

**BLUE STAR CLIMATECH LIMITED**

**Financial Statement for the year ended March 31, 2023**

## INDEPENDENT AUDITOR'S REPORT

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To The Members of BLUE STAR CLIMATECH LIMITED  
Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of BLUE STAR CLIMATECH LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows 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 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, 2021, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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 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 financial statements.

### 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 Director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



### Responsibilities of Management and Those Charged with Governance for the 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 with reference to financial statements 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report 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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid 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, 2023 taken



on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements 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 with reference to financial statements.
- 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 Company has not paid or provided any managerial remuneration during the year hence compliance with provisions of section 197, read with Schedule V of the Act are not applicable to the company.
- 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 does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in note 29 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note 29 to the financial statements no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.



- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("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 & Sells LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



Mehul Parekh  
Partner  
Membership No. 121513  
UDIN: 23121513BGXZXM3310

Place: Mumbai  
Date: May 3, 2023

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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 with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of BLUE STAR CLIMATECH LIMITED ("the Company") as of March 31, 2023 in conjunction with our audit of the 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 with reference to financial statements based on the internal control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.



**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements 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 & Sells LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



Mehul Parekh  
Partner  
Membership No. 121513  
UDIN:23121513BGXZXM3310

Place: Mumbai  
Date: May 3, 2023

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets, so to cover all the items once every 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, during the year certain property, plant and equipment were due for verification during the year and 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.

(i) (c) Based on the examination of the registered title deed and other records provided to us, we report that, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment, are held in the name of the Company as at the balance sheet date. Immovable properties whose title deeds have been pledged as security for term loans are held in the name of the Company based on the confirmation directly received by us from lender.

(i) (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(i) (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for goods in transit were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account. For goods in transit, the goods have been received subsequent to the year-end.



(ii) (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. According to the information and explanations given to us, the quarterly returns or statements were not required to be filed by the Company with such banks for the quarter ended June 30,2022, September 30,2022 and December 31,2022 based on waiver obtained from respective banks. In our opinion and according to the information and explanations given to us, the quarterly statement comprising inventories, bank balances, ageing analysis of the debtors and trade creditors filed by the Company with such banks are in agreement with the books of account of the Company for the quarter ended March 31, 2023.

(iii)(a) The Company has provided unsecured loans during the year and details of which are given below:

Particulars	Amount (Rs. In lakhs)
	Loans
A. Aggregate amount granted / provided during the year:	
- Others (Employees)	9.11
B. Balance outstanding as at balance sheet date in respect of above cases:	
- Others (Employees)	9.11

The Company has not made any investments in or provided any guarantee, security or advances in the nature of loan to any other entity during the year.

(iii)(b) In our opinion, the terms and conditions of the grant of all the above-mentioned loans provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(iii) (c) In respect of loans granted the schedule of repayment of principal has been stipulated and the repayments of principal amounts are regular as per stipulation.

(iii)(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(iii)(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(iii) (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii) (f) is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.



(vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no dues referred in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) Loans amounting to Rs. 8,500 Lakhs outstanding as at March 31, 2023 are repayable on demand and terms and conditions for payment of interest thereon have been stipulated. In our opinion, the Company has not defaulted in the repayment of loans or in the payment of interest thereon to any lender during the year.

(ix) (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(ix) (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(ix) (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order is not applicable.

(ix) (f) The Company does not have any subsidiary or associate or joint venture and hence, reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.



(x) (b) The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(xi) (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company.

In our opinion, the Company is in compliance with Section 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) In our opinion, the Company is not required to have an internal audit system under section 138 of the Companies Act, 2013. Hence, reporting under clause 3(xiv) of the Order is not applicable.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(xvi) (d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses amounting to Rs.342.28 Lakhs during the financial year covered by our audit and Rs.162.20 Lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the company during the year.



(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



Mehul Parekh  
Partner  
Membership No. 121513  
UDIN:23121513BGXZXM3310

Place: Mumbai  
Date: May 3, 2023

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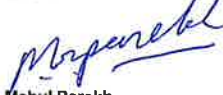
Balance Sheet as at March 31, 2023

Particulars	Notes	As at	As at
		March 31, 2023	March 31, 2022
		₹ Lakhs	₹ Lakhs
<b>A ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, plant and equipment	4	26,684.76	1,919.06
(b) Capital work-in-progress	4A	3,148.11	3,553.96
(c) Right-of-use assets	5	523.23	397.93
(d) Intangible assets	6	90.00	-
(e) Intangible assets under development	6A	29.49	10.00
(f) Financial assets			
(i) Loans	7	7.59	-
(ii) Other financial assets	7A	77.64	5.70
(g) Income tax assets (net)	19	0.94	-
(h) Deferred tax assets (net)	19	36.47	-
(i) Other non-current assets	8	2,577.00	3,273.10
<b>Total Non-Current Assets</b>		<b>33,175.23</b>	<b>9,159.75</b>
<b>2. Current Assets</b>			
(a) Inventories	9	8,196.50	-
(b) Financial assets			
(i) Trade receivables	10	6,409.47	-
(ii) Cash and cash equivalents	11	826.96	516.53
(iii) Loans	7	1.52	-
(c) Other current assets	8	2,147.00	495.90
<b>Total Current Assets</b>		<b>17,581.45</b>	<b>1,012.43</b>
<b>Total Assets</b>		<b>50,756.68</b>	<b>10,172.18</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	12	9,660.00	2,660.00
(b) Other equity	13	(901.81)	(216.23)
<b>Total Equity</b>		<b>8,758.19</b>	<b>2,443.77</b>
<b>2. Non-Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	16,173.56	6,856.95
(b) Other non current liabilities	18	1,891.94	-
<b>Total Non-Current Liabilities</b>		<b>18,065.50</b>	<b>6,856.95</b>
<b>3. Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	11,683.39	500.00
(ii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	15	1,195.88	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	7,903.52	14.43
(iii) Other financial liabilities	16	2,669.76	317.97
(b) Provisions	17	26.06	6.53
(c) Other current liabilities	18	454.38	32.53
<b>Total Current Liabilities</b>		<b>23,932.99</b>	<b>871.46</b>
<b>Total Liabilities</b>		<b>41,998.49</b>	<b>7,728.41</b>
<b>Total Equity And Liabilities</b>		<b>50,756.68</b>	<b>10,172.18</b>

Summary of significant accounting policies  
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


  
Mehul Parekh  
Partner  
Membership No. 121513



Date: May 03, 2023  
Place: Mumbai

For and on behalf of the Board of Directors of  
BLUE STAR CLIMATECH LIMITED

  
B. Thiagarajan  
Director  
DIN: 01790488

  
Vir S. Advani  
Director  
DIN: 01571278

  
Devidas V Kasbekar  
Chief Executive Officer

  
Sivakumar Ramani  
Chief Financial Officer

  
Neha Roy  
Company Secretary

Date: April 24, 2023  
Place: Mumbai





Statement of Profit and Loss for the year ended March 31, 2023

Particulars	Notes	For the year ended	For the period ended
		March 31, 2023	March 31, 2022
		₹ Lakhs	₹ Lakhs
Revenue from operations	20	13,937.51	-
Other income	21	131.97	3.32
<b>Total Income (I)</b>		<b>14,069.48</b>	<b>3.32</b>
<b>Expenses</b>			
Cost of raw materials consumed	22	13,482.03	-
Changes in inventories of finished goods and work-in-progress	22	(1,543.08)	-
Employee benefits expense	23	985.06	74.38
Depreciation and amortization expense	24	380.18	53.63
Finance costs	25	499.86	7.88
Other expenses	26	987.89	83.66
<b>Total Expenses (II)</b>		<b>14,791.94</b>	<b>219.55</b>
<b>(Loss) before tax (I) – (II)</b>		<b>(722.46)</b>	<b>(216.23)</b>
Tax expense/(Credit)			
i) Current tax	19	0.93	-
ii) Deferred tax	19	(36.70)	-
<b>Total tax expense/(Credit)</b>		<b>(35.77)</b>	<b>-</b>
<b>Net Loss after Tax</b>		<b>(686.69)</b>	<b>(216.23)</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent years:</b>			
Re-measurement gains on defined benefit plans		1.34	-
Income tax effect	19	(0.23)	-
<b>Other comprehensive income for the year</b>		<b>1.11</b>	<b>-</b>
<b>Total comprehensive Loss for the year</b>		<b>(685.58)</b>	<b>(216.23)</b>
<b>Earning per equity share of ₹ 10 each</b>	27		
Basic (in ₹)		(1.45)	(0.81)
Diluted (in ₹)		(1.45)	(0.81)

Summary of significant accounting policies  
The accompanying notes are an integral part of the financial statements.

3  
1 to 42

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



**Mehul Parekh**  
Partner  
Membership No. 121513

For and on behalf of the Board of Directors of  
**BLUE STAR CLIMATECH LIMITED**




**B. Thiagarajan**  
Director  
DIN: 01790498

**Vir S. Advani**  
Director  
DIN: 01571278



**Devidas V Kasbekar**  
Chief Executive Officer



**Sivakumar Ramani**  
Chief Financial Officer




**Neha Roy**  
Company Secretary

Date: April 24, 2023  
Place: Mumbai

Date: May 03, 2023  
Place: Mumbai




Statement of Changes in Equity for the year ended March 31, 2023

(A) Equity Share Capital

For the year ended March 31, 2023

				₹ Lakhs
Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Changes in Equity Share Capital during the year	Balance as at March 31, 2023
2,660.00	-	-	7,000.00	9,660.00

For the period ended March 31, 2022

				₹ Lakhs
Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the period	Balance as at March 31, 2022
-	-	-	2,660.00	2,660.00

(B) Other Equity

For the year ended March 31, 2023

Particulars	Reserves and Surplus	Items of Other comprehensive income	Total other equity
	Retained Earning (refer note 13)	Remeasurement of defined benefit plan	
Balance as at April 1, 2022	(216.23)	-	(216.23)
Loss for the year	(686.69)	-	(686.69)
Other Comprehensive Income for the period (net of tax)	-	1.11	1.11
<b>Balance as at March 31, 2023</b>	<b>(902.92)</b>	<b>1.11</b>	<b>(901.81)</b>

For the period ended March 31, 2022

Particulars	Reserves and Surplus	Items of Other comprehensive income	Total Other Equity
	Retained Earning (refer note 13)	Remeasurement of defined benefit plan	
Balance as at April 1, 2021	-	-	-
Profit for the Period	(216.23)	-	(216.23)
Other Comprehensive Income for the period (net of tax)	-	-	-
<b>Balance as at March 31, 2022</b>	<b>(216.23)</b>	<b>-</b>	<b>(216.23)</b>

Summary of significant accounting policies  
The accompanying notes are an integral part of the financial statements.

3  
1 to 42

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



Mehul Parekh  
Partner  
Membership No. 121513

For and on behalf of the Board of Directors of  
BLUE STAR CLIMATECH LIMITED

B. Thiagarajan  
Director  
DIN: 01790498

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Chief Executive Officer

  
Sivakumar Ramani  
Chief Financial Officer



  
Neha Roy  
Company Secretary

Date: May 03, 2023  
Place: Mumbai

Date: April 24, 2023  
Place: Mumbai







Statement for Cash Flows for the year ended March 31, 2023

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(722.46)	(216.23)
<b>Adjustments for</b>		
Depreciation / amortization	380.18	53.63
Finance costs	499.86	7.88
Interest income	(7.57)	(3.32)
Net Translation gain on monetary assets/liabilities	0.62	0.01
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>150.63</b>	<b>(158.03)</b>
<b>Adjustment for Working Capital :</b>		
(Increase)/Decrease in Trade receivables	(6,409.47)	-
(Increase)/Decrease in Inventories	(8,196.50)	-
(Increase)/Decrease in Other assets	(3,614.99)	(501.60)
Increase/(Decrease) in Trade payables	9,084.35	14.43
Increase/(Decrease) in Other current liabilities	2,320.09	33.47
Increase/(Decrease)Provisions	20.87	6.53
(Increase)/Decrease in Loans	(9.11)	-
<b>Cash generated from operations</b>	<b>(6,804.76)</b>	<b>(447.17)</b>
Income taxes paid	(1.87)	-
<b>Net cash (used in) operating activities (A)</b>	<b>(6,656.00)</b>	<b>(605.20)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property plant and equipments and other intangible assets, [including Capital work-in-progress and intangible assets under development]	(19,282.80)	(6,447.87)
Interest received	7.57	3.32
<b>Net cash (used in) investing activities (B)</b>	<b>(19,275.23)</b>	<b>(6,444.55)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings (net)	1,500.00	-
Proceeds from long term borrowings	12,500.00	6,856.95
Inter corporate deposit received from related parties	6,500.00	500.00
Proceeds from issue of equity shares	7,000.00	300.00
Interest and bank charges	(1,258.34)	(90.67)
<b>Net cash generated from financing activities (C)</b>	<b>26,241.66</b>	<b>7,566.28</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>310.43</b>	<b>516.53</b>
Cash and cash equivalents at the beginning of the year	516.53	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>826.96</b>	<b>516.53</b>
<b>CASH AND CASH EQUIVALENTS COMPRISES OF:</b>		
Balances with banks:		
- In current accounts	826.96	516.53
<b>Balance as per statement of cash flows</b>	<b>826.96</b>	<b>516.53</b>

Note : The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS-7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

Summary of significant accounting policies

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

3  
1 to 42

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

Mehul Parekh  
Partner  
Membership No. 121513



For and on behalf of the Board of Directors of  
BLUE STAR CLIMATECH LIMITED

B. Thiagarajan  
Director  
DIN: 01790498

Vir S. Advani  
Director  
DIN: 01571278

Devidas V Kasbekar  
Chief Executive Officer

Sivalumar Ramani  
Chief Financial Officer

Neha Roy  
Company Secretary

Date: April 24, 2023  
Place: Mumbai

Date: May 03, 2023  
Place: Mumbai

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**BLUE STAR CLIMATECH LIMITED**  
CIN No : U29243MH2021PLC360573

**Notes to financial statements for the year ended March 31, 2023**

**1. CORPORATE INFORMATION**

Blue Star Climatech Limited ("the Company") is a public company incorporated on 17th May, 2021 to carry on the business as manufacturer and dealer of all kinds of air conditioners, commercial refrigeration equipment, cooling appliances and other related products. The registered office of the Company is located at Kasturi Buildings, Jamshedji Tata Road, Mohan T Advani Chowk, Mumbai – 400020.

The financial statements of the Company were approved by its Board of Directors on April 24, 2023.

**2. 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 and 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 a 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 judgments 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 recognized in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 28.

**(c) Revenue recognition**

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

**i. Revenue from sale of goods:**

Revenue from sale of goods is recognized at the point in time when control is transferred to the customer. Indicators that control has been transferred include transfer of significant risks, and rewards of ownership in the goods to the customer.

**ii. Dividend and Interest income:**

Dividend income is accounted for when declared and the right to receive the same is established. Interest income is recognized using the effective interest rate method.

**(d) Employee benefits**

**Short term benefits:**

Salaries, wages, short-term compensated absences, and other short-term benefits, accruing to employees are recognized 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 recognized as an expense when employees have rendered the service entitling them to the contribution.

**Defined benefit plan:**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution. The present value of defined benefit obligation of employees' provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.



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

**Other long-term employee benefits:**

Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

**(e) Leases**

**As a lessee**

At the 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 recognizes 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 include the option 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 amortized 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 re-measured 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 the 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 recognized in the statement of profit and loss on a straight-line basis over the lease term.

**(f) Foreign currencies**

The functional currency of the Company is the Indian rupee (₹).

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognized in profit or loss.

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

**(g) Taxes**

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realized 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 recognized amounts.

**i. Deferred tax**

Deferred tax is recognized 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 recognized 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 utilized.

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 utilized.



#### (h) Property, plant and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation, and accumulated impairment losses.

Costs comprise of 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 a straight line 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	30

Useful lives of plant and machinery are higher than those indicated in Schedule II to the Companies Act, 2013 based on management estimates and technical assessment made by a technical expert.

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.

#### (i) 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 amortization and accumulated impairment losses. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are derecognized on disposal, or when no further economic benefits are expected from use or disposal. Any gain or loss arising on derecognition is included in profit or loss.

The useful lives of intangible assets are as mentioned below:

Nature of intangible asset	Useful life (years)
Software	6 years

#### (j) 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 recognized in profit or loss.

#### (k) 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 profit or loss.

#### Financial assets

Financial assets at amortized cost

Financial assets are subsequently measured at amortized 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 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 profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortized 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 recognized 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 are designated upon initial recognition at fair value through profit or loss 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 after initial recognition, measured at amortized cost using the effective interest rate (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 issued by the Company are recognized at the proceeds received net off direct issue costs.

### Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized 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 categorized 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 their 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.

### (l) Inventories

Inventories including Work-in-Progress are valued at cost or net realizable value, whichever is lower. Cost is worked out on a weighted average basis. Cost includes all charges for bringing the goods to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### (m) Trade receivables

Trade receivables are financial assets within the scope of measurement requirements of Ind AS 109. All financial assets are initially at fair value plus or minus the transaction cost. Financial assets in the form of trade receivables, shall be initially measured at their transaction price unless those contain a significant financing component determined in accordance with Ind AS 115.

### (n) Segment reporting

The Company is engaged only in the business of manufacturing and dealing room air conditioners in India. It has no other reportable segments as per the terms of Indian Accounting Standards (Ind AS) 108 on Segment Reporting.

### (o) Operating Cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The entity's operating cycle is twelve months.

### (p) Earning per share

The Companies Earnings per Share ('EPS') is determined based on the net profit attributable to the equity shareholders of the Company. Basic earnings per share are 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 year. Diluted earnings per share are 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.



**(q) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest on borrowing is calculated using effective interest rate (EIR) method and is recognized in profit or loss.

**RECENT ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE**

The Ministry of Corporate Affairs (MCA) has notified, Companies (Indian Accounting Standard) Amendment Rules, 2023 on March 31, 2023 to amend certain Ind AS's which are effective from April 01, 2023. Summary of such amendments are given below:

**(i) Amendment to Ind AS 1 Presentation of financial statements - Disclosure of Accounting Policies:**

The amendment replaces the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

**(ii) Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors: Definition of Accounting Estimates:**

The amendment added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

**(iii) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.**

IND AS 101 - First time adoption of Ind AS  
IND AS 102 - Share Based Payment  
IND AS 103 - Business Combination  
IND AS 107 - Financial Instruments; Disclosures  
IND AS 109 - Financial Instruments  
IND AS 115 - Revenue from Contracts with Customers  
IND AS 12 - Income Taxes  
IND AS 34 - Interim Financial Reporting

The amendments are effective for annual reporting periods beginning on or after April 1, 2023. The amendments are not expected to have a material impact on the Company.



Notes to financial statements for the year ended March 31, 2023

4. PROPERTY, PLANT AND EQUIPMENT

₹ Lakhs

Particulars	Leasehold improvements	Buildings	Furniture & fixtures	Office Equipment	Plant and equipment	Total
<b>Gross Carrying Amount</b>						
At April 1, 2021						
Acquisition (Refer Note No 31)	1,958.80	-	-	-	-	1,958.80
Additions during the period	10.62	-	-	-	-	10.62
Disposals/Transfers	-	-	-	-	-	-
<b>At March 31, 2022</b>	<b>1,969.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,969.42</b>
At April 1, 2022	1,969.42	-	-	-	-	1,969.42
Additions during the year	682.63	10,561.57	17.83	244.42	13,631.29	25,137.74
Disposals/Transfers	-	-	-	-	-	-
<b>At March 31, 2023</b>	<b>2,652.05</b>	<b>10,561.57</b>	<b>17.83</b>	<b>244.42</b>	<b>13,631.29</b>	<b>27,107.16</b>
<b>Accumulated Depreciation</b>						
At April 1, 2021						
Provided during the period	50.36	-	-	-	-	50.36
<b>At March 31, 2022</b>	<b>50.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.36</b>
At April 1, 2022	50.36	-	-	-	-	50.36
Provided during the year	67.66	72.66	0.14	11.45	220.13	372.04
<b>At March 31, 2023</b>	<b>118.02</b>	<b>72.66</b>	<b>0.14</b>	<b>11.45</b>	<b>220.13</b>	<b>422.40</b>
<b>Net Carrying Amount</b>						
At March 31, 2023	2,534.03	10,488.91	17.69	232.97	13,411.16	26,684.76
At March 31, 2022	1,919.06	-	-	-	-	1,919.06

Note:

Property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 14.

4(A). CAPITAL WORK IN PROGRESS

Ageing of Capital work-in-progress

₹ Lakhs

Particulars	As at March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,748.10	400.01	0.00	-	3,148.11
<b>Total work in progress</b>	<b>2,748.10</b>	<b>400.01</b>	<b>-</b>	<b>-</b>	<b>3,148.11</b>

₹ Lakhs

Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3,553.96	-	-	-	3,553.96
<b>Total work in progress</b>	<b>3,553.96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,553.96</b>

Note:

- Capital Work-in-progress are pledged against borrowings, the details relating to which have been described in Note 14.
- There are no projects/items forming part of above schedule whose completion is overdue or has exceeded its cost compared to its original plan.



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Notes to financial statements for the year ended March 31, 2023

5. RIGHT OF USE ASSETS

₹ Lakhs

Particulars	Land - leasehold	Total
<b>Gross Carrying Amount</b>		
At April 1, 2021	-	-
Additions during the period	401.20	401.20
<b>At March 31, 2022</b>	<b>401.20</b>	<b>401.20</b>
At April 1, 2022	401.20	401.20
Additions during the year	130.00	130.00
<b>At March 31, 2023</b>	<b>531.20</b>	<b>531.20</b>
<b>Amortisation</b>		
At April 1, 2021	-	-
Disposals	-	-
Provided during the period	3.27	3.27
<b>At March 31, 2022</b>	<b>3.27</b>	<b>3.27</b>
At April 1, 2022	3.27	3.27
Provided during the year	4.70	4.70
<b>At March 31, 2023</b>	<b>7.97</b>	<b>7.97</b>
<b>Net Carrying Amount</b>		
At March 31, 2023	523.23	523.23
At March 31, 2022	397.93	397.93

Note:

Certain Right of use assets are pledged against borrowings, the details relating to which have been described in Note 14.





Notes to financial statements for the year ended March 31, 2023

6. INTANGIBLE ASSETS

₹ Lakhs

Particulars	Software	Total
<b>Gross Carrying Amount</b>		
At April 1, 2021	-	-
Additions during the period	-	-
Disposals	-	-
<b>At March 31, 2022</b>	-	-
At April 1, 2022	-	-
Additions during the year	93.44	93.44
Disposals	-	-
<b>At March 31, 2023</b>	93.44	93.44
<b>Amortisation</b>		
At April 1, 2021	-	-
Provided during the period	-	-
<b>At March 31, 2022</b>	-	-
At April 1, 2022	-	-
Provided during the year	3.44	3.44
<b>At March 31, 2023</b>	3.44	3.44
<b>Net Carrying Amount</b>		
At March 31, 2023	90.00	90.00
At March 31, 2022	-	-

6(A). INTANGIBLE ASSETS UNDER DEVELOPMENT

Ageing of Intangible Assets under Development

₹ Lakhs

Particulars	As at March 31, 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<u>Projects in progress</u>	29.49	-	-	-	29.49
<b>Total intangible assets under development</b>	<b>29.49</b>	-	-	-	<b>29.49</b>

Ageing of Intangible Assets under Development

₹ Lakhs

Particulars	As at March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<u>Projects in progress</u>	10.00	-	-	-	10.00
<b>Total intangible assets under development</b>	<b>10.00</b>	-	-	-	<b>10.00</b>



Notes to financial statements for the year ended March 31, 2023

**7. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)**

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Loans to employees	7.59	-	1.52	-
<b>Total loans</b>	<b>7.59</b>	<b>-</b>	<b>1.52</b>	<b>-</b>

Note: The company has not made loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

**7A. OTHER FINANCIAL ASSETS**

Particulars	Non-current	
	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
Security deposits, considered good	77.64	5.70
<b>Total other financial assets</b>	<b>77.64</b>	<b>5.70</b>

**8. OTHER ASSETS**

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Capital advances	685.06	3,273.10	-	-
Balances with statutory authorities	1,891.94	-	1,916.63	68.91
Vendor advances	-	-	188.14	426.99
Prepaid expenses	-	-	42.23	-
<b>Total other assets</b>	<b>2,577.00</b>	<b>3,273.10</b>	<b>2,147.00</b>	<b>495.90</b>

**9. INVENTORIES**

(Valued at lower of cost or net realisable value)

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
Raw materials & components (includes in transit: ₹ 2,938.15 Lakhs)	6,653.42	-
Work-in-progress	1,225.45	-
Finished goods	317.63	-
<b>Total inventories</b>	<b>8,196.50</b>	<b>-</b>

**10. TRADE RECEIVABLES**

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
Trade receivables considered good - unsecured	6,409.47	-
<b>Total trade receivables</b>	<b>6,409.47</b>	<b>-</b>

**Ageing of trade receivables**

₹ Lakhs

Particulars	As at March 31, 2023						Total
	Outstanding for following periods from due date of Payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed</b>							
Trade receivables considered good - unsecured	551.21	5,858.26	-	-	-	-	6,409.47
	551.21	5,858.26	-	-	-	-	6,409.47
<b>Disputed</b>							
Trade receivables considered good - unsecured	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Total trade receivables</b>	<b>551.21</b>	<b>5,858.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,409.47</b>

**11. CASH AND CASH EQUIVALENTS**

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
Cash and cash equivalents		
Balances with banks:		
- In current accounts	826.96	516.53
<b>Total cash and cash equivalent</b>	<b>826.96</b>	<b>516.53</b>



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Notes to financial statements for the year ended March 31, 2023

12. EQUITY SHARE CAPITAL

Authorised share capital	7.8% cumulative convertible preference shares of ₹ 100 each		Equity shares of ₹ 10 each	
	No.	₹ Lakhs	No.	₹ Lakhs
At April 1, 2021	-	-	-	-
Increase/(Decrease) during the period	200,000	200.00	30,000,000	3,000.00
At March 31, 2022	200,000	200.00	30,000,000	3,000.00
At April 1, 2022	200,000	200.00	30,000,000	3,000.00
Increase/(Decrease) during the year	-	-	368,000,000	36,800.00
At March 31, 2023	200,000	200.00	398,000,000	39,800.00

Terms of and rights attached to Equity Shares

The Company has one class of Equity Shares having par value of ₹ 10 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 of and rights attached to 7.8% cumulative 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 equity 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

Equity shares of ₹ 10 each issued, subscribed & fully paid up	No.	₹ Lakhs
At April 1, 2021	-	-
Issue of Share Capital	26,600,000	2,660.00
At March 31, 2022	26,600,000	2,660.00
Issue of Share Capital	70,000,000	7,000.00
At March 31, 2023	96,600,000	9,660.00

The company has issued 7,00,00,000 shares under Right Issue at face value of Rs 10 per share aggregating to Rs 70,00,00,000 issued to the existing equity shareholder for cash at par in three tranches.



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Notes to financial statements for the year ended March 31, 2023

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	Numbers	% holding in the class	Numbers	% holding in the class
Blue Star Limited	96,599,994	99.99%	26,599,994	99.99%

Shareholding pattern of promoters and changes in holding during the year

Share held by promoters at the end of the year	As at March 31, 2023			As at March 31, 2022		
	Numbers of shares	% of total shares	% Changes during the year	Numbers of shares	% of total shares	% Changes during the year
Blue Star Limited and its nominees	96,600,000	100.00%	-	26,600,000	100.00%	-

Aggregate number of equity shares issued for consideration other than cash

Particulars	Aggregate Number of Shares	
	As at March 31, 2023	As at March 31, 2022
Fully paid Equity Shares	23,600,000	23,600,000

#### 13. OTHER EQUITY

Particulars	₹ Lakhs	
	As at March 31, 2023	As at March 31, 2022
Retained Earnings		
Opening	(216.23)	-
Add: Net loss for the year/period as per the Statement of Profit and Loss	(685.58)	(216.23)
Closing	(901.81)	(216.23)

Note:

Retained earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013. Thus the amounts reported above are not distributable in entirety.



Notes to financial statements for the year ended March 31, 2023

14. BORROWINGS

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	₹ Lakhs	₹ Lakhs
<b><u>Non-Current Borrowings</u></b>		
At amortised cost		
Term loan - Secured (Refer Note 1 below)	16,173.56	6,856.95
<b>Total Non-Current Borrowings (A)</b>	<b>16,173.56</b>	<b>6,856.95</b>
<b><u>Short Term Borrowings</u></b>		
At amortised cost		
Secured		
Current maturities of long term debt	3,183.39	-
Loans repayable on demand from bank (Refer Note 2 below)	1,500.00	-
Unsecured		
Inter corporate deposit received from related parties (Refer Note 3 below and Refer Note 31)	7,000.00	500.00
<b>Total Current Borrowings (B)</b>	<b>11,683.39</b>	<b>500.00</b>
Aggregate secured loans	20,856.95	6,856.95
Aggregate unsecured loans	7,000.00	500.00
<b>Total Borrowings (A+B)</b>	<b>27,856.95</b>	<b>7,356.95</b>

Notes:

1 Term loans from Banks

a. Term Loan obtained for setting up plant in Sri City for manufacturing Room air-conditioners from HSBC Bank carries interest rate in the range of 8.60% to 8.90% p.a. (March 31, 2022 - 5.55% to 5.86% p.a.) linked to 3 month GOI T-Bill + spread 205 bps, interest reset on quarterly basis. The facility is secured by first pari passu charge on movable and immovable fixed assets of the company (including land) and is backed by corporate guarantee from Blue Star Limited. It has Door to door tenor of 6.5 years (including 1.5 years of moratorium i.e. till March 2023, repayment will be in equal quarterly instalments post the moratorium.

b. Term Loan obtained for setting up plant in Sri City for manufacturing Room air-conditioners from Kotak Bank carries interest rate in the range of 7.60 to 7.63% p.a. (March 31, 2022 - 5.35% p.a.) linked to applicable Repo rate reset every 3 months. The facility is secured by first pari passu charge on all existing movable and immovable fixed assets of the company located at survey no. 19/1 to 21/4A, 21/4B/4C, 21/5 to 13A/B/C, 22/01 to 23/C, Chilamathur village and, Panchayat, Chittoor, Andhra Pradesh, 517464 spread across land of 20 acres and is backed by corporate guarantee from Blue Star Limited. Loan shall be repaid in 20 quarterly instalments with first instalment starting 3 months from commercial operations date (31st March, 2023) i.e. first instalment on 30th June, 2023.

c. Term Loan obtained for setting up plant in Sri City for manufacturing Room air-conditioners from Axis Bank carries interest rate in the range of 7.63% to 7.69% p.a. (March 31, 2022 - 5.35% p.a.) linked to Repo rate adjusted on a quarterly basis. The facility is secured by first pari passu charge on the entire project assets, movables (excluding current assets) and immovable assets of the company, present and future and is backed by corporate guarantee from Blue Star Limited. Repayments terms are 20 quarterly instalments with first instalment starting 3 months from commercial operations date (31st March, 2023) i.e. first instalment on 30th June, 2023.

2 Working Capital Demand Loan

Working capital facility obtained from Axis Bank and HSBC Bank for the purpose of meeting working capital requirements carrying interest rate in the range of 7.5% to 7.75% p.a. First pari passu charge on the entire current assets of the company, present and future.

3 Intercorporate Deposit (Related Party)

Inter Corporate Deposits obtained from Related parties for meeting business requirements with interest ranging 5.50% to 7.98% p.a. ((March 31, 2022 : 5.37%) linked to 12 Months T bill + 0.75% with frequency being last day of the quarter ending (June/Sep/Dec/March). Repayment ending on one year and 1 day with call / put option after 7 days from the lending date.



Notes to financial statements for the year ended March 31, 2023

15. Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
Dues to micro enterprises and small enterprises	1,195.88	-
Dues to creditors other than micro enterprises and small enterprises	7,903.52	14.43
<b>Total Payable</b>	<b>9,099.40</b>	<b>14.43</b>

DISCLOSURE AS PER SECTION 22 OF MSME ACT

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	1,195.88	-
(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	-	-
	<b>1,195.88</b>	<b>-</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.

Ageing of payables

₹ Lakhs

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2023					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed</b>						
Dues to micro enterprises and small enterprises	0.60	1,195.28	-	-	-	1,195.88
Dues to creditors other than micro and small enterprises	2,479.14	5,424.38	-	-	-	7,903.52
	<b>2,479.74</b>	<b>6,619.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,099.40</b>
<b>Disputed</b>						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total payables</b>	<b>2,479.74</b>	<b>6,619.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,099.40</b>

Ageing of payables

₹ Lakhs

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2022					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed</b>						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues to creditors other than micro and small enterprises	14.43	-	-	-	-	14.43
	<b>14.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.43</b>
<b>Disputed</b>						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total payables</b>	<b>14.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.43</b>



Notes to financial statements for the year ended March 31, 2023

16. OTHER FINANCIAL LIABILITIES

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
<b>Financial liabilities at fair value through profit or loss</b>		
Derivatives not designated as hedges		
Foreign exchange forward contracts	7.24	0.94
<b>Financial liabilities at amortized cost</b>		
Interest accrued but not due on borrowings	57.70	17.48
Creditors - capital expenditure	2,604.82	299.55
<b>Total other financial liabilities</b>	<b>2,669.76</b>	<b>317.97</b>

a) Foreign exchange forward contracts

The Company enters into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of buyers credit and trade payables. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

b) The carrying amount of all other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

Categorisation of financial liabilities carried at amortised cost

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
Borrowings (refer note 14)	27,856.95	7,356.95
Trade payables (refer note 15)	9,099.40	14.43
Creditor - capital expenditure (refer note 16)	2,604.82	299.55
Interest accrued but not due on borrowings (refer note 16)	57.70	17.48
<b>Total financial liabilities carried at amortized cost</b>	<b>39,618.87</b>	<b>7,688.41</b>

The carrying amount of all other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

Reconciliation between the opening and closing balances for liabilities arising from financing activities for the year ended March 31, 2023 :

Particulars	Non-current borrowings	Current borrowings
	₹ Lakhs	₹ Lakhs
At the beginning of the year	6,856.95	500.00
Cash flows during the year (net)	12,500.00	8,000.00
Current maturity of long term borrowings	(3,183.39)	3,183.39
Transaction cost written off		
<b>At the end of the year (excluding interest liability on borrowings)</b>	<b>16,173.56</b>	<b>11,683.39</b>
Non cash changes due to :		
-Interest on borrowings (clubbed under other financial liabilities)	48.21	9.49
<b>At the end of the year (including interest liability on borrowings)</b>	<b>16,221.77</b>	<b>11,692.88</b>

Reconciliation between the opening and closing balances for liabilities arising from financing activities for the period ended March 31, 2022 :

Particulars	Non current borrowings	Current borrowings
	₹ Lakhs	₹ Lakhs
At the beginning of the year	-	-
Cash flows during the year (net)	6,856.95	500.00
-Interest on borrowings (clubbed under other financial liabilities)	17.48	-
<b>At the end of the year (including interest liability on borrowings)</b>	<b>6,874.43</b>	<b>500.00</b>

17. PROVISIONS

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs
Provision for employee benefits (Refer Note 33)		
Provision for Gratuity	6.17	4.25
Compensated Absences	19.89	2.28
	<b>26.06</b>	<b>6.53</b>

18. OTHER CURRENT LIABILITIES

Particulars	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Dues to statutory bodies	1,891.94	-	454.38	32.53
<b>Total other liabilities</b>	<b>1,891.94</b>	<b>-</b>	<b>454.38</b>	<b>32.53</b>



Notes to financial statements for the year ended March 31, 2023

19. INCOME TAX

The major components of income tax expense for the year ended March 31, 2023 and for the period ended March 31, 2022 are:

(a) Current tax asset

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	₹ Lakhs	₹ Lakhs
Opening Balance	-	-
Less: Current tax payable for the year	(0.93)	-
Add: Taxes paid	1.87	-
Closing Balance	0.94	-

The closing balance of current tax asset is net of provision for tax.

(b) Deferred Tax Assets

The breakup of Deferred tax asset is as follows:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	₹ Lakhs	₹ Lakhs
Deferred Tax Asset - [A]		
Unabsorbed Depreciation	251.38	-
Provisions made disallowed and allowed only on payment basis	2.21	-
Deferred Tax Liability - [B]		
Accelerated depreciation for tax purposes	(216.89)	-
Others (ROU and ICDS adjustments)	(0.23)	-
Net Deferred Tax Asset - [A-B]	36.47	-

Movement in Deferred Tax Assets

Particulars	Charge/ (Credit) to Statement of Profit and loss		Charge/ (Credit) to Other Comprehensive Income	
	For the year ended	For the period ended	For the year ended	For the period ended
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Deferred Tax Asset - [A]				
Unabsorbed Depreciation	(251.38)	-	-	-
Provisions made disallowed and allowed only on payment basis	(2.21)	-	-	-
Deferred Tax Liability - [B]				
Accelerated depreciation for tax purposes	216.89	-	0.23	-
Net Deferred Tax Asset - [A-B]	(36.70)	-	0.23	-

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
	₹ Lakhs	₹ Lakhs
Accounting profit before income tax	(722.46)	(216.23)
Income tax at India's statutory income tax rate of 17.16%	(123.97)	-
Expenses not allowed for tax purpose	87.35	-
Additional allowances for tax purpose	-	-
Others	0.85	-
Income tax at effective tax rate	(35.77)	-

(d) Income tax expense reported in the statement of profit and loss

Particulars	For the year ended	For the period ended
	March 31, 2023	March 31, 2022
	₹ Lakhs	₹ Lakhs
<b>i) Current tax</b>		
Current tax on profit for the year	0.93	-
Total current tax expense	0.93	-
<b>ii) Deferred tax</b>		
(Decrease)/Increase in deferred tax liabilities	216.89	-
Decrease/(Increase) in deferred tax assets	(253.59)	-
Total deferred tax expense/(benefit)	(36.70)	-
Income tax expense	(35.77)	-

(e) Income tax expense reported in the other comprehensive income

Particulars	For the year ended	For the period ended
	March 31, 2023	March 31, 2022
	₹ Lakhs	₹ Lakhs
<b>i) Current tax</b>		
Remeasurement gain/(loss) on defined benefit plans	-	-
Total current tax expense	-	-
<b>ii) Deferred tax</b>		
Fair value of equity investment	-	-
Effective portion of gain/(loss) on cash flow hedges	-	-
Remeasurement gain/(loss) on defined benefit plans	0.23	-
Total deferred tax expense/(benefit)	0.23	-
Income tax expense	0.23	-





Notes to financial statements for the year ended March 31, 2023

20. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
Sale of products	13,886.41	-
Other operating revenue	51.10	-
<b>Total revenue from operations</b>	<b>13,937.51</b>	<b>-</b>

21. OTHER INCOME

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
Interest income on - Bank deposits	7.57	3.32
Net Translation gain on monetary assets/liabilities	115.89	-
Others	8.51	-
<b>Total other income</b>	<b>131.97</b>	<b>3.32</b>

22. COST OF RAW MATERIALS CONSUMED

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
Cost of material consumed	13,482.03	-
<b>Total cost of raw material and components consumed</b>	<b>13,482.03</b>	<b>-</b>

<b>Closing balance</b>		
Work-in-progress	1,225.45	-
Finished goods	317.63	-
	<b>1,543.08</b>	<b>-</b>
<b>Opening balance</b>		
Work-in-progress	-	-
Finished goods	-	-
	-	-
<b>Changes in inventories of finished goods and work-in-progress</b>	<b>(1,543.08)</b>	<b>-</b>

23. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
Salaries, wages and bonus	651.28	68.43
Contribution to provident funds and other funds (refer note 33)	9.17	0.87
Gratuity expense (refer note 33)	3.27	4.25
Staff welfare expenses	321.34	0.83
<b>Total employee benefits expense</b>	<b>985.06</b>	<b>74.38</b>



Notes to financial statements for the year ended March 31, 2023

24. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
Depreciation on Property, plant and equipment (refer note 4)	372.04	50.36
Amortization on right of use assets (refer note 5)	4.70	3.27
Amortization expenses on intangible assets (refer note 6)	3.44	-
<b>Total depreciation and amortization expense</b>	<b>380.18</b>	<b>53.63</b>

25. FINANCE COSTS

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
<b>Interest and finance charges on financial liabilities carried at amortised cost</b>		
Interest on bank borrowings	1,289.57	100.26
Less: Amount Capitalised	(798.72)	(100.26)
	490.85	-
Bank charges	9.01	7.88
<b>Total finance costs</b>	<b>499.86</b>	<b>7.88</b>

26. OTHER EXPENSE

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
Stores and spares consumed	106.76	-
Power and fuel	197.17	-
Rent	4.52	-
Repairs and maintenance		
- Buildings	8.62	9.00
- Plant and machinery	9.99	-
- Others	7.22	1.88
Insurance	3.54	-
Rates and taxes	17.17	7.44
Freight and forwarding charges	9.90	-
Legal and professional fees	28.42	11.33
Travelling and conveyance	64.54	2.73
Printing and stationery	17.09	0.17
Security Charges	42.10	-
Telephone and communication	4.68	-
Payment to auditors (refer details below)	15.90	12.00
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	-	0.96
Share issue expenses	268.59	31.87
Recovery of Shared Service expenses by Related parties (Refer Note 31)	90.20	-
Miscellaneous expenses	91.48	6.28
<b>Total other expenses</b>	<b>987.89</b>	<b>83.66</b>

A. Payment to auditors

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
	₹ Lakhs	₹ Lakhs
<b>As auditor:</b>		
Audit fee	11.00	8.00
Limited review	3.00	3.00
Tax Audit	1.00	1.00
<b>In other capacity:</b>		
Other services	0.86	-
Re-imbursment of expenses	0.04	-
	<b>15.90</b>	<b>12.00</b>



Notes to financial statements for the year ended March 31, 2023

27. EARNING PER SHARE (EPS)

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

Particulars	As at March 31, 2023	As at March 31, 2022
Loss attributable to equity holders of the Company (₹ in Lakhs)	(686.69)	(216.23)
Weighted average number of Equity shares (Nos.)	47,476,712	26,600,000
<b>Basic and Diluted Earning Per Share in rupees ( Face Value - ₹ 10 per share) ( in ₹)</b>	<b>(1.45)</b>	<b>(0.81)</b>

The weighted average number of shares takes into account the weighted average effect of changes in equity share transactions during the year.



Notes to financial statements for the year ended March 31, 2023

**28. 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 recognized 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 recognized 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.

**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.

**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. 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.

**29. Other Statutory Information**

- i. The company neither holds any benami property nor any proceedings have been initiated or pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- ii. The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- iii. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- iv. The company has not traded or invested in crypto currency or virtual currency during the financial year.
- v. The company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (intermediaries) with the understanding that the intermediary shall :
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- vi. The company has not received any fund from any persons or entities, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall :
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- vii. The company has not been declared as wilful defaulter by any bank, financial institutions or other lender.
- viii. The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- ix. The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- x. There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- xi. The provisions of Corporate Social Responsibility (CSR) expenditure are not applicable to the Company.

**30. Code on Social Security, 2020**

The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Company will record any related financial impact of the Code in the books of account, in the period(s) in which the Code becomes effective.



BLUE STAR CLIMATECH LIMITED  
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Notes to financial statements for the year ended March 31, 2023

31. RELATED PARTY DISCLOSURE

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

Related parties where controls exist - Parent Company  
Blue Star Limited

Fellow Subsidiary  
Blue Star Engineering and Electronics Limited

Key Management Personnel  
Mr. Vir S. Advani, Director  
Mr. B Thiagarajan, Director  
Mr. Devidas Vishwambar Kasbekar, Chief Executive Officer  
Mr. Sivakumar Ramani, Chief Financial Officer  
Ms. Neha Roy, Company Secretary

₹ Lakhs

Particulars	For the year ended	For the period ended
	March 31, 2023	March 31, 2022
<b>b) Transactions with related party</b>		
<b>Blue Star Limited</b>		
<b>Equity</b>		
Issue of equity shares	7,000.00	2,660.00
<b>Assets</b>		
Purchase of Asset	128.00	-
Transfer of Leasehold land	-	401.00
Transfer of Infrastructure development rights	-	1,958.80
Payment towards Capital work-in-progress	2,194.38	-
<b>Income</b>		
Sale of Manufactured Goods	13,127.79	-
<b>Expenses</b>		
Reimbursement of expenses	90.20	171.00
Corporate Guarantee charges	19.36	7.15
Interest on inter corporate deposit	193.00	0.15
Purchase of Material	154.00	-
<b>Blue Star Engineering and Electronics Limited</b>		
<b>Expenses</b>		
Interest on inter corporate deposit	39.24	-
Purchase of Material	24.58	-
<b>c) Outstanding balances</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Blue Star Limited</b>		
<b>Balance due -Receivable/(payable)</b>		
Creditors for capital expenditure	(620.60)	-
Capital advances	-	159.02
Trade Receivables	6,075.37	-
<b>Blue Star Engineering and Electronics Limited</b>		
<b>Balance due -Receivable/(payable)</b>		
Trade Payables	(6.88)	-
<b>d) Compensation of key managerial personnel</b>	<b>For the year ended</b>	<b>For the period ended</b>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Short term employee benefits	43.25	-



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Notes to financial statements for the year ended March 31, 2023

e) Loans from Related Party	As at March 31, 2023	As at March 31, 2022
<b>Blue Star Limited</b>		
Opening	500.00	-
Loans Received	4,500.00	500.00
Loans Repaid	(1,500.00)	-
Closing	3,500.00	500.00
<b>Blue Star Engineering and Electronics Limited</b>		
Opening	-	-
Loans Received	3,500.00	-
Loans Repaid	-	-
Closing	3,500.00	-

### 32. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided :-

As at March 31,2023 company had commitments (net of advances) of ₹ 2100.49 Lakhs  
( March 31,2022 - ₹ 9816.72 Lakhs)



Notes to financial statements for the year ended March 31, 2023

33. 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 lump sum 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 recognizes 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 recognized 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 recognized in other comprehensive income. The effect of any plan amendments are recognized in net profit in the profit or loss. The Company expects no contribution to gratuity fund in 2023-24.

Change in present value of defined benefit obligation

Particulars	Gratuity	
	As at March 31,2023	As at March 31,2022
	₹ Lakhs	₹ Lakhs
Defined benefit obligation at the beginning of the year/period	4.25	
Current service cost	2.99	0.69
Interest cost	0.28	
Acquisition adjustment	-	3.56
Remeasurements		
a. Due to change in demographic assumptions	-	-
b. Due to change in financial assumptions	(1.84)	-
c. Due to experience adjustments	0.50	-
<b>Defined benefit obligation at the end of the year/period</b>	<b>6.17</b>	<b>4.25</b>

Particulars	Gratuity	
	For the year ended March 31,2023	For the period ended March 31,2022
	₹ Lakhs	₹ Lakhs
<b>Components of defined benefit cost recognized in Profit or Loss</b>		
Current service cost	2.99	0.69
Acquisition adjustment	-	3.56
Interest Cost	0.28	-
Expected return on plan assets		
<b>Defined benefit cost recognized in profit or loss</b>	<b>3.27</b>	<b>4.25</b>

Components of defined benefit cost recognized in Other Comprehensive Income		
a. Due to change in demographic assumptions	-	-
b. Due to change in financial assumptions	(1.84)	-
c. Due to change in experience adjustments	0.50	-
<b>Remeasurements recognized in other comprehensive income (OCI)</b>	<b>(1.34)</b>	<b>-</b>

Net liability / (assets) recognized in the balance sheet		
Particulars	Gratuity	
	As at March 31,2023	As at March 31,2022
	₹ Lakhs	₹ Lakhs
Present value of defined benefit obligation	6.17	4.25
Fair value of plan assets	-	-
<b>Net liability / (assets) (Refer Note 17)</b>	<b>6.17</b>	<b>4.25</b>



Notes to financial statements for the year ended March 31, 2023

The principal assumptions used in determining Gratuity and Additional Gratuity for the Company's plan are as shown below:

Actuarial Assumptions	Gratuity	
	For the year ended March 31, 2023	For the period ended March 31, 2022
Discount rate	7.35%	6.60%
Disability rate	5% of mortality Rate	5% of mortality Rate
Normal retirement age	60 Years	60 Years
Mortality rate	100% of ALM 2012-14	100% of ALM 2012-14
Salary escalation rate	7%	7%
Attrition Rate	14% Throughout	14% Throughout

The present value of defined benefit obligation after change in assumptions are as under ;

Assumptions	Gratuity	
	For the year ended March 31, 2023	For the period ended March 31, 2022
Decrease in discount Rate (-/+ 0.5%)	7.43	4.39
Increase in discount Rate (-/+ 0.5%)	4.96	4.11
Decrease in salary Growth Rate (-/+ 0.5%)	4.95	4.11
Increase in salary Growth Rate (-/+ 0.5%)	7.43	4.39
Decrease in attrition Rate (-/+ 1% of attrition rates)	7.25	4.44
Increase in attrition Rate (-/+ 1% of attrition rates)	5.18	4.11
Decrease in Mortality Rate (-/+ 10% of mortality rates)	6.17	4.25
Increase in Mortality Rate (-/+ 10% of mortality rates)	6.17	4.25

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 2022-23.

The average duration of the defined benefit plan obligation at the end of the reporting year 2022-23 is 6 years.

II. Defined Contribution Plan

a. Provident Fund

The company's contribution to provident fund and other funds aggregating during the year ended March 31,2023 is ₹ 9.17 Lakhs (March 31,2022 - ₹ 0.87 Lakhs) recognized in the statement of profit and loss under the head employee benefit expenses (Refer Note 23).

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. Compensated Absences

Under the compensated absences plan, leave encashment is payable to all eligible employees on separation from the company due to death, retirement, super annuation or resignation at the rate of daily salary, as per the current accumulation of leave days.

Amount recognized in Balance Sheet

₹ Lakhs

Particulars	Compensated Absences as at	
	March 31, 2023	March 31, 2022
Amount recognized in Balance Sheet	19.89	2.28

Amount recognized in statement of profit and loss

₹ Lakhs

Particulars	Compensated Absences for the year ended	
	March 31, 2023	March 31, 2022
Amount recognized in statement of profit and loss	19.08	2.28





Notes to financial statements for the year ended March 31, 2023

34. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize 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:

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
Borrowings	27,856.95	7,356.95
Less: Cash and cash equivalents	(826.96)	(516.53)
Net Debt	27,029.99	6,840.42
Equity	8,758.19	2,443.77
Gearing Ratio = (Net Debt / Equity) x 100	308.63%	279.91%

35. FINANCIAL RATIOS

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022	% Variance	Reason for variance
Current ratio	0.73	1.16	-37.07%	Current liabilities has increased in current year due to commencement of commercial operations in Quarter 4 of FY 2022-23.
Debt-Equity ratio	3.18	3.01	5.65%	-
Debt Service Coverage Ratio (DSCR)	0.44	(1.16)	-138.02%	Due to Positive Earnings before interest and Tax (EBIT) in current year as compared to Negative EBIT to previous period.
Return on Equity Ratio (ROE)	-7.84%	-8.85%	-11.41%	-
Inventory turnover ratio (No. of days)	250.59	NA	NA	There was no Revenue from Operations (Turnover), Cost of Goods Sold, Inventory, Trade receivables and Trade payables in previous year as commercial operations have commenced in Quarter 4 of FY 2022-23.
Trade receivables turnover ratio (No. of days)	167.85			
Trade payables turnover ratio (No. of days)	128.67			
Net capital turnover ratio (In times)	(2.19)			
Net profit ratio	-4.88%	-6512.93%	-99.93%	There was no Revenue from Operations (Turnover), in previous year as commercial operations have commenced in Quarter 4 of FY 2022-23.
Return on Capital employed	0.43%	-1.66%	-125.87%	Due to Positive Earnings before interest and Tax (EBIT) in current year as compared to Negative EBIT to previous period.

Note:

1. Schedule III require explanation where the change in ratio is more than 25% as compared to the preceding year. Accordingly explanation is given only for the said ratio.

Current Ratio = Current Assets / Current Liabilities

Debt / Equity Ratio = Total Debt (Non-current borrowings + current borrowings) / Equity

DSCR = [Earnings before interest and Tax ] / [Interest expenses + Principal repayments made during the year/period for long term loans]

Return on Equity Ratio = Net profit after tax / Average shareholders equity X 100

Inventory turnover (no. of days) = (Average Inventory for the year/period) / Cost of Goods Sold for the year/period X Number of days in reporting year/period.

Trade Receivable turnover ratio (no. of days) = (Average Debtors for the year/period) / Turnover for the year/period X Number of days in reporting year/period.

Trade payables turnover (no. of days) = (Average Creditors for the year/period) / COGS for the year/period X Number of days in reporting year/period.

Net capital turnover ratio (In times) = (Turnover for the year/period) / Shareholders equity

Net profit ratio (%) = (Profit/(Loss) for the year/period) / Total income X 100

Return on capital employed (%) = EBITDA i.e. (Profit before tax) + Finance charges + Depreciation) / Capital employed i.e.

(Total assets - current liabilities) X 100



Notes to financial statements for the year ended March 31, 2023

36. DERIVATIVE INSTRUMENTS AND ATTACHED FOREIGN CURRENCY EXPOSURE

The Company has a forex risk management policy that ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are mitigated 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 recognized in the Profit or Loss. Commodity risk is mitigated by entering into annual rate contracts with major suppliers which are 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	As at March 31, 2023		As at March 31, 2022	
	Amount in Foreign Currency (in lakhs)	₹ Lakhs	Amount in Foreign Currency (in lakhs)	₹ Lakhs
<b>Particulars of Forward Contract</b>				
<b>Forward cover to Purchase</b>				
<b>Forward cover against underlying payables (including commitments)</b>				
- USD	17.06	1,401.82	11.80	894.44
- CNY	137.04	1,637.30	-	-

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

Foreign Currency	As at March 31, 2023		As at March 31, 2022	
	Amount in Foreign Currency (in lakhs)	₹ Lakhs	Amount in Foreign Currency (in lakhs)	₹ Lakhs
<b>Payables</b>				
EUR	0.05	4.11	-	-
JPY	324.78	200.06	-	-

The above table does not include foreign currency exposure covered by derivative contracts as stated in (a) and (b) above although not specifically in hedge relationships.

37. 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, 2023:

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)
		₹ Lakhs	₹ Lakhs	₹ Lakhs
Derivatives not designated as hedges (refer note 16) - Foreign exchange forward contracts	March 31, 2023	7.24	-	7.24

There have been no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy as at March 31, 2022 :

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)
		₹ Lakhs	₹ Lakhs	₹ Lakhs
Derivatives not designated as hedges (refer note 16) - Foreign exchange forward contracts	March 31, 2022	0.94	-	0.94

There have been no transfers between Level 1 and Level 2 during the period.

Fair value hierarchy of financial assets and liabilities measured at fair value :

Valuation technique used to determine fair value :

1. Level - 2 :

Mutual Fund - Quoted price in the active market

Derivative Instrument - Mark to market on forward covers is based on forward exchange rates at the end of reporting period.



**Notes to financial statements for the year ended March 31, 2023**

**38. FINANCIAL RISK MANAGEMENT OBJECTIVE & 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 minimize 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 include borrowings, 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 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 utilizing foreign exchange forward contracts.

**Foreign Currency Sensitivity**

The following table demonstrates the sensitivity in multiple foreign currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax and equity is due to changes in the fair value of monetary assets and liabilities.

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
JPY	+5%	(10.00)	-	(8.29)	-
	-5%	10.00	-	8.29	-
EUR	+5%	(0.21)	-	(0.17)	-
	-5%	0.21	-	0.17	-

**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. Company has exposure to the future cash flows resulting from change in interest rate as the Company's net obligations carries variable interest rate. Interest rate change does not affect significantly to the company.

**Credit Risk**

Credit risk is the risk that a counterparty 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 from its financing activities, including deposits with banks, foreign exchange transactions, and other financial instruments.

**1. 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.

**Liquidity Risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors the rolling forecast of its liquidity position based on expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all points in time. The Company has sufficient short-term fund-based lines, which provide healthy liquidity and these carry the highest credit quality rating from a reputed credit rating agency.



Notes to financial statements for the year ended March 31, 2023

The table below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	As at March 31, 2023			
	Less than 1 year	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	11,683.39	16,173.56	-	27,856.95
Trade Payables	9,099.40	-	-	9,099.40
Other financial liabilities	2,612.06	-	-	2,612.06
Interest on borrowings	57.70	-	-	57.70
<b>Total</b>	<b>23,452.55</b>	<b>16,173.56</b>	<b>-</b>	<b>39,626.11</b>

Particulars	As at March 31, 2022			
	Less than 1 year	1-5 Years	More than 5 Years	Total
Interest bearing borrowings	500.00	6,856.95	-	7,356.95
Trade Payables	14.43	-	-	14.43
Other financial liabilities	300.49	-	-	300.49
Interest on borrowings	17.48	-	-	17.48
<b>Total</b>	<b>832.40</b>	<b>6,856.95</b>	<b>-</b>	<b>7,689.35</b>

### 39. 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, 2023 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:

Revenue by type of contract	For the year ended March 31, 2023			For the period ended March 31, 2022		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Unitary Products	13,937.51	-	13,937.51	-	-	-
<b>Total</b>	<b>13,937.51</b>	<b>-</b>	<b>13,937.51</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 2. Reconciliation of contracted price with the revenue recognised in statement of profit or loss:

Particulars	For the year ended March 31, 2023		For the period ended March 31, 2022	
	Contracted price	Revenue recognised	Contracted price	Revenue recognised
Sale of products at transaction price	13,937.51	-	-	-
Reductions towards variable consideration components*	-	-	-	-
Revenue recognized in profit & loss	13,937.51	-	-	-

\* Reduction towards variable consideration components include discounts, service level credits, etc.

### 40. LEASES

Disclosure as per the requirement of Ind AS 116

#### Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
Right-of-use assets	523.23	397.93

#### Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

Particulars	Note	For the year ended March 31, 2023	For the period ended March 31, 2022
Amortization of right-of-use assets	24	4.70	3.27
Expense relating to short term lease not included in lease liabilities	26	4.52	-

### 41. Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.



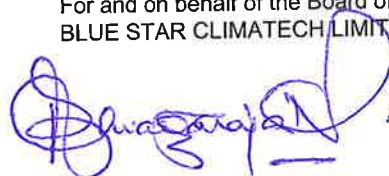
**BLUE STAR CLIMATECH LIMITED**  
CIN No : U29243MH2021PLC360573

**Notes to Financial Statements for the year ended March 31, 2023**

**42. PREVIOUS YEAR COMPARATIVES**

Figures for the previous year have been regrouped/reclassified where necessary to confirm the current year classification.

For and on behalf of the Board of Directors of  
BLUE STAR CLIMATECH LIMITED



**B. Thiagarajan**  
Director  
DIN: 01790498

**Vir S. Advani**  
Director  
DIN: 01571278



**Devidas V Kasbekar**  
Chief Executive Officer



**Sivakumar Ramani**  
Chief Financial Officer



**Neha Roy**  
Company Secretary

Date: April 24, 2023  
Place: Mumbai

