

SRBC & CO LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Blue Star Engineering & Electronics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

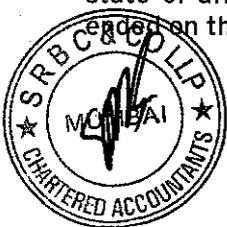
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.



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Chartered Accountants

Blue Star Engineering & Electronics Limited

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) 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, 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 litigation which would impact its financial position;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses - Refer Note 7 to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003


per Sudhir Soni
Partner

Membership Number: 41870

Place of Signature: Mumbai

Date: May 25, 2016



Annexure 1 to the Independent Auditor's Report Of Even Date On The Standalone Financial Statements Of Blue Star Engineering & Electronics Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to information and explanations given by the management, the title deeds of immovable properties, included in fixed asset except for the four immovable properties transferred on account of amalgamation of Blue star Design and engineering Limited with the Company during the year, are held in the name of the company. As explained to us, Registration of title deeds is in progress in respect of four immovable properties transferred on account of amalgamation during the year aggregating Rs. 70,57,00,000/-.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the company.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.



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Chartered Accountants

Blue Star Engineering & Electronics Limited

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- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government or debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money way of initial public offer, further public offer and debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per 
Partner
Membership Number: 41870
Place of Signature: Mumbai
Date: May 25, 2016



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Chartered Accountants

Blue Star Engineering & Electronics Limited

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ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF Blue Star Engineering & Electronics Limited

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)

We have audited the internal financial controls over financial reporting of Blue Star Engineering & Electronics Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



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Chartered Accountants

Blue Star Engineering & Electronics Limited
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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

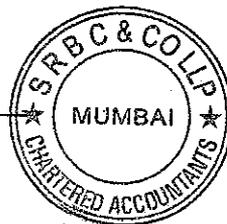
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003


per Sudhir Soni
Partner
Membership Number: 41870
Place of Signature: Mumbai
Date: May 25, 2016



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
BALANCE SHEET AS AT 31 MARCH 2016

	Notes	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	10,58,50,104	7,66,00,104
Reserves and surplus	4	1,24,59,20,821	67,12,81,992
		1,35,17,70,925	74,78,82,096
NON-CURRENT LIABILITIES			
Long term borrowings	5	18,04,57,763	-
Other Long Term Liability	6	3,05,86,147	-
Long term provisions	7	46,12,825	41,88,207
		21,56,56,735	41,88,207
CURRENT LIABILITIES			
Short-term borrowings	8	40,69,52,541	67,39,09,085
Trade payables	9	24,56,35,230	23,07,19,960
Other current liabilities	10	20,41,00,474	27,81,55,426
Short-term provisions	7	2,20,43,914	2,47,90,296
		87,87,32,159	1,20,75,74,767
TOTAL		2,44,61,59,819	1,95,96,45,070
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	11	68,38,55,950	1,86,18,248
Intangible assets	12	80,91,45,694	80,88,61,614
Capital Work-in-progress		-	37,445
Intangible asset under development		1,34,528	1,34,528
Deferred Tax Assets	13	-	-
Loans and Advances	14	10,36,83,335	4,94,97,091
Trade receivables	15	2,52,68,950	6,03,52,096
		1,62,20,88,457	93,75,01,022
CURRENT ASSETS			
Current investment	16	1,274	18,00,00,000
Inventories	17	20,78,09,458	18,50,04,683
Trade receivables	15	46,83,91,443	43,30,10,498
Cash and bank balances	18	15,97,183	57,391
Loans and advances	14	6,03,99,023	11,37,75,513
Other current assets	19	8,58,72,981	11,02,95,963
		82,40,71,362	1,02,21,44,048
TOTAL		2,44,61,59,819	1,95,96,45,070

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

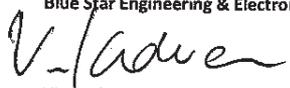
For **SRBC & CO LLP**
 Chartered Accountants
 ICAI Firm Registration No 324982E/E300003


 Per Sudhir Soni
 Partner

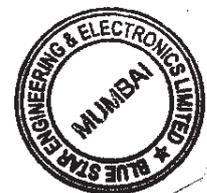
Membership No. 41870
 Place: Mumbai
 Date: May 25, 2016



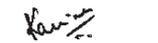
For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited


 Vir S Advani
 Director


 Sujan Chatterjee
 Director & CFO




 Prem Kalliat
 CEO


 Karina Pereira
 Company Secretary

Place: Mumbai
 Date: May 25, 2016

BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31 MARCH 2016

	Notes	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
INCOME			
Revenue from operations	20	1,31,77,49,590	35,85,96,810
Other income	21	69,66,641	15,69,917
Total Revenue (I)		1,32,47,16,231	36,01,66,727
EXPENSES			
Cost of materials consumed and project related costs	22	12,66,17,710	28,07,10,352
Purchase of traded goods	23	62,70,87,317	-
(Increase) / Decrease in stock of traded goods	24	(2,29,27,725)	-
Employee benefits expense	25	22,59,83,355	5,43,90,010
Depreciation and amortisation expenses	26	7,50,59,629	8,01,168
Finance Costs	27	6,86,32,472	6,11,82,891
Other expenses	28	20,27,55,462	14,78,59,865
Total Expense (II)		1,30,32,08,220	54,49,44,286
Profit / (Loss) before Tax		2,15,08,011	(18,47,77,559)
Tax expenses			
i) Current Tax : Minimum Alternate Tax (MAT)		42,01,496	-
Less : MAT Credit Entitlement		(42,01,496)	-
Net Current Tax		-	-
ii) Deferred Tax		-	-
Total Tax expenses		-	-
Profit / (Loss) for the year		2,15,08,011	(18,47,77,559)
Earnings per Share [Nominal value of share Rs.2] (31 March 2015 : Rs.2)	29		
Basic and diluted EPS		0.41	(18.61)
Summary of significant accounting policies	2.1		

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

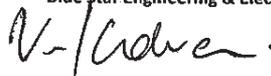
As per our report of even date

For S R B C & CO LLP
 Chartered Accountants
 ICAI Firm Registration No 324982E/E300003


 Per Budhir Soni
 Partner
 Membership No. 41870
 Place: Mumbai
 Date: May 25, 2016

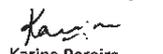


For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited


 Vir S Advani
 Director


 Sujah Chatterjee
 Director & CFO


 Prem Kalliat
 CEO


 Karina Pereira
 Company Secretary

Place: Mumbai
 Date: May 25, 2016



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Cash flow from Operating Activities			
Profit / (Loss) before tax from continuing operations		2,15,08,011	(18,47,77,559)
Adjustment to reconcile profit before tax to net cash flows			
Depreciation / amortisation		7,50,59,629	8,01,168
Loss / (profit) on sale of Fixed Assets		-	(1,78,678)
Bad Debts Written Off		3,92,94,510	-
Provision for doubtful debts and advances (net)		(2,74,13,008)	11,92,91,332
Interest expenses		6,86,32,472	6,11,82,891
Interest on income tax refund		(17,29,289)	(77,118)
Interest on Bill Discounting		-	(13,13,121)
Interest Income		(1,00,000)	-
Provision/Liability no longer required written back		(4,93,99,696)	(1,57,18,438)
Unrealized foreign Exchange (Gains) / Loss		(80,39,433)	-
Operating Profit / (Loss) before working capital changes		11,78,13,196	(2,07,90,523)
Movements in working capital :			
Increase/(decrease) in trade payables		4,61,16,854	(12,91,44,653)
Increase/(decrease) in short/long term provisions		(81,39,590)	(83,96,294)
Increase/(decrease) in other current liabilities		(7,57,15,019)	(13,16,14,223)
Increase/(decrease) in other long term liabilities		(5,71,553)	-
Decrease/(increase) in trade receivable		3,16,61,145	15,33,07,338
Decrease/(increase) in inventory		(2,28,04,775)	8,95,198
Decrease/(increase) in Short/long term loans & advances		6,80,51,213	7,62,28,161
Decrease/(increase) in other current assets		2,44,22,982	8,68,41,052
Cash generated from / (Used in) operations		6,30,21,257	4,81,16,579
Income tax paid (net) for earlier year		(64,68,262)	-
Interest on income tax refund		17,29,289	77,118
Net cash flow from operating activities [A]		17,60,95,480	2,74,03,174
Cash flow from investing activities			
Purchase of fixed assets, including CWIP and capital advances		(2,45,62,525)	(33,15,598)
Proceeds from sale of Tangible assets		-	3,00,605
Investment sold / (purchased)		-	(18,00,00,000)
Net cash flow from / (used in) investing activities [B]		(2,45,62,525)	(18,30,14,993)
Cash flow from financing activities			
Proceeds from short-term borrowings (net)		(3,11,50,253)	-
Repayment of short-term borrowings		(10,00,00,000)	(4,78,52,43,627)
Proceeds from short-term borrowings		10,00,00,000	5,11,82,22,682
Repayment of long-term borrowings		(5,03,71,021)	(12,15,00,000)
Interest paid		(6,86,32,472)	(6,11,82,891)
Interest on Bill Discounting		-	13,13,121
Other Interest Received		1,00,000	-
Net Cash flow from / (used in) financing activities [C]		(15,00,53,746)	15,16,09,285
Net increase / (decrease) in cash and cash equivalents [A + B + C]		14,79,208	(40,02,534)
Cash and cash equivalents at the beginning of the year		57,391	40,59,925
Additions pursuant to scheme of amalgamation with BSDEL (Refer Note 2.2)		60,585	-
Cash and cash equivalents at the end of the year		15,97,183	57,391
Components of cash and cash equivalents			
Cash on hand		4,82,643	-
With banks - on current account		11,14,540	57,391
Total Cash & Cash Equivalent (Refer note 18)		15,97,183	57,391

Note:

1. The figures of current year include changes in cash flow of the erstwhile BSDEL which was amalgamated with the company w.e.f. 1 February 2015 and is to the extent not comparable with previous year's figures (refer note 2.2)

2. The amalgamation of BSDEL with the company is a non-cash transaction and hence, has no impact on the Company's cash flow for the year.

Summary of significant accounting policies

2.1

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No 324982E/E300003

Per Sachin Soni
Partner
Membership No. 41870
Place: Mumbai
Date: May 25, 2016



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

Vir S Advani
Director

Prem Kulkarni
CEO

Katrina Pereira
Company Secretary

Place: Mumbai
Date: May 25, 2016



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Corporate information

Blue Star Engineering and Electronic Limited ("the Company") is a public company domiciled in India (with effect from 27th February 2015, the name of the company has changed from Blue Star Electro Mechanical Limited to Blue Star Engineering and Electronics Limited). The Company is into distribution and maintenance of imported professional electronics and industrial systems and in the business of providing Plumbing & Fire Fighting Contracting Services. During the year Blue Star Design and Engineering Limited (into the business of providing engineering services in the field of refrigerators and air conditioning, heating and ventilation and also renting of properties) has amalgamated with the Company which was another subsidiary of the parent company Blue Star Limited.

2. Basis of preparation

The financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standard notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of Companies Act, 2013 ('The Act').

Based on the nature of business and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

2.1. Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation on Tangible Fixed Assets

Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following life to provide depreciation on its fixed assets.

Useful lives estimated by the management (years)

Plant & Machinery	20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Buildings	60
Building (Band Box)	85
Computer – Desktop, Laptops	3

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

The useful life of plant and machinery has been estimated as 20 years. These lives are higher than those indicated in schedule II of the Act.

In case of Building (Band Box - Mumbai) estimated useful life of the asset has been taken at 85 years as per the certification taken from a Chartered Engineer. The Depreciation has been calculated in this case on the balance useful life of the asset.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Software is amortized on written down value of assets effectively over a period of 5 years.

Goodwill:

Goodwill arising on acquisition of PE&IS business is tested for impairment as at the reporting date and impairment, if any, is written off.

e) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

f) Leases

Where the Company is the lessor:

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Where the Company is the lessee:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis

h) Inventories

Inventories are valued as follows:

- (i) Stores and Spares and Traded goods are valued at lower of cost or net realizable value. Cost includes cost of Purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.
- (ii) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, upon fulfillment of following criteria:

Construction revenue

In case of construction contracts, the Company follows percentage of completion (POC) method based on the stage of completion at the balance sheet date, taking into account contractual price and revisions thereto by estimating total revenue including claims / amendments / variations, that have been confirmed by the customer or for which payment is considered highly probable, and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of actual work done, as certified on the construction site.

In case of cost-plus contract, the Company recognise revenue only when it is probable that the economic benefits associated with the contract flows to the Company and the costs are clearly identified and reliably measured.

Contract costs that relate to future activity on the contract are recognised as an asset provided it is probable that they will be recovered. Such costs represent an amount due from the customer and are classified as construction work-in-progress.

A provision for expected loss on construction contracts is recognized when it is probable that the contract costs will exceed total contract revenue. For all other contracts, loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue is reflected under "Current Liabilities" in the balance sheet.

AMC services

Revenue from annual maintenance contract is recognized as when the services are rendered.

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Sale of Goods

Revenue from sale of goods is recognized when then the significant risks and rewards of ownership of the goods have passed to the buyer, which is generally on dispatch of goods. Sales taxes and Value added taxes (VAT) are excluded from revenue.

Commission income

Commission income is recognized as and when the terms of the contracts are fulfilled.

Rental income

Revenue from immovable properties such as rental income is recognised based on the contractual terms agreed with the parties.

j) Foreign Exchange Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are restated at the exchange rate prevailing on the balance sheet date.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange difference

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.



k) Retirement and other employee benefits

Defined contribution plan

Superannuation Scheme

The Company's liability towards Superannuation scheme administered through the Trusts maintained by the Company, are considered as Defined Contribution Plan. The Company's contributions paid/payable towards this defined contribution plan is recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. There are no other obligations other than the contributions payable to the Trust.

Provident fund other than Professional Electronics and Industrial Systems employees

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions are due. There are no other obligations other than the contribution payable to the respective funds.

Defined benefit plans

Provident fund in respect of Professional Electronics and Industrial Systems employees

Eligible employees receive benefit from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contribution to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the Blue Star Employees Provident Fund. The trust invests in specific designated instruments as permitted by the statute. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from investments of the trust and the notified interest rate.

Gratuity

Company's liability towards gratuity is considered as a Defined Benefit Plan. The present value of the obligations towards Gratuity and additional gratuity are determined based on actuarial valuation using the projected unit credit method at the end of each financial year. The obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields on Government securities at the balance sheet date, and adjusted for salary escalations and attrition rate. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Other Employee Benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are taken to the statement of profit and loss. The Company presents the entire leave as a Current Liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting period.

l) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

m) Segment reporting

(i) Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Allocation of common costs/assets & liabilities:

Common allocable costs/assets and liabilities are consistently allocated amongst the segments on appropriate basis.

(ii) Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment

(iii) Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

n) Earnings per Share

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

p) Warranty provisions

Provision for warranty-related costs is recognized when the service is provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

q) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s) 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 respective asset. All other borrowing costs are expensed in the period they occur.

2.2. Amalgamation of Blue Star Design and Engineering Limited (BSDEL)

Pursuant to a Scheme of Amalgamation under the provisions of Section 391 and 394 of the Companies Act, 1956 approved by the shareholders of BSDEL and the Company, and subsequently sanctioned by the Honorable High Court at Mumbai on December 18, 2015, the entire business undertaking, assets and liabilities of BSDEL have been transferred to and vested in the Company with retrospective effect i.e. February 1, 2015 being the 'appointed date'.

The operations of BSDEL include providing of engineering services in the field of refrigerators and air conditioning, heating and ventilation and also providing properties on rental basis.

The amalgamation has been accounted for under the "Purchase" method as prescribed by AS - 14 'Accounting for Amalgamations'. Accordingly, the accounting treatment has been given as under-

- All assets and liabilities of BSDEL as at appointment date have been incorporated at their fair value in the financial statements of the company.
- 1,46,25,000 equity shares of Rs.2 each of the Company have been issued to the shareholders of BSDEL on 02 February 2016 as a part of purchase consideration.
- The excess of the fair value of net assets taken over fair value of shares issued and book value of cumulative redeemable preference shares of BSDEL cancelled has been treated as capital reserve in the books of the Company.
- The accounts of BSDEL for the year ended March 31, 2015 were finalized as a separate entity. The net loss after tax of Rs.1,17,97,189/- of BSDEL for the period from February 1, 2015 to March 31, 2015 has been adjusted in the Reserves & Surplus.
- The figures for the current year includes figures of the BSDEL which is amalgamated with the Company with effect from February 1, 2015, and are therefore to that extent not comparable with those of previous year.

The assets and liabilities of BSDEL as on the 'Appointed date' are as set out below:

Assets	Amount in rupees	
Net fixed asset	70,57,00,000	
Investments	1,274	
Long Term Loans and Advances	102,70,574	
Current assets		
Cash & Cash Equivalents	61,628	
Trade Receivables	7,46,62,559	
Short Term Loans and advance	11,47,98,796	90,54,94,871
Liabilities		
Other Long Term Liabilities	3,11,57,700	
Long-term Provisions	36,71,193	
Short-Term Borrowings	4,72,75,450	
Trade Payables	2,48,141	
Short-Term Provisions	15,65,537	
Other Current Liabilities	4,73,98,803	13,13,16,824
Net Assets taken over (C= A-B)		77,41,78,007
Cancellation of Investment in Preference Shares of BSDEL : 1,80,00,000 preference shares of Rs 100 each per share (D)		18,00,00,000
Consideration :		
Equity Shares : 1,46,25,000 equity shares of Rs 2 each (E)		2,92,50,000
Capital Reserve (F=C-D-E)		56,49,28,007



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3 Share Capital

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Authorised Shares		
55,000,000 equity shares of Rs.2 each (31 March 2015 : 45,000,000 of Rs.2 each)	11,00,00,000	9,00,00,000
1,800,000 10% Cumulative Redeemable Preference share of Rs.100 each (31 March 2015 : Nil)	18,00,00,000	-
Issued, Subscribed and Fully Paid up		
5,29,25,052 Equity Shares of Rs.2 each (31 March 2015 : 38,300,052 Equity Shares of Rs.2 each) (All the above share are held by Blue Star Limited, the Holding Company and its nominees)	10,58,50,104	7,66,00,104
Total issued, subscribed and fully paid-up share capital	10,58,50,104	7,66,00,104

(a) Reconciliation of Shares outstanding at the beginning & end of the reporting period

Equity Shares

	31 MARCH 2016		31 MARCH 2015	
	No of shares	In Rs.	No of shares	In Rs.
At the beginning of the year	3,83,00,052	7,66,00,104	98,50,000	1,97,00,000
Issued during the year (Refer Note 2.2)	1,46,25,000	2,92,50,000	2,84,50,052	5,69,00,104
Outstanding at the end of the year	5,29,25,052	10,58,50,104	3,83,00,052	7,66,00,104

(b) Terms / Rights attached to Equity Shares

The Company has only one class of Equity shares having par value of Rs.2 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

(c) Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Blue Star Limited, the Holding Company and Its Nominees 5,29,25,052 of Rs.2 each fully paid up (31 March 2015 : 38,300,052 Equity Shares of Rs.2 each fully paid up)	10,58,50,104	7,66,00,104

(d) Details of Shareholders holding more than 5% shares in the Company

Name of Shareholder	31 MARCH 2016		31 MARCH 2015	
	No. of Shares Held	% Holding	No. of Shares Held	% Holding
Equity Shares of Rs.2 each fully paid up (31 March 2015 : Equity Shares of Rs.2 each fully paid up) Blue Star Ltd. The holding company and it's nominees	5,29,25,052	100%	3,83,00,052	100%

As per records of the Company, including it's register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares

(e) Details of aggregate number of shares issued for consideration other than cash, issued during the period of five years immediately preceding 31 March 2016 :

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Equity shares allotted as		
Fully paid up to the shareholders of Blue Star Design and Engineering Limited in accordance with the scheme of amalgamation (Refer Note 2.2)	1,46,25,000	-
Fully paid up to Blue Star Limited in accordance with Business Transfer Agreement	2,84,50,052	2,84,50,052



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4 Reserves & Surplus

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Capital Reserve		
Balance as per last financial statements	-	-
Add: Capital Reserve pursuant to amalgamation (Refer Note 2.2)	-	-
Closing Balance	<u>56,49,28,007</u>	<u>-</u>
Securities premium		
Balance as per last financial statements	1,25,69,86,526	20,88,86,630
Add: Premium on shares issued during the year	-	1,04,80,99,896
Closing Balance	<u>1,25,69,86,526</u>	<u>1,25,69,86,526</u>
Deficit in the Statement of Profit and Loss		
Balance as per last financial statements	(58,57,04,534)	(40,09,26,975)
Profit / (Loss) for the year	2,15,08,011	(18,47,77,559)
Adjustments on account of amalgamation of BSDEL (Refer Note 2.2)	(1,17,97,189)	-
Net Deficit in Statement of Profit and Loss	<u>(57,59,93,712)</u>	<u>(58,57,04,534)</u>
Total Reserves & Surplus	<u>1,24,59,20,821</u>	<u>67,12,81,992</u>

5 Long Term Borrowings

	Non Current Portion		Current Portion	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
From Banks				
Secured				
Loan against properties from bank	18,04,57,763	-	1,81,68,404	-
From Related Parties				
Unsecured				
Inter-corporate loan	-	-	-	4,10,00,000
Amount disclosed under the head "other current liabilities" (Refer note 10)	-	-	(1,81,68,404)	(4,10,00,000)
	<u>18,04,57,763</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note : Outstanding loans secured by hypothecation of immovable properties (Band Box and Sahas, Mumbai) and carries an average interest rate of 10.50%p.a. to 11.70%p.a. Loan is repayable over a period of 144 months, instalment of Rs.32,08,291/- per month including interest for 143 months and last 144th instalment of Rs.28,01,648/- including interest starting from 27 February 2015.

6 Other Long Term Liabilities

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Lease rental deposits received	<u>3,05,86,147</u>	<u>-</u>
	<u>3,05,86,147</u>	<u>-</u>

7 Provisions

	Long term		Short term	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Provision for Employee Benefits				
Provision for gratuity (Refer Note 30)	41,22,807	37,18,941	1,19,872	1,03,402
Provision for leave benefits	-	-	1,86,13,447	1,71,97,982
Super Annuation Fund	-	-	7,79,718	39,04,089
Provision for additional gratuity (Refer Note 30)	4,90,018	4,89,266	41,124	-
	<u>46,12,825</u>	<u>41,88,207</u>	<u>1,95,54,161</u>	<u>2,12,05,473</u>
Other Provisions				
Provision for warranties	-	-	21,80,113	32,75,183
Provision for loss on orders	-	-	3,09,640	3,09,640
	-	-	24,89,753	35,84,823
	<u>46,12,825</u>	<u>41,88,207</u>	<u>2,20,43,914</u>	<u>2,47,90,296</u>

Provision for Warranties

Warranty is provided to the customer for a period of 12-24 months from the handling over of the project. A provision is recognised for expected warranty claims on jobs completed during provision periods, based on past experience of such claims. Assumptions used to calculate the provision for warranties were based on amount of planned revenue from respective projects. The estimate of such warranty cost are revised annually. The table below give information about the movement.

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
At the beginning of the year	32,75,182	32,83,370
Arises during the year	21,80,113	26,10,289
Utilized during the year	-	(26,10,289)
Less: Reversal of Warranty provisions	(32,75,182)	(8,188)
At the ending of the year	<u>21,80,113</u>	<u>32,75,182</u>
Current	21,80,113	32,75,182
Non-Current Position	-	-

Provision for Loss Orders

A Provision for expected loss on construction contract is recognised when it is probable that the contract cost will exceed the total contract revenue. For all other contracts, loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8 Short Term Borrowings

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Loans repayable on demand		
From Banks		
Cash credit (Secured)	21,69,52,541	23,99,13,041
Working Capital Demand Loan (Secured)	19,00,00,000	15,00,00,000
Purchase bill discounting (Unsecured)	-	39,96,044
Loans and advances from related parties		
Inter-Corporate Loan (Unsecured)	-	28,00,00,000
	<u>40,69,52,541</u>	<u>67,39,09,085</u>

Cash Credit (Secured)

Secured by all existing and future current and movable assets and irrecoverable Corporate Guarantee of Blue Star Limited. The cash credit is repayable on demand and carries interest @ 10.55% to 12.75%p.a.

Working Capital Demand Loan (Secured)

Secured by all existing and future current and movable fixed asset and irrecoverable Corporate Guarantee of Blue Star Limited. The Working Capital Demand Loan is Repayable in six months and carries interest @9.50% to 12.50%p.a.

9 Trade Payables

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Trade payables (refer note 35 for details of dues to micro and small enterprises)	<u>24,56,35,230</u>	<u>23,07,19,960</u>

10 Other Current Liabilities

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Current maturities of long-term borrowings (Refer Note 5)	1,81,68,404	4,10,00,000
Interest on Dealer deposit	11,974	11,974
Interest accrued and due on borrowings	-	1,88,31,925
Unearned revenue (Amount due to customers)	3,49,61,140	4,01,44,844
Advance from customers	10,08,43,630	17,49,71,290
Others :		
Creditors - Capital Expenditure	3,48,87,500	-
VAT/CST payable	18,68,812	11,50,010
TDS payable	91,61,177	18,22,158
Customs Duty Payable	26,49,829	-
Others Statutory Dues	11,20,555	2,23,225
Others	4,27,453	-
	<u>20,41,00,474</u>	<u>27,81,55,426</u>



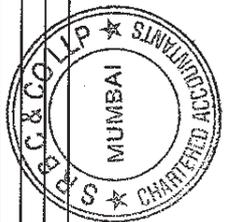
BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

11 Tangible fixed assets

Particulars	Buildings (Given on Lease)	Plant & Machinery	Furniture and Fixtures	Office Equipments	Vehicles	Computers	Total
Cost or Valuation as at 1st April 2014	76,155	-	-	2,29,167	8,04,709	2,48,083	13,58,124
Additions:	-	-	-	-	-	-	-
Disposals:	-	-	-	-	-	-	-
Assets acquired under BTA	-	1,15,65,977	12,887	21,20,004	8,04,709	-	8,04,709
As at 31st March 2015	-	1,15,65,977	89,042	23,49,171	48,06,166	1,13,214	1,86,18,248
Additions pursuant to scheme of amalgamation with BSEDEL (Refer Note 2.2)	70,57,00,000	-	-	-	-	-	70,57,00,000
Additions:	3,48,87,500	2,07,168	-	4,49,035	95,22,467	-	4,50,66,170
Disposals:	-	-	-	-	-	-	-
As at 31st March 2016	74,05,87,500	1,17,73,145	89,042	27,98,206	1,43,28,633	3,61,307	76,99,37,833
Accumulated Depreciation	-	-	-	-	-	-	-
As at 1st April 2014	-	-	76,155	81,726	4,67,778	1,82,663	8,08,322
Charge for the year	-	-	-	1,47,441	2,16,005	65,430	4,28,876
Disposals	-	-	-	-	6,83,783	-	6,83,783
As at 31st March 2015	-	-	76,155	2,29,167	-	2,48,093	5,53,415
Additions pursuant to scheme of amalgamation with BSEDEL (Refer Note 2.2)	1,04,69,758	-	-	-	-	-	1,04,69,758
Charge for the year	6,83,59,387	16,33,204	5,375	11,63,273	28,28,647	72,824	7,50,58,710
Disposals	-	-	-	-	-	-	-
As at 31st March 2016	7,88,25,145	16,33,204	81,530	13,92,440	28,28,647	3,20,917	8,60,81,883
Net Block	-	-	-	-	-	-	-
As at 31st March 2015	-	1,15,65,977	12,887	21,20,004	48,06,166	1,13,214	1,86,18,248
As at 31st March 2016	66,07,62,355	1,01,39,941	7,512	14,05,766	1,14,99,986	40,390	68,38,55,950

12 Intangibles

Particulars	Software	Goodwill	Total
Cost or Valuation as at 1st April 2014	5,83,313	-	5,83,313
Additions:	-	-	-
Disposals:	-	-	-
Assets acquired under BTA	-	80,88,61,614	80,88,61,614
As at 31st March 2015	5,83,313	80,88,61,614	80,94,44,927
Additions:	2,85,000	-	2,85,000
Disposals:	-	-	-
As at 31st March 2016	8,68,313	80,88,61,614	80,97,29,927
Accumulated Depreciation	-	-	-
As at 1st April 2014	2,11,021	-	2,11,021
Charge for the year	3,72,292	-	3,72,292
Disposals	-	-	-
As at 31st March 2015	5,83,313	-	5,83,313
Charge for the year	920	-	920
Disposals	-	-	-
As at 31st March 2016	5,84,233	-	5,84,233
Net Block	-	-	-
As at 31st March 2015	-	80,88,61,614	80,88,61,614
As at 31st March 2016	2,84,080	80,88,61,614	80,91,45,694



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13 Deferred Tax Assets

In the absence of virtual certainty as required by Accounting Standard 22 on 'Taxes on Incomes' deferred tax assets have not been recognized in the balance Sheet of the Company as at the period ended March 31, 2016

14 Loans & Advances

	Non Current		Current	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Capital advances				
Unsecured, considered good	1,41,36,301	-	-	-
(A)	1,41,36,301	-	-	-
Security deposit				
Unsecured, considered good	15,09,095	11,22,130	-	-
(B)	15,09,095	11,22,130	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	4,59,42,892	8,84,55,410
(C)	-	-	4,59,42,892	8,84,55,410
Other loans and advances				
Advance Income Tax (net of provision for taxation)	3,52,49,157	2,85,07,192	-	-
MAT Credit Entitlement	3,24,81,501	-	-	-
Prepaid expenses	-	-	1,73,901	22,75,214
Balances with statutory / government authorities	1,83,70,897	1,83,60,897	1,22,95,841	2,26,43,790
Loans and advances to Employees	19,36,384	15,06,872	19,86,389	4,01,099
(D)	8,80,37,939	4,83,74,961	1,44,56,131	2,53,20,103
Total (A+B+C+D)	10,36,83,335	4,94,97,091	6,03,99,023	11,37,75,513

15 Trade Receivables

	Non Current Portion		Current Portion	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	12,87,36,484	5,18,40,587
Unsecured, considered doubtful	-	-	18,27,03,749	14,80,87,773
(Less) Provision for doubtful debts	-	-	(18,27,03,749)	(14,80,87,773)
(A)	-	-	12,87,36,484	5,18,40,587
Other receivables				
Secured, considered good	-	-	-	-
Unsecured, considered good	2,52,68,950	6,03,52,096	33,96,54,959	38,11,69,911
Unsecured, considered doubtful	-	-	-	-
(Less) Provision for doubtful debts	-	-	-	-
(B)	2,52,68,950	6,03,52,096	33,96,54,959	38,11,69,911
Total (A+B)	2,52,68,950	6,03,52,096	46,83,91,443	43,30,10,498



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

16 Current Investment

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Non Trade Investment		
Preference Shares (Unquoted)		
Nil (31 March 2015 : 1,80,00,000) 10% cumulative redeemable preference shares of Rs.100 each fully paid up in Blue Star Design & Engineering Limited	-	18,00,00,000
(i) Investment in Mutual Fund (Quoted)		
Fortis Money Plus Fund - Monthly Dividend Reinvestment (Market value of Investment - Rs.1,274/-)	1,274	-
	<u>1,274</u>	<u>18,00,00,000</u>

17 Inventories (valued at lower of cost and net realisable value)

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Stores and Spares	-	1,22,950
Traded Goods*	20,78,09,458	18,48,81,733
	<u>20,78,09,458</u>	<u>18,50,04,683</u>
* Includes Goods in Transit Rs. 84,82,400 (31 March 2015 : Rs. Nil)		
Traded Goods Includes :		
Health Care Equipments	5,82,07,371	6,32,08,682
Products & Systems Equipments	3,74,39,697	3,39,22,432
DataCom Equipments	2,68,51,995	1,98,74,893
Destructive Testing Equipments	83,35,421	1,49,00,369
Non-Destructive Testing Equipments	5,58,90,088	3,32,82,424
Testing Machine Equipments	1,61,95,576	1,52,30,273
Others	38,89,310	45,62,660
	<u>20,78,09,458</u>	<u>18,48,81,733</u>

18 Cash and bank balances

	Current	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Cash and cash equivalents		
Balances with banks:		
On current accounts	11,14,540	57,391
Cash on hand	4,82,643	-
	<u>15,97,183</u>	<u>57,391</u>

19 Other current assets

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Unbilled revenue (Contract revenue in excess of billing) (Refer Note 39)	7,58,79,361	9,58,90,852
Project Work in progress	75,21,183	1,34,57,702
AMC Unbilled	24,72,437	9,47,409
Total	<u>8,58,72,981</u>	<u>11,02,95,963</u>



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

20 Revenue from operations

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Revenue from operations		
Revenue from project contracts (Refer Note 39)	14,40,22,130	31,49,02,710
Sale of Traded Goods	79,81,31,846	-
Services rendered	15,90,76,578	-
Rental Income	3,55,89,900	-
Other Operating Revenue (Refer 20a)	18,09,29,136	4,36,94,100
Revenue from operations	1,31,77,49,590	35,85,96,810
Sale of Traded Goods includes :		
Health Care Equipments	23,92,44,906	-
Products & Systems Equipments	8,58,99,909	-
DataCom Equipments	25,69,07,688	-
Destructive Testing Equipments	9,20,95,139	-
Non-Destructive Testing Equipments	10,49,06,861	-
Testing Machine Equipments	1,88,85,954	-
Others	1,91,388	-
	79,81,31,846	
Services rendered includes :		
AMC Services	10,48,94,956	-
Repair Services	3,75,50,929	-
Installation Services	1,66,30,693	-
	15,90,76,578	

20a. Details of Other Operating Revenue

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Commission	7,56,50,326	-
Provisions & Liabilities no longer required, written back	4,93,99,696	1,57,18,438
Shared Service & Income from miscellaneous work	5,58,79,114	2,79,75,662
	18,09,29,136	4,36,94,100

21 Other income

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Interest on Income Tax refund	17,29,289	77,118
Profit on Sale of fixed assets	-	1,79,678
Interest on Bill Discounting	-	13,13,121
Exchange Difference (net)	51,21,716	-
Others	1,15,636	-
	69,66,641	15,69,917

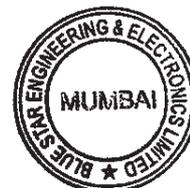
22 Cost of materials consumed and project related costs

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Inventory at the beginning of the year	-	8,95,198
Add: Purchase of materials and project related costs (Refer Note 40)	12,66,17,710	27,98,15,154
	12,66,17,710	28,07,10,352
Less: Inventory at the end of the year	-	-
Cost of materials consumed and project related costs	12,66,17,710	28,07,10,352



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

23 Purchase of traded goods			
	31 MARCH 2016		31 MARCH 2015
	In Rs.		In Rs.
Purchase of traded goods	62,70,87,317		-
	<u>62,70,87,317</u>		<u>-</u>
Purchase of Traded Goods Includes :			
Health Care Equipments	18,60,61,265		-
Products & Systems Equipments	7,72,70,324		-
DataCom Equipments	16,61,61,863		-
Destructive Testing Equipments	6,63,69,301		-
Non-Destructive Testing Equipments	7,66,11,748		-
Testing Machine Equipments	5,40,46,189		-
Others	5,66,627		-
	<u>62,70,87,317</u>		<u>-</u>
24 Changes in inventory of traded goods			
	31 MARCH 2016	31 MARCH 2015	(Increase) / Decrease
	In Rs.	In Rs.	31 MARCH 2016
Inventories at the end of the year			
Traded Goods	20,78,09,458	18,48,81,733	2,29,27,725
Inventories at the beginning of the year			
Traded Goods	18,48,81,733	-	-
Inventory acquired under BTA	-	18,48,81,733	-
	<u>2,29,27,725</u>	<u>-</u>	<u>-</u>
25 Employee Benefit Expenses			
	31 MARCH 2016		31 MARCH 2015
	In Rs.		In Rs.
Salaries, Wages and Bonus	20,03,34,064		4,94,99,232
Contribution to Provident and other Funds	1,19,48,779		13,15,386
Gratuity Expense (Refer Note 30)	54,18,913		19,31,188
Other employment benefits	29,66,979		10,05,264
Staff welfare expenses	53,14,620		6,38,940
	<u>22,59,83,355</u>		<u>5,43,90,010</u>
Contribution to provident and other funds			
	31 MARCH 2016		31 MARCH 2015
	In Rs.		In Rs.
Provident fund contribution	80,27,342		12,75,772
ESIC contribution, Super Annuation, Others	39,21,437		39,614
	<u>1,19,48,779</u>		<u>13,15,386</u>
26 Depreciation & Amortisation			
	31 MARCH 2016		31 MARCH 2015
	In Rs.		In Rs.
Depreciation of tangible assets	7,50,58,709		4,28,876
Amortisation of intangible assets	920		3,72,292
	<u>7,50,59,629</u>		<u>8,01,168</u>
27 Finance Cost			
	31 MARCH 2016		31 MARCH 2015
	In Rs.		In Rs.
Interest on inter-corporate loans	8,45,049		2,32,77,907
Interest on cash credit	4,04,78,086		3,71,95,217
Interest on bill discounting	-		7,10,367
Interest on Loan against Properties	2,73,09,337		-
	<u>6,86,32,472</u>		<u>6,11,82,891</u>



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28 Other expenses

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Stores Consumed	93,737	-
Maintenance, Installation and Service Charges	3,79,64,547	-
Shared Services	6,58,83,811	-
Rent and Hire charges (Refer Note 40)	48,48,265	5,37,920
Rates & taxes (Refer Note 40)	13,15,982	14,36,179
Power and fuel (Refer Note 40)	80,926	-
Insurance (Refer Note 40)	18,71,532	5,49,105
Repairs and maintenance		
Buildings	91,24,470	-
Plant and Machinery	1,89,656	55,829
Others	5,98,308	1,62,046
Advertising and Publicity	28,86,326	-
Commission on Sales	3,19,928	-
Freight Outwards (Refer Note 40)	10,88,714	-
Travelling and conveyance (Refer Note 40)	3,72,30,410	14,79,366
Communication costs (Refer Note 40)	63,01,601	7,42,491
Conference and Entertainment Expenses	15,48,848	-
Printing and stationery (Refer Note 40)	14,34,934	3,97,935
Legal and professional fees (Refer Note 40)	1,38,56,518	2,07,12,909
Director's Sitting Fees	20,000	-
Payment to auditor (Refer details below)	12,67,647	10,65,943
Donations	1,40,822	-
Bad debts / advances written off	3,92,94,510	-
Less : Provision for doubtful debt written back	(3,92,94,510)	-
Provision for doubtful debts	1,18,81,502	11,92,91,332
Miscellaneous expenses	28,06,978	14,28,810
	<u>20,27,55,462</u>	<u>14,78,59,865</u>

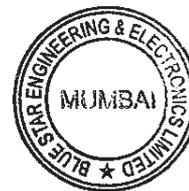
Payment to auditors (excluding service tax)

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
As auditor:		
Audit fees	12,00,000	10,00,000
Certification charges	-	25,000
Reimbursement of expenses	67,647	40,943
	<u>12,67,647</u>	<u>10,65,943</u>

29 EARNINGS PER SHARE [EPS]

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computations:

	31 MARCH 2016	31 MARCH 2015
	In Rs.	In Rs.
Net profit/ (loss) for calculation of basic EPS	2,15,08,011	(18,47,77,559)
Weighted average number of equity shares in calculating basic EPS	5,29,25,052	99,27,945
Basic and diluted Earnings per share	<u>0.41</u>	<u>(18.61)</u>



Disclosure pursuant to Accounting Standard - 15 "Employee benefits"

30 Gratuity and other post employment benefit plans

I. Defined contribution Plans:

Amount of Rs. 76,31,792/- (31 March 2015: Rs.13,15,386) is recognized as an expense and included in "Employee Benefits Expense" (refer note 25) in the statement of Profit and Loss.

II. Defined Benefits Plans:

a) Amounts for the current period are as follows:

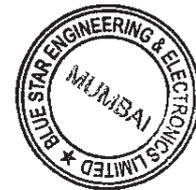
I Expense recognised in the Statement of Profit & Loss for the year	Gratuity (Funded)		Gratuity (UnFunded)		Additional Gratuity	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
1 Current Service Cost	24,01,214	-	16,15,142	13,86,144	51,876	NA
2 Interest Cost	24,52,326	-	3,38,986	2,46,795	NA	NA
3 Expected return on plan assets	(26,66,100)	-	-	-	NA	NA
4 Net Actuarial (Gains)/ Losses	27,64,960	-	(14,87,615)	2,98,249	NA	NA
5 Total Expense	49,52,400	-	4,66,513	19,31,188	51,876	NA
6 Actual return on plan Assets	24,07,918	-	-	-	NA	NA

II Net Assets/ (Liability) recognised in the Balance Sheet	Gratuity (Funded)		Gratuity (UnFunded)		Additional Gratuity	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
1 Present Value of Defined Obligation	3,73,06,765	3,13,61,698	42,42,679	38,22,343	5,31,142	4,69,266
2 Fair Value of plan assets	3,73,06,765	3,13,61,698	-	-	-	-
3 Funded Status [Surplus / (Deficit)]	-	-	(42,42,679)	(38,22,343)	(5,31,142)	(4,69,266)
4 Net Assets/ (liability)	-	-	(42,42,679)	(38,22,343)	(5,31,142)	(4,69,266)

III Change in Obligation during the Year	Gratuity (Funded)		Gratuity (UnFunded)		Additional Gratuity	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
1 Present value of defined Benefit Obligation at the beginning of the year	3,13,61,698	-	38,22,343	42,78,709	4,69,266	NA
2 Add : Additions pursuant to scheme of amalgamation with BSDEL (Refer Note 2.2)	-	-	8,76,140	-	-	NA
3 Current Service Cost	24,01,214	-	16,15,142	13,86,144	51,876	NA
4 Interest Cost	24,52,326	-	3,38,986	2,46,795	-	NA
5 Actuarial (Gains)/ Losses	25,06,778	-	(14,87,615)	2,98,249	-	NA
6 Benefits Payments	(14,15,251)	-	(9,22,317)	(23,87,554)	(10,000)	NA
7 Add : Business Acquisition Gratuity	-	3,13,61,698	-	-	-	4,69,266
8 Present value of Defined Benefit Obligation at the end of the year	3,73,06,765	3,13,61,698	42,42,679	38,22,343	5,31,142	4,69,266

IV Change in Fair Value of Plan Assets during the year	Gratuity (Funded)		Gratuity (UnFunded)		Additional Gratuity	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
1 Fair Value of Plan Assets at the beginning of the year	3,13,61,698	-	-	-	NA	NA
2 Expected return on Plan assets	26,66,100	-	-	-	NA	NA
3 Contribution by Employer	49,52,400	-	9,22,317	23,87,554	NA	NA
4 Actual benefits paid	(14,15,251)	-	(9,22,317)	(23,87,554)	NA	NA
5 Actuarial Gains / (losses) on Plan Assets	(2,58,182)	-	-	-	NA	NA
6 Add : Business Acquisition Gratuity	-	3,13,61,698	-	-	NA	NA
7 Fair Value of Plan Assets at the end of the year	3,73,06,765	3,13,61,698	-	-	NA	NA

V Actuarial Assumptions:	Gratuity (Funded)		Gratuity (UnFunded)		Additional Gratuity	
	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
1 Discount rate	7.57%	8.00%	7.57%	8.00%	7.57%	8.00%
2 Rate of return on Plan Assets	8.00%	8.00%	NA	NA	NA	NA
3 Mortality Rate	IALM-2008	LIC(1994-96)	IALM-2008	LIC(1994-96)	IALM-2006-08	LIC(1994-96)
4 Salary escalation rate (Management-Staff)	6%, 2%	6%, 2%	7%	7%	0%	0%
5 Attrition rate	1%	1%	3% 2% 1%	3% 2% 1%	1%	1%



VI. Amounts for the current and previous four years are as follows :

	Gratuity				
	2015-16	2014-15	2013-14	2012-13	2011-12
1 Defined benefit obligation	4,15,49,444	3,51,84,041	42,78,709	78,33,551	92,98,993
2 Plan Assets	3,73,06,765	3,13,61,698	-	-	-
3 Surplus / (Deficit)	(42,42,679)	(38,22,343)	(42,78,709)	(78,33,551)	(92,98,993)
4 Experience adjustments on plan liabilities	10,19,163	2,98,249	-	-	-
5 Experience adjustments on plan assets	(2,58,182)	-	-	-	-

	Additional Gratuity				
	2015-16	2014-15	2013-14	2012-13	2011-12
1 Defined benefit obligation	5,31,142	4,69,266	NA	NA	NA
2 Plan Assets	-	-	NA	NA	NA
3 Surplus / (Deficit)	(5,31,142)	(4,69,266)	NA	NA	NA
4 Experience adjustments on plan liabilities	-	-	NA	NA	NA
5 Experience adjustments on plan assets	-	-	NA	NA	NA

b) The Company makes annual contribution to Blue Star Employees Gratuity Fund, which is a funded defined benefit plan for qualifying employees. The fund formed by the Parent Company manages the investments of the Gratuity fund. Expected rate of return on investments is determined based on the assessment made by the Parent Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities. The Company expects to contribute Rs.54,47,640/- to gratuity fund in the next year (31 March 2015 : Rs.49,52,400/-)

c) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors

d) The guidance issued by the Accounting Standard Board (ASB) on implementing AS 15, Employee Benefits (revised 2005) states that provident fund set up by Parent Company which require interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2016. The Company's contribution to the Employee's Provident fund aggregates to Rs. 43,16,987 (31 March 2015: Nil).

The details of the fund and plan assets position are as follows:

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Surplus of Plan assets over defined benefit obligation	52,16,365	33,16,365
Present value of interest rate guarantee obligation at year end	22,27,618	22,42,267
Shortfall	-	-

The assumption used in determining the present value of obligation of the interest rate guarantee under deterministic approach are

	31 MARCH 2016	31 MARCH 2015
Discounting rate	8.65%	8.51%
Expected guaranteed interest rate	8.80%	8.75%
Expected Rate of Return on Asset	7.86%	7.93%

III. General Description of significant defined plans:

1. 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

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

IV. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at 31 March 2016	As at 31 March 2015
Special Deposit Schemes	4.20%	4.27%
Central government Securities	-	13.55%
State government Securities	20.91%	30.78%
Public Sector Undertakings	44.21%	20.15%
Private Sector	4.47%	30.02%
Liquid funds	-	1.23%
Investment with approved insurance company	26.21%	-
Total Investments	100.00%	100.00%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable for the period over which the obligation is to be settled.

31 Leases

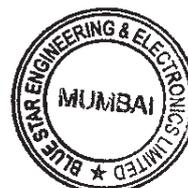
Operating Lease : Company as a Lessee

The Company has entered into operating lease agreements for storage locations and residential premises for its employees. The future lease rental payments are determined on the basis of monthly lease payment terms as per the agreements. Lease rental expenses debited to Statement of Profit & Loss under cost of projects are Rs.57,500/- (31 March 2015: Rs.3,17,500/-) and under rent & hire charges Rs.48,48,265/- (31 March 2015: Rs.5,37,920/-)

Operating Lease : Company as a Lessor

The Company has entered into operating lease agreements. All lease are cancellable except one property, which has a lock in period of 3 years. The future lease rental receipts are determined on the basis of monthly lease receipt terms as per the agreements. Lease rental income credited to Statement of Profit & Loss is Rs.3,55,89,900/- (31 March 2015: NIL). Future minimum rentals receivable under non-cancellable operating leases are as follows :

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
(a) Not later than one year	99,50,880	-
(b) Later than one year but not later than five years	77,39,550	-
(c) Later than five years	-	-



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

32 Segment Information

A. Primary Segment Reporting (by Business Segment)

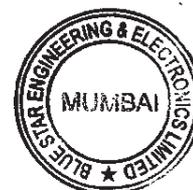
The Company's business segments are organized around product lines as under:

- a. Plumbing & Fire-fighting systems including contracting business of engineering, construction, installation, commissioning and after sales service
- b. Professional Electronics and Industrial Systems includes trading and services for industrial products and systems, Material Testing Equipment & Systems (Destructive / Non-destructive), Data Communication Products & Services, Testing & Measuring Instruments and Healthcare Systems
- c. Providing properties on Rent

Segment Revenues, Results and other Information :

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
I. SEGMENT REVENUE		
i. Plumbing & Fire-fighting Systems	14,40,22,130	35,85,96,810
ii. Professional Electronics and Industrial Systems	1,13,81,37,560	-
iii. Renting of properties	3,55,89,900	-
TOTAL SEGMENT REVENUE	1,31,77,49,590	35,85,96,810
Add : Other Income	69,66,641	15,69,917
TOTAL INCOME	1,32,47,16,231	36,01,66,727
II. SEGMENT RESULT		
i. Plumbing & Fire-fighting Systems	2,36,03,614	(12,35,94,668)
ii. Professional Electronics and Industrial Systems	12,26,33,637	-
iii. Renting of properties	(4,13,91,782)	-
TOTAL SEGMENT RESULT	10,48,45,469	(12,35,94,668)
Less : i) Finance Cost	6,86,32,472	6,11,82,891
ii) Other un-allocable Expenditure Net of un-allocable Income	1,47,04,987	-
TOTAL PROFIT / (LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM	2,15,08,011	(18,47,77,559)
EXCEPTIONAL ITEM	-	-
PROFIT / (LOSS) BEFORE TAXATION	2,15,08,011	(18,47,77,559)
PROVISION FOR TAXES	-	-
NET PROFIT / (LOSS) AFTER TAX	2,15,08,011	(18,47,77,559)
III. OTHER INFORMATION :		
a. SEGMENT ASSETS		
i. Plumbing & Fire-fighting Systems	24,83,66,230	56,86,79,997
ii. Professional Electronics and Industrial Systems	1,44,63,73,741	1,36,24,57,881
iii. Renting of properties	68,00,18,536	-
TOTAL SEGMENT ASSETS	2,37,47,58,507	1,93,11,37,878
Add : Un-allocable Corporate Assets	7,14,01,312	2,85,07,192
TOTAL ASSETS	2,44,61,59,819	1,95,96,45,070
b. SEGMENT LIABILITIES		
i. Plumbing & Fire-fighting Systems	10,21,82,375	28,76,10,193
ii. Professional Electronics and Industrial Systems	31,51,19,127	22,48,50,016
iii. Renting of properties	7,02,85,394	-
TOTAL SEGMENT LIABILITIES	48,75,86,897	51,24,60,209
Add : Un-allocable Corporate Liabilities	60,68,01,997	69,93,02,765
TOTAL LIABILITIES	1,09,43,88,894	1,21,17,62,974
c. CAPITAL EXPENDITURE (including Capital WIP)		
i. Plumbing & Fire-fighting Systems	-	-
ii. Professional Electronics and Industrial Systems	1,01,41,225	82,76,51,835
iii. Renting of properties	3,48,87,500	-
iv. Other Un-allocable	2,85,000	-
TOTAL	4,53,13,725	82,76,51,835
d. DEPRECIATION		
i. Plumbing & Fire-fighting Systems	-	8,01,168
ii. Professional Electronics and Industrial Systems	57,03,321	-
iii. Renting of properties	6,93,55,387	-
iv. Other Un-allocable	920	-
TOTAL	7,50,59,628	8,01,168
e. NON CASH EXPENSES OTHER THAN DEPRECIATION		
i. Plumbing & Fire-fighting Systems	50,33,653	11,92,91,332
ii. Professional Electronics and Industrial Systems	1,18,47,849	-
iii. Renting of properties	-	-
iv. Other Un-allocable	-	-
TOTAL	1,68,81,502	11,92,91,332

B. Secondary Segment Reporting (By Geographical Segment):
There are no secondary reportable segment.



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

33 Related party disclosure

Names of related parties and related party relationship

Related parties where controls exists

Holding Company	Blue Star Limited
Fellow subsidiary	Blue Star Design and Engineering Limited (Now merged with Blue Star Engineering & Electronics Limited refer note 2.2)

Name of other related party with whom transactions have taken place during the year

Associates of Holding Company	Blue Star Qatar LLC
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The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Purchase of material:-		
Blue Star Limited	1,05,70,691	9,83,855
Sale of material:-		
Blue Star Limited	3,25,64,336	-
Consultancy Charges rendered		
Blue Star limited	62,18,376	-
Reimbursement of expenses:-		
Blue Star Limited	7,29,98,131	1,13,34,391
Blue Star Design and Engineering Limited	-	88,438
Recovery of expenses:-		
Blue Star Limited	7,25,90,496	1,64,04,577
Interest expenses:-		
Blue Star Limited	8,13,699	1,41,61,371
Blue Star Design and Engineering Limited	-	91,15,936
Loan taken during the period:-		
Blue Star Limited	-	13,00,00,000
Blue Star Design and Engineering Limited	-	25,00,00,000
Loan repaid during the period:-		
Blue Star Limited	3,00,00,000	10,00,00,000
Blue Star Design and Engineering Limited	-	12,15,00,000
Balance due -Loan :-		
Blue Star Limited	-	3,00,00,000
Blue Star Design and Engineering Limited	-	29,10,00,000
Balance due -Advance Receivable:-		
Blue Star Limited	-	17,07,104
Balance due -creditors:-		
Blue Star Limited	27,12,319	-
Blue Star Design and Engineering Limited	-	23,481
Rent income received during the year		
Blue Star Limited	2,61,12,903	-
Balance due -interest on loan:-		
Blue Star Design and Engineering Limited	-	1,88,31,925
Balance receivable-Sundry debtors		
Blue Star Qatar LLC	1,05,93,201	-
Corporate Guarantee outstanding		
Blue Star Limited	73,00,00,000	75,00,00,000
Investment:-		
Blue Star Design and Engineering Limited	-	18,00,00,000
Issue of Shares :-		
Blue Star Limited (Refer note 2.2)	2,92,50,000	1,10,50,00,000



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

34 Capital and other commitments

At 31 March 2016, the Company has commitments of Rs. 36,63,699/- (31 March 2015 : Rs. Nil) against which no provision has been made in current year .

35 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	-	15,48,740
Interest due on above	-	62,699
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	62,699	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	62,699
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	62,699
The 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 MSMED Act 2006	62,699	62,699

36 Imported and indigenous raw materials, components and spare parts consumed

	31 MARCH 2016		31 MARCH 2015	
	% of Total Consumption	In Rs.	% of Total Consumption	In Rs.
Raw Materials				
Indigenous	100%	12,66,17,710	100%	28,07,10,352
	100%	12,66,17,710	100%	28,07,10,352

37 Earnings in foreign Currency (accrual basis)

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Commission Income	7,55,08,907	-
	7,55,08,907	-

38 Expenditures in foreign Currency (accrual basis)

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
Travelling and Conveyance	17,01,467	-
Maintenance, Installation and Service Charges	78,72,723	-
Conference and communication expenses	2,037	-
	95,76,227	-

39 Disclosure in terms of revised Accounting Standard 7 on the Accounting of Construction Contracts is as under:

	31 MARCH 2016 In Rs.	31 MARCH 2015 In Rs.
I. Contract revenue recognised as revenue in the period (Refer Note 20)	14,40,22,130	31,49,02,710
II. For Contracts that are in progress as on March 31		
A) Contract costs incurred and recognized profits (Less Recognised losses) up to the reporting date	83,39,86,635	32,83,60,412
B) Advances received	4,76,65,187	10,30,14,755
C) Gross amount due from customers for Contract Work	8,30,90,534	10,90,38,914
D) Gross amount due to customers for Contract Work	36,13,602	80,11,397
E) Retention amount	3,88,26,500	6,03,52,096



BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

40 Aggregation of expenses disclosed in Project cost and Other expenses for the Year 2015-2016 in specific items are as follows

Nature of Expenses	Note 22	Note 28	Total
Rent	57,500	48,48,265	49,05,765
	(3,17,500)	(5,37,920)	(8,55,420)
Power & fuel	17,163	80,926	98,089
	(11,76,548)	-	(11,76,548)
Insurance	14,52,458	18,71,532	33,23,990
	(7,81,284)	(5,49,105)	(13,10,389)
Travelling & conveyance	3,45,693	3,72,30,410	3,75,76,103
	(14,42,801)	(14,79,366)	(29,22,167)
Printing & stationery	6,92,147	14,34,934	21,27,081
	(8,03,717)	(3,97,935)	(12,01,652)
Legal & professional fees	79,30,353	1,38,56,518	2,17,86,871
	-	(2,07,12,909)	(2,07,12,909)
Rates and Taxes	45,23,116	13,15,982	58,39,098
	(16,11,891)	(14,36,179)	(30,48,070)
Communication Expenses	2,39,429	63,01,601	65,41,030
	-	(7,42,491)	(7,42,491)
Freight Outwards	3,71,659	10,88,714	14,60,373
	(2,36,030)	-	(2,36,030)

Figures in brackets are for previous year

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

Particulars	Currency	31 MARCH 2016		31 MARCH 2015	
		Amount in FC	Amount in Rs.	Amount in FC	Amount in Rs.
Payable	AED	8,19,757	1,42,18,271	6,745	1,14,367
	CAD	483	23,682	-	-
	EUR	3,63,703	2,76,38,665	1,62,910	1,09,15,584
	GBP	-	-	41	3,818
	JPY	600	323	5,64,625	2,92,884
	USD	14,11,830	9,36,11,014	8,17,339	5,09,75,339
Receivable	AED	8,30,272	1,44,02,257	-	-
	CAD	4,070	2,01,563	78,052	38,24,166
	EUR	1,33,836	94,92,993	3,70,848	2,48,29,761
	GBP	34,416	32,65,987	31,146	28,72,902
	JPY	44,90,192	23,45,171	51,15,382	26,49,768
	USD	13,06,687	8,16,60,432	12,96,174	8,08,93,681

42 Previous year figures

The previous years figures have been regrouped, reclassified wherever necessary, to confirm this year classification.

As per our report of even date

For S R B C & CO LLP
 Chartered Accountants
 ICAI Firm Registration No 324982E/E300003

(Signature)
 Per Sushir Senji
 Partner
 Membership No. 41870
 Place: Mumbai
 Date: May 25, 2016



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

(Signature)
 Vir S Advani
 Director

Sujan Chatterjee
 Director & CFO

Prem Kalliah
 CEO

(Signature)
 Karina Pereira
 Company Secretary

Place: Mumbai
 Date: May 25, 2016

