

Blue Star Limited

FY16 and Q4 FY16 Earnings Update

May 31, 2016

CORPORATE UPDATE AND BACKGROUND:

Over last two years, the Blue Star Group has gone through multiple rounds of strategic restructuring initiatives. The primary driver behind these restructuring initiatives was to enable Blue Star to generate additional resources to support the next phase of growth of its core Air Conditioning business and related diversification opportunities. In addition, restructuring was also undertaken to consolidate asset ownership, simplify holding structure, address non-performing assets, monetize noncore assets and consequently strengthen the Balance Sheet position of the Company.

Accordingly, in FY'15, the Professional Electronics and Industrial Systems (PE&IS) business was transferred to Blue Star Engineering & Electronics (Blue Star E&E), a wholly owned subsidiary of the Company. Simultaneously, Blue Star Design and Engineering Ltd, another wholly owned subsidiary was merged with Blue Star E&E. Housing the PE&IS business in an independent legal entity is expected to provide strategic visibility and growth impetus to this business. Implementation of this round of restructuring has been completed and given effect to partly last year and also in the current year.

During FY'16, Blue Star Infotech Ltd (BSIL) an associate investee company sold its IT business to monetize and generate substantial value for its shareholders. Having sold off the operating IT business, BSIL was left with a substantial cash corpus and a healthy lease rental bearing commercial office property. Separately, the Boards and Shareholders of BSIL and Blue Star approved a Scheme for merging BSIL and its residual Indian subsidiary (BSIBIA) with Blue Star to align Group resources. In Apr'16, the Honorable High Court of Bombay approved the Scheme for Amalgamating BSIL and BSIBIA with Blue Star, with Apr 1, 2015 as the appointed date. As a result of this amalgamation, the FY16 financial statements of Blue Star include nine months of BSIL's IT operations as well as the sale proceeds of the IT business.

The execution and implementation of these multiple and rather complex rounds of restructuring have come to an end in May 2016.

Since the financials for both FY'15 and FY'16 embed accounting impact of disparate restructuring elements, the financial results for FY'16 are not comparable with FY'15 across many aspects on a plain reading. However, since the restructuring was driven by the primary strategic objective to consolidate and simplify asset and business investment ownership, the consolidated financial results for both the years present a better comparability for understanding and analyzing operating performance of the Company in FY'16. More specifically, to get a clear understanding of the operating performance of the Company's businesses, one should look at the FY16 Annual Consolidated Segmental performance and its comparison to FY15.

Accordingly, we have restricted the analysis and highlights for FY16 to only the consolidated performance.

Consolidated Financial Highlights

Following are the financial highlights of the Company for the year ended March 31, 2016 on a consolidated basis:

- Total Operating Income for the year ended March 31, 2016 was Rs 3770.11 crores as compared to Rs 3181.94 crores in FY15. Excluding BSIL's IT business, Total Operating Income was Rs. 3653.01 crores for FY16, representing a growth of 14.8% over FY15.
- Operating Profit (PBIDT excluding Exceptional Items and Other Non Operating Income) for the current year was Rs 216.16 crores as compared to Rs 167.27 crores in FY15. Excluding BSIL's IT business, Operating Profit (PBIDT excluding Exceptional Items and Other Non Operating Income) stood at Rs. 200.12 crores for FY16, representing a growth of 19.6% over FY15.
- Profit before Tax (excluding Exceptional Items) grew from Rs 84.09 crores in FY15 to Rs 129.79 crores in FY16. Excluding BSIL's IT business, PBT (excluding Exceptional Items) was at Rs. 115.31 crores for FY16, representing a growth of 37.1% over FY15.
- Exceptional Items for FY16 represented net expense of Rs. 1.30 crores as compared to Rs. 41.44 crores in FY15. Exceptional items in FY16 include a net gain on the sale of IT business of Rs. 46.09 crores, charges of Rs. 27.24 crore relating to cost updates for some large projects, expenses of Rs. 18.69 crore towards voluntary retirement scheme & other expenses on closure of a manufacturing facility and bonus expenses for earlier years pursuant to retrospective amendment in statute of Rs. 1.46 crore.
- During the quarter, the Company has reassessed its effective control and interest in Blue Star Qatar WLL and accordingly Rs. 6.92 crores has been recognised as prior period income in the consolidated results.
- Consequently, Consolidated Net Profit for the year increased by 100% from Rs 54.18 crores in FY15 to Rs 108.38 crores during the year.

The following are the financial highlights of the Company for the year ended March 31, 2016 on a Standalone basis:

- The Company reported Total Operating Income of Rs 3531.50 crores for the year ended March 31, 2016, as compared to Rs 3080.79 crores in FY15, representing a growth of 15%.

- Operating Profit (PBIDT excluding Exceptional Items and Other Non Operating Income) for the year grew 11% to Rs 192.62 crores from Rs 173.59 crores in FY'15.
- Other Income for the year stood at Rs 15.87 crores as compared to Rs 10.14 crores last year.
- Financial expenses for the year decreased to Rs 35.71 crores from Rs 43.47 crores in FY15. The reduction was due to lower borrowings coupled with reduction in the cost of borrowing.
- Profit before Tax (excluding Exceptional Items) increased by 17% from Rs 100.92 crores in FY15 to Rs 118.50 crores in FY'16.
- Tax Expense for FY'16 was of Rs 25.81 crores as compared to net benefit of Rs 9.71 crores in the FY15. Tax for the year includes capital gain tax of Rs. 22.83 crore on sale of the IT business. Income from FY'16 is subject to an effective tax rate of 17.36% as compared to negative tax rate of 6.79% applicable in FY'15 The effective tax rate was negative in FY'15 due to first time recognition of a deferred tax benefit.
- Net Profit decreased to Rs 122.77 crores during the year as compared to Rs 152.53 crores in FY15, due to an increase in tax expenses.
- Earnings per share (basic) for the year (Face value of Rs 2.00) reduced to Rs 12.88 vis-à-vis Rs 16.96 in FY'15.
- Order inflow during the year increased by 19% to Rs. 3652 crore from Rs 3063 crores in the previous year.
- Carry-forward Order Book as on March 31, 2016 increased by 17% to Rs 1628 crores compared to Rs 1388 crores as at March 31, 2015.
- Borrowings (net of cash in hand) reduced significantly from Rs. 296 crores as on March 31, 2015 to Rs. 243 crores as on March 31, 2016, due to reduction in borrowings and lower cost of financing. Adjusted for the interim dividend payout of Rs. 71 crore in Mar'16, comparable net borrowings as of Mar 31, 2016 were Rs. 172 crore.
- Net corpus from the sale of IT business was Rs. 158 crore, invested in Commercial Papers and Mutual Funds.
- Total Capital Employed of the Company was Rs 1089 crores on March 31, 2016 as compared to Rs 921 crores on March 31, 2015. This includes net assets worth Rs. 251 crore acquired from BSIL.

- The Directors had recommended an interim dividend of Rs 6.50 per equity share for FY'16 (Previous Year Rs 5.00 per equity share), which was paid out in March'16. No final dividend has been recommended for FY'16.

Financial Ratios - Standalone

	FY16	FY15
Gross Margin (excl non-operating income)	30.54%	29.81%
Operating Margin (excl. non operating Income)	3.92%	4.36%
Return on Capital Employed	13.64%	15.51%
Return on Shareholders' Funds	14.51%	24.40%
Earnings Per Share (Rs) (Face Value of Rs 2)	12.88	16.96
Dividend Per Share (Rs) (Face Value of Rs 2)	6.50	5.00
Debt/Equity	0.29	0.47

Note: Capital employed of FY'16 includes net assets of Rs. 251 crore acquired from BSIL, accordingly some financial ratios may not be comparable

Consolidated Segment Performance for FY16

Segment-wise sales break-up:

(Rs crores)

	FY16	FY15	% Growth	% of Net Sales
Electro-Mechanical Projects and Packaged Air Conditioning Systems	1,907.72	1,703.56	12%	51%
Unitary Products	1,576.31	1,331.72	18%	42%
Professional Electronics & Industrial systems	168.97	146.66	15%	4%
Others	124.17	-		3%
Total	3777.18	3,181.94	19%	
Less: Inter - Segment Revenue	(7.07)	-	-	
Total Income from Operations (Net)	3,770.11	3,181.94	18%	

Segment-wise results break-up:

(Rs crores)

	FY16	FY15	% Growth/ (Decline)
Electro-Mechanical Projects and Packaged Air Conditioning Systems	79.90	53.95	48%
Unitary Products	165.93	144.79	15%
Professional Electronics & Industrial systems	26.85	30.70	-13%
Others	14.20	-	-
Total	286.88	229.44	25%

Segment-wise results (%):

	FY16	FY15
Electro-Mechanical Projects and Packaged Air Conditioning Systems	4.2%	3.2%
Unitary Products	10.5%	10.9%
Professional Electronics & Industrial systems	15.9%	20.9%
Others	11.4%	-
Total	7.6%	7.2%

- The Electro-Mechanical Projects and Packaged Air Conditioning Systems business, accounting for 51% of the total revenues in the year, increased by 12%, while segment results registered an increase of 48% to Rs 79.90 crores, mainly owing to higher billings of projects with healthy margins and control on costs.
- As already announced, Blue Star has recently entered the water purifiers business. The Company has also extended its product range by introducing air purifiers, apart from air coolers. Consequently, Segment II is being renamed as Unitary Products. The revenue of this segment in the year increased by a healthy 18%, while Segment Results grew 15% to Rs 165.93 crores over the same period. A strong festive season coupled with an early onset of summer in most parts of the country contributed to the healthy growth.
- The Professional Electronics and Industrial Systems business has reported a dip of 13% to Rs 26.85 crores in its Segment Results, owing to changes in the business mix.
- The Segment titled “Others” contains results of the IT business acquired by virtue of the Amalgamation and subsequently disposed off during the year.

Business Highlights for Consolidated Q4 FY'16 & FY16

Segment I (Electro-Mechanical Projects & Packaged Air Conditioning Systems)

The consolidated segment registered a revenue growth of 12% to Rs. 1907.72 in FY'16 from Rs 1703.56 crores in FY'15 and segment results improved by 48% to Rs. 79.90 crores in FY'16 from Rs. 53.95 crores in FY'15. Segment result improved to 4.2% in FY'16 from 3.2% in FY'15.

In the Electro-Mechanical Projects business, while order inflow improved, price realization on new projects has been under pressure. Billing remained sluggish and project execution remained slow as customers phased out their requirements based on available capital thereby deferring project completions. Some improvement was seen in cash inflow in new projects as customers committed to investments with prior readiness of funds thereby improving the capital employed position. However, the Company's policy of linking project execution to cashflow continued through the year, which resulted in lower than expected Billing in spite of a healthy carry-forward order book.

A number of legacy projects were short closed in Q4FY16, as there were no signs of revival in these accounts. The associated losses and charges have been absorbed in both the segment results as well as Exceptional Items in Q4FY16.

On a macro-economic level, there is an increase in investments in Government-related projects of the centre as well as the states, however private sector investments remained subdued. Business sentiments remained tepid as non-availability of capital funds continued to adversely affect expansions and investments. There has been a modest upswing in commercial space consumption in Delhi NCR, Bengaluru and Mumbai, though limited to a few developers and corporates of repute. Prospects from the industrial segment showed some improvement, especially in Telengana, Gujarat and Maharashtra.

The segment-wise break-up of the carry forward order book of the Electro-Mechanical Projects business is as follows:

Application Segment	Share
Metro Rail	22%
Industrial	18%
Office (IT/Non IT)	14%
Mixed Use Development	11%
Power Generation & Distribution	11%
Hospitals	8%
Malls	8%
Others	8%

The electro mechanical projects business has an open funnel of firm enquiries. The segment-wise mix of this funnel is as follows:

Application Segment	Share
Mixed Use Development	20%
Industrial	15%
Metro	15%
Hospitals	15%
Office(IT/Non IT)	14%
Residential	5%
Power Generation & Distribution	3%
Others	13%

In the Central Plant Equipment business, the market continued to remain stagnant, similar to the projects space. However, Tier 2/3/4 markets showed signs of improvement during the quarter. The elections in Bihar, WB, Assam and Tamil Nadu adversely impacted enquiry inflow in these states. Segments such as Industrial, Hotels, Hospitals, Educational Institutions, Banks and Banquet Halls witnessed enhanced demand.

During the quarter, the VRF business recorded the fastest growth rate amongst all the categories as a result of its flexibility and energy efficiency. The Company has made deep inroads in the VRF segment with its latest offering, VRF IV Plus, which has met with a positive response in the market place. Blue Star VRF IV Plus is the country's first 'Made in India' 100% inverter VRF system which is 'Made for India' since it's well suited for the varying climatic conditions as well as voltage fluctuations faced across the country.

The carry-forward order book stood at Rs 1550 crores as at March 31, 2016 as compared to Rs 1340 crores as at March 31, 2015, an increase of 16%.

Some of the major orders won by Blue Star during the quarter in Segment 1 are:

	New Orders Won in Q4FY16
Electro-Mechanical Projects	<ul style="list-style-type: none"> ▪ Delhi Metro ▪ CPWD, IIT, Jodhpur ▪ CPWD, Central University, Rajasthan ▪ My Home, Hyderabad ▪ Cancer Institute, Lucknow

	New Orders Won in Q4FY16
Central AC, VRF and Packaged Airconditioning Products	<ul style="list-style-type: none"> ▪ Ginger Infrastructure, Nagpur ▪ Delhi Public School, Gandhidam ▪ Care Hospital, Raipur ▪ Raj Multiplex, Surat ▪ Siksha O Anusandhan University, Orissa ▪ Hotel Yiga Norling, Sikkim ▪ Tata Consulting Engineers Limited, Kolkata ▪ Ashoka University, Sonapat ▪ Meenakshi Techno Park, Secunderabad ▪ JSW, Bellary ▪ Hewlett Packard, Bengaluru ▪ Premier Inn, Chennai ▪ Kalyan Jewellers (various)

Segment II (Unitary Products)

The consolidated segment registered a revenue growth of 18% to Rs. 1576.31 in FY'16 from Rs 1331.72 crores in FY'15 and segment results improved by 15% to Rs. 165.93 crores in FY'16 from Rs. 144.79 crores in FY'15. Segment result stood at to 10.5% in FY'16 from 10.9% in FY'15.

During the quarter, higher than usual temperatures in Q4 with an onset of an early summer in most places, helped the Room AC industry post a healthy growth of 20%. However, the average selling price across the industry fell by about 3% owing to some brands offering cheaper options, forcing most players to reduce their prices.

The Room AC business of the Company, during the quarter, continued to perform faster than the market, growing at 22%. There is a rising preference for inverter ACs and this category now accounts for about 15% of the sales of the industry. The trend of the Company performing better in energy efficient products continued with inverter ACs comprising 20% of its sales. Also, the 0% Finance options by the NBFCs and Credit Card EMIs by the banks reached a sizable 30% of the secondary sales values. In the commercial segment, major Room AC orders won during the quarter were from Narayana Group of Educational Institutions and Velammal Group of Institutions.

In the Commercial Refrigeration Products business, sales of chest freezers and coolers grew modestly. Growth in demand from key accounts of ice cream, dairy and the frozen food segments helped drive this growth. The market continued to witness an increased demand for display freezers. Sales of bottled water dispensers grew well as the Company engaged with more retailers. Storage Water Coolers also grew with enhanced demand from the educational,

Government and manufacturing segments. In the Cold Chain business, segments such as pharmaceuticals and ice cream contributed significantly with several leading players investing in cold rooms at their warehouses across the country and at their distribution points. The quick service restaurants segment witnessed mixed results with some multi-national chains undergoing restructuring of their business models for India. In this difficult scenario, Blue Star has still managed the major share of business from this segment with food chains such as Jubilant, Burger King, Carls Jr, TGIF, Hardcastle, Sbarro, Lite Bite, Nando's and Au Bon Pain showing their confidence in Blue Star.

The Company has announced that it is planning to enter the Water Purifier business in FY17. The Company will initially offer residential water purifiers and will gradually enhance its range to cover commercial water purification systems as well. Blue Star has been evaluating entering new product categories in order to leverage its brand equity and distribution strength. It has been in the water cooler business for nearly seven decades and is also amongst the largest suppliers of normal, hot and cold bottled water dispensers in the country. Since Blue Star has a strong connect with water, it believes that launching water purifiers would help it leverage this association. The business is also very service-intensive with a regular need of replacement of consumables. Considering that Blue Star is India's largest AC&R service provider, it believes that it can offer differentiated service in this business too and create new benchmarks in the industry. Blue Star plans to launch a comprehensive range of residential water purifiers towards the latter part of FY17.

Segment III (Professional Electronics and Industrial Systems)

While billing grew by 15.2% in FY'16 compared with last year, this was due to a change in business mix with a larger quantum of business being done through the import and rupee sale route. On a like-to-like basis, the segment faced a decrease in overall demand due to the appreciation of the dollar coupled with lower capex spends in the minerals, metals, oil and gas segments. As a result, the segment results de-grew by 12.5% in the financial year.

During the quarter, the data communications business won orders from MasterCard, Axis Bank, Common Wealth Bank and cEdge. This quarter also saw traction in the new initiative of National Payment Corporation of India viz Unified Payment Interface for Mobile Banking. This initiative will give an opportunity to the business to address all the banks for host security modules for this purpose. The destructive and non-destructive testing business also performed well with orders from State Seed Testing Laboratory, Government of Odisha and BARC Mumbai amongst several others.

Service Business

Blue Star continues to be the largest after-sales airconditioning and commercial refrigeration service provider in the country, and has sustained its reputed position in the market place as a superior value-added service provider. During the quarter, the Company began remote monitoring of chillers at its central command centre with about 100 chillers connected initially. The main purpose of this initiative is to predict chiller failure, improve response time and reduce downtime for customers apart from improving its own productivity. A mobile app for service technicians for breakdown calls was also launched; more mobility apps are expected to be rolled out in the coming months. It also appointed close to 100 ESAs (expert service associates) in Tier 4/5 cities to be ready for handling retail installations and calls in the summer season.

International Business

The International Business Group comprises Global Projects and Global Product Sales. The Global Projects business manages the joint ventures of the Company in Qatar, Malaysia as well as Oman, the latter being added during the year. During the year, Blue Star acquired a 51% stake in Oman Electro Mechanical Contracting Co LLC (OEMC), a 100% step subsidiary of W J Towell & Co LLC, to form a joint venture entity called Blue Star Oman Electro-Mechanical Company LLC (Blue Star Oman). All three JV's performed well during the year. The Global Product Sales business continued to do well, offering a range of Unitary Products, Applied Systems and Refrigeration systems in the Middle East and SAARC Region. As part of its growth strategy, the Company strengthened its presence in the Middle East with the appointment of new distributors and entered three countries in Africa and its first ASEAN country in FY16.

BUSINESS OUTLOOK

Company Outlook

With the heat wave conditions prevailing across the country, the room air conditioner and refrigeration products business has been doing well. The wide product range including state-of-the-art inverter split air conditioners, enhanced distribution reach and its premium brand equity has further augmented the performance of the cooling products business. The electro-mechanical projects business has been showing signs of improvement in some markets and application segments, though the overall market continues to be sluggish. Blue Star's 100% Inverter VRF has gained wide acceptance across national and international markets. With additional product lines being added to the Company's portfolio such as water purifiers, air coolers and air purifiers, Blue Star expects to sustain its growth momentum in FY17 as well.

For more information contact

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SAFE HARBOUR

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting our industry. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

BLUE STAR LIMITED

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CIN No.: L28920MH1949PLC006870, Telephone No+91 022 6665 4000 , Fax No. +91 22 6665 4152

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND THE YEAR ENDED MARCH 31, 2016

Sr. no.	PARTICULARS	STANDALONE					Rs in Lacs CONSOLIDATED	
		QUARTER ENDED (AUDITED) (Refer Note 9)	QUARTER ENDED (UNAUDITED)	QUARTER ENDED (AUDITED) (Refer Note 9)	YEAR ENDED (AUDITED)		YEAR ENDED (AUDITED)	
		31.3.16	31.12.15	31.3.15	31.3.16	31.3.15	31.3.16	31.3.15
1	Income from Operations							
	a) Net Sales/Income from Operations (Net of Excise Duty)	109,003	70,842	99,004	349,481	303,948	372,591	313,820
	b) Other Operating Income	1,337	1,100	1,533	3,669	4,131	4,420	4,374
	Total Income from Operations (Net)	110,340	71,942	100,537	353,150	308,079	377,011	318,194
2	Expenses							
	a) Cost of materials consumed (including direct project cost)	62,735	39,990	61,960	183,790	171,193	196,302	180,842
	b) Purchase of Stock in trade	32,712	8,781	17,740	65,086	42,996	70,925	42,996
	c) Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(14,151)	(1,551)	(7,690)	(6,129)	(835)	(6,488)	(2,405)
	d) Employee Benefits Expense	7,095	8,662	6,862	32,403	25,684	34,626	26,746
	e) Depreciation and Amortisation Expense	1,906	1,235	1,046	5,428	3,934	6,048	4,315
	f) Other Expenses	16,235	12,978	14,750	58,738	51,682	60,030	53,287
	Total Expenses	106,532	70,095	94,668	339,316	294,654	361,443	305,781
3	Profit from Operations before Other Income, Finance Cost and Exceptional Items (1-2)	3,808	1,847	5,869	13,834	13,425	15,568	12,413
4	Other Income	547	320	360	1,587	1,014	1,685	849
5	Profit before Finance Cost and Exceptional Items (3+4)	4,355	2,167	6,229	15,421	14,439	17,253	13,262
6	Finance Costs	888	905	1,135	3,571	4,347	4,274	4,853
7	Profit after Finance cost but before Exceptional Items (5-6)	3,467	1,262	5,094	11,850	10,092	12,979	8,409
8a	Exceptional Items	4,783	(195)	3,824	3,008	4,190	(130)	(4,144)
8b	Prior Period Items	-	-	-	-	-	692	-
9	Profit before Tax (7+8)	8,250	1,067	8,918	14,858	14,282	13,541	4,265
10	Tax Expense	1,078	264	(1,699)	2,581	(971)	2,694	(789)
11	Net Profit after Tax (9-10)	7,172	803	10,617	12,277	15,253	10,847	5,054
12a	Share of profit in Associate company	-	-	-	-	-	-	364
12b	Minority Interest	-	-	-	-	-	9	-
13	Net Profit for the Period (11+12)	7,172	803	10,617	12,277	15,253	10,838	5,418
14	Paid Up Equity Share Capital (Face Value of the share - Rs. 2/- each)	1,799	1,799	1,799	1,799	1,799	1,799	1,799
15	Reserves excluding Revaluation Reserve as per balance sheet	-	-	-	65,571	60,710	47,210	43,758
16	Earnings Per Share (EPS) (in Rs.)							
	a) Basic	7.52	0.84	11.80	12.88	16.96	11.37	6.02
	b) Diluted	7.51	0.84	11.78	12.85	16.92	11.34	6.01

NOTES:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors in meeting held on May 30, 2016.
- The Consolidated Results are prepared in accordance with Accounting Standard 21 and 27 notified pursuant to the Companies (Accounting Standards) Rules, 2014.
- Exceptional items for respective quarters and year end are:

Exceptional Income / (Expenses)	Standalone					Consolidated	
	Quarter Ended			Year Ended		Year Ended	
	31-Mar-16 AUDITED	31-Dec-15 UNAUDITED	31-Mar-15 AUDITED	31-Mar-16 AUDITED	31-Mar-15 AUDITED	31-Mar-16 AUDITED	31-Mar-15 AUDITED
Bonus expenses for earlier years pursuant to retrospective amendment in statute	49	(195)	-	(146)	-	(146)	-
Surplus on sale of assets	-	-	-	-	2,248	-	2,248
Surplus on sale of Information Technology business	7,747	-	-	7,747	-	4,609	-
Surplus on transfer of Professional Electronics & Industrial Systems business	-	-	8,334	-	8,334	-	-
Cost of Voluntary Retirement Scheme & other expenses on closure of plant	(289)	-	(152)	(1,869)	(567)	(1,869)	(567)
Cost update on major contracts	(2,724)	-	(4,358)	(2,724)	(5,825)	(2,724)	(5,825)
Total	4,783	(195)	3,824	3,008	4,190	(130)	(4,144)

- Pursuant to the composite Scheme of amalgamation ('the Scheme') of Blue Star Infotech Ltd (BSIL) and Blue Star Infotech Business Intelligence & Analytics Private Limited (BSIBIA) with the Company under sections 391 to 394 of The Companies Act, 1956 sanctioned by the Honourable High Court of Bombay on 16th April 2016, the assets and liabilities of BSIL and BSIBIA are transferred to and vested in the Company with effect from 1st April 2015. The Scheme has been given effect to in the above results. Accordingly, results for the quarter ended December 31, 2015 have been restated. Consequently, results for the current periods are not comparable with the previous periods. The results for BSIL and BSIBIA for the quarter ended December 31, 2015 are based on management accounts and have not been subjected to limited review by the auditors.

- 5 During the quarter, pursuant to a Business Transfer Agreement and Share Purchase Agreements executed on 29th September 2015 which were approved by the Board of Directors of BSIL on that date and subsequently by shareholders of BSIL on November 18, 2015, BSIL has sold its Information Technology business and investment in its three overseas subsidiaries (IT business) to Infogain Group. The transaction involved transfer of the business, employees and all business assets and liabilities for an agreed cash consideration of Rs 17,268 Lacs. Consequent to amalgamation and subsequent sale of the IT business, the Company has recorded a net gain of Rs 7,747 lacs in standalone results and Rs 4,609 lacs in consolidated results which has been disclosed as an exceptional item.
- 6 During the quarter, the company has reassessed its effective control and interest in Blue Star Qatar WLL and accordingly Rs 692 lacs has been recognised as prior period income in the consolidated results.
- 7 The Professional Electronics and Industrial Systems (PE&IS) business has been carried on by Blue Star Engineering and Electronics Limited, a wholly owned subsidiary of the Company effective from April 1, 2015. Consequently, standalone results for the current period are not comparable with the previous periods. Further, previous period/ year's figures have been regrouped/ rearranged wherever necessary.
- 8 The above financial results and segment includes results of discontinuing operations for IT and PE&IS business which are as below :

Particulars	Standalone					Consolidated	
	Quarter Ended		Year Ended			Year Ended	
	31-Mar-16 AUDITED	31-Dec-15 UNAUDITED	31-Mar-15 AUDITED	31-Mar-16 AUDITED	31-Mar-15 AUDITED	31-Mar-16 AUDITED	31-Mar-15 AUDITED
Revenue	1,784	4,264	4,580	18,167	14,666	12,417	-
Expenses	1,325	3,856	3,474	15,418	11,596	10,997	-
Profit before tax	459	408	1,106	2,749	3,070	1,420	-
Capital employed	111	5,439	2,715	111	2,715	-	-

- 9 Figures for the quarter ended March 31, 2016 and March 31, 2015 are balancing figures between Audited figures in respect of the full financial years and the unaudited year to date figures up to the third quarter ended December 31 for respective years which were subjected to limited review.

For BLUE STAR LIMITED

Date : May 30, 2016
Place : Mumbai

www.bluestarindia.com

Vir. S. Advani
Managing Director
(DIN : 01571278)

BLUE STAR LIMITED

AUDITED SEGMENT WISE REVENUE, RESULTS & CAPITAL EMPLOYED FOR THE QUARTER AND THE YEAR ENDED MARCH 31, 2016

Sr. No.	Particulars	STANDALONE				CONSOLIDATED		
		QUARTER ENDED (AUDITED) (Refer Note 9)	QUARTER ENDED (UNAUDITED)	QUARTER ENDED (AUDITED) (Refer Note 9)	YEAR ENDED (AUDITED)		YEAR ENDED (AUDITED)	
		31.3.16	31.12.15	31.3.15	31.3.16	31.3.15		
I	SEGMENT REVENUE							
	a. Electro- Mechanical Projects and Packaged Air Conditioning Systems	54,558	43,909	50,510	177,039	160,241	190,772	170,356
	b. Unitary Products	53,998	23,769	45,447	157,944	133,172	157,631	133,172
	c. Professional Electronics and Industrial Systems	1,784	898	4,580	6,457	14,666	16,897	14,666
	d. Others	-	3,578	-	12,417	-	12,417	-
	TOTAL SEGMENT REVENUE	110,340	72,154	100,537	353,857	308,079	377,718	318,194
	Less: Inter - Segment Revenue	-	212	-	707	-	707	-
	Total Income from Operations (Net)	110,340	71,942	100,537	353,150	308,079	377,011	318,194
II	SEGMENT RESULT							
	PROFIT/(LOSS) BEFORE INTEREST & TAX							
	a. Electro- Mechanical Projects and Packaged Air Conditioning Systems	1,521	2,406	2,104	7,158	6,067	7,990	5,395
	b. Unitary Products	5,807	1,620	5,147	16,593	14,479	16,593	14,479
	c. Professional Electronics and Industrial Systems	459	167	1,106	1,329	3,070	2,685	3,070
	d. Others	-	241	-	1,420	0	1,420	-
	TOTAL SEGMENT RESULT	7,787	4,434	8,357	26,500	23,616	28,688	22,944
	Less: i) Interest and Other Financial Charges	888	905	1,135	3,571	4,347	4,274	4,853
	ii) Un-allocable Expenditure	3,432	2,267	2,128	11,079	9,177	11,435	9,682
	TOTAL PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM	3,467	1,262	5,094	11,850	10,092	12,979	8,409
	Exceptional item	4,783	(195)	3,824	3,008	4,190	(130)	(4,144)
	Prior Period income	-	-	-	-	-	692	-
	PROFIT BEFORE TAXATION	8,250	1,067	8,918	14,858	14,282	13,541	4,265
III	CAPITAL EMPLOYED							
	(Segment Assets - Segment Liabilities)							
	a. Electro- Mechanical Projects and Packaged Air Conditioning Systems	35,196	43,013	41,934	35,196	41,934	38,913	44,637
	b. Unitary Products	14,023	18,557	18,855	14,023	18,855	14,023	18,856
	c. Professional Electronics and Industrial Systems	111	387	-	111	-	3,456	2,715
	d. Others	-	5,052	-	-	-	-	-
	TOTAL CAPITAL EMPLOYED IN SEGMENTS	49,330	67,009	60,789	49,330	60,789	56,392	66,208
	Add: Un-allocable Corporate Assets less Liabilities	35,297	24,493	1,720	35,297	1,720	9,874	(20,651)
	TOTAL CAPITAL EMPLOYED IN THE COMPANY	84,627	91,502	62,509	84,627	62,509	66,266	45,557

Note :

1. Others include income from IT Business which was sold off during the year (Refer note 4 & 5)

For **BLUE STAR LIMITED**

Date : May 30 , 2016

Place : Mumbai

Vir S Advani
Managing Director
(DIN : 01571278)

BLUE STAR LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS ON MARCH 31, 2016

(Rs. In lacs)

Sr. No.	PARTICULARS	STANDALONE		CONSOLIDATED	
		YEAR ENDED (AUDITED)		YEAR ENDED (AUDITED)	
		31.3.16	31.3.15	31.3.16	31.3.15
A	EQUITY AND LIABILITIES				
	1. Shareholders Funds				
	(a) Share Capital	1,799	1,799	1,799	1,799
	(b) Share capital suspense account	17,257	-	17,257	-
	(c) Reserves and Surplus	65,571	60,710	47,210	43,758
	Sub-total - Shareholders' funds	84,627	62,509	66,266	45,557
	2. Minority Interest	-	-	103	-
	3. Non-Current Liabilities				
	(a) Long term borrowings	-	-	1,805	2,387
	(b) Trade Payables	-	-	209	140
	(c) Other long-term liabilities	-	-	41	67
	(d) Long-term Provisions	840	449	1,059	587
	Sub-total - Non-current liabilities	840	449	3,114	3,181
	4. Current Liabilities				
	(a) Short-term Borrowings	28,567	33,192	34,495	37,283
	(b) Trade Payables	103,472	84,083	109,428	88,464
	(c) Other Current Liabilities	36,589	31,124	42,000	34,809
	(d) Short-term Provisions	3,062	7,900	3,553	8,203
	Sub-total - Current liabilities	171,690	156,299	189,476	168,759
	TOTAL - EQUITY AND LIABILITIES	257,157	219,257	258,959	217,497
B	ASSETS				
	1. Non-Current Assets				
	(a) Fixed Assets	24,424	23,992	28,452	27,902
	(b) Non-Current Investments	29,602	23,186	6,481	3,635
	(c) Deferred Tax Assets (Net)	2,224	1,647	2,224	1,651
	(d) Long-Term Loans and Advances	18,282	13,310	19,026	13,946
	(e) Trade Receivables	4,835	6,734	5,715	7,695
	(f) Other Non-Current Assets	335	108	335	108
		79,702	68,977	62,233	54,937
	2. Current Assets				
	(a) Current Investments	15,806	-	15,806	-
	(b) Inventories	51,548	46,283	54,014	47,854
	(c) Trade Receivables	71,266	64,077	83,130	71,784
	(d) Cash and Cash Equivalents	4,246	3,633	5,383	4,432
	(e) Short-term Loans and Advances	10,044	10,543	11,198	11,594
	(f) Other Current Assets	24,545	25,744	27,195	26,896
	Sub-total - Current assets	177,455	150,280	196,726	162,560
	TOTAL - ASSETS	257,157	219,257	258,959	217,497

For BLUE STAR LIMITED

Date : May 30 , 2016
Place : Mumbai

Vir S Advani
Managing Director
(DIN : 01571278)