

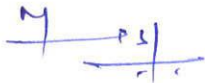
Blue Star Engineering & Electronics Limited  
Balance Sheet as at March 31, 2020

	Notes	As at 31st March, 2020 ₹ Lakhs	As at 31st March, 2019 ₹ Lakhs
<b>A ASSETS</b>			
<b>1. Non-Current Assets</b>			
Property, Plant & Equipment	3a.	841.85	957.05
Investment Property	3b.	4,517.84	5,111.53
Intangible Assets	3c.	9.92	0.81
Intangible Assets under Development		-	16.96
<b>Financial Assets</b>			
-Loans	4a	52.60	70.27
Deferred Tax Assets (Net)	15	2,331.21	3,073.42
Other Non-Current Assets	8	233.95	258.37
<b>Total Non Current Assets</b>		<b>7,987.37</b>	<b>9,488.41</b>
<b>2. Current assets</b>			
Inventories	5	2,016.69	1,154.66
<b>Financial Assets</b>			
-Loans	4a	7,688.80	3,125.46
-Trade Receivables	6	3,452.97	4,097.69
-Cash & cash Equivalents	7	2,186.23	2,821.32
-Other Financial Assets	4b	-	256.20
Other Current Assets	8	2,141.73	933.60
<b>Total Current Assets</b>		<b>17,486.42</b>	<b>12,388.93</b>
<b>TOTAL ASSETS</b>		<b>25,473.79</b>	<b>21,877.34</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
Equity Share Capital	9	1,058.50	1,058.50
Other Equity		11,760.01	11,113.63
<b>Total Equity</b>		<b>12,818.51</b>	<b>12,172.13</b>
<b>2. Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Provision	14	12.48	55.55
<b>Total Non Current Liabilities</b>		<b>12.48</b>	<b>55.55</b>
<b>3. Current Liabilities</b>			
<b>Financial Liabilities</b>			
-Borrowings	10	1,569.17	-
-Trade Payables			
a. Total outstanding dues of Micro Enterprises and Small Enterprises	11	0.60	-
b. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		4,197.82	4,595.69
-Other financial liabilities	12	266.07	320.26
Provisions	14	494.82	621.12
Income tax liabilities		196.90	-
Other Current Liabilities	13	5,917.42	4,112.59
<b>Total Current Liabilities</b>		<b>12,642.80</b>	<b>9,649.66</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>25,473.79</b>	<b>21,877.34</b>

The accompanying notes are an integral part of the financial statements.

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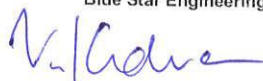
In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants



Mukesh Jain  
Partner

Place : Mumbai  
Date : 11th May, 2020

For and on behalf of the Board of Directors of  
Blue Star Engineering & Electronics Limited



Vir S Advani  
Chairman

Prem Kallathi  
CEO



Neeraj Basur  
Director

Sivakumar Ramani  
CFO

Yogesh Joshi  
Company Secretary

Place : Mumbai  
Date : 11th May, 2020



Blue Star Engineering & Electronics Limited  
Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Notes	For the year ended	
		31st March, 2020 ₹ Lakhs	31st March, 2019 ₹ Lakhs
Revenue from operations	16	24,450.20	22,634.25
Other Income	17	701.56	374.23
<b>Total revenue (I)</b>		<b>25,151.76</b>	<b>23,008.48</b>
<b>Expenses</b>			
Cost of material consumed and Project cost	18	1,693.04	2,849.33
Purchase of Stock-in-trade	18	13,269.95	10,829.95
Changes in Inventories	18	(862.03)	345.75
Employee benefits expense	19	2,891.43	3,198.39
Depreciation and amortization expense	20	546.67	669.31
Finance costs	21	72.64	177.84
Other expenses	22	1,527.57	1,542.05
<b>Total Expenses (II)</b>		<b>19,139.27</b>	<b>19,612.62</b>
<b>Profit before tax (I) - (II)</b>		<b>6,012.49</b>	<b>3,395.86</b>
<b>Tax Expense</b>			
i) Current tax		1,086.77	742.16
ii) Deferred tax		741.72	(2,448.46)
<b>Total tax expense (III)</b>		<b>1,828.49</b>	<b>(1,706.30)</b>
<b>Net Profit after Tax (IV)</b>		<b>4,184.01</b>	<b>5,102.16</b>
<b>Other comprehensive income</b>			
Re-measurement gains/(losses) on defined benefit plans		(28.41)	(43.20)
<b>Other comprehensive income for the year</b>		<b>(28.41)</b>	<b>(43.20)</b>
<b>Total comprehensive income for the year</b>		<b>4,155.60</b>	<b>5,058.96</b>

The accompanying notes are an integral part of the financial statements.

1 to 36

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*MJ*

Mukesh Jain  
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Chairman

*Neeraj Basur*

Neeraj Basur  
Director

*Prem K. Math*

Prem K. Math  
CEO

*Sivakumar Ramani*

Sivakumar Ramani  
CFO

*Yogesh Joshi*

Yogesh Joshi  
Company Secretary

Place : Mumbai  
Date : 11th May, 2020



Blue Star Engineering & Electronics Limited  
Statement of Changes in Equity for the year ended March 31, 2020

(A) Equity Share Capital

For the period ended March 31, 2020

₹ Lakhs		
Balance as at April 1, 2019	Changes in Equity Share Capital during the year	Balance as at March 31, 2020
1,058.50	-	1,058.50

For the year ended March 31, 2019

₹ Lakhs		
Balance as at April 1, 2018	Changes in Equity Share Capital during the year	Balance as at March 31, 2019
1,058.50	-	1,058.50

(B) Other Equity

For the period ended March 31, 2020

Particulars	Reserve & Surplus			Total Equity
	Share Premium	Capital Reserves	Retained Earning	
As at April 1, 2019	2,088.87	7,762.48	1,262.28	11,113.63
Profit for the period	-	-	4,184.01	4,184.01
Other Comprehensive Income	-	-	(28.41)	(28.41)
<b>Subtotal</b>	<b>2,088.87</b>	<b>7,762.48</b>	<b>5,417.88</b>	<b>15,269.23</b>
Dividend and Dividend Distribution Tax thereon	-	-	(3,509.22)	(3,509.22)
<b>Balance as at March 31, 2020</b>	<b>2,088.87</b>	<b>7,762.48</b>	<b>1,908.66</b>	<b>11,760.01</b>

For the year ended March 31, 2019

Particulars	Reserve & Surplus			Total Equity
	Share Premium	Capital Reserves	Retained Earning	
As at April 1, 2018	2,088.87	7,762.48	(3,796.67)	6,054.67
Profit for the period	-	-	5,102.15	5,102.15
Other Comprehensive Income	-	-	(43.20)	(43.20)
<b>Balance as at March 31, 2019</b>	<b>2,088.87</b>	<b>7,762.48</b>	<b>1,262.28</b>	<b>11,113.63</b>

The accompanying notes are an integral part of the financial statements.

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Prem Kulkarni  
CEO

Sivakumar Ramani  
CFO

Yogesh Joshi  
Company Secretary

Place : Mumbai  
Date : 11th May, 2020



Blue Star Engineering & Electronics Limited  
Cash Flow Statement for the year ended 31st March, 2020

₹ Lakhs

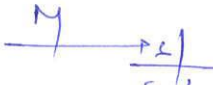
	As at 31st March, 2020	As at 31st March, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,012.49	3395.86
Adjustments		
Depreciation/ amortization	546.67	669.31
Fair Value loss of financial Instrument	(3.77)	(11.01)
Loss/ (profit) on sale of Property Plant & Equipment	4.77	0.44
Provision for doubtful debts and advances	181.63	94.61
Unrealized foreign exchange loss / (gain)	(32.43)	12.67
Liabilities written back	(196.55)	(280.28)
Interest expense	72.63	177.84
Interest income	(492.85)	(44.04)
Profit on sale of investment property	(21.81)	-
Proceeds from sale of investment property	176.00	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>6246.78</b>	<b>4015.40</b>
Increase/(Decrease) in working capital :		
Trade payables	(224.78)	66.47
Provisions	(197.78)	224.63
Other current liabilities	1750.64	1717.82
Trade receivables	517.66	1559.11
Inventories	(862.03)	345.75
Loans and advances	282.55	317.65
Other Assets	(1175.48)	395.17
Cash generated from operations	6337.56	8642.00
Direct taxes paid (net of refunds)	(889.38)	(655.61)
<b>Net cash flow from operating activities (A)</b>	<b>5448.18</b>	<b>7986.40</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment, including CWIP and capital advances	(73.57)	(45.47)
Proceeds from sale of Property, Plant & Equipment	86.12	2.03
Loan to related party	(4500.00)	(3000.00)
Interest income	416.85	-
<b>Net cash flow (used in) investing activities (B)</b>	<b>(4070.60)</b>	<b>(3043.44)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) from long-Borrowings, net		(1140.26)
Proceeds / (Repayment) from Short-Borrowings, net	1,569.17	(1985.94)
Interest paid	(72.63)	(177.84)
Dividend and Distribution Tax paid	(3509.22)	-
<b>Net cash flow (used in) in financing activities (C)</b>	<b>(2012.67)</b>	<b>(3304.04)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(635.09)</b>	<b>1,638.92</b>
Cash and cash equivalents at the beginning of the year	2,821.32	1,182.40
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR ( Refer Note 7 )</b>	<b>2,186.23</b>	<b>2,821.32</b>

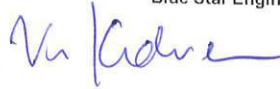
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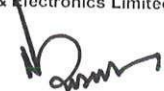
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Partner



Vir S Advani  
Chairman



Neeraj Basur  
Director

  
Prem Kalliath  
CEO

  
Sivakumar Ramani  
CFO



Yogesh Joshi  
Company Secretary

Place : Mumbai  
Date : 11th May,2020

Place : Mumbai  
Date : 11th May,2020



**Blue Star Engineering & Electronics Limited**  
**Notes to Financial Statements for the period ended 31st March 2020**

**1 Corporate Information**

Blue Star Engineering & Electronics Limited ("the Company") is a public company incorporated in the year 2010 (with effect from 27th February 2015, the name of the Company has changed from Blue Star Electro Mechanical Limited to Blue Star Engineering & Electronics Limited). The registered office of the company is located at Kasturi Buildings, Jamshedji Tata Road, Mohan T Advani Chowk, Mumbai – 400020. The Company is into distribution and maintenance of imported professional electronics and industrial systems and in the business of providing Plumbing & Fire Fighting Contracting Services, providing engineering services in the field of refrigerators and air conditioning, heating and ventilation and also renting of properties.

The financial statements of the Company were approved by its Board of Directors on May 11, 2020.

**2A Statement of compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India.

**2B 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 24.

**(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 traded goods:**

Revenue from sale of traded 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. Project Revenue:**

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 if any, (such as professional fees and commission paid to acquire the contract) are recognized as assets and amortized over the term of the contract.

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**Blue Star Engineering & Electronics Limited**  
**Notes to Financial Statements for the period ended 31st March 2020**

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. Commission income is recognized as and when the terms of the contracts are fulfilled. Repairs & service and installation revenue are recognised based on work certified by customer.

Revenue from service warranty is recognised based on the input cost method (based on the actual performance) of the contract.

**iv. Interest income:**

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.

**vii. Dividend Income:**

Other income is recognised as and when right to receive is established.

**(d) 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. The Company makes monthly contributions towards the employees' provident fund.

Defined benefit plan:

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 recognized 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 – recognized in the statement of profit or loss;
- ii. net interest on the net liability or asset - recognized in the statement of profit or loss;
- iii. remeasurement of the net liability or asset - recognized in other comprehensive income

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(e) 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.

(f) 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 the statement of profit or loss.

Foreign currency denominated non - monetary assets and liabilities that are measured at historical cost are not retranslated.

(g) 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 the statement of 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**

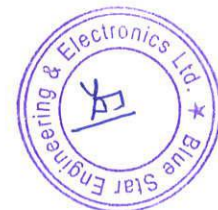
Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction 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.

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(i) **Property, Plant and Equipment (PPE)**

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. 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) As per Books
Buildings*	23-33
Plant and Machinery	5
Furniture & fixtures	10
Office equipment	5
Vehicles	8
Computers	6

\* The useful life as per books is balance useful life of the assets from the date of the acquisition of the Building.

The Company, based on technical assessment made by technical expert and management estimate, depreciates the assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Any gain or loss arising on derecognition / disposal of an asset is included in the statement of 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.

(j) **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 Company, based on technical assessment made by technical expert and management estimate, depreciates the assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013

During the year, the Company has change the accounting estimate of method of amortisation from Written Down value to Straight Line method of depreciation. The impact of the change in the financials is immaterial.

**Nature of Intangible**

Software

**Asset Method of Amortisation**

Straight Line method of assets over a period of 6 years

(k) **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.

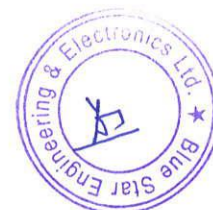
The Company depreciates the building component of investment property over 23 to 60 years on written down value basis from the date of original purchase.

Investment properties are derecognized 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.

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**(I) 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 recognized 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 recognized in the Statement of 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, imprest cash held by the employees on behalf of the company designated as "cash on hand" in the financial statements and cheques on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balance, short-term deposits, cash in hand and cheque in hand, as defined above.

**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 (FVTOCI)**

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 (FVTPL)**

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.

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### 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 Indian Accounting Standard AS 109 are satisfied)

#### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

#### Other financial liabilities

Other financial liabilities (including borrowings and lease rental deposits) are subsequent to initial recognition, measured at amortised cost using the effective interest rate (EIR) method.

#### 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 the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit or loss depends on the nature of the hedged 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 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 and 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 risk.

#### (m) Inventories

Inventories 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.

Demo Inventory, which requires to provide its potential customers with the demonstration of products in order to secure sale orders from the customers are amortised over the period of 5 years or expected reliable value whichever is lower.



**Blue Star Engineering & Electronics Limited**  
**Notes to Financial Statements for the period ended 31st March 2020**

**(n) 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 embodying economic benefits 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.

**Provisions for warranties**

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 embodying economic benefits 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 neither recognised nor disclosed in the financial statements

**(o) 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".

**(o) Earnings per share**

The Company's Earnings per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company.

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.

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Blue Star Engineering & Electronics Limited  
Notes to Standalone Financial Statements for the year ended March 31, 2020  
3.A Property Plant & Equipment

₹ Lakhs

Particulars	Buildings	Plant and equipment	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
<b>Cost</b>							
At April 1, 2018	1,146.86	163.02	0.13	50.68	177.94	3.22	1,541.85
Additions	-	10.48	0.07	5.02	9.96	0.76	26.29
Disposal	-	(0.52)	-	(0.45)	(14.70)	-	(15.67)
Transfer to Investment property	(1,146.86)	-	-	-	-	-	(1,146.86)
Transfers from Investment property	1,194.05	-	-	-	-	-	1,194.05
At March 31, 2019	1,194.05	172.98	0.20	55.25	173.20	3.98	1,599.66
At April 1, 2019	1,194.05	172.98	0.20	55.25	173.20	4.65	1,600.33
Additions	-	18.81	-	2.92	8.38	-	30.11
Disposal	-	(28.98)	-	(4.80)	(92.51)	-	(126.29)
At March 31, 2020	1,194.05	162.81	0.20	53.37	89.07	4.65	1,504.15
					89.06		
<b>Depreciation and impairment</b>							
At April 1, 2018	50.52	46.39	0.08	28.68	97.80	1.42	224.89
Adjustment/Reclassification	-	(0.30)	-	(0.36)	(12.59)	-	(13.25)
Transfer to Investment Property	(50.52)	-	-	-	-	-	(50.52)
Transfer from Investment Property	297.14	-	-	-	-	-	297.14
Provided during the year	77.86	66.62	0.01	12.26	26.06	1.54	184.35
At March 31, 2019	375.00	112.71	0.09	40.58	111.27	2.96	642.61
At April 1, 2019	375.00	112.71	0.09	40.58	111.27	2.96	642.61
Disposals	-	(13.63)	-	(3.88)	(70.10)	-	(87.61)
Provided during the year	71.26	11.69	0.02	6.11	17.62	0.60	107.30
At March 31, 2020	446.26	110.77	0.11	42.81	58.79	3.56	662.30
<b>Net Book Value</b>							
At March 31, 2020	747.79	52.04	0.09	10.56	30.28	1.09	841.85
At March 31, 2019	819.05	60.27	0.11	14.67	61.92	1.02	957.05

3B. Investment Property

<b>Cost</b>	
At April 1, 2018	7,275.40
Transfer from PPE	1,146.86
Transfer to PPE	(1,194.05)
At March 31, 2019	7,228.21
Additions	0.00
Disposals	(183.85)
At March 31, 2020	7,044.36



Blue Star Engineering & Electronics Limited  
Notes to Standalone Financial Statements for the year ended March 31, 2020

<b>Depreciation</b>	
At April 1, 2018	1,878.87
Additions	484.43
Transfer from PPE	50.52
Transfer to PPE	(297.14)
At March 31, 2019	2,116.68
Additions	437.16
Disposals	(27.32)
At March 31, 2020	2,526.52
<b>Net Book Value</b>	
At March 31, 2020	4,517.84
At March 31, 2019	5,111.53

Information regarding Income & Expenditure of investment property

	31st March, 2020	31st March, 2019
Rental income derived from investment property	444.31	372.71
Direct operating expenses (including repairs and maintenance) associated with rental income	(19.54)	(26.13)
Direct operating expenses (including repairs and maintenance) that did not generate profit arising from investment property before depreciation and indirect expenses	424.77	346.58
Less – Depreciation	437.16	(484.43)
Profit arising from investment property before indirect expenses	(12.39)	(137.85)

Description of valuation techniques used and key inputs to valuation on investment properties

As at 31 March 2020 and 31 March 2019, the fair value of the investment properties is ₹7,440.23 lakh and ₹ 7,715.59 lakh respectively. The valuation is based on fair value assessment done by accredited independent valuers.

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

Movement in Fair value of Investment properties

	31st March, 2020	31st March, 2019
Opening Fair Value	7,715.59	7,420.07
Transfer to Investment Property		1,199.65
Transfer from Investment Property	(253.08)	(1,249.86)
Fair value difference	(22.28)	345.73
<b>Closing balance</b>	<b>7,440.23</b>	<b>7,715.59</b>



Blue Star Engineering & Electronics Limited  
Notes to Financial Statements for the period ended March 31, 2020

3c. Intangible Assets

₹ Lakhs	
	<b>Software</b>
<b>Cost</b>	
At April 1, 2018	3.20
Additions during the year	-
At March 31, 2019	<b>3.20</b>
At April 1, 2019	3.20
Additions during the year	11.30
At March 31, 2020	<b>14.50</b>
<b>Amortisation and impairment</b>	
At April 1, 2018	1.85
Provided during the year	0.54
At March 31, 2019	<b>2.39</b>
At April 1, 2019	2.39
Provided during the year	2.19
At March 31, 2020	<b>4.58</b>
<b>Net Book Value</b>	
At March 31, 2020	9.92
At March 31, 2019	0.81

**Note :**

During the year, the Company has change in estimate of the method of amortisation from Written Down Value to Straight Line method of depreciation . The impact of change in method of amortisation immaterial

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Blue Star Engineering & Electronics Limited  
Notes to Financial Statements for the period ended March 31, 2020

4. Financial Assets

4(a). Loans (Unsecured considered good unless otherwise stated)

	Non-current		Current		₹ Lakhs
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	
Security Deposit & Earnest Money Deposit	35.42	42.33	121.27	120.47	
Less: Allowance for Doubtful Deposit	-	-	(30.50)	(30.50)	
Security Deposit & Earnest Money Deposit (Net Balance)	35.42	42.33	90.77	89.97	
Loans to employees	17.18	27.94	4.00	13.34	
Inter-Corporate Deposits* (including interest accrued thereon of Rs 94.03 lakhs)	-	-	7,594.03	3,022.15	
<b>Total Loans</b>	<b>52.60</b>	<b>70.27</b>	<b>7,688.80</b>	<b>3,125.46</b>	

\* Inter Corporate deposit is placed for purpose of meeting working capital requirement for the period of one year with call/ Put option to be paid on immediate basis on demand by the parties.

4(b). Other Financial Assets

	Non-current		Current		₹ Lakhs
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	
Receivable from Related Party	-	-	-	-	256.20
<b>Total Other Financial Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256.20</b>

5. Inventories

(Valued at lower of cost and net realisable value)

Particulars	₹ Lakhs	
	31st March, 2020	31st March, 2019
Traded goods (includes in transit: ₹32.62 lakhs (31st March,2019: ₹ 0.80 lakhs))*	1,557.70	698.45
Demo Stock (net of amortisation)	458.99	456.21
	<b>2,016.69</b>	<b>1,154.66</b>

\* During the year the inventory worth Rs 200 lakhs has been written off and from the above values provisions is of Rs. 330 Lakhs (March 31,2019 :Rs. 530.59Lakhs ) for slow moving, obsolete and defective inventory.



**Blue Star Engineering & Electronics Limited**  
Notes to Financial Statements for the period ended March 31, 2020

**6. Trade Receivable**

₹ Lakhs

	Non-current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Trade Receivables considered good-Unsecured	-	-	3,452.98	4,097.69
Trade Receivables - Credit impaired	-	-	1,495.45	1,300.95
	-	-	4,948.43	5,398.64
Less: Allowance for doubtful debts	-	-	1,495.46	1,300.95
<b>Total Trade receivables</b>	-	-	<b>3,452.97</b>	<b>4,097.69</b>

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**7. Cash and Cash Equivalent**

₹ Lakhs

	31st March, 2020	31st March, 2019
<b>Cash and cash equivalents</b>		
Balances with banks:		
– On current accounts	670.61	1,659.03
– Deposits with original maturity of less than 3 months	1,509.93	1,145.34
Cash on hand	5.69	8.30
Cheques on hand	-	8.65
	<b>2,186.23</b>	<b>2,821.32</b>

**8 Other Assets**

₹ Lakhs

	Non-current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Contract Assets	-	-	41.61	135.72
Less: Allowances for doubtful contract assets	-	-	(19.14)	(32.00)
Net Contract Assets	-	-	22.47	103.72
Unbilled Revenue on AMC	-	-	190.46	118.10
Capital Advances	10.96	2.75	-	-
Balance with Statutory Authorities	222.99	255.62	161.73	93.85
Vendor Advances	-	-	743.27	481.28
Prepaid Expenses	-	-	1,006.35	113.95
Others	-	-	17.45	22.70
	<b>233.95</b>	<b>258.37</b>	<b>2,141.73</b>	<b>933.60</b>

The movement for allowance for doubtful contract asset during the year are as follows :

₹ Lakhs

	31st March, 2020	31st March, 2019
Opening Balance as on 1st April	(32.00)	(32.00)
Impairment loss	-	-
Amounts written back	12.86	-
Closing balance as on 31st March	(19.14)	(32.00)

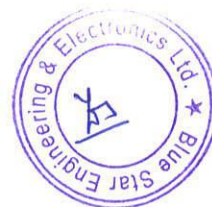
**Breakup of financial assets carried at amortized cost**

₹ Lakhs

Particulars	31st March, 2020	31st March, 2019
Trade receivables (refer note 6)	3,452.97	4,097.69
Cash & cash equivalents (refer note 7)	2,186.23	2,821.32
Loans (current & non current) (refer note 4a)	7,741.40	3,195.72
Other financial assets (refer note 4b)	-	256.20
<b>Total financial assets carried at ammortized cost</b>	<b>13,380.60</b>	<b>10,370.94</b>

**Foreign exchange forward contracts**

The Company enters into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of all trade payables and receivables denominated in foreign currency. These contracts are not designated in hedge relationships and are measured at fair





Blue Star Engineering & Electronics Limited  
Notes to Financial Statements for the year ended 31st March, 2019  
9 Share Capital

Authorised Share Capital	At 31st March, 2020		At 31st March, 2019	
	No.	₹ Lakh	No.	₹ Lakh
10% Cumulative Redeemable Preference Shares of ₹ 100 each	1,800,000	1,800.00	1,800,000	1,800.00
Equity Shares of ₹ 2 each	55,000,000	1,100.00	55,000,000	1,100.00

**Terms/Rights attached to Equity Shares**

The company has only one class of Equity Shares having par value of ₹. 2 per share. Each share holder is entitled to one vote per share. In the event of liquidation of the company, 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.

**Issued and subscribed and paid up Share Capital**

Equity Shares of ₹ 2 each issued, subscribed & fully paid up

Particulars	Balance as at 31st March, 2020		Balance as at 31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	52,925,052	1,058.50	52,925,052	1,058.50
Issued during the year	-	-	-	-
Outstanding at the end of the year	52,925,052	1,058.50	52,925,052	1,058.50

Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	31st March, 2020		31st March, 2019	
	Numbers	% holding in the class	Numbers	% holding in the class
Blue Star Limited, the Holding Company and its Nominees	52,925,052	100.00%	52,925,052	100.00%



**Blue Star Engineering & Electronics Limited**  
**Notes to Financial Statements for the period ended March 31, 2020**

**10 Borrowings**

₹ Lakhs

	31st March, 2020	31st March, 2019
<b>Current Borrowings</b>		
Cash Credit / Bank overdrafts (secured)	1,569.17	-
<b>Total current borrowings</b>	<b>1,569.17</b>	<b>-</b>
Aggregate secured loans	1,569.17	-
<b>Total</b>	<b>1,569.17</b>	<b>-</b>

**Cash Credit (Secured)**

The cash credit is repayable on demand and carries interest @ 7.6 to 9.80% secured against books debts & inventory of the Company.

**11. Trade Payables**

₹ Lakhs

	31st March, 2020	31st March, 2019
<b>Trade Payables</b>		
Trade payables	4,197.82	4,595.69
<b>Total Payable</b>	<b>4,197.82</b>	<b>4,595.69</b>

**Micro, Small and Medium Enterprises Disclosure**

Particulars	31st March, 2020	31st March, 2019
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	0.60	-
(ii) Interest due on above	-	-
(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	-	-
(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	-	-

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Blue Star Engineering & Electronics Limited  
Notes to Financial Statements for the period ended March 31, 2020

12 Other Financial Liabilities

Particular	₹ Lakhs	
	31st March, 2020	31st March, 2019
Foreign exchange forward contracts	2.48	5.54
<b>Total other financial liabilities at fair value through profit or loss</b>	<b>2.48</b>	<b>5.54</b>
Financial liabilities at amortized cost Other deposits	263.59	314.72
<b>Total other financial liabilities at amortized cost</b>	<b>263.59</b>	<b>314.72</b>
<b>Total other financial liabilities</b>	<b>266.07</b>	<b>320.26</b>

13 Other Current Liabilities

Particular	₹ Lakhs	
	31st March, 2020	31st March, 2019
Contract liabilities from contracts with customer	3,010.70	2,144.21
Contract liabilities from AMC	473.09	570.29
Advances from customers	2,092.46	1,151.19
Dues to Statutory bodies	257.54	184.72
Others	83.63	62.18
<b>Total Other Liabilities</b>	<b>5,917.42</b>	<b>4,112.59</b>

Breakup of financial liabilities carried at amortized cost

Particulars	₹ Lakhs	
	31st March, 2020	31st March, 2019
Trade payables (refer note 11)	4,197.82	4,595.69
Borrowings (refer note 10)	1,569.17	-
Other financial Liabilities (refer note 12)	266.07	320.26
<b>Total financial liabilities carried at amortized cost</b>	<b>6,033.06</b>	<b>4,915.94</b>



Blue Star Engineering & Electronics Limited  
Notes to Standalone Financial Statements for the year ended March 31, 2020

14 Provisions

₹ Lakhs

	Non Current		Current	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>Provision for employee benefits</b>				
Provision for Gratuity & Additional Gratuity	12.48	55.55	-	-
Provision for Compensated absences	-	-	147.31	162.77
	<b>12.48</b>	<b>55.55</b>	<b>147.31</b>	<b>162.77</b>
<b>Other provisions</b>				
Provision for customer warranties	-	-	347.51	434.49
Provision for foreseeable losses	-	-	-	23.86
	<b>-</b>	<b>-</b>	<b>347.51</b>	<b>458.36</b>
<b>Total</b>	<b>12.48</b>	<b>55.55</b>	<b>494.82</b>	<b>621.12</b>

**Provision for warranties**

Warranty is provided to the customer for a period of 12-60 months on from the handling over of the project and on sale of traded goods. A provision is recognised for expected warranty claims comprising of claims for material, spares, labour and other items in connection with the sale/contract on jobs completed during provision periods and on warranty provided on sale of traded goods, based on past experience of such claims.

₹ Lakhs

	31st March, 2020
At 1 April, 2019	434.49
Arising during the year	154.85
Utilized during the year	(241.83)
<b>At 31st March 2020</b>	<b>347.51</b>



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Blue Star Engineering & Electronics Limited  
Notes to Standalone Financial Statements for the year ended March 31, 2020

15. Income Tax

The major components of income tax expense for the years ended 31st March, 2020 and 31st March, 2019 are:

	₹ Lakhs	
	31st March, 2020	31st March, 2019
<b>Profit or loss Section</b>		
<b>Current Income Tax:</b>		
Current tax	1086.77	742.16
Total Current income tax charge	1086.77	742.16
<b>Deferred tax:</b>		
MAT Credit Entitlement	(420.00)	(742.16)
Deferred tax credit recognised in the Statement of Profit and Loss	1161.72	(2448.46)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>1,828.49</b>	<b>(1,706.30)</b>

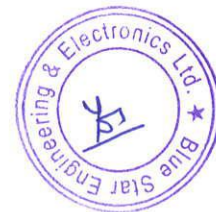
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2019 and 31st March, 2020 :

	₹ Lakhs	
	31st March, 2020	31st March, 2019
Accounting profit	6,012.49	3,395.87
Other Comprehensive Income before tax	(28.41)	(43.20)
<b>At India's statutory income tax rate of 29.12% (31st March, 2019: 34.608%)</b>	<b>5,984.08</b>	<b>3,352.67</b>
Income tax expense at statutory rate	1,742.86	977.38
Disallowance on CSR & house property expense	11.37	27.59
Benefit of lower tax rate on account of certain income	(35.73)	(3.20)
Disallowance on depreciation of investment properties	109.99	5.74
Effect of lower tax rate due to application of section 115JB of the Income Tax Act, 1961 provision as compared to Normal Tax provision	-	(265.34)
<b>At the effective income tax rate of (31st March, 2019: 16.80%)</b>	<b>1,828.49</b>	<b>742.17</b>
Mat credit entitlement	-	(742.17)
<b>Deferred tax</b>		

Deferred tax relates to the following

	₹ Lakhs	
	Balance Sheet	
	31st March, 2020	31st March, 2019
Deferred Tax components		
Brought forward losses & unabsorbed depreciation	-	1,159.85
Provision for Doubtful debts	396.00	382.81
Provision made disallowed and allowed only on payment basis	46.09	22.71
Difference between tax book and accounting books	98.00	131.04
<b>Others</b>	<b>43.00</b>	<b>53.57</b>
Retention	(39.00)	(43.68)
MAT Credit entitlement	1,787.12	1,367.12
<b>Total (excluding MAT Credit Entitlement)</b>	<b>2,331.21</b>	<b>1,706.30</b>

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Blue Star Engineering & Electronics Limited  
Notes to Financial Statements for the year ended 31st March,2020

16. Revenue from operations

₹ Lakhs

	31st March, 2020	31st March, 2019
Sale of products	19,336.41	15,238.26
Sale of Services	4,020.76	4,510.75
Contract revenue	533.17	2,101.30
Service Income	92.78	402.21
Rental Income	444.32	381.73
<b>Other operating revenue</b>		
Profit on sale of Investment property	21.80	-
Sale of scrap	0.96	-
<b>Total revenue from operations</b>	<b>24,450.20</b>	<b>22,634.25</b>

17. Other income

₹ Lakhs

	31st March, 2020	31st March, 2019
Net Translation gain on monetary assets/liabilities	5.15	0.41
<b>Interest Income</b>		
-Inter-corporate deposit	489.05	22.15
-Income tax refund	-	44.04
-Others	3.80	-
Provisions and liabilities no longer required, written back	196.55	280.28
Other Income	7.01	27.35
<b>Total</b>	<b>701.56</b>	<b>374.23</b>

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**Blue Star Engineering & Electronics Limited**  
**Notes to Financial Statements for the year ended 31st March,2020**

**18. Cost of Raw Material and Components Consumed**

	₹ Lakhs	
	31st March, 2020	31st March, 2019
Cost of material consumed and project costs	1,693.04	2,849.33
<b>Total cost of material consumed and project costs</b>	<b>1,693.04</b>	<b>2,849.33</b>
<b>Purchase of Stock in Trade</b>	<b>13,269.95</b>	<b>10,829.95</b>

**Changes in Inventories**

<b>Inventories at the end of the year</b>		
Traded goods	2,016.69	1,154.66
	<b>2,016.69</b>	<b>1,154.66</b>
<b>Inventories at the beginning of the year</b>		
Traded goods	1,154.66	1,500.41
	<b>1,154.66</b>	<b>1,500.41</b>
<b>(Increase) / Decrease in inventories</b>	<b>(862.03)</b>	<b>345.75</b>

**19. Employee benefits expense**

	₹ Lakhs	
	31st March, 2020	31st March, 2019
Salaries, wages and bonus	2,660.68	2,872.72
Contribution to provident and other funds	102.76	113.70
Gratuity expense (Refer Note no.25)	15.52	30.76
Other employment benefits	42.89	98.35
Staff welfare expenses	69.58	82.87
	<b>2,891.43</b>	<b>3,198.39</b>

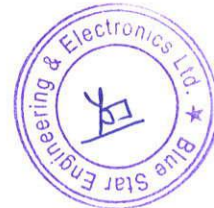
**20. Depreciation and amortization expenses**

	₹ Lakhs	
	31st March, 2020	31st March, 2019
Depreciation on Tangible Assets (Refer Note no. 3a)	107.30	184.34
Amortization of Intangible Assets ((Refer Note no. 3b)	2.21	0.53
Depreciation on Investment Properties (Refer Note no. 3c)	437.16	484.43
	<b>546.67</b>	<b>669.31</b>

**21. Finance costs**

	₹ Lakhs	
	31st March, 2020	31st March, 2019
Interest on loans and other borrowings	20.35	121.09
Bank charges	52.28	56.75
	<b>72.64</b>	<b>177.84</b>

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Blue Star Engineering & Electronics Limited  
Notes to Financial Statements for the year ended 31st March,2020

22. Other expenses

	₹ Lakhs	
	31st March, 2020	31st March, 2019
Stores and spares consumed	1.27	0.75
Rent	29.83	58.73
Rates and taxes	24.49	5.99
Power and fuel	2.23	1.48
Insurance	28.27	49.85
Repairs and maintenance	11.58	35.70
Advertising and sales promotion	9.37	39.88
Conference expense	0.07	0.03
Communication Expenses	64.99	70.53
Commission, discounts and incentives on Sales	50.50	31.71
Freight and forwarding charges	59.64	75.30
Travelling and conveyance	551.42	531.27
Printing and stationery	12.18	13.09
Legal and professional fees	265.41	307.57
Directors' sitting fees	0.25	1.59
Payment to auditors (Refer details A below )	16.10	15.07
Corporate social responsibility expenses (Refer details B below)	19.50	-
Donations	-	1.72
Loss on property plant & equipment	4.76	0.44
Net Loss on Translation	-	12.67
Provision for doubtful debts and advances and expected credit loss (net)	181.63	94.61
Share Service expense	132.00	132.00
Miscellaneous expenses	62.08	62.86
	<b>1,527.57</b>	<b>1,542.05</b>

A. Payment to auditors

	31st March, 2020	31st March, 2019
<b>As auditor:</b>		
Audit fee	12.00	12.00
Limited review	3.00	3.00
<b>In other capacity</b>	-	-
Tax audit	1.00	0.00
Reimbursement of expenses	0.10	0.07
	<b>16.10</b>	<b>15.07</b>

B Corporate social responsibility expenses

	31st March, 2020	31st March, 2019
i) Gross amount required to be spend by the Company during the year	19.50	-
ii) Amount spent during the year	19.50	-

23. Earning Per Shares (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations :

	₹ Lakhs	
	31st March, 2020	31st March, 2019
	₹ Lakh	₹ Lakh
Profit attributable to equity holders of the company	4,184.01	5,102.16
Weighted average number of Equity shares	52,925,052	52,925,052
Basic and diluted earnings per share	<b>7.91</b>	<b>9.64</b>

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**24 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, and, 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 projects / Long term service contracts**

For the purpose of arriving at Revenue from projects, 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 recognized.

**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. Warranty costs are estimated by the Management based on specific warranties, claims and claim history. Provision is made for estimated liability in respect of warranty cost in the year of sale of goods.

**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.

**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 recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. If losses.

**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.

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25 Employee Benefits Disclosure

I. Defined Benefit Plans  
a. Gratuity

The fund formed by the Parent Company manages the investments of the Gratuity fund. Market volatility, changes in inflation and interest rates, rising longevity, plan administration expense and regulatory changes are just some of the factors that create financial risk in defined benefit plans. If not managed, defined benefit plan risk will impact credit ratings, access to capital, share prices and plans for growth, as well as divert attention and valuable resources from core business strategy to pension issues. As the plan assets include investments mainly in public sector undertakings, state government securities and investments with the approved insurance company, the company's exposure to equity market risk is minimal.

Disclosure Information :  
(i) Change in Present Value of Defined Benefit Obligation:

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Defined Benefit obligations at the beginning of the year	301.37	373.17	51.37	-43.63	2.47	2.78
Service cost	26.78	22.44	-	6.00	0.14	0.13
a. Current Service Cost	22.04	28.34	-	3.44	0.18	0.21
Interest Expense	(44.22)	(167.49)	-	-	-	-
Cash Flow	-	-	-	-	-	-
b. Benefits payments from Planned assets	-	-	-	-	-	-
c. Settlement payments from Planned assets	-	-	(51.37)	-	(0.30)	(0.60)
Transferred to Blue Star Remeasurements	0.01	-	-	-	-	-
a. Due to change in demographic assumptions	15.53	4.75	-	(1.70)	0.13	0.04
b. Due to change in financial assumptions	12.86	40.16	-	-	-	(0.09)
Defined Benefit obligation at the end of the year	334.37	301.37	-	51.37	2.62	2.47

(ii) Change in fair value of plan assets

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Fair Value of the plan asset at the beginning of the year	299.62	383.78	-	-	-	-
Interest income	21.92	29.15	-	-	-	-
Cash flows	-	-	-	-	-	-
a. Total employer contributions	47.48	54.28	-	-	-	-
(i) Employer contributions	-	-	-	-	-	-
(ii) Employer direct benefit payments	(44.22)	(167.58)	-	-	-	-
b. Benefit payments from plan assets	-	-	-	-	-	-
c. Benefit payments from employer Remeasurements	-	0.09	-	-	-	-
a. Return on assets (excluding interest income)	-	-	-	-	-	-
Fair value of plan assets at end of the year	324.80	299.62	-	-	-	-



Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Service cost	26.77	22.44	-	6.00	0.14	0.13
Net interest cost						
a. Interest expense on DBO	22.04	28.34	-	3.44	0.18	0.21
b. Interest (income) on plan assets	(21.91)	(29.15)	-	-	-	-
Total interest cost	0.13	(0.81)	-	3.44	0.18	0.21
Defined benefit cost included in P&L	26.90	21.63	-	9.44	0.32	0.34

(iv) Remeasurements (recognized in other comprehensive income (OCI))

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
a. Due to change in demographic assumptions	0.01	-	-	-	-	0.04
b. Due to change in financial assumptions	15.53	4.75	-	(1.70)	0.13	(0.09)
c. (Return) on plan assets (excl. interest income)	12.86	40.16	-	-	-	-
Total remeasurements in OCI	28.40	45.00	-	(1.70)	0.13	(0.05)
Total defined benefit cost recognized in P&L and OCI	55.30	66.63	-	7.74	0.45	0.29

(v) Amounts recognized in the statement of financial position

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Defined benefit obligation	334.37	301.37	-	51.37	2.62	2.47
Fair value of plan assets	324.80	299.62	-	-	-	-
Funded status	9.57	1.75	-	51.37	2.62	2.47
Net defined benefit liability / (asset)	9.57	1.75	-	51.37	2.62	2.47

(vi) Net defined benefit liability / (asset) reconciliation

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Net defined benefit liability (asset) at the beginning of the year	1.75	(10.61)	51.38	43.63	2.47	2.78
Defined benefit cost included in P&L	26.90	21.63	-	9.44	0.32	0.34
Total remeasurements included in OCI	28.40	45.00	-	(1.70)	0.13	(0.05)
a. Employer contributions	(47.48)	(54.28)	-	-	(0.30)	(0.60)
b. Employer direct benefit payments	-	-	-	-	-	-
Net defined benefit liability / (asset) as of end of the year	9.57	1.75	51.39	51.37	2.62	2.47



The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	31st March, 2020	31st March, 2019
Insurance company products	324.80	299.62
Others	324.80	299.62
<b>Total</b>		

The Principal assumptions used in determining gratuity for the company's plan are shown as below:

	Gratuity (Funded) / Additional Gratuity
	31st March, 2020
Actuarial Assumptions	6.40%
Discount Rate	7.30%
Rate of return on plan assets	6.40%
Mortality Rate	7.30%
Salary escalation rate (Management-staff)	100% of IALM 2012-14
Attrition Rate	7%, 3%
	11% throughout

A quantitative sensitivity analysis for significant assumptions as at March 31, 2019 is shown as below:

	Gratuity (Funded)	Additional Gratuity
	31st March, 2020	31st March, 2020
<b>Assumptions</b>		
Discount Rate	343.69	2.69
Discount Rate - 50 Basis Points	2.80%	3.10%
Assumption	325.50	2.54
Discount Rate + 50 Basis Points	-2.60%	-3.10%
Assumption		
Salary Increase Rate	325.51	2.56
Salary Rate - 50 Basis Points	-2.60%	-2.00%
Assumption	343.59	2.57
Salary Rate + 50 Basis Points	2.80%	-1.60%
Assumption		

The sensitivity analyses 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 2018-19 is 5 years.

III. General Description of significant defined plans:

1. 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 5 years.
2. Additional Gratuity  
Additional Gratuity is payable as per the specific rules of the Company i.e Rs. 5,000/- for staff and Rs. 10,000/- for Managers subject to qualifying service for 15 years.



Blue Star Engineering & Electronics Limited  
Notes to Financial Statements for the year ended 31st March,2020

26 Related party disclosure

Name of the Related parties where control exists irrespective of whether transactions have occurred or not.

Related parties where controls exists- Holding Company

Blue Star Limited

Key Management Personnel

Mr. Vir Advani, Chairman

Mr. B Thiagarajan, Director

Mr. Neeraj Basur, Director

Mr. Prem Kalliath, Chief Executive Officer

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year and the balances receivable or payable on account of the same

₹ Lakhs

	31st March, 2020	31st March, 2019
<b>Blue Star Limited</b>		
<b>Income:</b>		
Contract Revenue	277.94	124.88
Sale of traded goods	-	12.05
Shared Service Income	92.78	384.00
Rent income	329.29	252.14
Interest Income on Inter Corporate Deposit	489.05	21.62
IT Support Income	177.40	43.80
<b>Expenses:</b>		
Purchase of Stock -in -trade	11.47	11.00
Shared Service cost	132.00	132.00
Collateral Guarantee Rent	-	1.00
Recovery of IT Expense	177.40	
<b>Other transactions:</b>		
Inter corporate deposits placed	4,500.00	3,000.00
<b>Key Management Person (KMP)</b>		
<b>Remuneration:</b>		
Prem Kalliath	204.60	170.57
<b>Loan Given/ (Recovery)</b>		
Prem Kalliath	(1.33)	(2.45)
<b>Balance Outsanding :</b>		
<b>Blue Star Limited</b>		
Loans (including accrued interest)	7,596.61	3,022.15
<b>Balance due -Receivable/(payable)</b>		
Debtors	66.74	107.78
Other current liabilities	(139.14)	
Other Current Financial Asset	-	280.40
Lease Rental Deposit	264.77	264.77
<b>Balance receivable from Loan given to KMP</b>		
Prem Kalliath	16.22	17.55

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27 Segment Information:

A. Primary Segment Reporting (by Business Segment)

The Company's business segments are organised around product lines as under:

- Plumbing & Fire-fighting systems including contracting business of engineering, construction, installation, commissioning and after sales service
- Professional Electronics and Industrial Systems includes trading and services for industrial products and systems, Material Testing Equipment & Systems (Destructive /Non-destructive), Data Communication Products & Services, Testing & Measuring Instruments and Healthcare Systems
- Providing properties on Rent
- The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

Segment Revenues, Results and other Information:

₹ Lakhs

SEGMENT REVENUE	As at 31st March, 2020	As at 31st March, 2019
I.		
i. Plumbing and Fire Fighting Systems	418.10	616.14
ii. Professional Electronics and Industrial Systems	23,579.20	21,636.38
iii. Renting of Properties	452.90	381.73
<b>TOTAL SEGMENT REVENUE</b>	<b>24,450.20</b>	<b>22,634.25</b>

II. SEGMENT RESULT

i. Plumbing and Fire Fighting Systems	2.81	126.31
ii. Professional Electronics and Industrial Systems	5,499.53	4,193.47
iii. Renting of Properties	(45.42)	(128.84)
<b>TOTAL SEGMENT RESULT</b>	<b>5,456.92</b>	<b>4,190.94</b>
Less: i) Finance Cost	72.64	177.84
ii) Other un-allocable Expenditure Net of un-allocable Income	628.19	617.24
<b>TOTAL PROFIT BEFORE TAX</b>	<b>6,012.49</b>	<b>3,395.86</b>

III. OTHER INFORMATION:

₹ Lakhs

A. SEGMENT ASSETS	As at 31st March, 2020	As at 31st March, 2019
i. Plumbing and Fire Fighting Systems	874.09	643.93
ii. Professional Electronics and Industrial Systems	7,677.64	5,935.38
iii. Renting of Properties	4,909.73	5,111.57
<b>TOTAL SEGMENT ASSETS</b>	<b>13,461.46</b>	<b>11,690.88</b>
Add: Un-allocable Corporate Assets	12,012.33	10,186.46
<b>TOTAL ASSETS</b>	<b>25,473.79</b>	<b>21,877.34</b>

B. SEGMENT LIABILITIES

i. Plumbing and Fire Fighting Systems	611.54	277.88
ii. Professional Electronics and Industrial Systems	8,900.10	8,859.39
iii. Renting of Properties	270.54	314.73
<b>TOTAL SEGMENT LIABILITIES</b>	<b>9,782.18</b>	<b>9,452.00</b>
Add: Un-allocable Corporate Liabilities	2,873.10	253.21
<b>TOTAL LIABILITIES</b>	<b>12,655.28</b>	<b>9,705.21</b>

C. ADDITIONS TO NON CURRENT ASSETS

i. Plumbing and Fire Fighting Systems		
ii. Professional Electronics and Industrial Systems	29.86	43.26
iii. Renting of Properties		-
iv. Other Un-allocable	0.25	78.02
<b>TOTAL</b>	<b>30.11</b>	<b>121.28</b>

D. DEPRECIATION & AMORTISATION EXPENSE

i. Plumbing and Fire Fighting Systems		-
ii. Professional Electronics and Industrial Systems	37.79	106.22
iii. Renting of Properties	461.41	484.44
iv. Other Un-allocable	47.47	78.65
<b>TOTAL</b>	<b>546.67</b>	<b>669.31</b>

E. NON CASH EXPENSES OTHER THAN DEPRECIATION

i. Plumbing and Fire Fighting Systems		-
ii. Professional Electronics and Industrial Systems	181.63	125.82
iii. Renting of Properties		-



28 Derivative Instruments and attached foreign currency exposure

The Company has a well-defined 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 managed 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 Statement of Profit and Loss.

Derivative Instruments: Forward contract outstanding as at Balance Sheet date

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Amount in Foreign Currency	₹ Lakhs	Amount in Foreign Currency	₹ Lakhs
<b>Particulars of Derivatives</b>				
Forward cover to Purchase USD & CNY:	67,000	51		
Forward cover to Purchase EUR	86,307	71		
Hedge of underlying payables - USD	153,307	122	180,200	117
- Buyers' Credit	-	-	180,200	117
- Other Payables	153,307	122	-	-

29 Particulars of Un-hedged foreign Currency Exposure as at the Balance Sheet date

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Amount in Foreign Currency	₹ Lakhs	Amount in Foreign Currency	₹ Lakhs
<b>Bank Balances</b>				
AED	23,265	4.79	12,867	2.42
EUR	355,204	294.00	807,742	627.39
CAD	21,835	11.59	44,169	22.76
USD	446,160	337.56	620,812	429.32
<b>Receivables</b>				
AED	35,575	7.33	41,847	7.88
CAD	225,979	119.96	(4,798)	(2.47)
EUR	510,464	422.51	303,733	235.92
GBP	9,061	8.47	21,061	19.07
JPY	8,360,201	58.21	2,160,202	13.48
USD	411,393	311.26	726,835	502.64
<b>Payables</b>				
AED	48,613	10.01	48,613	9.15
CAD	579	0.31	(166)	(0.09)
EUR	637,405	527.58	1,144,478	888.94
GBP	(647)	(0.61)	(549)	(0.50)
JPY	13,500	0.09	2,875,140	17.95
USD	546,383	413.39	499,436	345.39

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30 Financial Risk Mgt Objectives & Policies

Financial risk management objectives and policies

The Company's principal financial liabilities comprise of short tenured borrowings, trade and other payables. Most of these liabilities relate to financing Company's working capital cycle. The Company has trade and other receivables, loans and advances that arise directly from its operations. The Company also enters into hedging transactions to cover foreign exchange exposure risk.

The Company is accordingly exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out by a specialist treasury team that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Audit Committee review and agree policies for managing each of these risks which are summarised below:

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits, advances and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rate movement.

The Company uses derivative financial instruments such as foreign exchange forward contracts and options to manage its exposures to foreign exchange fluctuations.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily US Dollars. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company may use forward contracts or foreign exchange options towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as per its established risk management policy.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Euro and other currencies 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.

Rs in Lakhs

Particulars	Change in currency exchange rate	Effect on profit before tax	
		For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
US Dollars	+5%	11.77	29.33
	-5%	(11.77)	29.33
Euro	+5%	9.45	(1.28)
	-5%	(9.45)	1.28
CAD	+5%	6.56	1.02
	-5%	(6.56)	(1.02)
GBP	+5%	0.45	0.98
	-5%	(0.45)	(0.98)



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**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 Company 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 requirement for impairment is analysed at each reporting date.

**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 bank fixed deposits, who meet the minimum threshold requirements under the counterparty risk assessment process.

**Liquidity Risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic and international capital markets across various debt and hybrid instruments

**31 Capital Management**

Capital includes equity attributable to the equity holders of the Company and net debt. Primary objective of Company's capital management is to ensure that it maintains an optimum financing structure and healthy returns in order to support its business and maximize shareholder value.

**32 (a) Disclosure u/s 186(4) of the Companies Act, 2013**

During the year the Company has placed Inter Corporate Deposits (ICD) with holding company aggregating to ₹4500 Lakh for financing the working capital demands of the business.

**32 (b) Aggregation of expenses disclosed in Cost of material consumed and Project cost (Note 18) in respect of specific items included in Other expenses (Note 22) is as follows:**

Nature of expenses	Rs in Lakhs		
	Cost of material consumed and Project cost	Other expenses	Total
Travelling & Conveyance	22.09	551.42	573.51
	(46.89)	(531.27)	(578.16)
Legal & Professional fees	8.99	445.91	454.90
	(56.70)	(251.21)	(307.91)

Figures in brackets relate to the previous year

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33 Contingent liabilities

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments / decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

The Company's pending litigations comprise of proceedings pending with tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on the financial statements.

Particulars	₹ Lakhs	
	31st March, 2020	31st March, 2019
Claims against the Company not acknowledged as debts in respect of Sales Tax matters	534.84	1,438.42

34 Disclosure in connection with revenue from contracts with customers

(a) Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by business segments in the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2020 by offerings and contract-type. The Company believe 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:

Revenue by segment type	Year ended 31st March, 2020			Year ended 31st March, 2019		
	Over time	At a point in time	Total	Over time	At a point in time	Total
Plumbing and Firefighting systems	325.32	92.78	418.10	616.14	-	616.14
Professional electronics and industrial systems	2,992.39	20,586.81	23,579.20	3,831.71	17,804.67	21,636.38
Renting of properties	452.90	-	452.90	381.73	-	381.73
<b>Total</b>	<b>3,770.61</b>	<b>20,679.59</b>	<b>24,450.20</b>	<b>4,829.58</b>	<b>17,804.67</b>	<b>22,634.25</b>

(b) Reconciliation of contracted price with the revenue recognized in profit or loss

Particulars	₹ Lakhs	
	31st March, 2020	31st March, 2019
Sales of products at transaction price	19,336.41	15,238.26
Less: Rebates	-	-
Revenue recognised on sale of products	19,336.41	15,238.26

There are no variable consideration in contract price of project revenue.

Particulars	₹ Lakhs	
	2019-20	2018-19
Opening balance- Contract assets (net of impairment)	221.82	453.86
Opening balance Contract liabilities*	(2,714.50)	(839.09)
Revenue recognised during the year	(3,770.61)	(4,829.58)
Less: Progress billing during the year	2,992.44	2,722.13
<b>Closing balance</b>	<b>(3,270.85)</b>	<b>(2,492.68)</b>
Closing Balance Contract assets (net of impairment)	212.93	221.82
Closing Balance Contract liabilities including income received in advance	(3,483.78)	(2,714.50)
*The Company has recognised revenue out of opening contract liabilities	2,714.50	839.09

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**Blue Star Engineering & Electronics Limited**  
**Notes to Financial Statements for the year ended 31st March,2020**

**35 Leases:**

**Operating Lease : Company as a Lessee**

The Company has entered into short term operating lease agreements for storage locations and residential premises for its employees

. Lease rental expenses debited to Statement of Profit & Loss under rent charges ₹ 29.83 Lakhs (31st March 2019: ₹ 58.73 Lakhs).

**Operating Lease : Company as a Lessor**

The Company has entered into operating lease agreements. The future lease rental receipts are determined on the basis of monthly lease receipt terms as per the agreements. Lease rental income credited to Statement of Profit & Loss is ₹ 444.32 Lakhs (31st March 2019 : ₹ 381.73 Lakhs).

**36 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 Engineering & Electronics Limited**

*V. S. Advani*  
**Vir S Advani**  
Chairman

*Prem Kulkarni*  
**Prem Kulkarni**  
CEO

*Neeraj Basur*  
**Neeraj Basur**  
Director

*Sivakumar Ramani*  
**Sivakumar Ramani**  
CFO

*Yogesh Joshi*  
**Yogesh Joshi**  
Company Secretary

Place : Mumbai  
Date : 11th May,2020

