	-	1.09	20.33
Other provisions	-	-	23.97	23.87
	<b>12.71</b>	<b>11.15</b>	<b>42.63</b>	<b>62.65</b>
<b>Total provisions</b>	<b>13.26</b>	<b>12.06</b>	<b>64.98</b>	<b>87.00</b>

\* The Company is a 50% (profit/loss sharing) co-venturer in Blue Star Oman Electro-Mechanical Co LLC (joint venture). During the previous year, the Company had decided to exit from the joint venture and also resolved to voluntarily liquidate the joint venture. The matter is presently before the Muscat Appellate Court.

**Provision for warranties**

(₹ in crores)

Particulars	As at
	March 31
	2020
At the beginning of the year	27.53
Add: Additional provisions made during the year	25.97
Less: Amount used during the year	23.19
Less: Effect of change in provision on account of discounting during the year	2.14
<b>At the end of the year</b>	<b>28.17</b>
Current portion	15.46
Non-current portion	12.71

**Foreseeable Loss**

A provision for foreseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

## Other Provision

(₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other provisions
At the beginning of the year	2.07	20.33	23.87
Add: Additional provisions made during the year	4.83	-	0.10
Less: Utilised during the year	4.79	19.24	-
<b>At the end of the year</b>	<b>2.11</b>	<b>1.09</b>	<b>23.97</b>

## 25. GOVERNMENT GRANTS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
At 1 <sup>st</sup> April	10.53	3.49
Additions during the year	22.67	8.40
Amortised during the year	(20.30)	(1.36)
<b>At 31<sup>st</sup> March</b>	<b>12.90</b>	<b>10.53</b>
Current	3.52	4.08
Non-current	9.38	6.45

Government grants are towards the purchase of certain items of property, plant and equipment.

## 26. INCOME TAX

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019.

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Accounting profit before tax	205.99	251.15
Other comprehensive income before tax	1.53	(5.13)
<b>At India's statutory income tax rate of 34.94%</b>	<b>207.52</b>	<b>246.02</b>
At India's statutory income tax rate	72.52	85.97
Expenses not allowed for tax purpose	8.45	4.44
Additional allowances for tax purpose	(10.24)	(16.55)
Incomes not considered for tax purpose	-	(1.64)
Savings due to tax paid at lower rate	(7.48)	(31.73)
Other	1.14	0.06
<b>Tax expense</b>	<b>64.39</b>	<b>40.55</b>
Income tax expense reported in the statement of profit and loss	65.32	41.99
Income tax effect on other comprehensive income	(0.93)	(1.44)
<b>Total current tax expense</b>	<b>64.39</b>	<b>40.55</b>

**Deferred tax**

Deferred tax relates to the following

(₹ in crores)

Particulars	Balance Sheet		Profit or Loss	
	31-March-20	31-March-19	31-March-20	31-March-19
Unabsorbed losses	-	11.60	(11.60)	11.60
Provision for loss allowance	36.39	42.05	(5.66)	(3.35)
Provisions made disallowed and allowed only on payment basis	9.65	8.90	0.75	0.41
Accelerated depreciation for tax purposes	(10.26)	(23.64)	13.38	0.83
Utilisation of MAT credit	-	-	(20.62)	(2.13)
Others (including transition impact of Ind AS 116 of ₹2.30 crores)	(4.65)	2.68	(9.63)	(19.77)
<b>Total (excluding MAT credit entitlement)</b>	<b>31.13</b>	<b>41.59</b>	<b>(33.38)</b>	<b>(12.41)</b>
Deferred tax liability recognised	-	(1.13)	1.13	-
MAT credit entitlement	50.62	67.09	4.20	7.43
<b>Total</b>	<b>81.75</b>	<b>107.55</b>	<b>(28.05)</b>	<b>(4.98)</b>

Reflected in the balance sheet as follows

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Deferred tax assets	92.01	132.32
Deferred tax liabilities	10.26	24.77
<b>Deferred tax asset, net</b>	<b>81.75</b>	<b>107.55</b>

Pursuant to the Taxation Laws (Amendment) Act, 2019 ('Act') issued by Ministry of Law and Justice (Legislative Department) which is effective from AY 2020-21, domestic companies have the option to pay corporate income tax at 25.17% ('New Tax Rate') subject to certain conditions.

The Company has made an assessment of the impact and decided to continue with the existing tax rate until utilisation of the accumulated minimum alternative tax (MAT) credit.

**27. REVENUE FROM OPERATIONS**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Revenue from operations		
Sale of products	3,410.76	3,435.21
Sale of services	528.10	476.64
Revenue from construction contracts	1,397.55	1,280.17
Other operating revenue		
Commission income	4.11	15.92
Provisions and liabilities no longer required	11.65	18.50
Others	8.02	8.40
<b>Total revenue from operations</b>	<b>5,360.19</b>	<b>5,234.84</b>

## 28. OTHER INCOME

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Interest income on		
Bank deposits	3.34	0.81
Others	4.65	13.33
Rental income (refer note 6)	7.47	7.32
Profit on redemption of mutual fund investment	1.81	-
Others	27.43	3.23
<b>Total other income</b>	<b>44.70</b>	<b>24.69</b>

## 29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Cost of material consumed	1,828.56	1,529.92
Project cost (including bought outs)	973.06	1,005.30
Amc subcontracting cost	307.22	266.02
<b>Total cost of raw material and components consumed and project related cost</b>	<b>3,108.84</b>	<b>2,801.24</b>
<b>Purchase of stock-in-trade</b>	<b>917.22</b>	<b>959.50</b>
<b>Inventories at the end of the year</b>		
Traded goods	299.49	327.91
Work-in-progress	58.83	47.09
Finished goods	261.22	236.59
	<b>619.54</b>	<b>611.59</b>
<b>Inventories at the beginning of the year</b>		
Traded goods	327.91	520.96
Work-in-progress	47.09	43.19
Finished goods	236.59	217.88
	<b>611.59</b>	<b>782.03</b>
<b>(Increase)/decrease in inventories</b>	<b>(7.95)</b>	<b>170.44</b>

## 30. EMPLOYEE BENEFIT EXPENSE

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Salaries, wages and bonus	434.65	375.93
Contribution to provident and other funds	14.51	13.21
Gratuity expense (refer note 37)	3.95	3.36
Staff welfare expenses	31.40	28.99
<b>Total employee benefit expense</b>	<b>484.51</b>	<b>421.49</b>

**31. DEPRECIATION AND AMORTISATION EXPENSES***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Depreciation on property, plant and equipment (refer note 4)	53.16	47.39
Depreciation on right of use assets (refer note 5)	16.18	-
Amortisation expenses on intangible assets (refer note 7)	14.52	22.59
Depreciation on investment properties (refer note 6)	4.13	4.92
<b>Total depreciation and amortisation expenses</b>	<b>87.99</b>	<b>74.90</b>

**32. OTHER EXPENSES***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Stores and spares consumed	13.76	14.15
Power and fuel	17.59	17.22
Rent	47.95	75.50
Repairs and maintenance		
Buildings	5.25	5.44
Plant and machinery	4.06	4.30
Others	15.00	12.70
Insurance	4.00	2.54
Rates and taxes	2.29	1.44
Advertising expenses	81.19	53.32
Sales promotion expenses	42.88	41.86
Freight and forwarding charges	84.01	87.45
Legal and professional fees	59.90	52.84
Travelling and conveyance	48.71	49.83
Commission and sale incentives	26.59	25.24
Warranty cost	25.59	21.94
Printing and stationery	4.34	4.05
Payment to auditors (refer details A below)	1.59	1.33
Corporate social responsibility expenses	3.49	3.12
Donations	0.43	0.47
Loss on sale of property, plant and equipment (net)	0.19	1.61
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	9.70	4.06
Bad debts/advances written off	46.02	
Less: Provision for bad debts	46.00	0.02
Allowances for doubtful debts and advances		17.52
Miscellaneous expenses	28.28	34.85
<b>Total other expense</b>	<b>574.79</b>	<b>535.63</b>



## A. Payment to auditors

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>As auditor</b>		
Audit fee	1.02	0.92
Limited review	0.24	0.24
Tax audit	0.08	0.07
<b>In other capacity</b>		
Other services	0.21	0.05
Reimbursement of expenses	0.04	0.05
<b>Total payment to auditors</b>	<b>1.59</b>	<b>1.33</b>

## 33. FINANCE COSTS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Interest	17.92	39.60
Bank charges	5.66	7.91
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	-	0.36
Interest on lease liability	5.89	-
<b>Total finance costs</b>	<b>29.47</b>	<b>47.87</b>

## 34. EXCEPTIONAL ITEMS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
A. Exceptional income		
Profit on sale of property, plant & equipment	-	15.18
	-	15.18
B. Exceptional expenses		
Platinum jubilee expenses*	(4.03)	(12.50)
<b>Exceptional items (net)</b>	<b>(4.03)</b>	<b>2.68</b>

\*The Parent commenced its Platinum Jubilee year on September 27, 2018. To mark the momentous milestone the parent held, throughout the year, various events and programmes, ran special media campaigns and printed special publications. Owing to the singular frequency of costs related to the milestone, such costs are recognised as exceptional.

### 35. EARNING PER SHARE (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations :

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Profit attributable to equity holders of the company for basic earnings</b>	<b>143.25</b>	<b>190.06</b>
Weighted average number of Equity shares for basic EPS (a)	9.63	9.60
ESOP issued during the year (b)		0.02
Total number of Shares (a+b)	9.63	9.62
<b>Weighted average number of equity shares adjusted for the effect of dilutions*</b>	<b>9.63</b>	<b>9.62</b>

\*The weighted average number of shares takes into account the weighted average effect of changes in equity share transactions during the year.

### 36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Group's consolidated financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on the Group's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Group's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognised.

#### Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Group. This requires exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

#### Rebates and discounts

The Group provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Group, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Group's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

#### Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

#### Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

### **Employee benefit plans**

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### **Intangible asset under development**

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

### **Impairment of financial assets**

The impairment provision for financial assets (other than trade receivables) are based on assumptions of risk of default and expected loss rates. The Group makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

### **Income taxes**

Provision of current and deferred tax liabilities is dependent on Management estimate of the allowability or otherwise of expenses incurred and other debits to profit or loss. Deferred tax assets (including MAT recoverable) are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **COVID 19 - Recoverability of assets**

In assessing the recoverability of assets such as inventories, trade receivables, contract assets and their estimated costs to completion, and other assets, based on current indicators of future economic conditions the Company expects to recover the carrying amounts of its assets. The impact of the global health pandemic, COVID 19, may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise.

## **37. EMPLOYEE BENEFITS DISCLOSURE**

### **I. Defined benefit plans**

#### **a. Gratuity**

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the profit or loss. The Company expects to contribute ₹3.78 crores to gratuity fund in 2020-21 (FY 2019-20 - ₹3.80 crores).

**Change in present value of defined benefit obligation***(₹ in crores)*

Particulars	Gratuity (funded)		Gratuity (un-funded)		Additional gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Defined benefit obligation at the beginning of the year	37.79	32.72	0.53	0.44	0.38	0.31
Current service cost	3.86	3.45		0.06	0.02	0.02
Interest cost	2.77	2.48		0.04	0.03	0.02
Benefit payments from plan assets	(3.49)	(5.69)		-	(0.02)	(0.03)
Acquisition adjustment	0.53	-	(0.53)	-	-	-
Remeasurements						
a. Due to change in demographic assumptions	-	-	-	-	-	-
b. Due to change in financial assumptions	2.07	0.58		(0.01)	0.02	0.01
c. Due to experience adjustments	0.71	4.25			0.02	0.05
<b>Defined benefit obligation at the end of the year</b>	<b>44.24</b>	<b>37.79</b>	<b>-</b>	<b>0.53</b>	<b>0.45</b>	<b>0.38</b>

**Change in fair value of plan assets***(₹ in crores)*

Particulars	Gratuity (funded)		Gratuity (un-funded)		Additional gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Fair value of plan assets at the beginning of the year	37.33	35.65	-	-	-	-
Expected return on plan assets	2.73	2.71	-	-	-	-
Contribution by employer	7.48	4.67	-	-	-	-
Actual benefits paid	(3.49)	(5.69)	-	-	-	-
Return on assets	(0.12)	(0.01)	-	-	-	-
Acquisition adjustment	0.53	-	-	-	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>44.46</b>	<b>37.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Components of defined benefit cost recognised in profit or loss***(₹ in crores)*

Particulars	Gratuity (funded)		Gratuity (un-funded)		Additional gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Current service cost	3.86	3.45	-	0.06	0.02	0.02
Interest cost	2.77	2.48	-	0.04	0.03	0.02
Expected return on plan assets	(2.73)	(2.71)	-	-		-
<b>Defined benefit cost recognised in profit or loss</b>	<b>3.90</b>	<b>3.22</b>	<b>-</b>	<b>0.10</b>	<b>0.05</b>	<b>0.04</b>

**Components of defined benefit cost recognised in other comprehensive income**

a. Due to change in demographic assumptions	-	-	-	-	0.00	-
b. Due to change in financial assumptions	2.07	0.58	-	(0.01)	0.02	0.01
c. Due to change in experience adjustments	0.71	4.25	-	-	0.02	0.05
d. (Return) on plan assets (excl. amount recognised in net interest)	0.12	(0.01)	-	-	-	-
<b>Remeasurements recognised in other comprehensive income (OCI)</b>	<b>2.90</b>	<b>4.82</b>	<b>-</b>	<b>(0.01)</b>	<b>0.04</b>	<b>0.06</b>

## Net assets/liability recognised in the statement of financial position

(₹ in crores)

Particulars	Gratuity (funded)		Gratuity (un-funded)		Additional gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Defined benefit obligation	44.24	37.79	-	0.53	0.45	0.38
Fair value of plan assets	44.46	37.33	-	-	-	-
<b>Net defined benefit liability/(asset)</b>	<b>(0.22)</b>	<b>0.46</b>	<b>-</b>	<b>0.53</b>	<b>0.45</b>	<b>0.38</b>

The major categories of plan assets of the fair value of the total plan assets are as follows:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Cash and cash equivalents	0.94	1.13
Insurance company products	32.64	11.22
Others	10.88	24.98
<b>Total</b>	<b>44.46</b>	<b>37.33</b>

The principal assumptions used in determining gratuity for the company's plan are as shown below

	Gratuity (funded)		Gratuity (un-funded)		Additional gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Discount rate	6.40%	7.30%	-	7.78%	6.40%	7.30%
Disability rate	5% of IALM-2012-14	5% of IALM-2006-08	-	-	5% of IALM-2012-14	5% of IALM-2006-08
Normal retirement age	65 years for Directors and 60 for others	65 years for Directors and 60 for others	-	-	65 years for Directors and 60 for others	65 years for Directors and 60 for others
Mortality rate	100% of IALM-2012-14	100% of IALM-2006-08	-	IALM-2008	100% of IALM-2012-14	100% of IALM-2006-08
Salary escalation rate (management-staff-directors)	7%, 3%, 10%	7%, 3%, 10%	-	7%	-	-
Attrition rate	14% throughout	14% throughout	-	3% 2% 1%	14% throughout	14% throughout

The present value of defined benefit obligation after change in assumptions are as under

(₹ in crores)

	Gratuity		Additional gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Decrease in discount rate (-/+ 0.5%)	45.49	38.73	0.46	0.39
Increase in discount rate (-/+ 0.5%)	43.07	36.83	0.44	0.37
Decrease in salary growth rate (-/+ 0.5%)	43.07	36.83	-	-
Increase in salary growth rate (-/+ 0.5%)	45.47	38.73	-	-
Decrease in attrition rate (-/+ 1% of attrition rates)	44.33	37.79	0.44	0.37
Increase in attrition rate (-/+ 1% of attrition rates)	44.19	37.79	0.44	0.37
Decrease in mortality rate (-/+ 10% of mortality rates)	44.25	37.79	0.45	0.38
Increase in mortality rate (-/+ 10% of mortality rates)	44.24	37.80	0.45	0.38

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2019-20.

The average duration of the defined benefit plan obligation at the end of the reporting year 2019-20 is 6 years.

#### b. Provident fund

In accordance to Ind AS 19, that provident Fund set up by employers which requires interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2020. The Company's contribution to the Employee's Provident Fund aggregates to ₹7.18 crores (31 March, 2019: ₹6.80 crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the Company has made for an estimated amount, provision on a prospective basis.

### II. General description of significant defined plans:

#### a. Gratuity plan

Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years' of service after continuous service for five years.

#### b. Additional gratuity

Additional gratuity is payable as per the specific rules of the company i.e. ₹5,000 for staff and ₹10,000 for managers subject to qualifying service of 15 years.

### 38. SHARE BASED PAYMENTS

The Company provides share-based payment benefit to its employees. The Employee Stock Option Plan (ESOP) was applicable upto the financial year ended March 31, 2019. There is no ESOP effective during the FY 2019-2020. The relevant details of the scheme and the grant effective till March 31, 2019 are as follows:

On 18<sup>th</sup> January 2013, the Board of Directors approved the Equity Settled ESOP Scheme 2013 (ESOS 2013) for issue of stock options to key employees and directors of the company. The Scheme was also approved by the Shareholders of the Company by a special resolution passed by postal ballot dated 7th March, 2013. According to the Scheme 2013, the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 1 to 5 years.

The exercise price of the share options under the current grants is equal to the market price of the underlying shares on the date of grant. The fair value of the share options is estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

#### a) Employee stock option scheme

Particulars	2018 -19						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
No of options (refer note b)	205,650	23,300	24,000	-	26,350	-	34,800
Method of accounting	Fair Value						
Vesting period	3	2	2	2	1	1	1
Exercise period (from date of vesting)	5	5	5	2	1	1	1
Grant date	06 Jun 2014	13 Feb 2015	29 May 2015	07 Aug 2015	28 Jan 2016	07 Mar 2016	01 Apr 2016
Expected life	5	5	5	5	5	5	5
Exercise price (in ₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Market price (in ₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Vesting conditions	Based on the performance ratings						
Method of settlement	Equity						

## b) Movement of options

Particulars	2018 -19						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Options outstanding at the beginning of the period	205,650	23,300	24,000	-	26,350	-	34,800
Options granted during the period	-	-	-	-	-	-	-
Options lapsed during the period	-	-	-	-	-	-	-
Options exercised during the period	205,650	23,300	24,000	-	26,350	-	34,800
Options outstanding at the end of the period	-	-	-	-	-	-	-
Options exercisable as on March 31	-	-	-	-	-	-	-

The weighted average share price per share at the date of exercise for stock options exercised was ₹690.80.

The range of exercise prices per share for options outstanding at the end of the year was ₹290.05 to ₹390.30.

## 39. COMMITMENTS AND CONTINGENCIES

### a. Contingent liabilities

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Claims against the group not acknowledged as debts	0.15	0.15
Sales tax matters	113.25	172.27
Excise duty matters	6.03	11.90
Service tax matters	159.00	173.67
Income tax matters	108.94	90.57
GST matters	0.07	0.07

### b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:-

At March 31, 2020, Group had commitments (net of advances) of ₹126.94 crores (March 31, 2019: ₹59.32 crores)

- c. The Company has an obligation to complete the Extended Producer Responsibility (EPR) targets, only if it is a participant in the market during the financial year in accordance with the E-Waste (Management) Rules, 2016, as amended. The Company has fulfilled its obligation for the current financial year. The Company will have an e-waste obligation for future years, only if it participates in the market in those years.

### d. Uncertain tax position

The uncertain tax position as on March 31, 2020 is ₹11.84 crores.

## 40. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Joint ventures	Country of incorporations	% of equity interest	
		As at 31-March-20	As at 31-March-19
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49.00*	49.00*
Blue Star Oman Electro-Mechanical Co LLC	Oman	51.00	51.00

\*Refer Note 42

**40. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES (Contd.)**

**Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:**

**Key Management Personnel**

Mr Vir S Advani, Vice Chairman & Managing Director  
Mr B Thiagarajan, Managing Director  
Mr Vijay Devadiga, Company Secretary  
Mr Neeraj Basur, Group Chief Financial Officer

**Non Executive and Independent Directors**

Mr Gurdeep Singh (till July 31, 2019)  
Mr Shailesh Haribhakti  
Ms Shobana Kamineni (till May 29, 2019)  
Mr Rajiv R Lulla  
Mr Dinesh Vaswani  
Mr Sam Balsara  
Mr Anil Harish  
Mrs Rumjhum Chatterjee  
Mr Arvind K Singhal  
Mrs Sunaina Murthy (w.e.f April 01, 2019)

**Relative of Director**

Mr Ashok M Advani  
Mr Suneel M Advani

**Enterprises in which a Director is/was a member/director during the year with whom company had transactions and/or balances**

KEIMED Private Limited  
Apollo Hospital Enterprises Limited  
Lifetime Wellness RX International Ltd  
Entrust Communications Pvt Ltd  
Moms Outdoor Media Solutions Pvt Ltd  
Madison Communications Pvt Ltd  
Platinum Communication Pvt Ltd  
Somany Ceramics Ltd  
IBS Fintech India Pvt Ltd

**Transactions during the period with related parties are as under:**

(₹ in crores)

Name of Related party	31-March-20		31-March-19	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
<b>Blue Star M &amp; E Engineering (Sdn) Bhd</b>		1.91		0.47
Consultancy services rendered	1.75		1.48	
Blue Star Oman Electro-Mechanical Co LLC		4.46		4.46
Loan given	-		4.46	
Recovery of remuneration expense	-		0.36	
Guarantee commission	-		0.23	



**Transactions during the period with related parties are as under (Contd.):**

(₹ in crores)

Enterprises in which Director is a member/director	31-March-20		31-March-19	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
<b>Sale of goods and services</b>				
Apollo Hospital Enterprises Ltd	2.12	-	0.47	-
Atria Convergence Technologies Pvt Ltd	-	-	0.19	0.04
KEIMED Private Ltd	-	(0.05)	0.04	-
Apollo Munich Health Insurance Co Ltd	-	-	0.01	-
Lifetime Wellness RX International Ltd	0.01	-	0.06	0.03
Madison Communications Pvt Ltd	0.10	-	0.08	0.01
Moms Outdoor Media Solutions Pvt Ltd	0.01	(0.01)	0.01	(0.01)
Platinum Communication Pvt Ltd	-	-	0.01	-
Somany Ceramics Ltd	0.02	0.01	-	-
<b>Project revenue</b>				
Apollo Hospital Enterprises Ltd	0.55	3.95	1.38	1.93
<b>Services received</b>				
Entrust Communications Pvt Ltd	-	-	0.09	(0.02)
Moms Outdoor Media Solutions Pvt Ltd	7.83	0.01	3.49	(1.70)
Madison Communications Pvt Ltd	29.78	(1.43)	36.33	(7.93)
IBS Fintech India Pvt Ltd	0.53	(0.10)	-	-
<b>Relative of director</b>				
Fees for professional services	0.43	(0.05)	0.24	(0.05)
<b>Compensation of key managerial personnel</b>				
Short term employee benefits	12.61	-	16.20	-
Sitting fees to Non Executive and Independent Directors	0.55	-	0.63	-
Commission to Non Executive and Independent Directors	0.90	-	1.49	-
Retirement benefits	0.73	-	0.64	-
<b>Total compensation paid to key management personnel</b>	<b>14.79</b>	<b>-</b>	<b>18.96</b>	<b>-</b>
<b>ESOP exercised during the year</b>				
B Thiagarajan - NIL (March 31, 2019 - 119600) equity shares of ₹2 each	-	-	3.82	-

Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the key managerial personnel are not included above.

**Corporate guarantees to related parties**

The Parent has given corporate guarantees to joint venture in the ordinary course of business to meet the working capital requirements of the joint venture.

(₹ in crores)

Name of related party	As at March 31	
	2020	2019
Blue Star Oman Electro-Mechanical Co LLC		
Corporate guarantee given (refer note 24)	-	20.33
Payment made towards invocation of corporate guarantee	19.24	-

## 41. SEGMENT INFORMATION

### A. Primary segment reporting (by business segment)

The Group's business segments are organised around product lines, as under:

- Electro Mechanical Projects and Commercial Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.
- Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.
- Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

### Segment revenues, results and other information:

(₹ in crores)

I SEGMENT REVENUE	As at March 31	
	2020	2019
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	2,826.67	2,748.11
ii. Unitary Products	2,300.61	2,268.97
iii. Professional Electronics and Industrial Systems	232.91	217.76
<b>TOTAL SEGMENT REVENUE</b>	<b>5,360.19</b>	<b>5,234.84</b>
Add: Other income	44.70	24.69
<b>TOTAL INCOME</b>	<b>5,404.89</b>	<b>5,259.53</b>

(₹ in crores)

II SEGMENT RESULT	As at March 31	
	2020	2019
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	120.26	150.85
ii. Unitary Products	162.27	185.92
iii. Professional Electronics and Industrial Systems	54.34	43.78
<b>TOTAL SEGMENT RESULT</b>	<b>336.87</b>	<b>380.55</b>
Less: i) Finance cost	29.47	47.87
ii) Other un-allocable expenditure net of un-allocable income	97.38	84.23
<b>TOTAL PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM</b>	<b>210.02</b>	<b>248.46</b>
Exceptional items	(4.03)	2.68
<b>PROFIT BEFORE TAXATION</b>	<b>205.99</b>	<b>251.14</b>

### III OTHER INFORMATION

(₹ in crores)

A. SEGMENT ASSETS	As at March 31	
	2020	2019
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,737.05	1,727.75
ii. Unitary Products	1,001.45	1,188.47
iii. Professional Electronics and Industrial Systems	76.29	57.90
<b>TOTAL SEGMENT ASSETS</b>	<b>2,814.79</b>	<b>2,974.12</b>
Add: Un-allocable corporate assets	624.47	376.84
<b>TOTAL ASSETS</b>	<b>3,439.26</b>	<b>3,350.96</b>

(₹ in crores)

B. SEGMENT LIABILITIES	As at March 31	
	2020	2019
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,288.63	1,213.19
ii. Unitary Products	697.00	719.68
iii. Professional Electronics and Industrial Systems	83.52	86.13
<b>TOTAL SEGMENT LIABILITIES</b>	<b>2,069.15</b>	<b>2,019.00</b>
Add: Un-allocable corporate liabilities	585.43	457.07
<b>TOTAL LIABILITIES</b>	<b>2,654.58</b>	<b>2,476.07</b>

(₹ in crores)

C. NON-CURRENT ASSETS	As at March 31	
	2020	2019
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	65.02	52.96
ii. Unitary Products	28.63	52.83
iii. Professional Electronics and Industrial Systems	0.50	0.44
iv. Un-allocable	74.79	14.69
<b>TOTAL</b>	<b>168.94</b>	<b>120.91</b>

(₹ in crores)

D. DEPRECIATION/AMORTISATION	As at March 31	
	2020	2019
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	25.97	33.07
ii. Unitary Products	24.04	26.01
iii. Professional Electronics and Industrial Systems	0.36	1.06
iv. Un-allocable	37.62	14.76
<b>TOTAL</b>	<b>87.99</b>	<b>74.90</b>

(₹ in crores)

E. NON CASH EXPENSES OTHER THAN DEPRECIATION	As at March 31	
	2020	2019
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	43.68	5.55
ii. Unitary Products	3.07	0.34
iii. Professional Electronics and Industrial Systems	1.23	1.76
iv. Un-allocable	0.22	0.78
<b>TOTAL</b>	<b>48.20</b>	<b>8.43</b>

**41. SEGMENT INFORMATION (Contd.)****B. Secondary segment information:***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
<b>Revenue (sales, services &amp; commission) by geographical market</b>		
India	4,842.62	4,731.57
Outside India	517.57	503.27
<b>Total</b>	<b>5,360.19</b>	<b>5,234.84</b>
<b>Carrying amount of non-current assets</b>		
India	582.38	508.90
Outside India	8.56	3.26
<b>Total</b>	<b>590.94</b>	<b>512.16</b>

**42. INTEREST IN JOINT VENTURE**

The Blue Star Group comprises of the following entities

Joint ventures	Country of incorporations	% Shareholding	
		As at 31-March-20	As at 31-March-19
<b>Foreign joint ventures - jointly controlled entities</b>			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49%	49%
Carrying amount of investment (₹ crores)		16.87	14.63
Blue Star Oman Electro-Mechanical Company LLC (refer note 1)	Oman	51%	51%
Carrying amount of investment (₹ crores) (refer note 2)		0.00	0.00

**Blue Star M & E Engineering (Sdn) Bhd**

Summarised balance sheet

*(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Current assets	86.88	82.51
Non-current assets	19.70	13.93
Current liabilities	70.28	61.35
Non-current liabilities	7.86	6.36
<b>Equity</b>	<b>28.44</b>	<b>28.73</b>

## 42. INTEREST IN JOINT VENTURE (Contd.)

(₹ in crores)

Particulars	For the year ended March 31	
	2020	2019
Revenue	113.17	102.37
Other income	2.13	4.51
Cost of raw material and components consumed	96.40	80.59
Depreciation and amortisation	0.54	0.29
Finance cost	0.18	0.15
Employee benefit	6.16	6.52
Other expenses	2.14	3.97
<b>Profit before tax</b>	<b>9.88</b>	<b>15.36</b>
Income tax expense	4.31	4.10
<b>Profit for the year</b>	<b>5.57</b>	<b>11.26</b>
<b>Group's share of profit for the year</b>	<b>2.73</b>	<b>5.53</b>

### Movement of investment in joint venture

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Investment in Joint venture	14.63	13.24
Profit for the period	2.73	5.53
Dividend received	(3.17)	(4.15)
Foreign currency translation reserve	2.68	0.01
<b>Investment in Joint venture as on March 31, 2020</b>	<b>16.87</b>	<b>14.63</b>

#### Notes:

1. The Company has 51% share holding in Blue Star Oman Electro-Mechanical Co. LLC however the profit/loss sharing is on 50-50 basis and is accounted as joint venture.
2. The Company is a 50% (profit/loss sharing) co-venturer in Blue Star Oman Electro-Mechanical Co. LLC (joint venture). During the previous year, the Company had decided to exit from the joint venture and also resolved to voluntarily liquidate the joint venture. The matter is presently before the Muscat Appellate Court.
3. The group's had no contingent liabilities or capital commitments relating to its interest in Blue Star M & E Engineering (Sdn) Bhd as at March 31, 2020 and March 31, 2019.

### 43. DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Group has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Group does not use foreign exchange forward and options contract for trading or speculative purposes. Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Profit or Loss.

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

#### a. Derivative instruments: Forward contract outstanding as at balance sheet date

Foreign currency	31-March-20		31-March-19	
	Amount in foreign currency (in lakh)	₹ crores	Amount in foreign currency (in lakh)	₹ crores
<b>Particulars of derivatives</b>				
<b>Forward cover to purchase USD, CNY &amp; EUR:</b>				
<b>Hedge of underlying payables - USD</b>				
- Other payables	73.40	55.54	125.80	87.00
<b>Hedge of underlying payables - CNY</b>				
- Other payables	726.48	77.33	1,004.23	103.31
<b>Hedge of underlying payables - EUR</b>				
- Other payables	0.86	0.71	-	-

#### b. Derivative instruments: Option contract outstanding as at balance sheet date

Foreign currency	31-March-20		31-March-19	
	Amount in foreign currency (in lakh)	₹ crores (notional value)	Amount in foreign currency (in lakh)	₹ crores (notional value)
<b>Particulars of derivatives</b>				
<b>Option cover to purchase USD &amp; CNY:</b>				
<b>Hedge of underlying payables - USD</b>				
- Other payables	59.48	45.01	-	-
<b>Hedge of underlying payables - CNY</b>				
- Other payables	353.73	37.65	-	-

#### c. Particulars of un-hedged foreign currency exposure as at the balance sheet date

Foreign currency	31-March-20		31-March-19	
	Amount in foreign currency (in lakh)	₹ crores	Amount in foreign currency (in lakh)	₹ crores
<b>Bank balances</b>				
EUR	4.03	3.34	9.09	7.06
USD	11.09	8.39	19.44	13.44
<b>Receivables</b>				
EUR	5.73	4.74	4.43	3.44
MYR	10.10	1.77	16.60	2.81
USD	50.50	38.21	176.45	122.02
JPY	109.90	0.77	21.60	0.13
CAD	2.26	1.20	-	-

**c. Particulars of un-hedged foreign currency exposure as at the balance sheet date (contd.)**

Foreign currency	31-March-20		31-March-19	
	Amount in foreign currency (in lakh)	₹ crores	Amount in foreign currency (in lakh)	₹ crores
<b>Payables</b>				
EUR	8.89	7.36	12.71	9.87
JPY	-	-	169.71	1.06
CNY	34.04	3.62	22.66	2.33
USD	113.94	86.21	137.77	95.27
AED	22.76	4.69	-	-

**44. FAIR VALUE HIERARCHY**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

**Quantitative disclosures fair value measurement hierarchy as at March 31, 2020**

Particulars	Date of valuation	Total	Quoted prices in active markets (level1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		₹ crores	₹ crores	₹ crores	₹ crores
<b>Assets for which fair values are disclosed:</b>					
Investment property (refer note 6)	March 31, 2020	88.18			88.18
Derivatives not designated as hedges					
- Foreign exchange forward contracts	March 31, 2020	2.20		2.20	-

There have been no transfers between Level 1 and Level 2 during the period.

**Quantitative disclosures fair value measurement hierarchy as at March 31, 2019**

Particulars	Date of valuation	Total	Quoted prices in active markets (level1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		₹ crores	₹ crores	₹ crores	₹ crores
<b>Assets for which fair values are disclosed:</b>					
Investment property (refer note 6)	March 31, 2019	96.58	-	-	96.58
Liability measured at fair value:					
Derivatives not designated as hedges					
- Foreign exchange forward contracts	March 31, 2019	3.71	-	3.71	-

There have been no transfers between Level 1 and Level 2 during the period.

**45. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

## Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilising foreign exchange forward contracts.

## Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD and CNY to the functional currency of the Group, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

(₹ in crores)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended March 31		For the year ended March 31	
		2020	2019	2020	2019
US Dollars	+5%	(7.01)	(2.01)	(4.56)	(1.31)
	-5%	7.01	2.01	4.56	1.31
CNY	+5%	(5.93)	0.11	(3.86)	0.07
	-5%	5.93	(0.11)	3.86	(0.07)

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly short-term borrowing and investments.

## Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

### 1. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

(₹ in crores)

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		less than 1 year	more than 1 year	
Trade receivables as on March 31, 2020	107.64	587.44	142.59	837.67
Trade receivables as on March 31, 2019	374.57	562.90	174.58	1,112.05

The requirement for impairment is analysed at each reporting date. Refer Note 12 for details on the impairment of trade receivables.

### 2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Group's maximum exposure for financial guarantees is given in Note 39.



## Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(₹ in crores)

Particulars	As at 31-March-20		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	401.23	47.71	448.94
Trade payables	1,582.36	-	1,582.36
Lease liabilities	20.47	55.43	75.91
Other financial liabilities	33.37	-	33.37
<b>Total</b>	<b>2,037.43</b>	<b>103.14</b>	<b>2,140.58</b>

(₹ in crores)

Particulars	As at 31-March-19		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	335.89	8.65	344.54
Trade payables	1,534.62	-	1,534.62
Other financial liabilities	19.98	-	19.98
<b>Total</b>	<b>1,890.49</b>	<b>8.65</b>	<b>1,899.14</b>

## 46. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Company's adjusted net debt and equity position is as follows:

### Gearing ratio:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Borrowings	460.38	347.57
Less: Cash and cash equivalents	286.15	83.86
<b>Net debt</b>	<b>174.23</b>	<b>263.71</b>
Equity	784.68	874.89
<b>Total capital</b>	<b>784.68</b>	<b>874.89</b>
<b>Capital and net debt</b>	<b>958.91</b>	<b>1,138.60</b>
<b>Gearing ratio</b>	<b>18.17%</b>	<b>23.16%</b>

**47. CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE:***(₹ in crores)*

Particulars			31-March-20
	Within 12 months	After 12 months	Total
<b>Assets</b>			
Inventories	869.82	-	869.82
Trade receivables	837.67	-	837.67
Loans	14.63	-	14.63
Other current assets	581.38	53.69	635.07
Assets held for sale	0.08	-	0.08
<b>Liabilities</b>			
Trade payables	1,582.36	-	1,582.36
Lease liabilities	21.24	-	21.24
Other financial liabilities	33.37	-	33.37
Other current liabilities	437.56	-	437.56
Provisions	64.98	-	64.98

*(₹ in crores)*

Particulars			31-March-19
	Within 12 months	After 12 months	Total
<b>Assets</b>			
Inventories	869.32	-	869.32
Trade receivables	1112.05	-	1112.05
Loans	11.34	-	11.34
Other current assets	510.69	56.10	566.79
Assets held for sale	0.14	-	0.14
<b>Liabilities</b>			
Trade payables	1,534.62	-	1,534.62
Other financial liabilities	19.98	-	19.98
Other current liabilities	466.36	-	466.36
Provisions	87.00	-	87.00

**48. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 29 IN RESPECT OF SPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES, OTHER EXPENSES AND FINANCE COST VIDE NOTE 30, 32 AND 33 IS AS FOLLOWS:***(₹ in crores)*

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Salary & wages	25.75	434.65	-	-	460.40
	(25.99)	(375.93)	-	-	(401.92)
Rent	0.89	-	47.95	-	48.84
	(0.96)	-	(75.50)	-	(76.46)
Power & fuel	1.88	-	17.59	-	19.47
	(4.01)	-	(17.22)	-	(21.23)

**48. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 29 IN RESPECT OF SPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES, OTHER EXPENSES AND FINANCE COST VIDE NOTE 30, 32 AND 33 IS AS FOLLOWS: (Contd.)**

(₹ in crores)

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Insurance	6.06	-	4.00	-	10.06
	(1.41)	-	(2.54)	-	(3.96)
Travelling & conveyance	1.09	-	48.71	-	49.80
	3.12	-	(49.83)	-	(46.71)
Printing & stationery	0.49	-	4.34	-	4.84
	(0.65)	-	(4.05)	-	(4.70)
Freight and forwarding charges	1.45	-	84.01	-	85.46
	(0.72)	-	(87.45)	-	(88.18)
Legal & professional fees	17.85	-	59.90	-	77.75
	(15.94)	-	(52.84)	-	(68.78)
Bank charges	1.93	-	-	5.66	7.59
	(2.17)	-	-	(7.91)	(10.08)

Figures in brackets are for previous year

**49. (A) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT**

(₹ in crores)

Particulars	For the year ended March 31	
	2020	2019
Employee benefit expense	21.47	19.05
Cost of raw material and components consumed	4.66	4.66
Legal and professional fees	2.51	0.66
Depreciation	10.66	11.02
Others	6.61	5.77
<b>Total</b>	<b>45.91</b>	<b>41.16</b>

**(B) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT**

(₹ in crores)

Particulars	For the year ended March 31	
	2020	2019
<b>Tangible assets</b>		
Building sheds and road	6.95	2.00
Plant and equipment	10.79	1.56
Furniture and fixtures	-	0.08
Office equipments	0.65	0.05
Vehicles	0.39	0.74
Computers	0.35	0.13
<b>Intangible assets (including under development)</b>		
Technical knowhow	3.04	4.70
Software	0.41	0.33
<b>Total</b>	<b>22.58</b>	<b>9.59</b>

## 50. LEASE

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹51.15 crores and a lease liabilities of ₹57.60 crores towards buildings. Further, the Group has recognised the Right of Use Assets of ₹3.41 crores towards Lease hold Land. The cumulative effect of applying the standard, amounting to ₹4.20 crores was debited to retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 4.50% to 9.50%.

The Group had no finance leases as on March 31, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous year to depreciation cost for the right to-use asset, and finance cost for interest accrued on lease liability.

### Practical expedients applied

In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

### Measurement of lease liabilities

	(₹ in crores)
Operating lease commitments disclosed as at March 31, 2019	10.97
(Less): Short-term leases not recognised as a liability	1.77
Add/(less): Adjustment as a result of different treatment of cancellable/non-cancellable leases	63.88
<b>Total</b>	<b>76.62</b>
Discounting impact	<b>19.02</b>
<b>Lease liability recognised as at April 1, 2019</b>	<b>57.60</b>
Of which are:	
Current lease liabilities	17.79
Non-current lease liabilities	39.81

### Measurement of right of use assets

The change in accounting policy affected the following items in the balance sheet on April 1, 2019:

- Property, plant and equipment - decrease by ₹3.34 crores (net of accumulated depreciation).
- Right-of-use assets - increase by ₹ 54.49 crores.
- Deferred tax assets - increase by ₹2.30 crores.
- Lease liabilities - increase by 57.60 crores.
- The net impact on retained earnings on April 1, 2019 was an decrease of ₹4.20 crores (net of taxes).

**b) Disclosure as per the requirement of Ind AS 116****Amounts recognised in balance sheet:***(₹ in crores)*

The balance sheet shows the following amounts relating to leases:	March 31	April 1
	2020	2019
Right-of-use assets	55.45	54.49
<b>Lease liabilities</b>		
Current	21.24	17.79
Non-current	38.54	39.81

**Amounts recognised in the statement of profit and loss:***(₹ in crores)*

The statement of profit or loss shows the following amounts relating to leases:	Notes	March 31	April 1
		2020	2019
Depreciation charge of right-of-use assets	31	16.14	-
Interest expense (included in finance costs)	33	5.89	-
Expense relating to short-term lease not included in lease liabilities	32	1.77	-
Expense relating to variable lease payments not included in lease liabilities	32	46.18	-

The total cash outflow for leases for the year ended March 31, 2020 was ₹70.72 crores.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

*(₹ in crores)*

	Amount
Not later than 1 year	20.47
Later than 1 year and not later than 5 years	42.76
Later than 5 years	12.67
<b>Total undiscounted lease liabilities</b>	<b>75.91</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Variable lease payments**

Some property leases contain variable payment terms that are linked to space used for warehouse whenever required by the Company. Variable lease payments that depends on variable space requirement are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

**Extension and termination options**

Extension and termination options are included in some of the leases across the Company. These are used to maximise operational flexibility in terms of managing the assets in the Company's operation. The majority of extension and termination options held are exercisable by both the Company and by the respective lessor. Further the company expects not to use that options.

## 51. STATUTORY GROUP INFORMATION

(*₹ in crores*)

	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)	As % of consolidated other comprehensive Income	Amount (₹ crores)	As % of consolidated Total comprehensive Income	Amount (₹ crores)
<b>Parent -</b>								
Blue Star Limited (Standalone)								
Balance at March 31, 2020	108%	849.69	84%	120.87	-70%	(1.73)	82%	119.14
Balance at March 31, 2019	110%	961.00	64%	121.79	92%	(2.89)	64%	118.90
<b>Subsidiaries -</b>								
<b>Indian</b>								
1. Blue Star Engineering & Electronics Limited								
Balance at March 31, 2020	16%	128.18	29%	41.84	-11%	(0.28)	29%	41.56
Balance at March 31, 2019	14%	121.72	27%	51.02	14%	(0.43)	27%	50.59
<b>Foreign</b>								
1. Blue Star Qatar WLL								
Balance at March 31, 2020	6%	46.09	6%	9.02	0%	-	6%	9.02
Balance at March 31, 2019	4%	35.98	4%	6.85	0%	-	4%	6.85
2. Blue Star International FZCO								
Balance at March 31, 2020	1%	10.31	4%	5.70	0%	-	4%	5.70
Balance at March 31, 2019	0%	3.88	0%	0.55	0%	-	0%	0.55
3. Blue Star Systems & Solutions LLC								
Balance at March 31, 2020	(1%)	(4.56)	(3%)	(4.86)	0%	-	(3%)	(4.86)
Balance at March 31, 2019	0%	0.56	0%	-	0%	-	0%	-
<b>Joint ventures -</b>								
(As per proportionate consolidation/investment as per the equity method)								
1. Blue Star M & E Engineering (Sdn) Bhd								
Balance at March 31, 2020	2%	13.94	2%	2.73	0%	-	2%	2.73
Balance at March 31, 2019	2%	14.08	3%	5.53	0%	-	3%	5.53
2. Blue Star Oman Electro-Mechanical Co LLC								
Balance at March 31, 2020	0%		0%		0%	0.00	0%	0.00
Balance at March 31, 2019	0%		(13%)	(24.28)	0%	0.00	-13%	(24.28)
Consolidated adjustments/eliminations								
Balance at March 31, 2020		(258.97)		(32.05)		4.47		(27.58)
Balance at March 31, 2019		(262.33)		28.60		0.19		28.79
<b>Total</b>								
<b>Balance at March 31, 2020</b>	<b>100%</b>	<b>784.68</b>	<b>100%</b>	<b>143.25</b>	<b>100%</b>	<b>2.46</b>	<b>100%</b>	<b>145.71</b>
<b>Balance at March 31, 2019</b>	<b>100%</b>	<b>874.89</b>	<b>100%</b>	<b>190.06</b>	<b>100%</b>	<b>(3.13)</b>	<b>100%</b>	<b>186.93</b>

## 52. DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

### 1. Disaggregation of revenue:

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 by offerings and contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

(₹ in crores)

Revenue by type of contract	31-March-20			31-March-19		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,033.82	1,792.85	2,826.67	1,198.61	1,547.03	2,745.64
Unitary Products	2,264.07	36.54	2,300.61	2,234.81	34.86	2,269.67
Professional Electronics and Industrial Systems	203.74	29.16	232.91	181.21	38.32	219.53
<b>Total</b>	<b>3,501.63</b>	<b>1,858.55</b>	<b>5,360.19</b>	<b>3,614.63</b>	<b>1,620.21</b>	<b>5,234.84</b>

### 2. Reconciliation of contracted price with the revenue recognised in profit or loss:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Sale of products at transaction price and construction and service contracts at contracted price	5,446.87	5,272.72
Reductions towards variable consideration components *	(110.45)	(80.70)
Revenue recognised in profit & loss	5,336.42	5,192.02

\* Reduction towards variable consideration components include discounts, service level credits, etc.

- Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹Nil crores (March 31, 2019 ₹Nil crores).
- The aggregate value of Order Book as at March 31, 2020, is ₹2,947 crores (March 31, 2019 ₹2,430 crores). Out of this, the Company expects to recognise revenue of around 58% within the next one year and the remaining thereafter.
- Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

Particulars	2019-20	2018-19
Opening balance - contract assets (net of impairment)	336.68	289.66
Opening balance - contract liabilities*	(122.39)	(85.52)
Revenue recognised during the year	(1,858.55)	(1,620.21)
Less: progress billing during the year	1,874.29	1,630.36
<b>Closing balance</b>	<b>230.03</b>	<b>214.29</b>
Closing balance contract assets (net of impairment)	381.79	336.68
Closing balance contract liabilities including income received in advance	(151.76)	(122.39)
<b>* The company has recognised revenue out of opening contract liabilities</b>	<b>122.39</b>	<b>85.52</b>

## 53. PREVIOUS YEAR COMPARATIVES

Corresponding figures for the immediately preceding period are disclosed in the financial statements. Previous years' figures have been regrouped where necessary to confirm to this year's classification.

### For and on behalf of the Board of Directors of BLUE STAR LIMITED

<b>Shailesh Haribhakti</b>	Chairman	DIN: 00007347
<b>Vir S Advani</b>	Vice Chairman & Managing Director	DIN: 01571278
<b>Vijay Devadiga</b>	Company Secretary	
<b>Neeraj Basur</b>	Group Chief Financial Officer	

Mumbai: May 12, 2020

# Independent Auditor's Report

## To The Members of Blue Star Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Blue Star Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Accounting for fixed price contracts:</b></p> <p>Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations.</p> <p>(Refer Note 15, 23, 27 and 49)</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>assessed the appropriateness of the accounting policy for recognising revenue on fixed price contracts with the requirements of Ind AS 115.</li> <li>evaluated the design and implementation of internal controls over recording of actual cost till date and estimation of total cost required to complete the performance obligations.</li> <li>tested the operating effectiveness of the said internal controls for a selected sample of contracts.</li> <li>verified the Company's measurement of the actual cost till date and the total estimated cost for completion of performance obligations for a selected sample of contracts.</li> <li>performed substantive tests on a sample of contracts to identify, if any, significant variations in actual costs till date and total costs required to complete the performance obligations and verified whether the revenue was recognised based on such costs after considering the effects of variations, if any, in the total costs required to complete the performance obligations.</li> <li>identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.</li> </ul>



Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Assessment of the carrying value of trade receivables and contract assets:</b></p> <p>The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment.</p> <p>(Refer Note 12 and 15)</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets.</li> <li>tested the operating effectiveness of the said internal controls for selected samples.</li> <li>scrutinised a sample of receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties to make payment based on passage of time and/or information available with management.</li> <li>verified of subsequent receipts, for select samples, post balance sheet date.</li> <li>verified the management estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.</li> </ul>
3	<p><b>Physical verification of Inventories:</b></p> <p>The Company's management conducts physical verification of inventories during the year at reasonable intervals, however, on account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations. Management has carried out other procedures to validate the existence of its inventory as at the year end, such as obtaining confirmations from third party warehouses and carrying out consumption analysis and stock movement analysis.</p> <p>(Refer Note 11)</p>	<p>We performed following alternate procedures to audit the existence of inventories as at the year-end, since we were not able to physically observe the stock verification:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year.</li> <li>for stocks at third party warehouses, obtained direct confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at year end, on a sample basis.</li> <li>observed the physical verification of inventories carried out by management at certain locations subsequent to year end through virtual mediums, and performed roll back procedures evidencing the movement in stocks from the date of such verification to the year end, on a sample basis.</li> <li>verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board's Report, Management Discussion and Analysis, Business Responsibility Report and the Dynamics of Blue Star's Growth (hereinafter referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's reports thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting

frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit that we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins and Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Porus Pardiwalla**  
Partner  
(Membership No. 40005)  
(UDIN No: 20040005AAAAAF4265)

Place: Mumbai  
Date : May 12, 2020

## Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls over financial reporting of Blue Star Limited (the “Company”) as of March 31, 2020 in conjunction with our audit of the standalone

Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Porus Pardiwalla**  
Partner  
(Membership No. 40005)  
(UDIN No: 20040005AAAAAF4265)

Place: Mumbai  
Date : May 12, 2020

## Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deeds of immovable properties provided to us, we report that, the title deeds comprising all the immovable properties of land and buildings which are freehold and included in property, plant and equipment, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Right of Use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. On account of the COVID-19 related lockdown restrictions, management was able to perform year end physical verification of inventories, only at certain locations, subsequent to the year-end. Reference is invited to the Key Audit Matters section of our Report, which explains the alternate procedures performed by us.
- (iii) As per the information and explanations given to us and the records produced to us for our verification, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments, and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits outstanding during/as at the year end. Hence, the provisions of Sections 73 to 76 or any other relevant provisions of the Act are not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (₹ in crores)	Amount Unpaid (₹ in crores)
Income Tax Act 1961	Income Tax	High Court	PY 1997-98, PY 1999-2000, PF 2001-02 to PY 2003-04	4.74	4.74
		ITAT	PY 2005-06 to PY 2006-07	4.94	4.20
		CIT (A)	PY 2007-08, PY 2008-09, PY 2014-15 to PY 2016-17	57.03	57.03
Local Sales Tax Act, Central Sales Tax Act and VAT Act	VAT, CST, Sales Tax, Entry Tax	Supreme Court	FY 2000-01 to FY 2010-11	7.85	7.68
		High Court	FY 1989-90 to FY 1990-91, FY 2004-05 FY 2006-07 to FY 2007-08, FY 2010-11 to FY 2012-13 and FY 2014-15 to FY 2016-17	12.99	12.86
		Tribunal and Appellate Board	FY 2000-01 to FY 2003-04 and FY 2006-07 to FY 2012-13	13.22	12.10
		Commissioner Appeals, Commercial Tax Officer and Assessing Officer (CWG)	FY 1990-91 to FY 1992-93 and FY 2000-2001 to FY 2017-18	85.24	75.11
Service tax under Finance Act 1994	Service Tax	CESTAT	FY 2002-03 to FY 2013-14	224.90	219.21
		Commissioner (Appeals)	FY 2003-04, FY 2005-06 to FY 2009-10, and FY 2012-13 to FY 2015-16	22.30	21.57
		High Court	FY 2004-05 and FY 2005-06	6.85	6.85
Customs Act, 1962 and Central Excise Act, 1944	Excise Duty and Customs	CESTAT	FY 1988-89 to FY 1995-96 and FY 2007-08 to FY 2015-16	1.85	1.82
		Commissioner (Appeals) and Superintendent	FY 1987-88 to FY 1989-90, and FY 2006-07 to FY 2017-18	4.18	4.15

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from government or has not issued any debentures.
- (ix) During the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the standalone Ind AS financial statements etc. as required by the applicable Accounting Standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence the provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Porus Pardiwalla**  
Partner  
(Membership No. 40005)  
(UDIN No: 20040005AAAAAF4265)

Place : Mumbai  
Date : May 12, 2020



# Balance Sheet as at March 31, 2020

(₹ in crores)

	Notes	As at March 31	
		2020	2019
<b>A ASSETS</b>			
<b>1. Non-current assets</b>			
Property, plant and equipment	4	250.65	256.18
Right-of-use assets	5	54.52	-
Capital work-in-progress		56.75	30.77
Investment property	6	49.81	52.85
Intangible assets	7	51.13	50.30
Intangible assets under development		11.01	10.28
Financial assets			
- Investments	8	220.88	220.88
- Loans	9	21.13	21.77
- Other financial assets	10	4.58	3.92
Income tax assets (net)		93.44	46.50
Deferred tax assets (net)	26	58.48	77.94
Other non-current assets	15	60.56	53.05
<b>Total non-current assets</b>		<b>932.94</b>	<b>824.44</b>
<b>2. Current assets</b>			
Inventories	11	849.65	857.75
Financial assets			
- Loans	9	13.87	9.91
- Trade receivables	12	745.83	1,015.95
- Cash and cash equivalents	13	218.18	21.79
- Other bank balances	14	7.79	5.62
- Other financial assets	10	2.30	0.67
Other current assets	15	543.11	503.39
Assets held for sale	4	0.08	0.14
<b>Total current assets</b>		<b>2,380.81</b>	<b>2,415.22</b>
<b>Total Assets</b>		<b>3,313.75</b>	<b>3,239.66</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
Equity share capital	16	19.26	19.26
Other equity	17	830.43	941.74
<b>Total equity</b>		<b>849.69</b>	<b>961.00</b>
<b>2. Non-current liabilities</b>			
Financial liabilities			
- Borrowings	19	41.88	-
- Lease liabilities	21	37.72	-
- Other financial liabilities	22	-	0.05
Provisions	24	13.13	11.50
Government grants	25	9.38	6.45
<b>Total - non-current liabilities</b>		<b>102.11</b>	<b>18.00</b>
<b>3. Current liabilities</b>			
Financial liabilities			
- Borrowings	19	449.04	364.42
- Trade payables			
A. Total outstanding dues of micro enterprises and small enterprises	20	44.08	40.06
B. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,394.49	1,384.85
- Lease liabilities	21	21.42	-
- Other financial liabilities	22	30.18	16.72
Provisions	24	53.19	76.09
Government grants	25	3.52	4.08
Other current liabilities	23	366.03	374.44
<b>Total - current liabilities</b>		<b>2,361.95</b>	<b>2,260.66</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>3,313.75</b>	<b>3,239.66</b>

The accompanying notes are an integral part of the financial statements 1 to 51.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Porus Pardiwalla**  
**Partner**

Mumbai: May 12, 2020

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti**

**Vir S Advani**

**Vijay Devadiga**

**Neeraj Basur**

Chairman

Vice Chairman & Managing Director

Company Secretary

Group Chief Financial Officer

DIN:00007347

DIN:01571278

## Statement of Profit and Loss for the year ended March 31, 2020

(₹ in crores)

	Notes	Year ended March 31	
		2020	2019
Revenue from operations	27	4,786.49	4,783.70
Other income	28	73.43	23.11
<b>Total income (I)</b>		<b>4,859.92</b>	<b>4,806.81</b>
<b>Expenses</b>			
Cost of raw materials consumed (including direct project and service cost)	29	2,866.96	2,638.31
Purchase of stock-in-trade	29	738.98	790.74
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	0.53	166.99
Employee benefits expense	30	414.95	372.69
Depreciation and amortisation expense	31	84.34	69.18
Finance costs	33	32.37	44.92
Other expenses	32	550.09	517.68
<b>Total expenses (II)</b>		<b>4,688.22</b>	<b>4,600.51</b>
<b>Profit before exceptional items and tax (I) – (II)</b>		<b>171.70</b>	<b>206.30</b>
Exceptional items	34	(4.03)	(26.45)
<b>Profit before tax</b>		<b>167.67</b>	<b>179.85</b>
Tax expense			
i) Current tax	26	25.04	28.59
ii) Deferred tax	26	21.76	29.47
<b>Total tax expense</b>		<b>46.80</b>	<b>58.06</b>
<b>Net profit after tax</b>		<b>120.87</b>	<b>121.79</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans		(2.66)	(4.44)
Income tax effect	26	0.93	1.55
<b>Other comprehensive income for the year</b>		<b>(1.73)</b>	<b>(2.89)</b>
<b>Total comprehensive income for the year</b>		<b>119.14</b>	<b>118.90</b>
<b>Earnings per share</b>	35		
Basic (in ₹)		12.55	12.66
Diluted (in ₹)		12.55	12.65

The accompanying notes are an integral part of the financial statements 1 to 51.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Porus Pardiwalla**  
Partner

Mumbai: May 12, 2020

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti**

Chairman

DIN: 00007347

**Vir S Advani**

Vice Chairman & Managing Director

DIN: 01571278

**Vijay Devadiga**

Company Secretary

**Neeraj Basur**

Group Chief Financial Officer

## Statement of Changes in Equity for the year ended March 31, 2020

### (A) Equity share capital

For the year ended March 31, 2020

(₹ in crores)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
19.26	-	19.26

For the year ended March 31, 2019

(₹ in crores)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
19.20	0.06	19.26

### (B) Other Equity

For the year ended March 31, 2020

(₹ in crores)

Particulars	Securities premium (refer note 17)	Share based payment reserve (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	General reserve (refer note 17)	Retained earning	Total other equity
Balance as at April 1, 2019	210.15	-	2.34	0.60	326.05	402.60	941.74
Transition impact of Ind AS 116 (net of tax)	-	-	-	-	-	(4.28)	(4.28)
Profit for the year	-	-	-	-	-	120.87	120.87
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(1.73)	(1.73)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>119.14</b>	<b>119.14</b>
Dividend and dividend distribution tax thereon (refer note 18)	-	-	-	-	-	(226.17)	(226.17)
<b>Balance as at March 31, 2020</b>	<b>210.15</b>	-	<b>2.34</b>	<b>0.60</b>	<b>326.05</b>	<b>291.29</b>	<b>830.43</b>

For the year ended March 31, 2019

(₹ in crores)

Particulars	Securities premium (refer note 17)	Share based payment reserve (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	General reserve (refer note 17)	Retained earning	Total other equity
Balance as at April 1, 2018	197.26	3.13	2.34	0.60	326.05	399.67	929.05
Profit for the year	-	-	-	-	-	121.79	121.79
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(2.89)	(2.89)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>118.90</b>	<b>118.90</b>
Exercise of employee stock options	12.89	(3.13)	-	-	-	-	9.76
Dividend and dividend distribution tax thereon (refer note 18)	-	-	-	-	-	(115.97)	(115.97)
<b>Balance as at March 31, 2019</b>	<b>210.15</b>	-	<b>2.34</b>	<b>0.60</b>	<b>326.05</b>	<b>402.60</b>	<b>941.74</b>

The accompanying notes are an integral part of the financial statements 1 to 51.

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants  
**Porus Pardiwalla**  
 Partner  
 Mumbai: May 12, 2020

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti**  
**Vir S Advani**  
**Vijay Devadiga**  
**Neeraj Basur**

Chairman  
 Vice Chairman & Managing Director  
 Company Secretary  
 Group Chief Financial Officer

DIN:00007347  
 DIN:01571278

## Cash Flow Statement for the year ended March 31, 2020

(₹ in crores)

	Year ended March 31	
	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>167.67</b>	<b>179.85</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Provision for financial obligation and impairment of investment in joint venture	-	29.13
Profit on sale of property, plant and equipment	-	(15.18)
Depreciation/amortisation	84.34	69.18
Amortisation of government grant	(20.29)	(1.36)
Fair value (gain)/loss on financial instruments	(5.65)	4.95
Loss on sale of property, plant and equipment	0.40	1.60
Bad debts written off and provision for doubtful debts	45.91	20.74
Unrealised foreign exchange loss/(gain)	11.77	(9.79)
Liabilities written back	(6.25)	(15.70)
Finance cost	32.37	44.92
Interest (income)	(5.20)	(13.14)
Dividend (income)	(33.11)	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>271.96</b>	<b>295.20</b>
Increase/(decrease) in working capital :		
Trade payables	10.80	13.85
Provisions	(10.94)	1.83
Other current liabilities	10.49	(41.26)
Trade receivables	226.21	(228.41)
Inventories	8.10	144.33
Loans	(3.32)	0.74
Other assets	(41.61)	(11.07)
Cash generated from operations	471.69	175.21
Direct taxes paid (net of refunds)	(73.35)	(27.95)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>398.34</b>	<b>147.26</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, including CWIP and capital advances	(85.09)	(106.45)
Payment for obligation towards guarantee for joint venture	(19.24)	-
Purchase of investments in subsidiary	-	(4.96)
Loan given to joint venture	-	(4.46)
Proceeds from sale of property, plant and equipment	2.14	29.84
Interest received	4.67	13.07
Dividends received	33.11	-
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(64.41)</b>	<b>(72.96)</b>
<b>Balance carried forward</b>	<b>333.93</b>	<b>74.30</b>

(₹ in crores)

	Year ended March 31	
	2020	2019
<b>Balance brought forward</b>	<b>333.93</b>	<b>74.30</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) from short-term borrowings (net)	39.63	15.84
Proceeds from long-term borrowings	50.00	-
Inter corporate deposit received from subsidiary	45.00	30.00
Repayment of lease liabilities	(15.07)	-
Interest and bank charges*	(33.00)	(44.96)
Proceeds from fresh issue of equity capital (including securities premium)	-	9.82
Dividend paid on equity shares (including dividend distribution tax)	(224.10)	(115.35)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(137.54)</b>	<b>(104.65)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>196.39</b>	<b>(30.35)</b>
Cash and cash equivalents at the beginning of the year	21.79	52.14
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 13)</b>	<b>218.18</b>	<b>21.79</b>

\* Finance cost includes ₹1.34 crores capitalised in property, plant and equipment.

The accompanying notes are an integral part of the financial statements 1 to 51.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Porus Pardiwalla**  
**Partner**

**For and on behalf of the Board of Directors of**  
**BLUE STAR LIMITED**

**Shailesh Haribhakti** Chairman DIN:00007347

**Vir S Advani** Vice Chairman & Managing Director DIN:01571278

**Vijay Devadiga** Company Secretary

**Neeraj Basur** Group Chief Financial Officer

Mumbai: May 12, 2020

# Notes to Financial Statements for the year ended March 31, 2020

## 1. CORPORATE INFORMATION

Blue Star Limited (the "Company") is a public listed company incorporated in the year 1943. It is primarily engaged in the business of manufacturing and installation of air conditioning units, commercial refrigeration units, water and air purifiers and air coolers. The registered office of the Company is located at Kasturi Buildings, M T Advani Chowk, Jamshedji Tata Road, Churchgate, Mumbai - 400020, Maharashtra.

The financial statements of the Company were approved by its Board of Directors on May 12, 2020.

## 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation and presentation

The financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### (b) Critical accounting judgments and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 36.

### (c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is net off trade discounts, rebates and other similar allowances. Revenue excludes indirect taxes which are collected on behalf of Government.

#### i. Revenue from sale of goods:

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include, the establishment of the Company's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer.

#### ii. Revenue from construction contracts:

Contract revenues are recognised based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contracts is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Incremental costs of obtaining a contract (such as professional fees, commission paid to acquire the contract) are recognised as assets and amortised over the term of the contract.

Contract modifications are accounted for, when additions, deletions or changes are approved either to the contract scope or contract price. Accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

**iii. Revenue from sale of services:**

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on straight line basis over the period of the performance obligation.

**iv. Dividend and interest income:**

Dividend income is accounted for when declared and the right to receive the same is established. Interest income is recognised using the effective interest method.

**v. Rental income:**

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

**(d) Government grant**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**(e) Employee benefits**

**Short-term benefits:**

Salaries, wages, short-term compensated absences and other short-term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

**Retirement benefits**

Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan:

The Company makes monthly contributions towards the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Company, based on an actuarial valuation.

The Company's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognised in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

- i. service cost - recognised in profit or loss;
- ii. net interest on the net liability or asset - recognised in profit or loss;
- iii. remeasurement of the net liability or asset - recognised in other comprehensive income

**Other long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

**(f) Share-based payments**

Share based payment arrangements: Equity-settled share-based payments to employees of the Company and employees of subsidiary companies are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 38. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Company revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**(g) Leases****As a lessee**

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Company recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short-term leases and low value leases. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter.

Lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non- financial assets.

The company has opted for exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

**As a lessor**

Lease income from operating leases where the Company is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term.

**(h) Foreign currencies**

The functional currency of the Company is the Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in profit or loss.

Foreign currency denominated non-monetary assets and liabilities that are measured at historical cost are not retranslated.

**(i) Taxes**

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.



**i. Current income tax**

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

**ii. Deferred tax**

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**(j) Exceptional items**

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company and to assist users of financial statements in making projections of future financial performance.

**(k) Property, plant and equipment**

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses.

Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Company depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on written-down value basis over their estimated useful lives. Estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60
Roads	5
Temporary structure	3
Plant & machinery	15-20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - desktop, laptops	3
Computer - servers and networks	6
Leasehold improvements	6 or the life based on lease period, whichever is lower

Freehold land is not depreciated.

Any gain or loss arising on derecognition/disposal of an asset is included in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

#### (l) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives of intangible assets are as mentioned below:

Nature of intangible asset	Method of amortisation
Software	Straight line basis over a period of 6 years
Technical knowhow	Straight line basis over a period of 6 years

#### Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

#### (m) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the schedule II to the Companies Act, 2013.

Investment properties are derecognised either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising on disposal of investment properties is included in profit or loss.

#### (n) Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

#### (o) Financial instruments

##### Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised by the Company when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss.

### **Financial assets**

#### **Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

#### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

#### **Investment in subsidiaries and joint ventures**

The Company accounts for its investments in subsidiaries and joint ventures at cost.

#### **Financial liabilities and equity instruments**

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

(Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

##### **Other financial liabilities**

Other financial liabilities (including borrowings, financial guarantee contracts and trade and other payables) are subsequent to initial recognition, measured at amortised cost using the effective interest (EIR) method.

##### **Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

**Derivative financial instruments**

The Company enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge item.

**Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

**Fair value measurement**

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**(p) Inventories**

Inventories including Work-in-Progress (other than construction contracts) are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**(q) Provisions and contingencies****Provisions**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**Warranty provisions**

The estimated liability for product warranties is recorded when products are sold/project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise being typically upto five years.

**Contingencies**

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is disclosed where an inflow of economic benefits is probable.

**(r) Segment reporting**

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

## 4. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Land - leasehold	Land - freehold	Buildings	Plant and equipment	Leasehold improvements	Furniture & fixtures	Office equipment	Vehicles	Computers	Total
<b>Cost</b>										
At April 1, 2018	13.94	15.15	61.96	166.76	5.78	9.91	3.78	13.48	16.53	<b>307.29</b>
Additions	-	-	4.30	48.11	0.66	6.31	2.13	7.16	7.22	<b>75.89</b>
Disposals/transfers	(10.53)	-	(0.21)	(1.19)	-	(1.37)	(0.48)	(1.19)	(0.02)	<b>(14.99)</b>
At March 31, 2019	<b>3.41</b>	<b>15.15</b>	<b>66.05</b>	<b>213.68</b>	<b>6.44</b>	<b>14.85</b>	<b>5.43</b>	<b>19.46</b>	<b>23.73</b>	<b>368.20</b>
At April 1, 2019	3.41	15.15	66.05	213.68	6.44	14.85	5.43	19.46	23.73	<b>368.20</b>
Additions	-	0.20	1.49	35.31	-	0.13	1.61	5.65	4.68	<b>49.07</b>
Disposals/transfers	-	-	(0.11)	(2.58)	-	-	(0.13)	(2.61)	(0.10)	<b>(5.53)</b>
Reclassified to ROU (refer note 5)	(3.41)	-	-	-	-	-	-	-	-	<b>(3.41)</b>
At March 31, 2020	-	<b>15.35</b>	<b>67.43</b>	<b>246.41</b>	<b>6.44</b>	<b>14.98</b>	<b>6.91</b>	<b>22.50</b>	<b>28.31</b>	<b>408.33</b>
<b>Accumulated depreciation</b>										
At April 1, 2018	0.30	-	14.41	38.02	1.53	2.59	0.57	3.24	11.83	<b>72.49</b>
Disposals/transfers	(0.38)	-	(0.14)	(1.06)	-	(1.15)	(0.38)	(0.72)	(0.01)	<b>(3.84)</b>
Provided during the year	0.15	-	4.69	25.39	0.80	2.56	1.94	3.95	3.89	<b>43.37</b>
At March 31, 2019	<b>0.07</b>	-	<b>18.96</b>	<b>62.35</b>	<b>2.33</b>	<b>4.00</b>	<b>2.13</b>	<b>6.47</b>	<b>15.71</b>	<b>112.02</b>
At April 1, 2019	0.07	-	18.96	62.35	2.33	4.00	2.13	6.47	15.71	<b>112.02</b>
Disposals/transfers	-	-	(0.11)	(1.81)	-	-	(0.10)	(1.85)	(0.10)	<b>(3.97)</b>
Provided during the year	-	-	4.43	29.48	0.83	2.74	1.99	4.69	5.54	<b>49.70</b>
Reclassified to ROU (refer note 5)	(0.07)	-	-	-	-	-	-	-	-	<b>(0.07)</b>
At March 31, 2020	-	-	<b>23.28</b>	<b>90.02</b>	<b>3.16</b>	<b>6.74</b>	<b>4.02</b>	<b>9.31</b>	<b>21.15</b>	<b>157.68</b>
<b>Net book value</b>										
At March 31, 2020	-	15.35	44.15	156.39	3.28	8.24	2.89	13.19	7.16	<b>250.65</b>
At March 31, 2019	3.34	15.15	47.09	151.33	4.11	10.85	3.30	12.99	8.02	<b>256.18</b>

(₹ in crores)

Asset held for sale	As at March 31	
	2020	2019
Asset held for sale - plant and equipment	0.14	5.22
Disposal/reclassified to property, plant and equipment	(0.06)	(3.72)
Less: Impairment allowance	-	(1.36)
<b>Asset held for sale - plant and equipment</b>	<b>0.08</b>	<b>0.14</b>

## 5. RIGHT OF USE ASSETS

(₹ in crores)

Particulars	Land - leasehold	Building	Total
<b>Cost</b>			
At April 1, 2018	-	-	-
Additions	-	-	-
Disposals/transfers	-	-	-
At March 31, 2019	-	-	-
* As at date of transition April 1, 2019	3.41	55.42	<b>58.83</b>
Additions	-	12.88	<b>12.88</b>
Disposals	-	-	-
At March 31, 2020	<b>3.41</b>	<b>68.30</b>	<b>71.71</b>
<b>Accumulated depreciation</b>			
At April 1, 2018	-	-	-
Disposals/transfers	-	-	-
Provided during the year	-	-	-
At March 31, 2019	-	-	-
As at date of transition April 1, 2019	0.07	-	<b>0.07</b>
Disposals	-	-	-
Provided during the year	0.03	17.09	<b>17.12</b>
At March 31, 2020	<b>0.10</b>	<b>17.09</b>	<b>17.19</b>
<b>Net book value</b>			
At March 31, 2020	3.31	51.21	<b>54.52</b>
At March 31, 2019	-	-	-

\*Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. On transition, the adoption of the new standard resulted in recognition of "Right to Use" asset of ₹58.76 crores. (refer note 50)

**6. INVESTMENT PROPERTY**

Particulars	(₹ crores)
<b>Cost</b>	
At April 1, 2018	66.78
Additions	-
At March 31, 2019	66.78
Additions	-
At March 31, 2020	66.78
<b>Depreciation</b>	
At April 1, 2018	10.71
Additions	3.22
At March 31, 2019	13.93
Additions	3.04
At March 31, 2020	16.97
<b>Net book value</b>	
At March 31, 2020	49.81
At March 31, 2019	52.85
<b>Fair value*</b>	
At March 31, 2020	61.41
At March 31, 2019	66.04

\* Valuation is based on fair value assessment done by accredited independent valuer.

**Information regarding income and expenditure of investment property**

Particulars	(₹ in crores)	
	As at March 31 2020	2019
Rental income derived from investment property	6.32	6.02
Direct operating expenses (including repairs and maintenance) associated with investment properties	(0.69)	(0.74)
Profit arising from investment property before depreciation and indirect expenses	5.63	5.28
Less: Depreciation	(3.04)	(3.22)
Profit arising from investment property before indirect expenses	<b>2.59</b>	<b>2.06</b>

The Company has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.



## 7. INTANGIBLE ASSETS

(₹ in crores)

Particulars	Technical knowhow	Software	Total
<b>Cost</b>			
At April 1, 2018	50.49	43.96	<b>94.45</b>
Additions	0.67	16.11	<b>16.78</b>
Disposals	-	(0.04)	<b>(0.04)</b>
At March 31, 2019	<b>51.16</b>	<b>60.03</b>	<b>111.19</b>
At April 1, 2019	51.16	60.03	<b>111.19</b>
Additions	0.20	15.12	<b>15.32</b>
Disposals	-	(0.22)	<b>(0.22)</b>
At March 31, 2020	<b>51.36</b>	<b>74.93</b>	<b>126.29</b>
<b>Amortisation</b>			
At April 1, 2018	18.96	19.37	<b>38.33</b>
Disposals	-	(0.03)	<b>(0.03)</b>
Provided during the year	7.97	14.62	<b>22.59</b>
At March 31, 2019	<b>26.93</b>	<b>33.96</b>	<b>60.89</b>
At April 1, 2019	26.93	33.96	<b>60.89</b>
Disposals	-	(0.22)	<b>(0.22)</b>
Provided during the year	7.32	7.17	<b>14.49</b>
At March 31, 2020	<b>34.25</b>	<b>40.91</b>	<b>75.16</b>
<b>Net book value</b>			
At March 31, 2020	17.11	34.02	<b>51.13</b>
At March 31, 2019	24.23	26.07	<b>50.30</b>

The Company evaluated the method of estimating the future economic benefits of software installed in various systems and accordingly applied straight line method for amortisation from April 1, 2019 instead of written down method. Due to change in amortisation method, the profit has increased by ₹6.95 crores.

**8. INVESTMENT IN JOINT VENTURES**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Non-current investments</b>		
<b>Unquoted investments at cost</b>		
<b>Investment in equity instruments</b>		
Unquoted equity instruments		
<b>Investment in subsidiaries</b>		
5,29,25,052 (31 March 2019 : 5,29,25,052) fully paid equity shares of ₹2 each in Blue Star Engineering & Electronics Limited	210.89	210.89
49 (31 March 2019 : 49) fully paid equity shares of QR 2000 each in Blue Star Qatar WLL	0.12	0.12
5,350 (31 March 2019 : 5,350) fully paid equity shares of AED 1000 each in Blue Star International FZCO	9.87	9.87
<b>Investment in joint ventures</b>		
255,000 (31 March 2019: 255,000) fully paid equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co LLC	4.34	4.34
Less: Impairment (refer note 24)	(4.34)	(4.34)
<b>Total non-current investments</b>	<b>220.88</b>	<b>220.88</b>

**9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)**

(₹ in crores)

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Security deposits	16.27	17.15	12.51	8.55
Less: Allowance for doubtful deposits			(0.96)	(0.96)
Loans to employees	4.86	4.62	2.32	2.32
Loan to joint venture (related party - refer note 40)	4.46	4.46	-	-
Less: Allowance for doubtful loan	(4.46)	(4.46)	-	-
<b>Total loans</b>	<b>21.13</b>	<b>21.77</b>	<b>13.87</b>	<b>9.91</b>

**10. OTHER FINANCIAL ASSETS**

(₹ in crores)

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Derivatives not designated as hedges</b>				
Foreign exchange forward contracts	-	-	2.20	-
Non-current bank balances (including accrued interest thereon)**	4.58	3.92	-	-
Financial guarantee commission receivable from a subsidiary (related party - refer note 40)	-	-	0.10	0.67
<b>Total other financial assets</b>	<b>4.58</b>	<b>3.92</b>	<b>2.30</b>	<b>0.67</b>

\*\*Margin money deposits with a carrying amount of ₹4.58 crores (March 31, 2019 : ₹3.92 crores) are subject to a first charge as security deposit with customers.

## 11. INVENTORIES

(Valued at lower of cost and net realisable value)

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Raw materials & components (includes in transit: ₹47.30 crores (March 31, 2019: ₹67.33 crores))	190.80	204.02
Work-in-progress	58.82	47.09
Finished goods	261.42	236.61
Stock-in-trade	279.26	316.33
Stores and spares	59.35	53.70
<b>Total inventories</b>	<b>849.65</b>	<b>857.75</b>

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹101.65 crores (March 31, 2019: ₹17.30 crores)

The above inventory values are net of provisions made of ₹3.64 crores (March 31, 2019 : ₹3.44 crores) for slow moving, obsolete and defective inventory.

## 12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Trade receivables considered good - unsecured	-	-	745.83	1,015.95
Trade receivables which have significant increase in credit risk	-	-	41.67	36.66
Trade receivables - credit impaired			43.27	53.12
		-	830.77	1,105.73
Less: Allowance for doubtful debts		-	84.94	89.78
<b>Total trade receivables</b>	<b>-</b>	<b>-</b>	<b>745.83</b>	<b>1,015.95</b>

The movement for allowance for doubtful debts during the year in respect of trade receivables containing significant credit risk are as follows:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Opening balances as on 1 <sup>st</sup> April	89.78	114.78
Impairment loss recognised	41.16	13.40
Less: Allowances provided earlier written off as bad debts	(46.00)	(38.40)
<b>Closing balances as on 31<sup>st</sup> March</b>	<b>84.94</b>	<b>89.78</b>

**13. CASH AND CASH EQUIVALENT***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
<b>Cash and cash equivalent</b>		
Balances with banks:		
– On current accounts	86.71	21.32
– Deposits with original maturity of less than 3 months	131.05	-
Cash on hand	0.42	0.47
<b>Total cash and cash equivalent</b>	<b>218.18</b>	<b>21.79</b>

**14. OTHER BANK BALANCES***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
<b>Other bank balances</b>		
- Unpaid dividend*	5.38	3.31
- Cash & bank balance not available for immediate use	2.41	2.31
<b>Total other bank balances</b>	<b>7.79</b>	<b>5.62</b>

\*The Company can utilise these balances only towards settlement of unclaimed dividend and fractional shares.

**15. OTHER ASSETS***(₹ in crores)*

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
Contract assets	-	-	402.78	351.66
Less: Allowance for doubtful contract assets	-	-	(24.28)	(19.55)
Net contract assets	-	-	378.50	332.11
Retention	-	-	29.49	28.39
Capital advances	23.48	13.93	-	-
Balances with statutory authorities	36.49	38.65	65.02	80.70
Vendor advances	-	-	38.87	33.93
Less: Allowance for doubtful vendor advance	-	-	1.00	-
Vendor advances	-	-	37.87	33.93
Prepaid expenses	0.59	0.47	23.64	24.59
Government grant receivable	-	-	8.32	3.67
Gratuity paid in advance (refer note 37)	-	-	0.27	-
<b>Total other assets</b>	<b>60.56</b>	<b>53.05</b>	<b>543.11</b>	<b>503.39</b>

The movement for allowance for doubtful contract assets during the year are as follows:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Opening balances as on 1 <sup>st</sup> April	19.55	15.05
Impairment loss recognised	4.73	4.50
<b>Closing balances as on 31<sup>st</sup> March</b>	<b>24.28</b>	<b>19.55</b>

Breakup of total financial assets carried at amortised cost:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Trade receivables (refer note 12)	745.83	1,015.95
Cash & bank balances (refer note 13 and 14)	225.97	27.41
Loans (refer note 9)	35.00	31.68
Other financial assets (refer note 10)	6.88	4.59
<b>Total financial assets carried at amortised cost</b>	<b>1,013.68</b>	<b>1,079.63</b>

## 16. EQUITY SHARE CAPITAL

Authorised share capital	7.8% Cumulative convertible preference shares of ₹100 each		Equity shares of ₹2 each		Unclassified shares of ₹100 each		Cumulative compulsorily convertible preference shares of ₹10 each	
	No.	₹ crores	No.	₹ crores	No.	₹ crores	No.	₹ crores
<b>At April 1, 2019</b>	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
<b>At March 31, 2019</b>	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

### Terms/Rights attached to equity shares

The Company has one class of equity shares having par value of ₹2 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

### Terms/Rights attached to 7.8% cumulative convertible preference shares and cumulative compulsorily convertible preference shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the shares of the company in the event of increase in share capital or winding up of the Company up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

**Issued share capital**

<b>Equity shares of ₹2 each issued, subscribed &amp; fully paid up</b>	<b>No.</b>	<b>₹ crores</b>
<b>At April 1, 2018</b>	95,999,788	19.20
Issue of share capital - employee share options exercised	314,100	0.06
<b>At March 31, 2019</b>	96,313,888	19.26
Issue of share capital - employee share options exercised	-	-
<b>At March 31, 2020</b>	<b>96,313,888</b>	<b>19.26</b>

**Details of shareholders holding more than 5% shares in the company**

<b>Name of the shareholder</b>	<b>As at 31-March-20</b>		<b>As at 31-March-19</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
Vistra ITCL (India) Limited as a Trustee of Ashok M Advani Family Private Trust	11,955,601	12.41%	11,955,601	12.41%
Vistra ITCL (India) Limited as a Trustee of SMA Family Private Trust	7,719,930	8.02%	7,719,930	8.02%
Suneel Mohan Advani	2,816,496	2.92%	6,116,496	6.35%

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

(₹ in crores)

<b>Particulars</b>	<b>31 March</b>				
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
53,91,383 equity shares of ₹2 each of the company issued to the shareholders of Blue Star Infotech Ltd (BSIL) as per the approved Scheme of merger of BSIL and BSIBIA with the Company, vide High Court Order dated April 16, 2016	-	-	-	-	1.08

**Shares reserved for issue under options**

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company (refer note 38).

**17. OTHER EQUITY**

**Securities premium reserve** - Where the Company issues shares at a premium, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve." The Company may use this reserve for the purpose allowed under Section 52 of the Companies Act, 2013.

**Share based payment reserve** - The Company has an employee share option scheme under which options to subscribe for the Company's shares have been granted to certain employees and directors. The share-based payment reserve is used to recognise the value of equity-settled share-based payments as part of their remuneration. Refer to Note 38 for further details of the scheme.

**Capital redemption reserve** - Capital redemption reserve was created in an earlier year for buy-back of shares.

**Capital subsidy received from government** - Subsidy was received towards setting up of a factory in the state of Himachal Pradesh during the years ended March 31, 2009 and March 31, 2013.

**General reserve** - General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of bonus shares.

## 18. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Cash dividends on equity shares declared and paid :</b>		
Final dividend for the year ended on March 31, 2019: ₹10 per share (March 31, 2018: ₹10 per share)	96.31	96.20
Dividend distribution tax on final dividend	19.79	19.77
Interim dividend for the year ended on March 31, 2020: ₹10 per share (March 31, 2019: ₹Nil per share)	96.31	-
Dividend distribution tax on interim dividend	13.76	-
<b>Total dividend distribution</b>	<b>226.17</b>	<b>115.97</b>

## 19. BORROWINGS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>At amortised cost</b>		
<b>Non-current borrowings</b>		
Term loan - Secured (Note a)	41.88	-
<b>Total non-current borrowings</b>	<b>41.88</b>	<b>-</b>
<b>Short term borrowings</b>		
<b>Unsecured</b>		
Working capital demand loan from banks (note b)	278.50	20.00
Commercial papers		
- from others (note d)	49.22	148.70
Inter corporate deposit received from a subsidiary (related party - refer note no. 40)	75.00	30.00
Packing credit loan from banks (note b)	16.30	-
Cash credit/bank overdrafts (note b)	2.10	-
<b>Secured</b>		
Packing credit loan from banks (note b & c)	27.80	50.50
Cash credit/bank overdrafts (note b & c)	0.12	115.22
<b>Total current borrowings</b>	<b>449.04</b>	<b>364.42</b>
Aggregate secured loans	69.80	165.72
Aggregate unsecured loans	421.12	198.70
<b>Total borrowings</b>	<b>490.92</b>	<b>364.42</b>

- Term Loan is secured against plant and machinery @ 3 months Treasury bill plus 1.90%
- Outstanding loans carry an average interest rate of 7.40% - 9.80% p.a. (March 31, 2019 : 5.20% - 9.75% p.a.).
- Outstanding loans is secured by hypothecation of stock-in-trade and trade receivables.
- Commercial papers carry average interest rate 8.0%@ p.a. for the current year (March 31, 2019 : 7.60% p.a.). These are repayable within 80 days from the date of drawdown.

**20. DISCLOSURE AS PER SECTION 22 OF MSME ACT***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	41.93	38.13
(ii) Interest due on above	0.23	0.12
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year but without adding the interest specified under this Act).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.15	1.93
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act, 2006	2.15	1.93
	<b>44.08</b>	<b>40.06</b>

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Company.

**21. LEASE LIABILITY***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Opening balance	-	-
Addition during the year (refer note 50)	74.57	-
Add: Interest for the year	6.32	-
Less: Paid during the year	(21.75)	-
<b>Closing balance</b>	<b>59.14</b>	-
Current lease liability	21.42	-
Non-current lease liability	37.72	-
<b>Total lease liability</b>	<b>59.14</b>	-

**22. OTHER FINANCIAL LIABILITIES***(₹ in crores)*

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Derivatives not designated as hedges</b>				
Foreign exchange forward contracts (refer note (a) below)	-	-	-	3.66
<b>Financial liabilities at amortised cost</b>				
Other deposits	-	-	6.86	6.70
Financial guarantee contracts	-	0.05	0.10	0.73
Interest accrued but not due on borrowings	-	-	-	0.25
Unpaid dividend (refer note b below)	-	-	5.38	3.31
Current maturities of long term borrowings	-	-	8.13	-
Creditors - capital expenditure	-	-	2.44	2.07
Leave encashment payable to employees	-	-	7.27	-
<b>Total other financial liabilities</b>	-	<b>0.05</b>	<b>30.18</b>	<b>16.72</b>



**a) Foreign exchange forward contracts**

The Company enters into foreign exchange forward contracts and option contracts with the intention of reducing the foreign exchange risk of buyers credit and trade payables. The Company has also entered into commodity hedging contract with the intention of reducing the price fluctuation risk. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

**b) Unpaid dividend**

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

**Break up of financial liabilities carried at amortised cost**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Borrowings (refer note 19)	490.92	364.42
Trade payables	1,438.57	1,424.91
Other deposits (refer note 22)	6.86	6.70
Financial guarantee contracts (refer note 22)	0.10	0.78
Unpaid dividend (refer note 22)	5.38	3.31
Creditors - capital expenditure (refer note 22)	2.44	2.07
Interest accrued but not due on borrowings (refer note 22)	-	0.25
Leave encashment payable to employees (refer note 22)	7.27	-
<b>Total financial liabilities carried at amortised cost</b>	<b>1,951.54</b>	<b>1,802.44</b>

**23. OTHER CURRENT LIABILITIES**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Contract liabilities from construction contracts	60.48	39.13
Contract liabilities from annual maintenance contract services	56.41	56.12
Advances from customers	227.88	238.82
Dues to statutory bodies	15.53	23.19
Others	5.73	17.18
<b>Total other liabilities</b>	<b>366.03</b>	<b>374.44</b>

**24. PROVISIONS***(₹ in crores)*

Particulars	Non-current		Current	
	31-March-20	31-March-19	31-March-20	31-March-19
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 37)	-	-	-	0.43
Compensated absences	-	-	14.52	17.85
Additional gratuity (refer note 37)	0.42	0.35	-	-
	<b>0.42</b>	<b>0.35</b>	<b>14.52</b>	<b>18.28</b>
<b>Other provisions</b>				
Provision for customer warranties	12.71	11.15	11.48	11.78
Provision for foreseeable loss	-	-	2.12	1.83
Provision for obligation towards guarantee given*	-	-	1.09	20.33
Other provisions	-	-	23.98	23.87
	<b>12.71</b>	<b>11.15</b>	<b>38.67</b>	<b>57.81</b>
<b>Total provisions</b>	<b>13.13</b>	<b>11.50</b>	<b>53.19</b>	<b>76.09</b>

\* The Company is a 50% (profit/loss sharing) co-venturer in Blue Star Oman Electro-Mechanical Co LLC (joint venture). During the previous year, the Company had decided to exit from the joint venture and also resolved to voluntarily liquidate the joint venture. The matter is presently before the Muscat Appellate Court.

**Provision for warranties***(₹ in crores)*

Particulars	As at
	March 31
	2020
At the beginning of the year	22.93
Add: Additional provisions made during the year	24.17
Less: Amount used during the year	20.77
Less: Effect of change in provision on account of discounting during the year	2.14
<b>At the end of the year</b>	<b>24.19</b>
Current portion	11.48
Non-current portion	12.71

**Foreseeable loss**

A provision for foreseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

## Other Provision

(₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	1.83	20.33	23.87
Add: Additional provisions made during the year	4.83	-	0.10
Less: Utilised during the year	4.54	19.24	-
<b>At the end of the year</b>	<b>2.12</b>	<b>1.09</b>	<b>23.98</b>

## 25. GOVERNMENT GRANTS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>At April 1</b>	<b>10.53</b>	<b>3.49</b>
Additions during the year	22.67	8.40
Amortised during the year	(20.30)	(1.36)
<b>At March 31</b>	<b>12.90</b>	<b>10.53</b>
Current	3.52	4.08
Non-current	9.38	6.45

Government grants are towards the purchase of certain items of property, plant and equipment.

## 26. INCOME TAX

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Accounting profit before tax	167.67	179.85
Other comprehensive income before tax	(2.66)	(4.44)
<b>Total</b>	<b>165.01</b>	<b>175.41</b>
<b>At India's statutory income tax rate of 34.94%</b>	57.66	61.30
Expenses not allowed for tax purpose	6.37	12.82
Additional allowances for tax purpose	(21.18)	(15.50)
Others	3.02	(2.08)
<b>Tax expense</b>	<b>45.87</b>	<b>56.51</b>
Income tax expense reported in the statement of profit and loss	46.80	58.06
Income tax effect on other comprehensive income	(0.93)	(1.55)
<b>Total current tax expenses</b>	<b>45.87</b>	<b>56.51</b>

**Deferred tax**

Deferred tax relates to the following

(₹ in crores)

Particulars	Balance Sheet		Profit or Loss	
	31-March-20	31-March-19	31-March-20	31-March-19
Provision for loss allowance	31.83	38.22	(6.39)	(7.18)
Provisions made disallowed and allowed only on payment basis	9.19	8.67	0.53	0.18
Accelerated depreciation for tax purposes	(10.27)	(23.64)	13.38	0.82
Utilisation of MAT credit	-	-	(20.62)	(2.13)
Others (including transition impact of Ind AS 116 of ₹2.30 crores)	(5.06)	1.28	(8.64)	(21.17)
<b>Total (excluding MAT credit entitlement)</b>	<b>25.69</b>	<b>24.53</b>	<b>(21.76)</b>	<b>(29.47)</b>
MAT credit entitlement	32.79	53.41	-	-
<b>Total deferred tax</b>	<b>58.48</b>	<b>77.94</b>	<b>(21.76)</b>	<b>(29.47)</b>

Reflected in the balance sheet as follows

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Deferred tax assets	68.75	101.58
Deferred tax liabilities	10.27	23.64
<b>Deferred tax assets, net</b>	<b>58.48</b>	<b>77.94</b>

Pursuant to the Taxation Laws (Amendment) Act, 2019 ('Act') issued by Ministry of Law and Justice (Legislative Department) which is effective from AY 2020-21, domestic companies have the option to pay corporate income tax at 25.17% ('New Tax Rate') subject to certain conditions.

The Company has made an assessment of the impact and decided to continue with the existing tax rate until utilisation of the accumulated minimum alternative tax (MAT) credit.

**27. REVENUE FROM OPERATIONS**

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Revenue from operations</b>		
Sale of products	3,142.75	3,204.42
Revenue from construction contracts	1,138.09	1,106.71
Sale of services	490.05	446.84
Other operating revenue		
Provisions and liabilities no longer required	6.25	15.70
Shared service recovery	1.32	1.32
Others	8.03	8.71
<b>Total revenue from operations</b>	<b>4,786.49</b>	<b>4,783.70</b>

## 28. OTHER INCOME

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Interest income on		
Bank deposits	0.77	0.39
Others	4.43	12.75
Rental income	6.32	6.02
Dividend received from subsidiary	31.30	-
Others	30.61	3.95
<b>Total other income</b>	<b>73.43</b>	<b>23.11</b>

## 29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Cost of material consumed	1,589.00	1,393.71
Project cost (including bought outs)	985.34	989.10
AMC subcontracting cost	292.62	255.50
<b>Total cost of raw material and components consumed and project related cost</b>	<b>2,866.96</b>	<b>2,638.31</b>
<b>Purchase of stock-in-trade</b>	<b>738.98</b>	<b>790.74</b>
<b>Inventories at the end of the year</b>		
Traded goods	279.26	316.33
Work-in-progress	58.82	47.09
Finished goods	261.42	236.61
	<b>599.50</b>	<b>600.03</b>
<b>Inventories at the beginning of the year</b>		
Traded goods	316.33	505.94
Work-in-progress	47.09	43.19
Finished goods	236.61	217.89
	<b>600.03</b>	<b>767.02</b>
<b>(Increase)/decrease in inventories</b>	<b>0.53</b>	<b>166.99</b>

## 30. EMPLOYEE BENEFIT EXPENSE

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Salaries, wages and bonus	369.47	331.12
Contribution to provident and other funds	13.48	12.08
Gratuity expense (refer note 37)	3.68	3.05
Staff welfare expenses	28.32	26.44
<b>Total employee benefits expense</b>	<b>414.95</b>	<b>372.69</b>

**31. DEPRECIATION AND AMORTISATION EXPENSE***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Depreciation on tangible assets (refer note 4)	49.69	43.37
Depreciation on right of use (refer note 5)	17.12	-
Amortisation expenses on intangible assets (refer note 7)	14.49	22.59
Depreciation on investment property (refer note 6)	3.04	3.22
<b>Total depreciation and amortisation expense</b>	<b>84.34</b>	<b>69.18</b>

**32. OTHER EXPENSES***(₹ in crores)*

Particulars	As at March 31	
	2020	2019
Stores and spares consumed	13.75	14.14
Power and fuel	17.47	17.13
Rent	47.79	75.73
Repairs and maintenance		
Buildings	5.14	5.12
Plant and machinery	4.05	4.30
Others	14.82	12.47
Insurance	3.16	1.87
Rates and taxes	2.04	1.35
Advertising expenses	81.75	52.93
Sales and promotion expenses	38.15	41.86
Freight and forwarding charges	83.02	83.65
Legal and professional fees	56.52	49.79
Travelling and conveyance	41.75	43.17
Commission and sales incentives	26.59	25.24
Warranty cost	24.56	21.94
Printing and stationery	3.95	3.84
Payment to auditors (refer details a below)	1.24	1.09
Corporate social responsibility expenses (refer details b below)	3.30	3.12
Donations	0.43	0.45
Loss on sale of property, plant and equipment	0.40	1.60
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	9.70	3.92
Bad debts/advances written off	46.02	
Less: Allowance for doubtful debts	46.00	0.02
Allowance for doubtful debts and advances		17.89
Miscellaneous expenses	24.58	32.23
<b>Total other expenses</b>	<b>550.09</b>	<b>517.68</b>

## A. Payment to auditors

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>As auditor:</b>		
Audit fee	0.71	0.71
Limited review	0.21	0.21
Tax audit	0.07	0.07
<b>In other capacity</b>		
Other services	0.21	0.05
Reimbursement of expenses	0.04	0.05
	<b>1.24</b>	<b>1.09</b>

## B. Corporate social responsibility expenses

(₹ in crores)

Particulars	As at March 31	
	2020	2019
(i) Gross amount required to be spent by the Company during the year	3.27	2.66
(ii) Amount spent during the year	3.30	3.12

## 33. FINANCE COSTS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Interest	21.87	37.96
Bank charges	4.18	6.59
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	-	0.37
Interest on lease liability	6.32	-
<b>Total finance costs</b>	<b>32.37</b>	<b>44.92</b>

## 34. EXCEPTIONAL ITEMS

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>A. Exceptional income</b>		
Profit on sale of property, plant and equipment	-	15.18
	-	15.18
<b>B. Exceptional expenses</b>		
Platinum jubilee expense*	4.03	12.50
Provision for financial obligation and impairment of investment in joint venture**	-	29.13
	4.03	41.63
<b>Exceptional items (net)</b>	<b>(4.03)</b>	<b>(26.45)</b>

\* The Company commenced its Platinum Jubilee year on September 27, 2018. To mark the momentous milestone the Company held, throughout the year, various events and programmes, ran special media campaigns and printed special publications. Owing to the singular frequency of costs related to the milestone, such costs are recognised as exceptional.

\*\* The Company is a 50% (profit/loss sharing) co-venturer in Blue Star Oman Electro-Mechanical Co LLC (joint venture). During the previous year, the Company had decided to exit from the joint venture and also resolved to voluntarily liquidate the joint venture. The matter is presently before the Muscat Appellate Court. Accordingly, the Company had provided ₹29.13 crores against its known obligations.

### 35. EARNING PER SHARE (EPS)

The following reflects the income and share data used in the basic and diluted EPS computation:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Profit attributable to equity holders of the company for basic earnings</b>	<b>120.87</b>	<b>121.79</b>
Weighted average number of Equity shares for basic EPS (a)	9.63	9.60
ESOP issued during the year (b)	-	0.02
Total number of shares (a+b)	9.63	9.62
Weighted average number of equity shares adjusted for the effect of dilution*	<b>9.63</b>	<b>9.62</b>

\*The weighted average number of shares takes into account the weighted average effect of changes in equity share transactions during the year.

### 36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires Management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on the Company's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Company's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognised.

#### Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Company. This requires exercise of judgement by the management, based on prior experience, the contract terms, manner and terms of settlement, etc.

#### Rebates and discounts

The Company provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Company, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Company's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

#### Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.



### **Useful lives of property, plant and equipment and intangible assets**

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

### **Employee benefit plans**

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### **Intangible asset under development**

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

### **Impairment of financial assets**

The impairment provision for financial assets (other than trade receivables) are based on assumptions of risk of default and expected loss rates. The Company makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

### **Income taxes**

Provision of current and deferred tax liabilities is dependent on Management estimate of the allowability or otherwise of expenses incurred and other debits to profit or loss. Deferred tax assets (including MAT recoverable) are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **COVID 19 - Recoverability of assets**

In assessing the recoverability of assets such as inventories, trade receivables, contract assets and their estimated costs to completion, and other assets, based on current indicators of future economic conditions the Company expects to recover the carrying amounts of its assets. The impact of the global health pandemic, COVID 19, may be different from that presently estimated and would be recognised in the financial statements when material changes to economic conditions arise.

## **37 EMPLOYEE BENEFITS DISCLOSURE**

### **Defined Benefit Plans**

#### **a. Gratuity**

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the profit or loss. The Company expects to contribute ₹3.4 crores to gratuity fund in 2020-21 (FY 2019-20 - ₹3.60 crores).

### Change in present value of defined benefit obligation

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Defined benefit obligation at the beginning of the year	34.78	28.97	0.35	0.28
Current service cost	3.60	3.23	0.02	0.02
Interest cost	2.54	2.20	0.03	0.02
Benefits paid	(3.05)	(4.00)	(0.02)	(0.02)
Acquisition adjustment	0.53	-	-	-
Remeasurements				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	1.91	0.53	0.02	0.01
c. Due to experience adjustments	0.59	3.85	0.02	0.04
<b>Defined benefit obligation at the end of the year</b>	<b>40.90</b>	<b>34.78</b>	<b>0.42</b>	<b>0.35</b>
Change in fair value of plan assets	Gratuity		Additional Gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Fair value of plan assets at the beginning of the year	34.35	31.82	-	-
Expected return on plan assets	2.51	2.42	-	-
Contribution	6.95	4.12	-	-
Benefits paid	(3.05)	(4.00)	-	-
Return on assets	(0.12)	(0.01)	-	-
Acquisition adjustment	0.53	-	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>41.17</b>	<b>34.35</b>	<b>-</b>	<b>-</b>
Components of defined benefit cost recognised in profit or loss	Gratuity		Additional Gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Current service cost	3.60	3.23	0.02	0.02
Interest cost	2.54	2.20	0.03	0.02
Expected return on plan assets	(2.51)	(2.42)	-	-
<b>Defined benefit cost recognised in profit or loss</b>	<b>3.63</b>	<b>3.01</b>	<b>0.05</b>	<b>0.04</b>
Components of defined benefit cost recognised in other comprehensive income				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	1.91	0.53	0.02	0.01
c. Due to change in experience adjustments	0.59	3.85	0.02	0.04
d. (Return) on plan assets (excl. interest income)	0.12	0.01	-	-
<b>Remeasurements recognised in other comprehensive income (OCI)</b>	<b>2.62</b>	<b>4.39</b>	<b>0.04</b>	<b>0.05</b>

## Net liability/(assets) recognised in the balance sheet

(₹ in crores)

Particulars	Gratuity		Additional gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Present value of defined benefit obligation	40.90	34.78	0.42	0.35
Fair value of plan assets	41.17	34.35	-	-
<b>Net liability/(assets)</b>	<b>(0.27)</b>	<b>0.43</b>	<b>0.42</b>	<b>0.35</b>

The major categories of plan assets are as follows:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Cash and cash equivalents	0.87	1.13
Insurance company products	30.22	11.22
Others	10.08	22.00
<b>Total</b>	<b>41.17</b>	<b>34.35</b>

The principal assumptions used in determining Gratuity and Additional Gratuity for the Company's plan are as shown below:

Actuarial assumptions	Gratuity		Additional Gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Discount rate	6.40%	7.30%	6.40%	7.30%
Disability rate	5% of IALM 2012-14	5% of IALM-2006-08	5% of IALM 2012-14	5% of IALM-2006-08
Normal retirement age	65 years for Directors and 60 years for others	65 years for Directors and 60 for others	65 years for Directors and 60 years for others	65 years for Directors and 60 for others
Mortality rate	100% of IALM 2012-14	100% of IALM 2006-08	100% of IALM 2012-14	100% of IALM-2006-08
Salary escalation rate (Directors-Management-staff)	10%,7%,3%	10%,7%,3%	-	-
Attrition rate	14% throughout	14% throughout	14% throughout	14% throughout

The present value of defined benefit obligation after change in assumptions are as under:

(₹ in crores)

Authorised share capital	Gratuity		Additional Gratuity	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Decrease in discount rate (-/+ 0.5%)	42.05	35.72	0.43	0.36
Increase in discount rate (-/+ 0.5%)	39.82	33.90	0.41	0.34
Decrease in salary growth rate (-/+ 0.5%)	39.82	33.89	-	-
Increase in salary growth rate (-/+ 0.5%)	42.04	35.72	-	-
Decrease in attrition rate (-/+ 1% of attrition rates)	40.92	34.78	0.41	0.34
Increase in attrition rate (-/+ 1% of attrition rates)	40.89	34.79	0.41	0.34
Decrease in mortality rate (-/+ 10% of mortality rates)	40.91	34.78	0.42	0.35
Increase in mortality rate (-/+ 10% of mortality rates)	40.90	34.79	0.42	0.35

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2019-20.

The average duration of the defined benefit plan obligation at the end of the reporting year 2019-20 is 6 years.

#### b. Provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2020. The Company's contribution to the Employee's Provident fund aggregates to ₹7.18 crores (March 2019 : ₹6.27 crores).

### 38. SHARE BASED PAYMENTS

The Company provides share-based payment benefit to its employees. The Employee Stock option plan (ESOP) was applicable upto the financial year ended March 31, 2019. There is no ESOP effective during the FY 2019-2020. The relevant details of the scheme and the grant effective till March 31, 2019 are as follows:

On 18<sup>th</sup> January 2013, the Board of Directors approved the Equity Settled ESOP Scheme 2013 (ESOS 2013) for issue of stock options to key employees and directors of the company. The Scheme was also approved by the Shareholders of the Company by a special resolution passed by postal ballot dated 7<sup>th</sup> March, 2013. According to the Scheme 2013, the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 1 to 5 years.

The exercise price of the share options under the current grants is equal to the market price of the underlying shares on the date of grant. The fair value of the share options is estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

#### a) Employee stock option scheme

Particulars	2018 -19						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
No of options (refer note b)	205,650	23,300	24,000	-	26,350	-	34,800
Method of accounting	Fair Value						
Vesting period (in years)	3	2	2	2	1	1	1
Exercise period (in years) (from date of vesting)	5	5	5	2	1	1	1
Grant date	06 June 2014	13 Feb 2015	29 May 2015	07 August 2015	28 January 2016	07 March 2016	01 April 2016
Expected life (in years)	5	5	5	5	5	5	5
Exercise price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Market price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Vesting conditions	Based on the performance ratings						
Method of settlement	Equity						

## b) Movement of options

Particulars	2018 -19						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Options outstanding at the beginning of the period	205,650	23,300	24,000	-	26,350	-	34,800
Options granted during the period	-	-	-	-	-	-	-
Options lapsed during the period	-	-	-	-	-	-	-
Options exercised during the period	205,650	23,300	24,000	-	26,350	-	34,800
Options outstanding at the end of the period	-	-	-	-	-	-	-
Options exercisable as on March 31	-	-	-	-	-	-	-

The weighted average share price per share at the date of exercise for stock options exercised was ₹690.80

The range of exercise prices per share for options outstanding at the end of the year was ₹290.05 to ₹390.30.

## 39. COMMITMENTS AND CONTINGENCIES

(₹ in crores)

a. Contingent liabilities	As at March 31	
	2020	2019
Claims against the company not acknowledged as debts	0.15	0.15
Sales tax matters	107.90	157.89
Excise duty matters	6.03	11.90
Service tax matters	159.00	173.67
Income tax matters	108.94	90.57
GST matters	0.07	0.07

### b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:

At March 31, 2020, Company had commitments (net of advances) of ₹126.94 crores (March 31, 2019: ₹59.32 crores)

(₹ in crores)

c. Financial guarantees provided	As at March 31	
	2020	2019
Corporate guarantee given on behalf of subsidiaries and others	132.12	189.84

### d. Commitments

The Company has an obligation to complete the Extended Producer Responsibility (EPR) targets, only if it is a participant in the market during the financial year in accordance with the E-Waste (Management) Rules, 2016, as amended. The Company has fulfilled its obligation for the current financial year. The Company will have an e-waste obligation for future years, only if it participates in the market in those years.

### e. Uncertain tax position

The uncertain tax position as on March 31, 2020 is ₹11.84 crores.

## 40. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Related party disclosure	Country of incorporation	% of equity interest	
		As at 31-March-20	As at 31-March-19
<b>Name of the related parties where control exists irrespective of whether transactions have occurred or not</b>			
<b>Subsidiaries:</b>			
Blue Star Engineering & Electronics Limited	India	100.00	100.00
Blue Star Qatar WLL*	India	49.00	49.00
Blue Star Systems and Solutions LLC	UAE	100.00	100.00
Blue Star International FZCO	UAE	100.00	100.00

\*The Company holds 49% of the share capital in Blue Star Qatar WLL (BSQ). Upon assessment of control over BSQ, the Company has concluded that the said company is a subsidiary of the company under Ind AS 110.

**Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:**

Joint ventures	Country of incorporation	% of equity interest	
		As at 31-March-20	As at 31-March-19
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49.00	49.00
Blue Star Oman Electro-Mechanical Co LLC**	Oman	51.00	51.00

\*\*The Company holds 51% of the share capital of Blue Star Oman Electro-Mechanical Co. LLC, however the profit sharing is on 50-50 basis and it is treated as joint venture under Ind AS 110.

**Key Management Personnel**

Mr Vir S Advani, Vice Chairman & Managing Director  
 Mr B Thiagarajan, Managing Director  
 Mr Vijay Devadiga, Company Secretary  
 Mr Neeraj Basur, Group Chief Financial Officer

**Non Executive and Independent Directors**

Mr Gurdeep Singh (till July 31, 2019)  
 Mr Shailesh Haribhakti  
 Ms Shobana Kamineni (till May 29, 2019)  
 Mr Rajiv R Lulla  
 Mr Dinesh N Vaswani  
 Mr Sam Balsara  
 Mr Anil Harish  
 Mrs Rumjhum Chatterjee  
 Mr Arvind K Singhal  
 Mrs Sunaina Murthy (w.e.f April 01, 2019)

**Relative of Director**

Mr Ashok M Advani  
 Mr Suneel M Advani

**Enterprises in which a Director is/was a member/director during the year with whom company had transactions and/or balances**

KEIMED Private Limited  
 Apollo Hospital Enterprises Limited  
 Lifetime Wellness RX International Ltd  
 Entrust Communications Pvt Ltd  
 Moms Outdoor Media Solutions Pvt Ltd  
 Madison Communications Pvt Ltd  
 Platinum Communication Pvt Ltd  
 Somany Ceramics Ltd  
 IBS Fintech India Pvt Ltd

Transactions during the period with related parties are as under:

(₹ in crores)

Name of related party	31-March-20		31-March-19	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
<b>Blue Star M &amp; E Engineering (Sdn) Bhd</b>		0.85		0.47
Consultancy services rendered	0.71		1.48	
<b>Blue Star Qatar WLL</b>		(0.40)		
Sales and services	0.30		0.41	
Guarantee commission	0.24		0.36	
Dividend received	2.22		-	
<b>Blue Star Engineering &amp; Electronics Limited</b>		0.72		(1.23)
Reimbursement of expenses	0.93		3.84	
Purchase	2.77		1.38	
Sales of goods	0.11		0.11	
Collateral guarantee charges	-		0.01	
Shared service recovery	1.32		1.32	
Rent paid	3.29		2.52	
Finance cost	4.89		0.22	
IT services	1.77		0.44	
Inter corporate deposit	45.00		30.00	
<b>Blue Star International FZCO</b>		18.65		44.22
Equity investment	-		4.96	
Sale of goods	148.95		90.66	
Reimbursement of expenses	0.22		3.56	
Guarantee commission	0.05		0.04	
<b>Blue Star Systems and Solution LLC</b>		-		-
Sale of goods	2.05		-	
<b>Blue Star Oman Electro-Mechanical Co LLC</b>		4.46		4.46
Loan given	-		4.46	
Recovery of remuneration paid	-		0.36	
Guarantee commission	-		0.23	
<b>Enterprises in which Director is a member/director</b>				
<b>Sale of goods and services</b>				
Apollo Hospital Enterprises Ltd	2.12	-	0.47	-
Atria Convergence Technologies Pvt Ltd	-	-	0.19	0.04
KEIMED Private Ltd	-	(0.05)	0.04	-
Apollo Munich Health Insurance Co Ltd	-	-	0.01	-
Lifetime Wellness RX International Ltd	0.01	-	0.06	0.03
Madison Communications Pvt Ltd	0.10	-	0.08	0.01
Moms Outdoor Media Solutions Pvt Ltd	0.01	(0.01)	0.01	(0.01)
Platinum Communications Pvt Ltd	-	-	0.01	-
Somany Ceramics Ltd	0.02	0.01	-	-

**Transactions during the period with related parties are as under (contd.):**

(₹ in crores)

Name of related party	31-March-20		31-March-19	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
<b>Project revenue</b>				
Apollo Hospital Enterprises Ltd	0.55	3.95	1.38	1.93
<b>Services received</b>				
Entrust Communications Pvt Ltd	-	-	0.09	(0.02)
Moms Outdoor Media Solutions Pvt Ltd	7.83	0.01	3.49	(1.70)
Madison Communications Pvt Ltd	29.78	(1.43)	36.33	(7.93)
IBS Fintech India Pvt Ltd	0.53	(0.10)	-	-
<b>Relative of director</b>				
Fees for Professional Services	0.43	(0.05)	0.24	(0.05)
<b>Compensation of key managerial personnel</b>		(4.18)		(9.39)
Short-term employee benefits	12.61	-	16.20	-
Sitting fees to Non Executive and Independent Directors	0.55	-	0.63	-
Commission to Non Executive and Independent Directors	0.90	-	1.49	-
Retirement benefits	0.73	-	0.64	-
<b>Total compensation paid to key management personnel</b>	<b>14.79</b>		<b>18.96</b>	
<b>ESOP exercised during the year</b>				
B Thiagarajan NIL (March 31, 2019 1,19,600) equity shares of ₹2 each	-	-	3.82	-

Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

**Corporate guarantees to related parties**

The company has given corporate guarantees to subsidiaries and relevant joint ventures in the ordinary course of business to meet the working capital requirements of subsidiaries and joint ventures.

(₹ in crores)

Particulars	31-March-20		31-March-19	
	Utilisation	Balance	Utilisation	Balance
Blue Star Qatar WLL	82.50	239.23	197.32	488.37
Blue Star Engineering & Electronics Limited	-	5.00	-	80.00
Blue Star International FZCO	49.62	77.34	-	66.23
Blue Star Oman Electro-Mechanical Co LLC (refer note 24)	-	-	-	20.33
Blue Star Oman Electro-Mechanical Co LLC (refer note 24) - payment of ₹19.24 crores made towards invocation of corporate guarantee	-		-	

The above transactions are in the ordinary course of business and are at arm's length.



## 41. SEGMENT INFORMATION

### A. Primary segment reporting (by business segment):

The Group's business segments are organised around product lines, as under:

- Electro Mechanical Projects and Commercial Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.
- Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.
- Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

### Segment revenues, results and other information

(₹ in crores)

I SEGMENT REVENUE	For the year ended	
	2020	2019
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	2,485.56	2,513.35
ii. Unitary Products	2,300.62	2,269.67
iii. Professional Electronics and Industrial Systems	0.31	0.68
<b>TOTAL SEGMENT REVENUE</b>	<b>4,786.49</b>	<b>4,783.70</b>

(₹ in crores)

II SEGMENT RESULT	As at March 31	
	2020	2019
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	107.33	142.60
ii. Unitary Products	162.27	186.56
iii. Professional Electronics and Industrial Systems	(0.22)	(0.80)
<b>TOTAL SEGMENT RESULT</b>	<b>269.38</b>	<b>328.36</b>
Less: i) Finance cost	32.37	44.92
ii) Other un-allocable expenditure net of un-allocable income	65.31	77.14
<b>TOTAL PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM</b>	<b>171.70</b>	<b>206.30</b>
Exceptional items	(4.03)	(26.45)
<b>PROFIT BEFORE TAXATION</b>	<b>167.67</b>	<b>179.85</b>

### III OTHER INFORMATION

(₹ in crores)

A. SEGMENT ASSETS	As at March 31	
	2020	2019
i. Electro-Mechanical Projects And Commercial Air Conditioning Systems	1,558.14	1,547.06
ii. Unitary Products	1,001.56	1,188.54
iii. Professional Electronics and Industrial Systems	1.99	1.90
<b>TOTAL SEGMENT ASSETS</b>	<b>2,561.69</b>	<b>2,737.50</b>
Add: Un-allocable corporate assets	752.06	502.16
<b>TOTAL ASSETS</b>	<b>3,313.75</b>	<b>3,239.66</b>

**41. SEGMENT INFORMATION (Contd.)***(₹ in crores)*

<b>B. SEGMENT LIABILITIES</b>	<b>As at March 31</b>	
	<b>2020</b>	<b>2019</b>
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,140.96	1,080.47
ii. Unitary Products	697.12	719.54
iii. Professional Electronics and Industrial Systems	1.73	0.79
<b>TOTAL SEGMENT LIABILITIES</b>	<b>1,839.81</b>	<b>1,800.80</b>
Add: Un-allocable corporate liabilities	624.25	477.86
<b>TOTAL LIABILITIES</b>	<b>2,464.06</b>	<b>2,278.66</b>

*(₹ in crores)*

<b>C. NON CURRENT ASSETS</b>	<b>As at March 31</b>	
	<b>2020</b>	<b>2019</b>
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	61.64	51.83
ii. Unitary Products	28.63	52.83
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	69.13	13.91
<b>TOTAL</b>	<b>159.40</b>	<b>118.57</b>

*(₹ in crores)*

<b>D. DEPRECIATION/AMORTISATION</b>	<b>As at March 31</b>	
	<b>2020</b>	<b>2019</b>
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	24.10	32.76
ii. Unitary Products	24.04	25.31
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	36.20	11.11
<b>TOTAL</b>	<b>84.34</b>	<b>69.18</b>

*(₹ in crores)*

<b>E. NON CASH EXPENSES OTHER THAN DEPRECIATION</b>	<b>As at March 31</b>	
	<b>2020</b>	<b>2019</b>
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	42.84	5.55
ii. Unitary Products	3.07	0.34
iii. Professional Electronics and Industrial Systems	-	0.50
iv. Un-allocable	0.22	1.55
<b>TOTAL</b>	<b>46.13</b>	<b>7.94</b>

#### 41. SEGMENT INFORMATION (Contd.)

##### B. Secondary segment information:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
<b>Revenue from operations for the year ended</b>		
India	4,607.80	4,554.66
Outside India	178.69	229.04
<b>Total</b>	<b>4,786.49</b>	<b>4,783.70</b>
<b>Carrying amount of non-current assets</b>		
India	534.43	499.93
Outside India	-	-
<b>Total</b>	<b>534.43</b>	<b>499.93</b>

#### 42. DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Company has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Company does not use foreign exchange forward and options contract for trading or speculative purposes.

Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Profit or Loss.

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

##### a. Derivative instruments: Forward contract outstanding as at balance sheet date

Foreign currency	31-March-20		31-March-19	
	Amount in foreign currency (in lakh)	₹ crores	Amount in foreign currency (in lakh)	₹ crores
<b>Particulars of derivatives</b>				
<b>Forward cover to purchase USD &amp; CNY:</b>				
<b>Hedge of underlying payables - USD</b>				
- Other payables	72.73	55.03	125.80	87.00
<b>Hedge of underlying payables - CNY</b>				
- Other payables	726.48	77.33	1,004.23	103.31

##### b. Derivative instruments: Option contract outstanding as at balance sheet date

Foreign currency	31-March-20		31-March-19	
	Amount in foreign currency (in Lakh)	₹ crores (notional value)	Amount in foreign currency (in Lakh)	₹ crores (notional value)
<b>Particulars of derivatives</b>				
<b>Option cover to purchase USD &amp; CNY:</b>				
<b>Hedge of underlying payables - USD</b>				
- Other payables	59.48	45.01	-	-
<b>Hedge of underlying payables - CNY</b>				
- Other payables	353.73	37.65	-	-

## c. Particulars of un-hedged foreign currency exposure as at the balance sheet date

Foreign currency	31-March-20		31-March-19	
	Amount in foreign currency (in lakh)	₹ crores	Amount in foreign currency (in lakh)	₹ crores
<b>Bank balances</b>				
EUR	0.48	0.40	1.01	0.78
USD	6.62	5.01	13.17	9.11
<b>Receivables</b>				
CNY	-	-	82.85	8.52
EUR	0.62	0.51	1.39	1.08
MYR	10.10	1.77	16.60	2.81
USD	46.38	35.10	87.61	60.58
<b>Payables</b>				
AED	22.63	4.66	0.24	0.04
JPY	-	-	140.96	0.88
CNY	34.04	3.62	22.66	2.33
USD	108.48	82.08	44.94	31.08
EUR	2.52	2.08		

## 43. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

## Quantitative disclosures fair value measurement hierarchy as at March 31, 2020:

Particulars	Date of valuation	Total	Quoted prices in active markets (level1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		₹ crores	₹ crores	₹ crores	₹ crores
<b>Assets for which fair values are disclosed:</b>					
Investment property (refer note 6)	March 31, 2020	61.41	-	-	61.41
Derivatives not designated as hedges					
- Foreign exchange forward contracts	March 31, 2020	2.20	-	2.20	-

There have been no transfers between Level 1 and Level 2 during the period.

## Quantitative disclosures fair value measurement hierarchy as at March 31, 2019 :

Particulars	Date of valuation	Total	Quoted prices in active markets (level1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		₹ crores	₹ crores	₹ crores	₹ crores
<b>Assets for which fair values are disclosed:</b>					
Investment Property (refer note 6)	March 31, 2019	66.04	-	66.04	-
<b>Liabilities measured at fair value:</b>					
Derivatives not designated as hedges					
- Foreign exchange forward contracts	March 31, 2019	3.66	-	3.66	-

There have been no transfers between Level 1 and Level 2 during the period.

#### 44. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures.

##### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

##### Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilising foreign exchange forward contracts.

##### Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD and CNY to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

(₹ in crores)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		As at March 31		As at March 31	
		2020	2019	2020	2019
US Dollars	+5%	(7.10)	(1.93)	(4.62)	(1.26)
	-5%	7.10	1.93	4.62	1.26
CNY	+5%	(5.93)	0.11	(3.86)	0.07
	-5%	5.93	(0.11)	3.86	(0.07)

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly short-term borrowing and investments.

##### Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

##### 1. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The ageing analysis of trade receivables as of the reporting date is as follows:

(₹ in crores)

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		less than 1 year	more than 1 year	
Trade receivables as on March 31, 2020	66.59	548.77	130.47	745.83
Trade receivables as on March 31, 2019	209.67	639.65	166.63	1,015.95

The requirement for impairment is analysed at each reporting date. Refer Note 12 for details on the impairment of trade receivables.

## 2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Company's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Company's maximum exposure for financial guarantees is given in Note 39.

### Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

The tables below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(₹ in crores)

Particulars	As at 31-March-20		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	449.04	41.88	490.92
Trade payables	1,438.57	-	1,438.57
Lease liabilities	21.42	55.88	77.30
Other financial liabilities	30.18	-	30.18
<b>Total</b>	<b>1,939.21</b>	<b>97.76</b>	<b>2,036.97</b>

(₹ in crores)

Particulars	As at 31-March-19		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	364.42	-	364.42
Trade payables	1,424.91	-	1,424.91
Other financial liabilities	16.72	0.05	16.77
<b>Total</b>	<b>1,806.05</b>	<b>0.05</b>	<b>1,806.10</b>

## 45. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Company's adjusted net debt and equity position is as follows:

### Gearing ratio:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Borrowings	490.92	364.42
Less: Cash and cash equivalents	(218.18)	(21.79)
<b>Net debt</b>	<b>272.74</b>	<b>342.63</b>
Equity	849.69	961.00
<b>Total capital</b>	<b>849.69</b>	<b>961.00</b>
<b>Capital and net debt</b>	<b>1,122.43</b>	<b>1,303.63</b>
<b>Gearing ratio</b>	<b>24.30%</b>	<b>26.28%</b>

**46. CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE:**

(₹ in crores)

Particulars			31-March-20
	Within 12 months	After 12 months	Total
<b>Assets</b>			
Inventories	849.65	-	849.65
Trade receivables	745.83	-	745.83
Loans	13.87	-	13.87
Other financial assets	2.30	-	2.30
Other current assets	489.42	53.69	543.11
Assets held for sale	0.08		0.08
<b>Liabilities</b>			
Trade payables	1,438.57	-	1,438.57
Lease liabilities	21.42	-	21.42
Other financial liabilities	30.18	-	30.18
Other current liabilities	366.03	-	366.03
Provisions	53.19	-	53.19

(₹ in crores)

Particulars			31-March-19
	Within 12 months	After 12 months	Total
<b>Assets</b>			
Inventories	857.75	-	857.75
Trade receivables	1,015.95	-	1,015.95
Loans	9.91	-	9.91
Other financial assets	0.67	-	0.67
Other current assets	475.00	28.39	503.39
<b>Assets held for sale</b>	0.14	-	0.14
<b>Liabilities</b>			
Trade payables	1,424.91	-	1,424.91
Lease liabilities	16.72	-	16.72
Other current liabilities	374.44	-	374.44
Provisions	76.09	-	76.09

**47. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST, OTHER EXPENSES AND FINANCE COST VIDE NOTE 29, 30, 32 AND 33 IN RESPECT OF SPECIFIC ITEMS IS AS FOLLOWS:**

(₹ in crores)

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Salary & wages	25.72	369.47	-	-	395.20
	(9.79)	(331.12)	-	-	(340.91)
Rent	0.87	-	47.79	-	48.66
	(0.95)	-	(75.73)	-	(76.68)
Power & fuel	1.87	-	17.47	-	19.34
	(4.01)	-	(17.13)	-	(21.14)

**47. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST, OTHER EXPENSES AND FINANCE COST VIDE NOTE 29, 30, 32 AND 33 IN RESPECT OF SPECIFIC ITEMS IS AS FOLLOWS: (Contd.)**

(₹ in crores)

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Insurance	6.06	-	3.16	-	9.22
	(1.41)	-	(1.87)	-	(3.28)
Travelling and conveyance	0.86	-	41.75	-	42.61
	(2.66)	-	(43.17)	-	(45.83)
Printing and stationery	0.49	-	3.95	-	4.44
	(0.65)	-	(3.84)	-	(4.49)
Communication expenses	0.05	-	0.00	-	0.05
	(0.05)	-	(7.87)	-	(7.92)
Freight and forwarding charges	1.45	-	83.02	-	84.47
	(0.63)	-	(72.70)	-	(73.33)
Legal and professional fees	17.76	-	56.62	-	74.38
	(15.38)	-	(49.79)	-	(65.17)
Bank charges	1.93	-	-	4.18	6.11
	(2.17)	-	-	(6.59)	(8.76)

Figures in brackets are for previous year

**48. (A) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH AND DEVELOPMENT:**

(₹ in crores)

Particulars	For the year ended March 31	
	2020	2019
Employee benefit expense	21.47	19.05
Cost of raw material and components consumed	4.66	4.66
Legal and professional fees	2.51	0.66
Depreciation	10.66	11.02
Others	6.61	5.77
<b>Total</b>	<b>45.91</b>	<b>41.16</b>

**(B) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:**

(₹ in crores)

Particulars	For the year ended March 31	
	2020	2019
<b>Tangible assets</b>		
Building sheds and road	6.95	2.00
Plant and equipment	10.79	1.56
Furniture and fixtures	-	0.08
Office equipment	0.65	0.05
Vehicles	0.39	0.74
Computers	0.35	0.13
<b>Intangible assets (including under development)</b>		
Technical knowhow	3.04	4.70
Software	0.40	0.33
<b>Total</b>	<b>22.57</b>	<b>9.59</b>



## 49. DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

### 1. Disaggregation of revenue:

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 by offerings and contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

(₹ in crores)

Revenue by type of contract	31-March-20			31-March-19		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Commercial Air Conditioning Systems	953.57	1,531.99	2,485.56	1,028.66	1,484.69	2,513.35
Unitary products	2,264.07	36.55	2,300.62	2,234.81	34.86	2,269.67
Professional Electronics and Industrial Systems	0.24	0.07	0.31	0.67	0.01	0.68
<b>Total</b>	<b>3,217.88</b>	<b>1,568.61</b>	<b>4,786.49</b>	<b>3,264.14</b>	<b>1,519.56</b>	<b>4,783.70</b>

### 2. Reconciliation of contracted price with the revenue recognised in profit or loss:

(₹ in crores)

Particulars	As at March 31	
	2020	2019
Sale of products at transaction price & construction and service contracts at contracted price	4,879.78	4,832.55
Reduction towards variable consideration components *	(108.89)	(74.58)
Revenue recognised in profit & loss	4,770.89	4,757.97

\* Reduction towards variable consideration components include discounts, service level credits, etc.

- Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹Nil crores (March 31, 2019 ₹Nil crores).
- The aggregate value of Order Book as at March 31, 2020, is ₹2,772 crores (March 31, 2019 ₹1,900.58 crores). Out of this, the Company expects to recognise revenue of around 52% within next one year and remaining thereafter.
- Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

Particulars	2019-20	2018-19
Opening balance - contract assets (net of impairment)	332.11	282.86
Opening balance - contract liabilities*	(95.25)	(77.13)
Revenue recognised during the year	(1,568.61)	(1,519.56)
Less: Progress billing during the year	1,593.36	1,550.69
<b>Closing balance</b>	<b>261.61</b>	<b>236.86</b>
Closing balance contract assets (net of impairment)	378.50	332.11
Closing balance contract liabilities including income received in advance	(116.89)	(95.25)
<b>* The company has recognised revenue out of opening contract liabilities</b>	<b>95.25</b>	<b>77.13</b>

## 50. LEASES

### a) Transition impact and disclosure

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹55.42 crores and a lease liabilities of ₹61.98 crores towards buildings. Further, the Company has recognised the Right of Use Assets of ₹3.41 crores towards Lease hold Land. The cumulative effect of applying the standard, amounting to ₹4.28 crores was debited to retained earnings, net of taxes. Ind AS116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 8.50% to 9.50%.

The Company had no finance leases as on March 31, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous year to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

#### Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

#### Measurement of lease liabilities

	(₹ in crores)
Operating lease commitments disclosed as at March 31, 2019	10.97
(Less): Short-term leases not recognised as a liability	(0.93)
Add: Adjustment as a result of different treatment of cancellable/non-cancellable leases	71.83
<b>Total</b>	<b>81.87</b>
<b>Discounting impact</b>	<b>19.89</b>
<b>Lease liability recognised as at April 1, 2019</b>	<b>61.98</b>
Of which are:	
Current lease liabilities	19.70
Non-current lease liabilities	42.28

#### Measurement of right of use assets

The change in accounting policy affected the following items in the balance sheet on April 1, 2019:

- Property, plant and equipment – decrease by ₹3.34 crores (net of accumulated depreciation)
- Right-of-use assets – increase by ₹58.76 crores
- Deferred tax assets – increase by ₹2.30 crores
- Lease liabilities – increase by ₹61.98 crores
- The net impact on retained earnings on April 1, 2019 was an decrease of ₹4.28 crores (net of taxes)

#### b) Disclosure as per the requirement of Ind As 116

##### Amounts recognised in balance sheet:

	(₹ in crores)	
	March 31	April 1
	2020	2019
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets	54.52	58.76
<b>Lease liabilities</b>		
Current	21.42	19.70
Non-current	37.72	42.28

**Amounts recognised in the statement of profit and loss:***(₹ in crores)*

The statement of profit or loss shows the following amounts relating to leases:	Notes	March 31	April 1
		2020	2019
Depreciation charge of right-of-use assets	31	17.12	-
Interest expense (included in finance costs)	33	6.32	-
Expense relating to short term-lease not included in lease liabilities	32	0.93	-
Expense relating to variable lease payments not included in lease liabilities	32	46.86	-

The total cash outflow for leases for the year ended March 31, 2020 was ₹69.97 crores.

**The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:**

*(₹ in crores)*

	Amount
Not later than 1 year	21.42
Later than 1 year and not later than 5 years	43.21
Later than 5 years	12.67
<b>Total undiscounted lease liabilities</b>	<b>77.30</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Variable lease payments**

Some property leases contain variable payment terms that are linked to space used for warehouse whenever required by the Company. Variable lease payments that depends on variable space requirement are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

**Extension and termination options**

Extension and termination options are included in some of the leases across the Company. These are used to maximise operational flexibility in terms of managing the assets in the Company's operation. The majority of extension and termination options held are exercisable by both the Company and by the respective lessor. Further the company expects not to use that options.

**51. PREVIOUS YEAR COMPARATIVES**

Corresponding figures for the immediately preceding period are disclosed in the financial statements. Previous years' figures have been regrouped where necessary to confirm to this year's classification.

**For and on behalf of the Board of Directors of BLUE STAR LIMITED**

<b>Shailesh Haribhakti</b>	Chairman	DIN: 00007347
<b>Vir S Advani</b>	Vice Chairman & Managing Director	DIN: 01571278
<b>Vijay Devadiga</b>	Company Secretary	
<b>Neeraj Basur</b>	Group Chief Financial Officer	

Mumbai: May 12, 2020

# Form AOC - I

(Pursuant to first provision to Section 129(3) of the Companies Act, 2013  
read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

## PART A - SUBSIDIARIES

(₹ in crores)

Sr No.	Particulars	Name of the subsidiaries			
		Blue Star Engineering & Electronics Limited	Blue Star Qatar WLL	Blue Star International FZCO	Blue Star Systems and Solutions LLC
1	Date since when subsidiary was acquired	June 22, 2010	February 12, 2007	April 18, 2017	August 15, 2018
2	Reporting period	April - March	April - March	April - March	April - March
3	Reporting currency	INR	QAR	AED	AED
4	Exchange rate as on the last date of the relevant financial year*	NA	20.64	20.60	20.60
5	Share capital	529,25,052 Shares of ₹2/- each fully paid up	100 shares of QR 2000 each	5,350 shares of AED 1000 each	300 shares of AED 1000 each
6	Reserves & surplus (other equity)	117.60	45.72	0.24	(5.13)
7	Total assets	252.73	140.63	77.36	8.35
8	Total liabilities	124.54	94.54	67.04	12.91
9	Investments other than investments in subsidiary	-	-	-	-
10	Turnover (total income)	249.58	254.14	232.32	8.99
11	Profit/(loss) before taxation	60.12	10.37	5.70	(4.86)
12	Provision for taxation	18.28	1.35	-	-
13	Profit/(loss) after taxation	41.84	9.02	5.70	(4.86)
14	Other comprehensive income/(loss)	(0.28)	-	-	-
15	Total comprehensive income/(loss)	41.56	9.02	5.70	(4.86)
16	Proposed dividend	-	-	-	-
17	% of Shareholding	100%	49%	100%	49%#

\*Closing exchange rate as on March 31, 2020 has been considered

#Blue Star International FZCO has a management control of Blue Star Systems and Solutions LLC. So, the Company has consolidated 100% financial results

# Form AOC - I

(Pursuant to first provision to Section 129(3) of the Companies Act, 2013  
read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

## PART B - ASSOCIATES AND JOINT VENTURES

(₹ in crores)

Sr. No.	Particulars	Name of the joint ventures	
		Blue Star Oman Electro-Mechanical Co LLC <sup>#</sup>	Blue Star M & E Engineering Sdn Bhd <sup>*</sup>
1	Last audited balance sheet date	December 31, 2017	March 31, 2020
2	Date on which the associate or joint venture was associated or acquired	October 29, 2015	November 30, 1993
	Number of shares held by the Company as on March 31, 2020	255,000 shares of OMR 1 each	367,500 shares of RM 1 each
	Number of shares held by the Company as on March 31, 2020	-	49 Redeemable Convertible Preference Shares of RM 40000 each
	Amount of investment in joint venture/associate	4.34	3.98
	Extent of holding %	51%	49%
3	Description of how there is a significant influence	There is significant influence due to percentage (%) of Share Capital	There is significant influence due to percentage (%) of Share Capital
4	Reasons why the joint venture is not consolidated	NA	NA
5	Net worth attributable to shareholding as per latest audited balance sheet	-	16.87
6	Profit/(loss) for the year		
	i. Considered in consolidation	-	2.73
	ii. Not considered in consolidation	-	-
7	Other comprehensive income/(loss) for the year		
	i. Considered in consolidation	-	-
	ii. Not considered in consolidation	-	-
8	Total comprehensive income/(loss) for the year		
	i. Considered in consolidation	-	2.73
	ii. Not considered in consolidation	-	-

<sup>#</sup> refer note 42 in Consolidated Financial Statements

<sup>\*</sup> Blue Star M & E Engineering Sdn Bhd is a joint venture of Blue Star International FZCO

### For and on behalf of the Board of Directors of BLUE STAR LIMITED

<b>Shailesh Haribhakti</b>	Chairman	DIN:00007347
<b>Vir S Advani</b>	Vice Chairman & Managing Director	DIN:01571278
<b>Vijay Devadiga</b>	Company Secretary	
<b>Neeraj Basur</b>	Group Chief Financial Officer	

Mumbai: May 12, 2020

# Investor and Shareholder Information

## SHAREHOLDER INQUIRIES

Shareholders may note that activities concerning share certificates, dividend, address changes (for physical shares only), lost certificates and all other investor related matters are attended to and processed at the office of the Company's Registrar and Transfer Agent. Address changes in respect of dematerialised shares should be intimated to the concerned depository participant.

Blue Star Limited  
Band Box House, 4<sup>th</sup> Floor  
254 D, Dr Annie Besant Road  
Worli, Mumbai 400 030  
Tel: +91 22 6654 4000  
Fax: +91 22 6654 4001  
Website: [www.bluestarindia.com](http://www.bluestarindia.com)  
CIN: L28920MH1949PLC006870

Company Secretary & Compliance Officer  
Vijay Devadiga  
Email: [vijaydevadiga@bluestarindia.com](mailto:vijaydevadiga@bluestarindia.com)  
Tel: +91 22 6654 4000

## REGISTRAR AND TRANSFER AGENT

Link Intime India Pvt Ltd  
C-101, 247 Park,  
L B S Marg, Vikhroli (West)  
Mumbai 400 083  
Tel: +91 22 4918 6000  
Fax: +91 22 4918 6060  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## DEPOSITORIES

National Securities Depository Limited  
Trade World, 'A' Wing, 4<sup>th</sup> Floor  
Kamala Mills Compound  
Senapati Bapat Marg  
Lower Parel, Mumbai 400 013  
Tel: +91 22 2499 4200 / +91 22 2497 6351

Central Depository Services (India) Limited  
Marathon Futurex, A-Wing, 25<sup>th</sup> floor  
NM Joshi Marg, Lower Parel  
Mumbai 400 013  
Tel: +91 22 2302 3333 / +91 22 2272 3199

## DEMATERIALISATION

The Company has made arrangements for dematerialisation of its shares through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Since the Company shares are traded in dematerialised mode, the shareholders are requested to dematerialise their shareholding.

## INVESTOR RELATIONS PROGRAMME

The Company has an active investor relations programme directed to both individual and institutional investors. The Company's investor relations mission is to maintain an ongoing awareness of the Company's performance among its shareholders and the financial community. The Company welcomes inquiries from its investors, large or small, as well as from members of the financial community.

For further information, please contact the Company's Investor Relations Department at the above address.

## BLUE STAR SHAREHOLDERS

As of March 31, 2020, the Company has 51,871 registered shareholders. The Promoters hold 38.76% of the Company's shares. 25.95% of the Company's shares are held by individual investors while Foreign Investors, Institutions, Bodies Corporate and others hold the balance shares.

## STOCK EXCHANGE LISTINGS

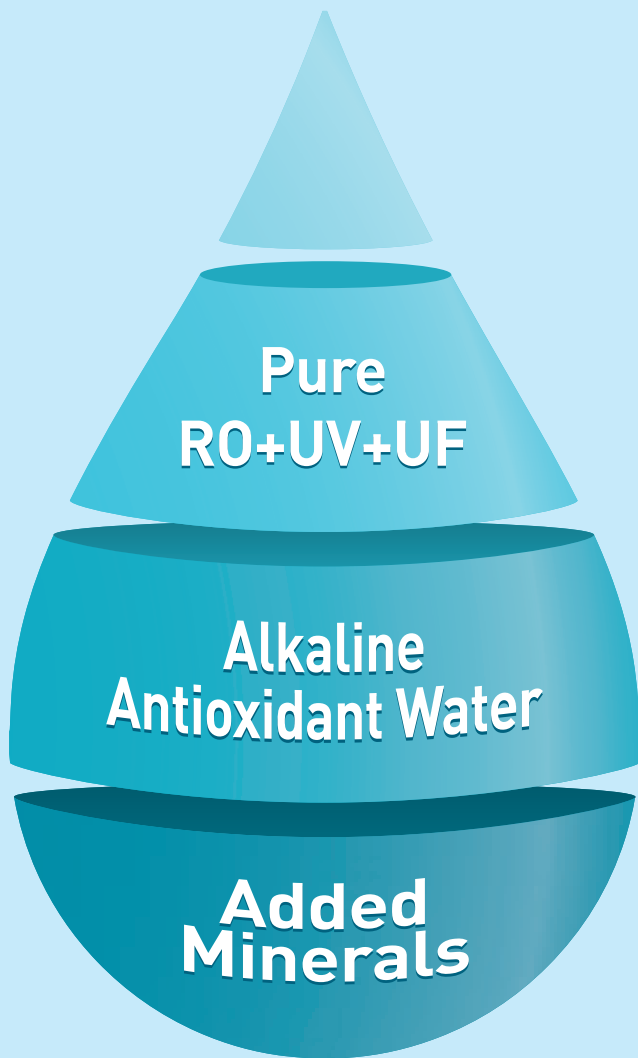
BSE Limited  
National Stock Exchange of India Ltd

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**BLUE STAR**

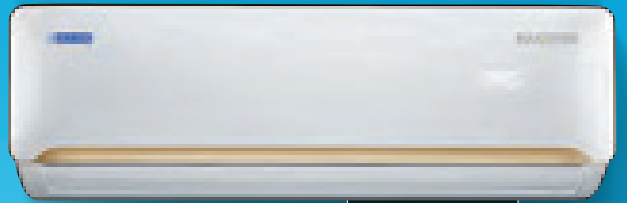
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BY VIRAT  
LOVED  
BY VIRAT**



**BLUE STAR**

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