BLUE STAR LIMITED

Registered Office: Kasturi Building, Jamshedji Tata Road, Mumbai 400 020, Maharashtra, India
Corporate Office: Band Box House, 4th Floor, 254 D, Dr Annie Besant Road, Worli, Mumbai 400 030, Maharashtra, India
Telephone: +91 22 6654 4000; **E-mail:** secretarialdesk@bluestarindia.com; **Website:** www.bluestarindia.com
Corporate Identity Number: L28920MH1949PLC006870; **Contact Person**: Rajesh Digambar Parte, Company Secretary and Compliance Officer

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. This Preliminary Placement Documents is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

*Blue Star Limited ("**Company**" or "**Issuer**") was originally incorporated as 'Blue Star Engineering Company (Bombay) Limited', a private limited company under the Indian Companies Act, 1913, pursuant to a certificate of incorporation dated January 20, 1949 issued by the Registrar of Joint Stock Companies, Bombay. Further, the word 'Private' was added to the name of our Company with effect from April 1, 1956 in the name of 'Blue Star Engineering Company (Bombay) Private Limited'. Subsequently, the name of our Company was changed to 'Blue Star Private Limited' pursuant to a certificate of change of name dated June 23, 1969 issued by the Assistant Registrar of Companies, Maharashtra at Bombay. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of our Company held on June 23, 1969 and the name of our Company was changed to its present name 'Blue Star Limited', with a fresh certificate of incorporation issued by the Assistant Registrar of Companies, Maharashtra at Bombay on June 28, 1969. For further details, see "General Information" on page 268.*

Our Company is issuing up to [●] Equity Shares of face value of ₹ 2 each ("**Equity Shares**") at a price of ₹ [●] per Equity Share (the "**Issue Price**"), including a premium of ₹ [●] per Equity Share, aggregating up to ₹ 1,000.00 crores (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 33.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

The Equity Shares are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", and together with NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on September 15, 2023, was ₹ 795.65 and ₹ 794.70 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue have been received by our Company from each of BSE and NSE on September 18, 2023. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

Except for this Preliminary Placement Document, the information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the Book Running Lead Managers (as defined hereinafter) and their respective affiliates or agents does not form part of this Preliminary Placement Document, and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue. A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"), within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Preliminary Placement Document is meant solely for Eligible QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 44, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND/OR THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document and the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 214. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities . Accordingly, the Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. See "*Selling Restrictions*" on page 232 for information about eligible offerees for the Issue and "*Purchaser Representations and Transfer Restrictions*" on page 240 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Preliminary Placement Document is dated September 18, 2023.

BOOK RUNNING LEAD MANAGERS		
AXIS CAPITAL	HSBC	ICICI Securities
Axis Capital Limited	**HSBC Securities and Capital Markets (India) Private Limited**	**ICICI Securities Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, our Subsidiaries and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, our Subsidiaries and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company and our Subsidiaries. There are no other facts in relation to our Company, our Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company, our Subsidiaries nor the Book Running Lead Managers have any obligation to update such information to a later date.

Axis Capital Limited, HSBC Securities and Capital Markets (India) Private Limited and ICICI Securities Limited (the "**Book Running Lead Managers**" **or** "**BRLMs**") have made reasonable enquiries but have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers and/or any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries and the Equity Shares or its distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the Book Running Lead Managers or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, our Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of any of the Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any other applicable law of the United States and, unless so registered, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferrable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively.

The information contained in this Preliminary Placement Document have been provided by our Company and from other sources identified herein. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Book Running Lead Managers or their respective representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company and the Book Running Lead Managers that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, our Company and the Book Running Lead Managers are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Neither our Company nor any of the Book Running Lead Managers are liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations and the QIBs shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on our Company's website, viz., www.bluestarindia.com, any website directly or indirectly linked to the website of our Company or to the website of the Book Running Lead Managers or any of their respective affiliates or agents, other than this Preliminary Placement Document, does not and shall not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively.

Any information about our Company available on any website of the Stock Exchanges, our Company or the Book Running Lead Managers, other than this Preliminary Placement Document, shall not constitute a part of this Preliminary Placement Document and no investment decision should be made on the basis of such information.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section is to the Bidders in this Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged, and agreed to contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 232 and 240, respectively, and have represented, warranted and acknowledged to and agreed to our Company and to each of the Book Running Lead Managers, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or our Subsidiaries which is not set forth in this Preliminary Placement Document;

- You are a "qualified institutional buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You are aware that in terms of the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50.00% or common control) shall be below 10.00% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10.00% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10.00% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. For more information, please see the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 232 and 240, respectively;

- You are aware that this Preliminary Placement Document and the Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each of which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy and press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules;

- This Preliminary Placement Document has been filed, and the Placement Document will be filed, with the Stock Exchanges for record purposes only and this Preliminary Placement Document and the Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- You are aware that, our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of any of the Book Running Lead Managers. The Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of all the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our perspective present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of such Equity Shares shall be at the discretion of our Company, in consultation with the Book Running Lead Managers;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 44;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of us and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts;

- You are not a ‘promoter’ (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our ‘Promoters’, or ‘Promoter Group’ (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

- You have no rights under a shareholders’ agreement or voting agreement entered into with our Promoters or members of the Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board, other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You will have no right to withdraw your Application Form or revise your Bid downwards after the Bid / Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereinafter) and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

    (a) Eligible QIBs “belonging to the same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

(b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, undertaken to use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and that neither the Book Running Lead Managers nor any person acting on their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Company or any other person, and the Book Running Lead Managers or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 232;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Selling Restrictions*" on page 232, you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 240, and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws;

- You are outside the United States, and you are purchasing the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S of the U.S. Securities Act and in compliance with laws of all jurisdictions applicable to you;

- You are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S);

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the court(s) in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the Book Running Lead Managers and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers;

- You represent that you are not an affiliate of our Company or the Book Running Lead Managers or a person acting on behalf of such affiliate. However, affiliates of the Book Running Lead Managers, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see "*Offshore Derivative Instruments*" on page 13;

- Our Company, the Book Running Lead Managers, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Managers; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including the affiliates of the Book Running Lead Managers, who are registered as Category I FPIs may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**Offshore Derivative Instruments**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such Offshore Derivative Instruments provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPI may receive compensation from the purchasers of such instruments. An FPI will collect the regulatory fee of USD 1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of offshore derivative instrument issued by it and deposit such regulatory fee with SEBI by way of electronic transfer in the designated bank account of SEBI. In terms of Regulation 21 of SEBI FPI Regulations, Offshore Derivative Instruments may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to payment of applicable regulatory fee and in compliance with such other conditions as may be specified by SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Offshore Derivative Instruments have not been and are not being offered or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control,) is not permitted to be 10.00% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of Offshore Derivative Instruments and two or more subscribers of Offshore Derivative Instruments having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI investments and Offshore Derivative Instruments position held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures as to the issuer(s) of such Offshore Derivative Instruments and the terms and conditions of any such Offshore Derivative Instruments from the issuer(s) of such Offshore Derivative Instruments. Neither SEBI nor any other regulatory authority has reviewed or approved any Offshore Derivative Instruments, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in Offshore Derivative Instruments, including whether Offshore Derivative Instruments are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the Stock Exchanges

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

(2) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Subsidiaries, the Promoters of our Company, our management or any scheme or project of our Company,

and it should not, for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription / acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'prospective investor(s)' and 'potential investor(s)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to 'our Company', 'Company', 'the Company' and the 'Issuer', are to Blue Star Limited and references to 'we', 'us' or 'our' are to our Company together with our Subsidiaries, on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, (i) references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India; (ii) references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America; (iii) references to "EUR" or "€" are to Euro, the legal currency of the European Union; (iv) references to 'CNY' is to Chinese Yuan, the legal currency of People's Republic of China; (v) references to 'AED' is to Dirham, the legal currency to United Arab Emirates; (vi) references to 'MYR' is to Malaysian Ringgit, the legal currency to Malaysia; (vii) references to 'JPY' is to Yen, the legal currency to Japan; and (viii) references to 'CHF' is to Swiss Franc, the legal currency to Switzerland. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, all references to page numbers in this Preliminary Placement Document are to the page numbers of this Preliminary Placement Document.

All the numbers in this Preliminary Placement Document have been presented in crores, unless stated otherwise. The amounts derived from financial statements included herein are presented in ₹ crores.

Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to the nearest whole number. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Financial data and other information

Our Company publishes its financial statements in Indian Rupees. The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', "Fiscal" or "Fiscal Year" or "FY", are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

Our Company has published its Audited Consolidated Financial Statements as of and for Fiscal 2023, Fiscal 2022 and Fiscal 2021 and the Unaudited Consolidated Financial Results for the three months ended June 30, 2023 in compliance with the SEBI Listing Regulations. As required under the applicable regulations, and for the convenience of prospective investors, we have included the following in this Preliminary Placement Document:

i. audited consolidated financial statements of our Company as at and for Fiscals 2023, 2022 and 2021, prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**Audited Consolidated Financial Statements**"); and

ii. unaudited consolidated financial results of our Company for the three months ended June 30, 2023 prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" as prescribed under Section 133 of the

Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the SEBI Listing Regulations (the "**Unaudited Consolidated Financial Results**" and together with the Audited Consolidated Financial Statement, the "**Financial Information**").

The Audited Consolidated Financial Statements as at and for Fiscals 2023, 2022 and 2021 have been audited by our Statutory Auditors, on which they have issued audit reports dated May 4, 2023, May 5, 2022 and May 6, 2021, respectively. Further, limited review of the Unaudited Consolidated Financial Results has been carried out by the Statutory Auditors, on which they have issued limited review report dated August 3, 2023.

The Audited Consolidated Financial Statements should be read along with the respective audit reports, and the Unaudited Consolidated Financial Results should be read along with the corresponding review report. The Audited Consolidated Financial Statements have been subjected to audit that has been performed in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act. The Unaudited Consolidated Financial Results have been subjected to review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("**ICAI**"). Further, our Unaudited Consolidated Financial Results are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information as at and for Fiscals 2023, 2022 and 2021 included in this Preliminary Placement Document have been derived from the Audited Consolidated Financial Statements. All the consolidated financial information as at and for Fiscal 2022 is derived from the comparative financial information presented in the Audited Consolidated Financial Statements as at and for Fiscal 2023. Further, except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information for the three months ended June 30, 2023, included in this Preliminary Placement Document have been derived from the Unaudited Consolidated Financial Results.

Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Financial Information to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting standards or principles. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision. Please see, *"Risk Factors – Differences exist between Ind AS and other accounting principles, such as IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition"* on page 72.

The information on our Company's website shall not form a part of this Preliminary Placement Document.

Non-GAAP financial measures

We have included certain non-GAAP financial measures relating to our operations and financial performance such as, "*EBITDA*", "*EBITDA Margin*" and "*Return on Capital Employed*" (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Preliminary Placement Document. For details of these Non-GAAP Financial Measures, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Certain Non-GAAP Financial Measures*" on page 114. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the refractory businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. The presentation of these Non-GAAP Financial Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Statements*" and "*Risk Factors – We have in this Preliminary Placement Document included certain Non-GAAP Financial Measures that may vary from any standard methodology that is applicable across our industry and may not be comparable with financial information of similar nomenclature computed and presented by other companies*." on pages 270 and 66, respectively.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations, industry publications and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The statistical information included in this Preliminary Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory / government publications and websites, more particularly described in "*Industry Overview*" on page 127.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled "*Report on ACs, Commercial Refrigeration & MEP Services Market*" dated September, 2023 (the "**CareEdge Report**"), which is a report exclusively commissioned and paid for by our Company and prepared and issued by CARE Advisory Research and Training Limited pursuant to an engagement letter dated August 11, 2023, in connection with the Issue.

The CareEdge Report contains the following disclaimer:

"*This report is prepared by CARE Advisory Research and Training Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in CareEdge Research's proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.*

This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. CareEdge Research is also not responsible for any errors in transmission and specifically states that it, or its Directors, employees, parent company – CARE Ratings Ltd., or its Directors, employees do not have any financial liabilities whatsoever to the subscribers/users of this report. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research.

CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so. By accepting a copy of this Report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Report."

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Certain sections of this Preliminary Placement Document disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risk.*" on page 59.

Further, the calculation of certain statistical and/or financial information / ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial Condition*" and otherwise in this Preliminary Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the CareEdge Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute '*forward-looking statements*'. Investors can generally identify forward-looking statements by terminology such as '*aim*', '*anticipate*', '*believe*', '*continue*', '*can*', '*could*', '*estimate*', '*expect*', '*intend*', '*may*', '*objective*', '*plan*', '*potential*', '*project*'', '*pursue*', '*shall*', '*should*', '*will*', '*would*', '*will likely result*', '*is likely*', '*are likely*', '*believe*', '*expect*', '*expected to*', '*will continue*', '*will achieve*', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are projections and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others include:

- our business is dependent on seasonality and unpredictable weather patterns which may materially and adversely affect our sales, results of operations and financial condition;
- our business depends on imports from suppliers in countries outside India, and a limited number of domestic suppliers, for critical components and raw materials used to manufacture our products;
- susceptible to changes in technology and unable to meet energy efficiency or evolving related regulatory requirements;
- no firm commitment agreements with our customers as we mainly rely on purchase orders to govern the volume and other terms of our sales of products; and
- exposure to risks associated with contraction of requisite consumer and channel financing being available for our customers and channel partners

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 44, 99, 127 and 172, respectively.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we nor the Book Running Lead Managers nor any of their affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition of our Company and our Subsidiaries could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Majority of our Directors, Key Managerial Personnel and Senior Management named herein are residents of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Civil Procedure Code, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law, then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD), for the years / periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the "**FIBIL**"), which is available on the website of the RBI and FIBIL. No representation is made that any Rupee amounts, could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

I. US Dollar

On September 15, 2023, the exchange rate was ₹ 83.06 to USD 1. (*Source: www.fbil.org.in*)

(₹ per US$)

	Period end(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal*				
2023	82.22	80.39	83.20	75.39
2022	75.81	74.53	76.92	72.48
2021	73.50	74.22	76.81	72.29
Month ended*				
August 31, 2023	82.68	82.77	83.13	82.28
July 31, 2023	82.25	82.15	82.68	81.81
June 30, 2023	82.04	82.23	82.64	81.88
May 31, 2023	82.68	82.34	82.80	81.74
April 30, 2023	81.78	82.02	82.39	81.65
March 31, 2023	82.22	82.29	82.68	81.74

(Source: www.fbil.org.in and www.rbi.org.in).

Notes:

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;

(2) Represents the average of the official rate for each working day of the relevant period;

(3) Maximum of the official rate for each working day of the relevant period; and

(4) Minimum of the official rate for each working day of the relevant period.

** In the event that the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI reference rate is rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder unless specified otherwise in the context thereof. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "*Taxation*", "*Industry Overview*", "*Financial Statements*" and "*Legal Proceedings*", shall have the meaning given to such terms in such sections on pages 250, 127, 270 and 257, respectively.

General terms

Term	Description
"Issuer", or "our Company" or "the Company"	Blue Star Limited, a company incorporated under the Indian Companies Act, 1913
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries

Company related terms

Term	Description
Ahmedabad Facility	The manufacturing facility of our Company, located at 501/3, 503/2, Tajpur Road, Sarkhej-Bavla Highway, Changodar, Ahmedabad 382 213
Articles / Articles of Association / AoA	The articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 196
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for Fiscals 2023, 2022 and 2021, prepared in accordance with Ind AS notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act
Blue Star, Qatar	Blue Star Qatar W.L.L, a Subsidiary of our Company
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof
Capacity Chartered Engineer	Anmol Sekhri Consultants Private Limited, a chartered engineer registered with the Institution of Engineers (India)
Capex Chartered Engineer	K.G. Kanaharaj, a chartered engineer registered with the Institution of Engineers (India)
CareEdge Research	CARE Advisory Research and Training Limited
CareEdge Report	Report titled "*Report on ACs, Commercial Refrigeration & MEP Services Market*" dated September, 2023 issued by CareEdge Research
Chairman	The chairman of our Board, Shailesh Vishnubhai Haribhakti
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, Rajesh Digambar Parte
Corporate Office	The corporate office of our Company which is located at Band Box House, 4th Floor, 254 D, Dr Annie Besant Road, Worli, Mumbai 400 030, Maharashtra, India
Corporate Social Responsibility and Environmental, Social and Governance Committee	The corporate social responsibility and environmental, social and governance committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 196
Dadra Facility	The manufacturing facility of our Company, located at Survey No 265/2, Demni Road, Dadra 396 191, U.T. Of Dadra and Nagar Haveli
Director(s)	The director(s) on the Board of our Company
Erstwhile ESOP Scheme 2013	Blue Star Limited Employees' Stock Option Scheme, 2013
Equity Share(s)	The equity shares of our Company, having a face value of ₹ 2 each
Executive Director(s)	The executive directors of our Company, namely Vir Suneel Advani and Thiagarajan Balasubramanian
Executive Management Committee	The Executive Management Committee of our Company, a committee duly authorized by our Board comprising of Vir Suneel Advani and Thiagarajan Balasubramanian

Term	Description
Financial Information	Collectively, the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results
Group Chief Financial Officer	The group chief financial officer of our Company, Nikhil Ramkrishna Sohoni
Himachal Pradesh Facility 1	The manufacturing facility of our Company, located at Nahan Road, Rampur Jattan, Kala Amb, District Sirmour, Himachal Pradesh 173 030
Himachal Pradesh Facility 2	The manufacturing facility of our Company, located at Nahan Road, Village Ogli, Kala Amb, District Sirmour, Himachal Pradesh 173 030
Independent Director(s)	The independent director(s) of our Company, namely, Shailesh Vishnubhai Haribhakti, Sam Baman Balsara, Anil Harish, Anita Ramachandran and Arvind Kumar Singhal
Investor Grievance Cum Stakeholders' Relationship Committee	The investor grievance cum stakeholders' relationship committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 196
Joint Ventures	The joint ventures of our Company as of the date of this Preliminary Placement Document, namely, Blue Star Oman Electro-Mechanical Company and Blue Star M&E Engineering Sdn. Bhd.
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as further described in "*Board of Directors and Senior Management*" on page 196
Managing Directors	The managing directors on the Board of our Company, namely, Vir Suneel Advani and Thiagarajan Balasubramanian
MoA / Memorandum / Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 196
Non – Executive Director(s)	The non-executive directors of our Company, namely, Dinesh Nanik Vaswani, Rajiv Ramesh Lulla and the Non – Executive Promoter Director
Non – Executive Promoter Director	The non-executive promoter director of our Company, Sunaina Murthy
Promoters	The promoters of our Company in terms of the SEBI ICDR Regulations and the Companies Act, namely, Suneel Mohan Advani, Ashok Mohan Advani, Vir Suneel Advani, Dinesh Nanik Vaswani, Rajiv Ramesh Lulla and Sunaina Murthy
Promoter Group	The persons and entities constituting the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company, located at Kasturi Building, Jamshedji Tata Road, Mumbai 400 020, Maharashtra, India
Risk Management Committee	The risk management committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 196
RoC / Registrar of Companies	The Registrar of Companies, Maharashtra at Mumbai
Senior Management	Senior management of our Company as determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "*Board of Directors and Senior Management*" on page 196
Shareholder(s)	The holder(s) of the Equity Shares of our Company, unless otherwise specified in the context thereof
Sri City Facility	The manufacturing facility of our Company, located at 645, Rosewood Drive, Sri City, Tirupati District, Andhra Pradesh 517 646, India
Statutory Auditors	Current statutory auditors of our Company, Deloitte Haskins & Sells LLP, Chartered Accountants
Subsidiaries	The subsidiaries of our Company as of the date of this Preliminary Placement Document, namely Blue Star Engineering & Electronics Limited, Blue Star Climatech Limited, Blue Star International FZCO, Blue Star Systems and Solutions LLC, BSL AC&R (Singapore) Pte. Ltd., Blue Star North America Inc., Blue Star Europe B.V., Blue Star Innovation Japan LLC, Blue Star, Qatar and Blue Star Air Conditioning & Refrigeration (U) Limited
Vice Chairman	The vice chairman of our Board, Vir Suneel Advani
Unaudited Consolidated Financial Results	The unaudited consolidated financial results of our Company for the three months ended June 30, 2023 prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting", as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the SEBI Listing Regulations
Wada Facility 1	The manufacturing facility of our Company, located at Vasuri Khurd , Khanivali Road, PO Khupari , Taluka Wada, District Palghar 421 312
Wada Facility 2	The manufacturing facility of our Company, located at Plant 4, Village Vasuri Khurd, Khanivali Road, PO Khupari, Taluka Wada, District Palghar 421 312

Issue related terms

Term	Description
Allocated / Allocation	The allocation of Equity Shares by our Company, in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the Book Running Lead Managers and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot / Allotment / Allotted	Unless the context otherwise requires, the allotment of Equity Shares to be issued pursuant to this Issue
Allottees	Eligible QIBs to whom Equity Shares are to be Allotted pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue during the Bid/ Issue Period
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term “Bidding” shall be construed accordingly
Bidder(s)	Any prospective investor, being an Eligible QIB who makes a Bid pursuant to the terms of this Preliminary Placement Document
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid / Issue Closing Date	The date after which our Company (or Book Running Lead Managers on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount, being [●], 2023
Bid / Issue Opening Date	The date on which our Company (or the Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms and the Bid Amount, being September 18, 2023
Bid / Issue Period	Period between the Bid / Issue Opening Date and the Bid / Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Bid Amount
Book Running Lead Managers / BRLMs	Axis Capital Limited, HSBC Securities and Capital Markets (India) Private Limited and ICICI Securities Limited
CAN / Confirmation of Allocation Note	Note or advice or intimation to Successful Bidders confirming the Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about [●], 2023
Designated Date	The date of credit of Equity Shares to the Allottees’ demat accounts pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPI(s)	Foreign portfolio investor, as defined under the SEBI FPI Regulations (other than individuals, corporate bodies and family offices), and including persons who have been registered under the SEBI FPI Regulations, that are eligible to participate in this Issue
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an Eligible FPI participating through Schedule II of the FEMA Rules. However, FVCIs are not permitted to participate in the Issue. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in “offshore transactions”, as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers, and sales are made.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted to unsuccessful bidder, as set out in the Application Form
Escrow Agent	Axis Bank Limited
Escrow Agreement	The escrow agreement dated September 16, 2023 entered into by and amongst our Company, the Escrow Agent and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Floor Price	The floor price of ₹ 784.55 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the shareholders of our Company accorded by way of a special

Term	Description
	resolution through postal ballot passed on September 15, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
Issue	The offer, issue and Allotment of [●] Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Price	₹ [●] per Equity Share
Issue Size	The issue of up to [●] Equity Shares aggregating up to ₹ 1,000.00 crores
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Monitoring Agency	CARE Ratings Limited
Monitoring Agency Agreement	Agreement dated September 18, 2023 entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of the Net Proceeds
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	The placement agreement dated September 18, 2023 entered into by and amongst our Company, Axis Capital Limited, HSBC Securities and Capital Markets (India) Private Limited and ICICI Securities Limited
Placement Document	The placement document to be issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
Preliminary Placement Document	This preliminary placement document along with the Application Form dated September 18, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
QIBs or Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	September 18, 2023, which is the date of the meeting wherein the Executive Management Committee duly authorised by the Board of Directors, shall have decided to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who are Allocated Equity Shares pursuant to the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Technical, industry and other terms

Term	Description
3PL	Third party logistics
AAI	Airport Authority of India
AC	Air Conditioner
ACE	Appliance and Consumer Electronics
ASEAN	Association of Southeast Asian Nations
B2B	Business-to-Business
B2C	Business-to-Consumer
CFD	Computational Fluid Dynamics
EPC	Engineering, Procurement and Construction
FMEG	Fast-moving electrical goods
GDP	Gross Domestic Product
HoReCa	Hotels, Restaurants and Cafes
HVAC	Heating, Ventilation and Air Conditioning
HVAC&R	Heating, Ventilation, Air Conditioning and Commercial Refrigeration

Term	Description
IMF	International Monetary Fund.
IoT	Internet of Things
LAN	Local area network
MEP	Mechanical, Electrical and Plumbing
NCR	National Capital Region
NIP	National Infrastructure Pipeline
NMP	National Monetisation Pipeline
NRIs	Non-Resident Indians
PFCE	Private Final Consumption Expenditure
PLI	Production Linked Incentive
PPP	Purchasing Power Parity
QSRs	Quick Service Restaurants
SAARC	The South Asian Association for Regional Cooperation
VRF	Variable Refrigerant Flow

Conventional and General Terms / Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
Arbitration Act	Arbitration and Conciliation Act, 1996, as amended
AS	Accounting Standards issued by ICAI, as required under the Companies Act
AY	Assessment year
BSE	BSE Limited
Calendar Year / CY	Period of 12 months commencing from January 1 & ending on December 31
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CSR	Corporate social responsibility
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act / Companies Act, 2013 / Act	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
Competition Act	The Competition Act, 2002, as amended
CrPC	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DDT	Dividend distribution tax
DIN	Director Identification Number
EGM	Extraordinary general meeting
FDI	Foreign direct investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (formerly called the Department of Industrial Policy and Promotion) bearing file number 5(2)/2020-FDI Policy dated and with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Norms	The Government issued a notification and imposed certain restrictions or conditionality on such investments pursuant to Press Notes, circulars and regulations (including FEMA Rules) issued by the DPIIT or the RBI or the Ministry of Finance, Government of India, from time to time, as the case may be.
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
Finance Act	The Finance Act, 2023
Financial year / Fiscal Year / FY / Fiscal	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs

Term	Description
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GDR	Global Depository Receipt
GoI / Government	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Ind AS	Indian accounting standards converged with IFRS as specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended
IPC	Indian Penal Code, 1860
IT	Information technology
JV	Joint Venture(s)
MCA	Ministry of Corporate Affairs, GoI
MNC	Multinational companies
NCLT	National Company Law Tribunal, GoI
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PSU	Public sector undertaking
R&D	Research and development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
Rs. / Rupees / INR / ₹	Indian Rupees, the legal currency of the Republic of India
ROE	Return on equity
ROCE	Return on capital employed
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by ICAI
Stock Exchanges / Indian Stock Exchanges	Collectively, BSE and NSE
STT	Securities transaction tax
U.S.$ / U.S. dollar / USD	United States Dollar, the legal currency of the United States
USA / U.S. / United States	United States of America

Term	Description
U. S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund

SUMMARY OF BUSINESS

Overview

We are an India based air conditioning, commercial refrigeration and Mechanical, Electrical and Plumbing ("**MEP**") contracting company which has been in existence for 80 years. Through our customer centric approach, we aim to fulfil the heating, cooling and ventilation requirements of a large number of corporate, commercial and residential customers. We believe that one of our key differentiators is our integrated business model that includes being a manufacturer, engineering, procurement and construction ("**EPC**") services provider, and an after-sales service provider (*Source: CareEdge Report*). This model enables us to offer end-to-end solutions to our customers as we have the ability to manufacture most of our products from the concept and design stage and maintain control of the customer experience through final delivery to providing after sales support, thereby covering the entire value chain.

Our Company was incorporated in 1949 and we grew from having a single manufacturing plant in Dadra Facility to owning seven manufacturing facilities across India, with a manufacturing footprint of more than 1,30,000 square metres, as of June 30, 2023. Further, we service our customers through a network of 30 offices, 4,040 channel partners with more than 8,000 stores for room Acs, packaged air conditioners, chillers, cold rooms as well as refrigeration products and systems, along with 1,251 service associates reaching customers in more than 4,100 talukas in India, as of March 31, 2023 (*Source: CareEdge Report*).

Our business is categorized into the following segments:

- *Electro-Mechanical Projects and Commercial Air Conditioning Systems*: comprising design, manufacturing, installation, commissioning and maintenance of central air conditioning plants, packaged/ducted systems and variable refrigerant flow systems, as well as offering contracting services in mechanical works, electrical, plumbing, fire-fighting, water distribution and railway electrification. This segment also comprises value-added after-sales services such as revamp, retrofit, upgrades and operational support, which ensure efficient functioning of electro-mechanical utilities.

- *Unitary Products*: comprising a wide variety of contemporary and energy-efficient room air conditioners for both residential as well as commercial applications. We also manufacture and market a comprehensive range of commercial refrigeration products and cold chain equipment. Our product portfolio within this segment also includes storage water coolers, water dispensers, water purifiers, air purifiers and air coolers.

- *Professional Electronics and Industrial Systems* ("**PE&IS**"): our wholly owned subsidiary, Blue Star Engineering & Electronics Limited provides advanced technology products and system integrated solutions to customers across a wide range of industries and operates in three business verticals – medical technology solutions, data security solutions and industrial solutions.

We believe that our compelling blend of technical know-how, talented workforce, design expertise, experienced project execution capabilities and global footprint makes us the preferred choice for mechanical, electrical, ventilation and plumbing projects in India. In addition to our Indian business, we export Heating, Ventilation, Air conditioning and Commercial Refrigeration ("**HVAC&R**") products and solutions to 18 countries across the Middle East, Africa, SAARC and ASEAN regions. According to the CareEdge Report, the global (i) air conditioner market; and (ii) commercial refrigeration market is forecasted to grow at a CAGR of 6.3% and 6.8%, respectively between 2024 to 2028. In order to capitalize on these opportunities, we intend to further expand our global footprint and in furtherance of this objective have incorporated wholly-owned subsidiaries in the United States, Europe and Japan in Fiscal 2023.

As of March 31, 2023, as an HVAC&R after-sales service provider in India we maintain approximately two million tons of air conditioning and refrigeration equipment. Our call centre, which is open 24 hours a day, seven days a week, handles more than 1 million service calls a year. We strive to deliver same day installation of products bought from our channel partners and have developed a customer care app which enables customers and channel partners to log service requests, which are tracked through our remote monitoring centre at Thane.

Our manufacturing facilities have a high degree of backward integration which, we believe, allows us to gain greater control on the manufacturing process and reduce dependence on external suppliers and third parties. It also helps maintain product quality through greater control on the quality of components required for manufacturing which helps improve operational and functional efficiencies and gain strategic advantages over competitors, thereby improving cost efficiency and profitability. Further, five manufacturing plants received the Integrated Management System ("**IMS**") Certification for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. We are also focused on indigenization coupled with total cost management initiatives which has enabled us to achieve margin improvements.

We are also focused on consistently upgrading technologies across products and the processes used in manufacturing through our research and development ("**R&D**") efforts. We inaugurated a R&D centre in Fiscal 2023 at our Wada Facility 2 in Maharashtra. Through our R&D and innovation capabilities, backed by an in-house team, we have successfully designed and developed a portfolio of wide ranging products across the HVAC&R industry.

We are committed to sustainability as part of our Environmental, Social and Governance ("**ESG**") focus and have undertaken several initiatives toward our ESG goals. The impetus is towards creating technologically advanced products with higher energy efficiency and eco-friendly refrigerants. Further, we have received several awards in recognition of our products and operations, including 'MEP Contractor of Year' award by Construction Week India seven times in a row from 2017 to 2023, 'Golden Peacock Award for Excellence in Corporate Governance' for three years in a row from 2019 to 2021, 'Golden Peacock Award for Risk Management' in 2020 and 2022 and 'Best Customer Service Initiative of the Year 2022' for enhancing customers' trust through Digital Transformation in the Electronics Category at the CX Excellence Awards 2022.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 44, 77, 230, 214 and 246, respectively.

Issuer	Blue Star Limited
Face Value	₹ 2 per Equity Share
Issue Price	₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share)
Floor Price	₹ 784.55 per Equity Share, calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price, in accordance with the approval of the Shareholders accorded by way of a special resolution through postal ballot passed on September 15, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹ 1,000.00 crores. A minimum of 10% of the Issue Size i.e., up to [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution authorizing the Issue	August 3, 2023
Date of shareholders' resolution authorizing the Issue	September 15, 2023
Eligible Investors	Eligible QIBs, to whom this Preliminary Placement Document are delivered and who are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations or restricted from participating in this Issue under the SEBI ICDR Regulations. FVCIs are not permitted to participate in this Issue. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered shall be determined by our Company in consultation with the Book Running Lead Managers, at its discretion. For further details, see "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 219, 232 and 240, respectively.
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 246 and 98, respectively.
Taxation	See "*Taxation*" on page 250
Equity Shares issued and outstanding immediately prior to the Issue	19,26,27,776 fully paid-up Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Issue Procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 214.
Listing and trading	Our Company has obtained in-principle approvals each dated September 18, 2023 from the Stock Exchanges in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges for the final listing and trading approvals for the Equity Shares pursuant to this Issue, after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participants. The trading of the Equity Shares would be in dematerialised form and only in the cash segment of each of the Stock Exchanges.
Lock-up	For details in relation to lock-up, see "*Placement and Lock-up*" on page 230.

Proposed Allottees	See "*Proposed Allottees in the Issue*" on page 465 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company
Transferability restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, see "*Purchaser Representations and Transfer Restrictions*" on page 240.
Use of proceeds	The gross proceeds from the Issue, aggregating to approximately ₹ 1,000.00 crores. The Net Proceeds from the Issue, after deducting fees, commissions and estimated expenses of the Issue, will be approximately ₹ [●] crores. For details, see "*Use of Proceeds*" on page 77 for additional information regarding the use of Net Proceeds.
Risk factors	For details, see "*Risk Factors*" on page 44 for a discussion of risks you should consider before participating in the Issue.
Closing Date	The Allotment is expected to be made on or about [●], 2023.
Ranking and Dividend	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends. The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, please see "*Dividends*" and "*Description of the Equity Shares*" on pages 98 and 246, respectively.
Security codes for the Equity Shares	ISIN: INE472A01039 BSE Code: 500067 NSE Symbol: BLUESTARCO

SELECTED FINANCIAL INFORMATION

The following selected financial information of our Company is extracted from and should be read in conjunction with, the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results, in each case prepared in accordance with the applicable accounting standards and Companies Act, 2013 and included on page 271. The consolidated financial information as at and for Fiscal 2022 is derived from the comparative financial information presented in the Audited Consolidated Financial Statements as at and for Fiscal 2023. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 99, for further discussion and analysis of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results.

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Audited Consolidated Financial Statements

Summary consolidated balance sheet

(₹ in crores)

Particulars	As at		
	March 31, 2021	March 31, 2022	March 31, 2023
A. ASSETS			
1. Non-current Assets			
(a) Property, plant and equipment	269.23	305.53	705.97
(b) Capital work-in-progress	68.11	145.09	60.93
(c) Investment property	11.95	11.07	10.32
(d) Right-of-use assets	50.07	74.53	83.64
(e) Intangible assets	52.31	41.67	58.96
(f) Intangible assets under development	3.42	7.20	22.39
(g) Financial assets			
(i) Investments	15.91	17.31	18.22
(ii) Loans	22.42	3.34	4.69
(iii) Other financial assets	6.01	15.78	20.18
(h) Income tax assets (net)	86.20	71.49	68.81
(i) Deferred tax assets (net)	47.49	27.57	7.94
(j) Other non-current assets	56.77	108.63	86.40
Total non-current assets	**689.90**	**829.21**	**1,148.45**
2. Current assets			
(a) Inventories	882.42	1,144.24	1,433.39
(b) Financial assets			
(i) Investments	279.06	145.03	129.88
(ii) Trade receivables	810.98	1,189.74	1,548.82
(iii) Cash and cash equivalents	327.93	265.65	243.33
(iv) Other bank balances	4.23	4.01	3.94
(v) Loans	20.12	3.18	1.92
(vi) Other financial assets	0.26	18.93	13.97
(c) Other current assets	534.47	706.75	873.73
Non-current assets held for sale	0.08	5.90	1.63
Total current assets	**2,859.55**	**3,483.43**	**4,250.61**
Total Assets	**3,549.45**	**4,312.64**	**5,399.06**
B. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	19.26	19.26	19.26
(b) Other equity	865.92	998.32	1,311.39
Equity attributable to owners of the company	**885.18**	**1,017.58**	**1,330.65**
(c) Non-controlling interests	2.68	2.96	3.19
Total Equity	**887.86**	**1,020.54**	**1,333.84**
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	349.26	241.57	161.74
(ii) Lease liabilities	31.23	51.91	63.41
(b) Provisions	10.82	10.06	11.41
(c) Government grants	8.83	6.96	7.57
(d) Other non-current liabilities	-	12.40	37.34
Total non-current liabilities	**400.14**	**322.90**	**281.47**
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	102.34	236.26	415.90
(ii) Lease liabilities	24.10	23.96	20.90
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	66.97	104.71	160.53
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,537.92	1,936.96	2,350.63
(iv) Other financial liabilities	36.81	35.04	49.06
(b) Provisions	48.37	60.82	65.00
(c) Government grants	2.33	2.74	1.08
(d) Current tax liabilities	0.59	9.86	14.83
(e) Other current liabilities	442.02	558.85	705.82
Total current liabilities	**2,261.45**	**2,969.20**	**3,783.75**

(₹ in crores)

Particulars	As at		
	March 31, 2021	**March 31, 2022**	**March 31, 2023**
Total Equity and Liabilities	**3,549.45**	**4,312.64**	**5,399.06**

Summary consolidated statement of profit and loss

(₹ in crores)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023
Revenue from operations	4,263.59	6,064.08	7,977.32
Other income	62.35	35.72	30.87
Total income (I)	**4,325.94**	**6,099.80**	**8,008.19**
Expenses			
Cost of raw materials consumed (including direct project and service cost)	2,360.45	3,680.48	5,020.14
Purchase of stock-in-trade	880.09	1,103.64	1,346.86
Changes in inventories of finished goods, stock-in-trade and work-in-progress	30.81	(50.94)	(185.33)
Employee benefits expense	381.81	508.55	591.44
Finance costs	64.72	46.40	54.70
Depreciation and amortisation expense	92.29	85.98	84.78
Other expenses	370.62	475.88	711.43
Total expenses (II)	**4,180.79**	**5,849.99**	**7,624.02**
Profit before share of profit of joint ventures, exceptional items and tax (I-II)	**145.15**	**249.81**	**384.17**
Share of profit of joint ventures	2.60	1.09	0.40
Non-controlling interests	(0.31)	-	-
Profit before exceptional items and tax	**147.44**	**250.90**	**384.57**
Exceptional items	-	-	170.81
Profit before tax	**147.44**	**250.90**	**555.38**
Tax expense			
(i) Current tax	27.75	62.98	135.03
(ii) Deferred tax	19.34	19.92	19.66
Total tax expenses	**47.09**	**82.90**	**154.69**
Profit for the year	**100.35**	**168.00**	**400.69**
Other comprehensive income			
(A) Item that will not to be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans	5.94	(0.13)	(0.18)
Income tax effect	(1.85)	-	0.06
(B) Item to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve	(1.62)	3.35	9.04
Income tax effect	-	-	-
	2.47	**3.22**	**8.92**
Total comprehensive income for the year	**102.82**	**171.22**	**409.61**
Attributable to:			
Owners of the parent	-	170.84	409.14
Non-controlling interests	-	0.38	0.47
Of the total comprehensive income above,			
profit for the year attributable to :			
Owners of the parent	-	167.71	400.46
Non-controlling interests	-	0.29	0.23
Of the total comprehensive income above,			
other comprehensive income attributable to :			
Owners of the parent	-	3.13	8.68
Non-controlling interests	-	0.09	0.24
Earnings per share (face value of ₹ 2 per share)			
Basic (in ₹)	10.42	17.44	41.60
Diluted (in ₹)	10.42	17.44	41.60

Summary consolidated statement of cash flows

(₹ in crores)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	**145.15**	**250.90**	**555.38**
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expenses	92.29	85.98	84.78
Finance cost	64.72	46.40	54.70
Rental income	(6.36)	(1.02)	(1.12)
Interest income	(10.22)	(14.42)	(5.47)
Gain on sale of mutual fund	(5.13)	(2.68)	(10.34)
Net unrealised foreign exchange (gain) / loss	(7.66)	0.05	1.54
Loss on sale of property, plant and equipment other than freehold land	(32.17)	0.65	6.95
Profit on sale of freehold land (exceptional item)	-	-	(170.81)
Deferred income arising from government grant	(2.51)	(3.11)	(3.27)
Share of profit of joint venture	-	(1.09)	(0.40)
Net (gain) / loss on financial assets measured at fair value through profit & Loss (FVTPL)	2.00	0.26	0.01
Bad debts written off and provision for doubtful debts	34.28	26.57	65.76
Provisions and liabilities written back	(19.48)	(25.54)	(30.14)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**254.91**	**362.95**	**547.57**
Adjustment for movement in working capital :			
(Increase)/decrease in trade receivables	(12.84)	(394.63)	(406.03)
(Increase)/decrease in Inventories	(12.60)	(261.82)	(289.12)
(Increase)/decrease in other assets / financial assets	104.50	(177.44)	(177.46)
Increase/(decrease) in trade payables	53.30	456.17	488.56
(Increase)/decrease in Loans	(8.62)	-	-
Increase/(decrease) in other liabilities	(4.35)	128.31	169.75
Increase/(decrease) in government grants	-	1.65	2.22
Increase/(decrease) in provisions	(14.26)	11.20	4.55
Cash generated from operations	**360.03**	**126.39**	**340.04**
Income taxes paid	(10.22)	(38.99)	(92.66)
Net cash generated from operating activities (A)	**349.81**	**87.40**	**247.38**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipments and other intangible assets [Including capital work-in-progress and intangible assets under developments]	(63.52)	(217.94)	(360.36)
Proceeds from sale of property, plant and equipment	80.88	-	7.41
Proceeds from sale of freehold land (exceptional item)	-	-	170.83
Direct taxes paid on sale of freehold land	-	-	(34.81)
Sale of current investment	-	136.70	25.48
Purchase of current investment	(279.06)	-	-
Proceeds from redemption of preference share of joint venture	3.48	-	-
Rent received	6.36	1.02	1.12
Interest received	7.16	11.21	8.67
Income from mutual fund	5.13	-	-
Net cash used in investing activities (B)	**(239.57)**	**(69.01)**	**(181.66)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) short term borrowings (net)	(298.89)	(43.63)	179.85
Proceeds from non-current borrowings	350.00	68.57	93.17
Repayment of non-current borrowings	(53.24)	(3.20)	(175.00)
Repayment of lease liabilities	(26.68)	(24.27)	(26.37)
Finance cost paid	(39.52)	(41.07)	(66.36)
Dividend paid to owners of the company	(1.24)	(38.77)	(96.37)
Net cash used in financing activities (C)	**(69.57)**	**(82.37)**	**(91.08)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**40.67**	**(63.98)**	**(25.36)**
Cash and cash equivalents at the beginning of the	286.15	327.93	265.65

(₹ in crores)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023
year			
Effects of exchange differences on restatement of foreign currency cash & cash equivalents.	1.11	1.70	3.04
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**327.93**	**265.65**	**243.33**
CASH AND CASH EQUIVALENTS COMPRISES OF :			
Balances with banks :			
– In current accounts	96.51	154.15	144.36
– In fixed deposits	230.83	110.99	98.39
Cash on hand	0.59	0.51	0.58
Balance as per statement of cash flows	**327.93**	**265.65**	**243.33**

Unaudited Consolidated Financial Results

Summary of financial results

(₹ in crores)

Particulars	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Income		
Revenue from operations	1,977.03	2,226.00
Other income	10.51	9.40
Total income (I)	**1,987.54**	**2,235.40**
Expenses		
Cost of raw materials consumed (including direct project and service cost)	1,164.41	1,247.26
Purchase of stock-in-trade	340.23	462.71
Changes in inventories of finished goods, stock-in-trade and work-in-progress	56.76	22.23
Employee benefits expense	134.85	161.17
Finance costs	10.62	18.00
Depreciation and amortisation expense	22.04	22.79
Other expenses	157.47	187.63
Total expenses (II)	**1,886.38**	**2,121.79**
Profit before share of profit of joint ventures, exceptional items and tax (I-II)	**101.16**	**113.61**
Share of profit / (loss) of joint ventures	(0.47)	#
Profit before exceptional items and tax	**100.69**	**113.61**
Exceptional items	-	-
Profit before tax	**100.69**	**113.61**
Tax expense		
i) Current tax	27.42	28.56
ii) Deferred tax	(1.08)	1.68
Total tax expense	**26.34**	**30.24**
Profit for the period	**74.35**	**83.37**
Other comprehensive income/(loss)		
A. (i) Items that will not be reclassified to profit/(loss)	0.58	(0.09)
(ii) Income tax relating to items that will not be reclassified to profit/(loss)	(0.14)	0.02
B. (i) Items that will be reclassified to profit/(loss)	4.08	(0.85)
(ii) Income tax relating to items that will be reclassified to profit/(loss)	-	-
Other comprehensive income/(loss)	**4.52**	**(0.92)**
Total comprehensive income for the period	**78.87**	**82.45**
Profit for the period attributable to :		
- Owners of the company	74.25	83.35
- Non-controlling interests	0.10	0.02
Other comprehensive income/(loss) for the period attributable to:		
- Owners of the company	4.41	(0.93)
- Non-controlling interests	0.11	0.01
Total comprehensive income for the period attributable to:		
- Owners of the company	78.66	82.42
- Non-controlling interests	0.21	0.03
Paid up equity share capital (face value of the share – ₹. 2/- each)	19.26	38.52
Earnings per share (EPS) (in ₹.) (not annualised*)		
(a) Basic	3.86*	4.33*
(b) Diluted	3.86*	4.33*
Net worth	1,095.75	1,412.49
Paid up debt capital / Outstanding debt	366.91	610.38
Capital redemption reserve	2.34	2.34
Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-
Debt equity ratio	0.33	0.43

(₹ in crores)

Particulars	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Debt service coverage ratio (DSCR) (not annualised*)	0.59*	0.63*
Interest service coverage ratio (ISCR) (not annualised*)	15.31*	9.65*
Current ratio	1.13	1.13
Long term debt to working capital	0.50	0.39
Bad debts to accounting receivable ratio	-	-
Current liability ratio	0.94	0.93
Total debts to total assets	0.08	0.12
Debtors turnover (No. of days)	51.36	57.66
Inventory turnover (No. of days)	65.36	72.71
Operating margin (%)	6.24%	6.51%
Net profit margin (%) (after exceptional income)	3.74%	3.73%

 # Indicates amount less than ₹ 1,00,000.

Note :

1. *Pursuant to approval given by its shareholders vide postal ballot on June 8, 2023, the Company has issued 9,63,13,888 fully paid up bonus equity shares of ₹ 2.00 each in the ratio of 1 (one) equity share of ₹ 2.00 each for every 1 (One) existing equity share of ₹ 2.00 each. Accordingly, the earnings per share has been adjusted for previous periods' / year and presented in accordance with Ind AS 33, Earnings Per Share.*

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) Fiscal 2023; (ii) Fiscal 2022; and (iii) Fiscal 2021, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled *"Financial Statements"* on page 270.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares or the industry and segments in which we currently operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial, may also impair our business, results of operations, financial condition, financial assets, investments, cash flows or prospects. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition, financial assets, investments, cash flows or prospects could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares. The financial and other related implications of the risk factors, wherever material and quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. To obtain a more complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Financial Information" on pages 172, 127, 99 and 35 respectively, as well as the financial, statistical and other information contained in this Preliminary Placement Document.

Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2023, 2022 and 2021 has been derived from the Audited Consolidated Financial Statements and (ii) the three months ended June 30, 2023 and for the three months ended June 30, 2022 has been derived from the Unaudited Consolidated Financial Results.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Financial information for the three months ended June 30, 2023 and 2022 is not annualised and not indicative of full-year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Research Report on ACs, Commercial Refrigeration & MEP Services Market" dated September 2023, (the "**CareEdge Report**") prepared and issued by CareEdge Research, appointed by us pursuant to an engagement letter dated August 11, 2023 and exclusively commissioned and paid for by us in connection with the Issue.*

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment that may differ from that of other countries. This Preliminary Placement Document also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For details, see "Forward-Looking Statements" on page 20.

Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

Risks relating to Our Business

1. ***Sales and inventory levels of our unitary products are affected by seasonality and unpredictable weather patterns which may materially and adversely affect our sales, results of operations and financial condition.***

Our unitary products segment comprises and focuses on a wide range of contemporary and energy-efficient room air conditioners, for both residential as well as commercial applications and commercial refrigeration products. The sales of our unitary products, in particular room air-conditioners, are generally significantly higher in the first and the fourth quarter of the financial year i.e., the quarter which precedes the summer, and the summer months due to the heat and warm weather, and considerably lower during the monsoon and winter months i.e., the second and the third quarter of the financial year. In addition, unforeseen weather patterns, such as extended winters and summers, less than normal or excessive monsoons, and other unusual weather, may impact our products sales, planning and forecasting process, as well as inventory management for unitary products which may adversely affect our sales volumes, inventory levels and financial condition, and could therefore have a disproportionate impact on our results of operations in the relevant year. The table below sets forth the revenue derived from sales of unitary products (room air-conditioners and commercial refrigeration products) including as a percentage of total revenue from operations for the periods indicated:

	Three months ended June 30, 2023		**Three months ended June 30, 2022**		**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Amount (in ₹ crores)	**Percentage of total revenue from operations (%)**	**Amount (in ₹ crores)**	**Percentage of total revenue from operations (%)**	**Amount (in ₹ crores)**	**Percentage of total revenue from operations (%)**	**Amount (in ₹ crores)**	**Percentage of total revenue from operations (%)**	**Amount (in ₹ crores)**	**Percentage of total revenue from operations (%)**
Revenue from sale of unitary products	1,198.45	53.84%	1,127.59	57.03%	3,626.93	45.47%	2,612.24	43.08%	1,868.28	43.82%

Further, the seasonality of our results of operations may also be affected by unforeseen circumstances that affect production during such peak periods, such as any downtime to production due to breakdown of equipment, shortage of raw materials, interruptions in power supply and other utilities, inadequate inventory planning and other interruptions to timely production and delivery of our unitary products to our customers. Due to the significant fluctuations in demand for unitary products during various seasons of the year, any comparison of the sales recorded and our results of operations between different periods within a year is not meaningful and should not be relied on as an indicator of our future business prospects or financial performance.

2. ***We are dependent on imports from suppliers in countries outside India, and a limited number of domestic suppliers, for critical components and raw materials used to manufacture our products. A disruption in the supply or increase in prices of these key components and raw materials and failure of our suppliers to meet their obligations and could impact our on time supplies and input cost, if sourced from other suppliers.***

We depend on third-party suppliers for certain critical components and raw materials for our products in the required volumes and at appropriate quality and reliability levels. Several of the key components of our products, such as compressors are imported from vendors in other countries. As we rely on imports for a significant portion of our raw material supply, we are exposed to risks of supply chain disruptions due to geopolitical events, such as the continued tensions between Indian and China due to border disputes, U.S-China tensions, and the ongoing conflict between Ukraine and Russia. The table below sets forth our cost of raw materials imported including as a percentage of total cost of materials purchases for the periods indicated:

	Three months ended June 30, 2023		**Fiscal 2023**		**Fiscal 2022**		**Fiscal 2021**	
	Amount (in ₹ crores)	**Percentage of total cost of materials purchased (%)**	**Amount (in ₹ crores)**	**Percentage of total cost of materials purchased (%)**	**Amount (in ₹ crores)**	**Percentage of total cost of materials purchased (%)**	**Amount (in ₹ crores)**	**Percentage of total cost of materials purchased (%)**
Cost of raw materials imported	326.53	26.18%	1,356.67	27.02%	999.26	27.15%	588.24	24.92%

In the past three years, at times we have experienced supply issues due to the unavailability of containers, which resulted in higher cost and increased the lead time, and the occurrence of similar instances in the future may disrupt our supply chain and our ability to fulfil the requirement of our customers in a timely manner, which may adversely affect our results of operations, financial condition and business prospects. Furthermore, any imposition of trade barriers or the occurrence of a pandemic, such as COVID-19, that limits imports from any country may significantly impact our ability to import, manufacture and sell our products, and there can be no assurance that we will be able to identify alternative source of supplies (which may be time consuming and costly) for these key components should we face these issues.

In addition to the above, external factors such as currency fluctuations, tariffs or shortages in petroleum and other economic or political conditions may result in significant increases in freight charges and costs of components and raw materials thus, increasing our operating costs and reducing our margins, and in some cases, even delays in procurement of those materials/ components.

We have strategic dependency on few suppliers for certain key components and any disruption in the business operations of such suppliers who supply the key components may also impact our ability to sell underlying products seamlessly. Additionally, some of the finished goods, components and raw materials that we purchase are also sourced from sole or concentrated domestic suppliers. The failure by a domestic vendor to adhere to technical specifications, quality requirements and production and delivery schedules could affect our production and sales.

Additionally, we have long standing relationships with our suppliers, and except for some long term rate contracts for a few raw materials, we generally we do not enter into any long-term contracts with such suppliers. We procure all of our raw materials by way of purchase orders on an ongoing basis. We cannot assure that our existing suppliers would continue to agree enter into such contracts with us. Any variation in the agreed terms of such contracts would create an adverse impact on our business. Further, our suppliers may not be the exclusive suppliers to us and may also be supplying the raw materials to our competitors. The loss of any of our existing supplier because of termination of existing contracts and increased competition may adversely affect our flow of operations. We are also subject to the risk that one or more of our existing suppliers may discontinue their operations, which may adversely affect our ability to source raw materials at a competitive price.

3. We are susceptible to changes in technology and may be unable to meet energy efficiency or evolving related regulatory requirements.

Our products businesses are subject to changing technology, significant technological developments and adherence to a variety of regulatory compliances. For instance, over the last decade, changes such as the introduction of inverter technology and emphasis on usage of eco-friendly refrigerants have taken place. Similarly, requirements of collection and eco-friendly disposal of e-wastes under the e-wastes regulations are applicable. Inability to create new products in line with the evolving technological landscape or adherence with applicable regulations may potentially lead to loss of business or penal consequences for us. The risks of substantial costs and liabilities related to these laws, regulations are an inherent part of our business.

We are also required to comply with the energy efficiency norms prescribed by the Bureau of Energy Efficiency of the Government of India, which typically are upgraded every two to three years. In addition, our products are also required to maintain certain quality specifications, for example Bureau of Indian Standards certifications for deep freezers, room air conditioners and ductable air conditioners; AHRI certifications for our chillers and certification of conformity for our products exported to the Middle East. While we have not had any non-compliance in the past, any inability to comply with prescribed energy efficiency and rating norms may significantly erode our revenue from the unitary products segment or result in a reduction in our market share, which may adversely impact our results of operations, prospects and financial condition. Further, the energy efficiency and rating norms are now also being extended to commercial refrigeration and commercial air-conditioning business and hence even these businesses will be exposed to similar risks.

4. We do not have firm commitment agreements with our customers.

We only have a few long-term supply agreements with some customers and mainly rely on purchase orders to govern the volume and other terms of our sales of products. In our B2B business, projects are awarded on the basis of competitive bidding. All commercial terms and conditions and general terms and conditions are defined in bid document which is further scrutinised by our legal team prior to execution. In relation to our B2C business, distribution happens through our channel partners with whom we enter into bilateral agreements post due diligence of their market capability and our estimation of market demand. However, there can be no assurance that these channel partners will continue distributing our products. Further, many of these channel partners are not exclusive to us and some of them could stock multi brand products, including those from our competitors.

Many of the purchase orders we receive from our B2B customers specify a price per unit and delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. However, these orders may be amended or cancelled prior to finalisation, and should an amendment or cancellation take place, it may adversely impact our production schedules and inventories. Furthermore, where we have contracts with customers, they do not bind our customers to provide us with a specific volume of business and can be terminated with or without cause, with little or no advance notice and without compensation. Consequently, there is no commitment on the part of the customer to continue to place new orders with us, as a result our sales from period to period may fluctuate significantly due to changes in our customers' commercial terms and/ or vendor preferences and we may be unable to procure repeat orders from our customers.

Cancellation by customers or delay or reduction in their orders or instances where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and manufactured products, thereby increasing our costs relating to maintaining our inventory and reduction of our margins, which may adversely affect our profitability and liquidity. Furthermore, we may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss. Furthermore, our inability to find customers for surplus products may result in excessive inventories which may become obsolete and may be required to be written off in the future.

Additionally, our customers have high and stringent standards for product quality and quantity as well as delivery schedules. While there have not been any instances in the past, any failure to meet our customers' expectations could result in the cancellation of purchase orders and/ or penalties. There are also a number of factors, other than our performance that could cause the loss of a customer. Customers may, *inter alia*, demand price reductions, any payment set-off obligations, require indemnification for themselves or their affiliates, or replace their existing products with alternative products, any of which may have an adverse effect on our business, financial condition, results of operations and future prospects.

5. ***We are subject to risks associated with contraction of requisite consumer and channel financing being available for our customers and channel partners.***

The sale of all our products, in particular room air conditioners, air coolers, air purifiers, water purifiers and commercial refrigeration products are heavily dependent on fund availability for our customers. For instance, high interest rates arising out of government policies or otherwise may impact the ability of our customers to buy our products as many of the products are financed by consumer loans. Thus, macroeconomic factors that adversely affect the Indian or global economy, may also have an adverse effect on fund availability for potential customers and our channel partners, as banks and other lenders that finance these purchases/ businesses may not be able to provide adequate financing offers or offer loans or offer loans at a cost that is commercially acceptable to the customers. This reduction in available financing or the higher cost of such financing may continue in the future and may have a material adverse effect on our business, results of operations and financial conditions.

6. ***A slow-down in construction, investment and economic cycles could impact our electro-mechanical projects and commercial air conditioning systems segment.***

Our electro-mechanicals projects and commercial air conditioning systems segment is exposed to the overall macro-economic environment in India and the pace of activities in the construction and infrastructure sectors, both in the public and private sectors. Construction activity is cyclical in nature and the general slow-down in the economy and the challenges in flow of credit to these sectors had slowed down the pace of order inflow and execution at times in the past. Capital expenditure investment commitments by our customers in the private and public sectors may also consequentially be adversely impacted due to a prolonged economic slow-down. This may slow down the flow of orders and impact growth of revenue in the electro-mechanical projects and commercial air conditioning systems segment.

7. ***We operate in a competitive environment and may not be able to compete successfully if our businesses do not adequately adapt to market developments.***

We compete with other companies in the residential, commercial air-conditioning, commercial refrigeration and projects business that offer competing products both in India and abroad, and our continued success depends on our ability to continue to supply products, systems and solutions tailored to our customers' requirements on a cost-effective and timely basis. Several Indian and global competitors in the air-conditioning business have set up/ are in the process of setting up or expanding their own manufacturing facilities and product portfolio in India. Some of our competitors may have greater financial resources, a more effective or established local business presence with specific regional advantages or a greater willingness or ability to operate with little or no operating margins for sustained periods of time. They could also resort to aggressive pricing practices to capture market share, leaving us vulnerable to a significant loss of business. If we are unable to compete with lower cost manufactures on price or implement appropriate competitive strategies (e.g., as a niche supplier in certain segments), or if our competitors are able to provide better quality products and solutions, react more quickly to the changing needs of customers, adapt to market developments related to new products (including growing demand for products with environmental features, digitalisation and services), differentiate themselves more effectively, or improve the functionality or performance of their products more quickly than us or in a more cost-effective manner, we may face price declines and lose customers. These outcomes may have a negative impact on our business, results of operations, financial position and prospects. Further, we cannot assure you that we can continue to effectively compete with such manufacturers in the future, and failure to compete effectively may have an adverse effect on our business, financial condition, and results of operations. Moreover, the competitive nature of the industry that we operate in may result in lower prices for our products and decreased profit margins, which may materially adversely affect our revenue and profitability.

8. We may be unable to obtain adequate funding required to carry out our future growth plans.

Disruptions in global and domestic credit and financial markets and resulting governmental actions, both in India and globally, could have a material adverse impact on our ability to meet our funding needs. We may require access to additional capital to carry out day-to-day operations and expansion plans. In the event of adverse market conditions, or if actual expenditure exceeds planned expenditure, our external financing activities and internal sources of liquidity may not be sufficient to support current and future operational plans, and we may be forced to, or may choose to, delay or terminate our expansion plans. Our ability to arrange external financing and the cost of such financing, as well as our ability to raise additional funds is dependent on numerous factors. These factors inter alia include general economic and capital market conditions, interest rates, credit availability and terms of such credit availability from banks or other lenders, investor confidence, provisions of tax and securities laws that may be applicable to our efforts to raise capital, the political and economic conditions in the geographic locations in which we operate, the amount of capital that other entities may seek to raise in the capital markets, the liquidity of the capital markets and our financial condition and results of operations.

Furthermore, we have Subsidiaries and Joint Ventures operating in India and outside of India. Adequate fund availability with these subsidiaries and joint ventures is critical for normal operations of these companies. Inability to obtain adequate funding, required to carry on normal course of business, could impact the operations of these subsidiaries and joint ventures operating both in India and outside of India and in turn, the results of operations of our Company. Furthermore, inability to obtain funding required for operations of such subsidiaries and joint ventures, both in India and outside of India, could pose liquidity challenges and cause these subsidiaries and joint ventures to go into liquidation. Any such event could inter alia pose an investment impairment risk for us.

9. Our success also depends to an extent on our research and development capabilities and failure to derive the desired benefits from our product research and development efforts may hurt our competitiveness and profitability.

Our success is dependent on our ability to maintain quality specifications of our products and continue to work on and improve research and development capabilities. Through our focus on R&D, we strive to continually innovate and refresh our products in line with the demands of our customers as well as end-user preferences for better comfort, quality, performance and aesthetics in their products. We have set up an innovation centre in Thane and are also in the process of developing an additional R&D Centre at the same location. This facility will be in addition to the R&D facility and labs which we have in our manufacturing facilities at Dadra and Wada. Further, we have also incorporated Blue Star Innovation Japan LLC, a wholly owned subsidiary for the purpose of conducting extensive research and development.

We cannot assure you that our quality maintenance, product research and development initiatives will be successful or be completed within the anticipated time frame or budget, or that our products will achieve wide market acceptance from our customers or end-users of our products. Even if such products can be commercially launched there can be no assurance that these products would be successful and that they will be accepted by our customers and help us in achieving the anticipated sales target or earn or achieve profits on such products. Additionally, there can be no guarantee that the time and effort that we spend in research and development would be beneficial to us. There can be no assurance that costs incurred by us towards research and development may reduce the costs incurred by us towards production of these products. The table below sets forth our revenue and capital expenditure directly related to research and development for the three months ended June 30, 2023 and Fiscals 2023, 2022 and 2021 including as a percentage of revenue from operations the periods indicated:

	Three months ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (in ₹ crores)	**Percentage of revenue from operations (%)**	**Amount (in ₹ crores)**	**Percentage of revenue from operations (%)**	**Amount (in ₹ crores)**	**Percentage of revenue from operations (%)**	**Amount (in ₹ crores)**	**Percentage of revenue from operations (%)**
Revenue and capital expenditure directly related to research and development	20.84	0.94%	73.89	0.93%	67.21	1.11%	59.10	1.39%

Our investments in technology may not be sufficient to fully support our existing and future business or regulatory requirements. In addition, we cannot assure you that our existing or potential competitors will not manufacture products which are similar or superior to our capabilities. It is often difficult to project the time frame for developing new products and the duration of market window for these products, there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. If we continue to fail in our product launching efforts, our business, prospects, financial condition and results of operations may be materially and adversely affected

10. ***Non-performance or underperformance of our distribution channels may adversely affect our sales and consequently our results of operations. Non-payment of dues by our channel partners and customers across business segments on time may adversely impact our liquidity, profitability and working capital.***

Our products are sold and serviced through a network of authorized channel partners and service centers across India and through a network of channel partners and local channel partners in the international markets in which we operate through our Subsidiaries and Joint Ventures. Further, a substantial portion of our revenue from operations is derived from products sold through our network of authorized channel partners. Therefore, we monitor the performance of our channel partners to enable them to perform to our expectations. There can be no assurance that our expectations will be met. While no such instance has occurred in the past, any underperformance by or a deterioration in the financial condition of our channel partners could materially and adversely affect our sales, reputation, goodwill and results of operations. Furthermore, we may be compelled to provide additional working capital support to our channel partners and, under certain circumstances, may even need to take over their performance obligations to the end-customers, which would adversely affect our results of operations and financial position.

Furthermore, while we have not experienced any non-payment or delay in settlement of dues by our channel partners and customers across all business segments in the past, there can be no assurance that that we will not face such an issue in the future. Any non-payment or delay in settlement of dues by our channel partners and customers may result in liquidity and cash flow stress for us. In addition, any adverse impact on the credit risk profile of our channel partners and customers may result in non-realization of dues on time from them and consequently give rise to a need for creating provisions for expected credit loss/doubtful receivables by us. This is likely to adversely impact our profitability and also result in increased funding requirements for working capital.

11. ***We may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations.***

As of March 31, 2023, our Company had 2,552 permanent employees, 314 permanent workers, 956 temporary employees and 2,318 temporary workers which includes contractual workers. Our manufacturing operations are significantly dependent on the cooperation and continued support of our workforce, particularly our shop-floor employees and operating personnel. Strikes, lockouts, work stoppages or any such other labour disputes involving our workforce at our manufacturing facilities including the manufacturing facility of our Subsidiary, Blue Star Climatech Limited or any of the warehouses or service centres could halt our production activities and/ or disrupt our distribution channels and service capability which could impact our ability to deliver customer orders in a timely manner or at all, which could adversely affect the results of our operations and reputation. We have labour unions at our Wada Facility 1 and Himachal Pradesh manufacturing facilities and in December 2021, a group of contract workers at our manufacturing facility in Wada Facility 1 had collectively demonstrated and resorted to mass absenteeism. However, in order to ensure business continuity replacement manpower were infused which prevented any significant disruption in our production activities. Thus there can be no assurance that we will not experience similar work disruptions in the future or that we would be able to take the necessary measures to prevent disruption in production activities due to disputes or other problems with our workforce.

Any such event, at our current facilities or at any new facilities that we may commission or acquire in the future, may adversely affect our ability to operate our business and serve our customers, and impair our relationships with certain key customers and suppliers, which may adversely impact our business and financial condition.

We also engage independent contractors for contract labour for performance of certain functions at our manufacturing facilities. Although we do not engage these contract labourers directly, we are responsible for wage payments to them in the event of default by the independent contractors. Any requirement to fund their wage requirements or our inability to source such independent contractors on reasonable terms may have an adverse impact on our results of operations and our financial condition.

12. ***We are subject to stringent environmental laws and regulations in India, which may subject us to increased compliance costs, and which may in turn result in an adverse effect on our financial condition. We also require certain licenses, permits and approvals under such laws and regulations in India in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially affect our operations.***

We are subject to a broad range of environmental related laws and regulations in the states and jurisdictions in which we operate. These include laws, *inter alia*, regulating the generation, storage, handling, use and transportation of waste materials and petroleum, the emission and discharge of waste materials and process emission particularly hazardous and pollutant discharge into soil, air or water, ground water extraction, maintaining zero liquid discharge condition, and the health and safety of our employees. In particular, we are required to comply with the provisions of the applicable laws governing environment, health, and safety matters at our manufacturing, distribution, service and project sites.

Furthermore, our manufacturing facilities require individuals to work with chemicals, equipment and other hazardous materials. Notwithstanding preventive safety and health measures that we have already taken or may take in the future, we are still exposed to the risk of leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause accidents, fire, personal injury, loss of human life, damage to our and third-party property and environmental contamination. The occurrence of any such accidents may result in disruption to our operations, legal and regulatory consequences and reputational damage, any or all of which may have a material adverse effect on our performance and financial condition.

We are also required to obtain and comply with environmental permits for certain of our operations. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, the Plastic Waste Management Rules, 2016, the E-waste (Management) Rules, 2022 and the Bio-Medical Waste Management Rules, 2016, each as amended from time to time, in order to establish and operate our manufacturing facilities in India and are subject to inspections from the relevant authorities in order to maintain such approvals.

Regulatory permits required for our operations may be subject to annual or periodic renewal and, in certain circumstances, modification or revocation. Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by our Company for undertaking its business may lapse in their normal course and our Company applies to the relevant central or state government authorities for renewal of such licenses, consents, registrations, permissions and approvals.

A suspension, cancellation or refusal to extend our approvals, license and registrations may require us to cease production at some or all of our manufacturing facilities (or may affect other aspects of our operations), which may have an adverse effect on our business, financial condition, results of operations and prospects. There can be no assurance that we will be in complete compliance at all times with such laws, regulations and the terms and conditions of any consents or permits. If we violate or fail to comply adequately with these requirements, we could be fined or otherwise sanctioned by the relevant regulators. While we have not been fined or otherwise sanctioned in the last three Fiscals, any fines or sanctions in the future could adversely affect our business, reputation, financial condition or results of operations.

Furthermore, our approvals and registrations are subject to numerous conditions such as audit requirements. Breach or non-compliance with specified conditions may result in the suspension, withdrawal or termination of our approvals and registrations or the imposition of penalties by the relevant authorities. While there have been no past instances of suspension of the approvals, licenses, registrations or permits issued to us, in the last three Fiscals, we cannot assure you that the approvals, licenses, registrations or permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. We engage various contractors at our manufacturing facility, we cannot assure you that the contractors operating on our manufacturing facility or project site will be able to obtain and maintain relevant approvals for continuous operations of such facilities. Environmental laws and regulations, and the interpretation and enforcement thereof, are also subject to change and have tended to become stricter over time, in India and internationally, and may require us to make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with these laws and regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition. Further, other developments in these laws and regulations, such as increased requirements of environmental, health and safety obligations, increased strict enforcement thereof by governmental authorities, and claims for damages to property or injury to persons resulting from the environmental, health or safety impacts our operations or past contamination, could prevent or restrict some of our operations, require the expenditure of significant funds to bring us into compliance, involve the imposition of clean up requirements and give rise to civil or criminal liability.

13. ***We are subject to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our financial condition and results of operations.***

There can be no assurance that we will accurately assess the creditworthiness of our customers. For the projects we undertake the trade cycle is dependent on milestone billing as agreed with the customer as per the relevant contract. Macroeconomic conditions, such as high inflation or recessionary trends in the economy, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy. Customers in such conditions may delay payments, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Our trade receivables considered good – unsecured was ₹ 1,624.23 crores as at March 31, 2023.

Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we might experience delays in the collection of, or be unable to collect, our customer balances, and if this occurs, our results of operations and cash flows could be adversely affected.

If any of our customers have insufficient liquidity, we could encounter significant delays or defaults in payments owed to us by such customers, or we may extend our payment terms, which could adversely impact our financial condition and operating results. Any extensions or delays in payments owed to us could adversely impact our short-term cash flows.

14. ***We generate a significant portion of our revenue from operations in our professional electronics and industrial systems segment from a small number of customers, and any loss or reduction of business from these customers could reduce our revenues and materially adversely affect our business, financial condition, and results of operations.***

We derive a significant portion of our revenue from operation in professional electronics and industrial systems segment from a small number of customers. Our professional electronics and industrial systems segment are housed in Blue Star Engineering & Electronics Limited, a wholly-owned Subsidiary and operates as a systems and solutions integrator on an agency model. Our ability to maintain good relationships with these customers is essential to the growth and profitability of our business in our professional electronics and industrial systems segment. Further, a major customer in one year may not provide the same level of revenues for us in any subsequent year. Furthermore, our reliance on any individual or small number of customers for a significant portion of our revenues may give that customer or small number of customers a certain degree of pricing leverage against us when negotiating contracts and terms of service. We also cannot assure you that the revenue from operations in other business segments will increase to off-set the decline in revenue from operations from our professional electronics and industrial systems segment.

In addition, a number of factors other than our performance could cause the loss of or reduction in business or revenues from a customer, and these factors are not predictable. For example, a customer may decide to reduce sourcing products from us due to a challenging economic environment or other factors, both internal and external, relating to its business. The loss of any of these customers, or a significant decrease in the volume of work undertaken for them, could materially adversely affect our business, financial condition and results of operations.

15. ***There are outstanding legal proceedings involving our Company and one of our Director. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.***

There are outstanding legal proceedings involving our Company and one of our Director. These proceedings are pending at different levels of adjudication before various courts and tribunals. We cannot assure you that these proceedings will be decided in our favour. Brief details of material outstanding litigation that have been initiated by and against our Company, our Directors and our Subsidiaries, as applicable, are set forth below:

(in ₹ crores)

Type of proceedings	Number of cases	Amount[#]
Legal proceedings against our Company		
Material civil litigation	Nil	Nil
Tax matters	126	448.84
Actions and proceedings initiated by statutory and regulatory authorities	1	0.10
Criminal matters	5	0.60
Legal proceedings by our Company		
Material civil litigation	3	36.74
Criminal matters	37[*]	15.13
Legal proceedings against our Subsidiaries		
Material civil litigation	Nil	Nil
Tax matters	9	20.05
Actions and proceedings initiated by statutory and regulatory authorities	Nil	Nil
Criminal matters	Nil	Nil
Legal proceedings by our Subsidiaries		
Material civil litigation	2	105.78
Criminal matters	2	0.05
Legal proceedings against our Directors		
Material civil litigation	Nil	Nil
Actions and proceedings initiated by statutory and regulatory authorities	Nil	Nil
Criminal matters	6[&]	0.61
Legal proceedings by our Directors		
Material civil litigation	Nil	Nil
Criminal matters	Nil	Nil

[#] *To the extent quantifiable.*
[*] *Includes 35 complaints filed by our Company under Section 138 of the Negotiable Instruments Act, 1881, amounting to a total claim of ₹ 4.93 crores.*
[&] *Several FIRs have been filed against our Independent Director, Anil Harish, in his capacity as the non-executive director of Unitech Limited. For details, see "Legal Proceedings – Litigation involving our Directors" on page 262.*

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions that could increase our expenses and current liabilities. Further, such legal proceedings could divert our management's time and attention and cause us to incur significant expenses. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition. For further information, see "*Legal Proceedings*" on page 257.

16. ***We have incurred significant indebtedness and are subject to repayment, financial maintenance and other restrictive covenants under our financing arrangements.***

We have incurred significant indebtedness and our total borrowings were ₹ 577.64 crores as of March 31, 2023. We have entered into agreements with certain banks and financial institutions for current and non-current borrowings, which typically contain restrictive covenants, including in certain instances requirement to obtain prior consent from lenders for certain activities such as raising additional funds either by way of equity or debt, making acquisitions, effecting any change in the capital structure, approving any scheme of merger / amalgamation, buyback or winding-up / liquidating our Company's affairs, amendments or modifications to constitutional documents and any direct or indirect changes in our beneficial ownership or control, at times below or above a particular threshold. We have obtained the necessary consents required under the relevant financing documentation for undertaking the activities in relation to the Issue. Further, we also undertake to make the necessary post facto intimations (i.e., after completion of the Issue) to lenders as may be required under some of our financing agreements. The restrictive covenants enumerated above may also be included in future financing agreements which we may enter into to finance our fund requirements for business operations and expansion.

If we breach any of these covenants, our lenders will be entitled to accelerate debt obligations, which may also trigger cross-acceleration clauses. Our Company is also the guarantor for certain borrowings of our Subsidiaries and Joint Ventures. While there have not been any such instances in the past, the inability of our Subsidiaries and Joint Ventures to discharge their debt obligations from their respective profits/ cash may have an adverse effect on the Company's cash flows, liquidity and financial condition.

Further, while we have not had defaults under our debt obligations in the past, there can be no assurance that such defaults may not occur in the future. Further, any such default could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity. In addition, increase in our borrowings could make it more difficult for us to satisfy our financing obligations; increase our vulnerability to a downturn in our business or general economic and industry conditions; require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, and negatively impact credit terms with our creditors, possible rating downgrades, limiting, among other things, our ability to borrow additional funds or raise equity capital, and increasing the costs of obtaining additional capital, which would adversely affect our results of operations, financial condition and business prospects.

17. ***Our Company was incorporated in 1949 and some of the corporate records relating to changes in the share capital and allotments made by our Company are not traceable. Further, our Company has inadvertently disclosed the shareholding of certain members of our Promoter Group under the public shareholding category in the shareholding pattern filed with the Stock Exchanges.***

Our Company has not been able to trace certain corporate records such as certain forms (including forms required to be filed under the Companies Act, 1913 and Companies Act, 1956), and filings, in relation to the changes in the share capital of our Company and the allotments made by our Company. For instance, our Company is unable to trace the corporate records, and form filings in relation to the allotments made from January 20, 1949 until June 23, 1969 for 3,66,000 Equity Shares, and for certain other subsequent allotments made by our Company. However, the Company has Board resolutions and the shareholders' resolutions (as may be applicable) with respect to above allotments. Further, as per certificate dated September 16, 2023, issued by N. L. Bhatia & Associates, Practicing Company Secretary, who has conducted a search for these such records with the RoC, such records are not traceable. Information in relation to such changes in share capital and allotments, and management have been disclosed in the sections "*Capital Structure*" on page 90 and "*Board of Directors and Senior Management*" on page 196, in this Preliminary Placement Document, based on the minutes of the meetings of our Board and Shareholders (to the extent available), prospectus of our Company, and other information available with our Company. We may not be able to furnish any further document evidencing the aforesaid details. We cannot assure you that the abovementioned corporate records will be available in the future. Further, an aggregate of 77,700 Equity Shares, accounting for 0.04% of the outstanding paid-up Equity Share capital of our Company and currently held by certain members of the Promoter Group, have been inadvertently classified as shares held under the public shareholding category. Our Company will take necessary steps to rectify the disclosure in the shareholding pattern that is required to be filed with the Stock Exchanges in accordance with Regulation 31 of the SEBI Listing Regulations and make appropriate disclosures in its financial statements. Upon such rectification, the aggregate shareholding under the Promoter and Promoter Group category shall be 38.95%. As on the date of this Preliminary Placement Document, our Company has not received any communication or correspondences from any regulatory authorities in this regard. However, although no regulatory action/ litigation is pending against us in relation to the abovementioned matters, there can be no assurance that we will not face any adverse actions by any regulator in this regard.

18. ***We are subject to transfer pricing regulations in respect of transactions with foreign companies in our Group. If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties.***

Indian transfer-pricing regulations require that any international transaction involving associated enterprises be at an arm's length price. Transactions among our Company and foreign companies in the Blue Star Group fall within the ambit of such transactions. Furthermore, some of the agreements that we have entered into with the Blue Star Group expressly state that the payments receivable by us from the Blue Star Group have to be re-determined in accordance with the Indian transfer pricing regulations. Accordingly, we determine the pricing among our entities on the basis of detailed functional and economic analysis involving benchmarking against transactions among entities that are not under common control.

If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The tax authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

For example, one of our Subsidiaries, Blue Star Climatech Limited being a new manufacturing unit has availed low tax benefit under Section 115BAB of the Income Tax Act. Further, in case the tax authorities determine that the same was not eligible for the low tax benefits, the tax authorities may make demands for outstanding tax liabilities which could materially affect our business results of operations, cash flows and financial condition.

19. ***We intend to utilise a portion of the Net Proceeds for funding investment into our Subsidiary, Blue Star Climatech Limited for financing the cost towards expansion of the Sri City Facility, and if such costs and possible time or cost overruns related to the proposed expansion are higher than expected, it could have a material adverse effect on our financial condition, results of operations and growth prospects.***

We intend to utilise a portion of the Net Proceeds for funding *inter alia* the investment into our Subsidiary, Blue Star Climatech Limited for financing the cost towards the expansion of the Sri City Facility. We have estimated the total cost of such capital expenditure to be ₹266.68 crore, which has been certified by K.G. Kanaharaj, Chartered Engineer, pursuant to their certificate dated September 16, 2023, of which ₹125.00 crore is proposed to be funded from the Net Proceeds. We have relied on the certification by the Capex Chartered Engineer and the quotations/ purchase received from third parties for estimation of the costs towards the said expansion and such total estimated cost and related fund requirements have not been appraised by any bank or financial institution. The completion of the said expansion is also dependent on the performance of external agencies, which are responsible for (i) buildings and civil work, and pre-engineered buildings, (ii) procurement and installation of plant and machinery, and (iii) utilities. Additionally, we have not entered into any definitive agreements or placed orders for 38.74% of the plant and machinery (in terms of the aggregate estimated cost of plant and machinery for the proposed expansion), amounting to ₹ 21.46 crore. For further details please refer to "*Use of Proceeds*" on page 77. Further, the estimated costs for these projects are based on management estimates and current conditions and are subject to change, owing to prospective changes in external circumstances, costs, and other financial conditions. There could be cost escalations and delays in the said expansion as a result of, among other things, requirement of obtaining approvals from statutory or regulatory authorities, contractors' or external agencies' failure to perform, exchange rate fluctuations, unforeseen engineering problems, disputes with suppliers and workers, increase in input costs of construction materials and labour costs, incremental pre-operative expenses, taxes and duties, interest and finance charges, cost escalation and/or force majeure events, any of which could give rise to cost overruns and delays in our implementation schedules. If our actual capital expenditures on these significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of the proposed expansion, which in turn may materially and adversely affect our financial condition, results of operations, cash flows and prospects. There can be no assurance that we will be able to complete the aforementioned expansion in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our financial condition, results of operations, cash flows and prospects.

20. ***We may be subject to product liability claims by customers and warranty issues due to defects in our products.***

Our products are widely used in residential homes and commercial establishments, among others. Defects in our products may have significant adverse consequences for our customers, including property damage, personal injuries and even death. While there have not been any material instances in the past, the cost of defending product liability claims can be substantial, and we could be responsible for paying damages if we are found liable under statutory damages and product liability provisions or contractual guarantees granted to customers. These risks are also applicable to the supply of our products to our Group Companies, channel partners and customers abroad. Further, the publicity surrounding product liability claims is also likely to damage our reputation, regardless of whether they are successful.

Although our products are tested prior to release, we cannot guarantee that our new products will be free of defects when released, as they can only be fully tested when they are used by our customers. Consequently, our customers may discover defects after products have been released. If we are unable to quickly and successfully correct the defects identified after their release, we could experience significant costs associated with compensating our customers for damages caused by our products, costs associated with correcting the defects, costs associated with design modifications, and costs associated with service or warranty claims or both. Additionally, we could lose customers, lose market share and suffer damage to our reputation. We generally record warranty provisions in our accounts based on estimates which are established using historical information on the nature, frequency, and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures but there can be no assurance that our provisions will be adequate for liability ultimately incurred. Any of the above consequences resulting from defects in our products may have a material adverse effect on our performance and financial condition.

21. We may not be successful in implementing our growth strategy.

As part of our growth strategy, we focus on maintaining our domestic market position through strategic expansion of manufacturing capabilities and further expand in international markets. In furtherance to this strategy, we are also in the process of expanding our operations by targeting new customers where we do not have a significant presence and prior experience in the United States of America and Europe. Any failure to expand into these new markets or regions could adversely affect our sales, financial condition, result of operations, and cash flows. Further, as we grow, we expect to encounter additional challenges to our global network supply chain, internal processes, external construction management, capital commitment process, project funding infrastructure, financing capabilities and regulatory compliance. Our existing operations, personnel, systems and internal controls may not be adequate to support our growth and may require us to make additional unanticipated investments in our infrastructure. To manage the future growth of our operations, we will be required to improve our administrative, operational and financial systems, procedures and controls, and expand, train and manage our growing employee base. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies successfully or respond to competitive pressures. As a result, our business, prospects, financial condition and results of operations could be materially and adversely affected. Additional difficulties executing our growth strategy, particularly in new geographical locations, may include, among other things, accurately prioritizing geographic markets for entry; including estimates on addressable market demand; environmental and other permits and approvals; managing local operations, capital investment or sourcing regulatory requirements; managing fluctuations in the economy and financial market, as well as credit risks; employing skilled employees and engaging appropriate contractors; and managing possible unfavourable labour conditions or employee strikes.

In connection with our growth strategy, we may acquire companies or technologies; enter into joint ventures or other strategic initiatives; establish permanent branch offices to facilitate our operations and business expansion strategy. We may not realize the anticipated benefits of such business combinations or acquisitions. The risks associated with such transactions may include difficulty in integrating and managing the operations and personnel of the acquired or partner company; difficulty in maintaining controls, procedures and policies during the transition and integration; disruption of our ongoing business and distraction of our management and associates from other opportunities and challenges due to integration issues; and difficulty integrating the acquired or partner company's accounting, management information and other administrative systems.

22. Our manufacturing operations depend on third-party transportation providers for the supply of raw materials and delivery of our products.

The manufacturing of our products involves transportation of raw materials from suppliers to our manufacturing facilities, the transfer of materials between our manufacturing facilities, and the shipping of finished products to our channel partners and customers, whether in India or abroad. We rely on third-party logistic companies and freight forwarders for our transportation needs.

We do not have formal long-term contractual relationships with logistic companies and freight forwarders and are therefore susceptible to disruptions in their operations, such as transportation strikes, and loss or damage to our products for various reasons, including the occurrence of theft, accidents or natural disasters. Timely delivery of our products and our ability to provide an uninterrupted supply of our products is critical to our business and maintaining relationship with our customers. In addition, certain of our customers may impose significant penalties on us caused either by delayed delivery of products or a defect in the products delivered. While there have been no instances of imposition of penalties by our customers owing to delay in delivery schedules of our products in the three months ended June 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021, which had a material adverse impact on our business, and adversely affected our financial results, if our inventory of our products is not dispatched on time or if there is an unanticipated delay in the delivery of our products or if the products are not properly maintained or are damaged or destroyed, we could lose such inventory which could have an adverse impact on our production cycle, results of operation and financial condition. We may also be affected by an increase in fuel costs has a corresponding impact on freight charges levied by our third-party transportation providers. In the three months ended June 30, 2023 and Fiscals 2023, 2022 and 2021, our freight and forwarding charges amounted to ₹ 33.54 crores, ₹ 107.31 crores, ₹ 84.43 crores and ₹ 67.64 crores, respectively. This could require us to expend considerable resources in addressing distribution requirements, including absorbing excess freight charges to maintain our selling prices, which could adversely affect our results of operations. If we increase our selling prices as a result of transportation costs, it may render our products less competitive than those sold by competitors with manufacturing facilities situated closer to such customers.

23. We may experience unanticipated delays and cost overruns in implementing our proposed capacity expansion plans.

We have made, and intend to continue making, investments to expand the capacity of our manufacturing facilities to aid our growth efforts. For further information, see "*Our Business*" on page 172. Our expansion plans remain subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. There can be no assurance that the proposed capacity additions and expansions will be completed as planned or on schedule, and if they are not completed in a timely manner, or at all, our budgeted costs may be insufficient to meet our proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects. There can be no assurance that we will be able to complete our expansion plans in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition. Further, malfunctioning of the new assets deployed at manufacturing facilities may also impact the production or the quality of the products, which in turn may adversely impact our sales, results of operations and financial condition.

Under Indian laws, the expansion of manufacturing facilities is subject to government supervision and approval procedures, including but not limited to project approvals and filings, construction land and project planning approvals, disease control approvals, environment protection approvals, the pollution discharge permits, drainage license, work safety approvals, fire protection approvals, and the completion of inspection and acceptance by relevant authorities. There is no assurance that we will be able to comply with the requirements of such government supervision or procure the aforementioned approvals in a timely manner or at all. As a result, we may be subject to administrative uncertainty, fines, or the suspension of use of such expansion projects. Any of the foregoing could materially and adversely affect our business operations.

24. We may not be successful in penetrating new export markets which may have an adverse impact on our business, financial condition, results of operations and future prospects.

While the majority of our revenue from operations is derived from the domestic market, we also sell our products in the overseas markets. In the past three fiscals, we exported our products outside India to Middle East, Africa, SAARC and ASEAN regions.

The table below sets forth our revenue from outside India and as a percentage of our total revenue from operations for the three months ended June 30, 2023 and Fiscals stated:

Particulars	For the three months ended June 30, 2023		For the three months ended June 30, 2022		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ crores)	**% of total revenue from operations**	**Amount (₹ crores)**	**% of total revenue from operations**	**Amount (₹ crores)**	**% of total revenue from operations**	**Amount (₹ crores)**	**% of total revenue from operations**	**Amount (₹ crores)**	**% of total revenue from operations**
Revenue from outside India	126.25	5.67%	152.30	7.70%	633.53	7.94%	644.13	10.62%	409.10	9.60%

While we intend to continue our focus on expanding our export sales to other countries, such as United States of America and Europe, we may face various challenges in our expansion into new export markets, including the lack of familiarity with the industry nuances of these new markets. Further, the products required to be supplied to these markets may be subject to local requirements, safety and other regulatory compliances which may be difficult for us to comply with. The risks involved in entering new geographic markets and expanding operations may be higher than expected, and we may face significant competition in such markets. In the event we are unable to successfully expand into new geographical regions, our growth plans and future performance may be adversely affected. By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including compliance with a wide range of laws, regulations and practices, exposure to risks of expropriation or other government actions and political, economic and social instability.

25. ***Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any bank or financial institution and any variations in our funding requirements and the proposed deployment of Net Proceeds may affect our business and results of operations. Further, any variation in the utilisation of our Net Proceeds may be subject to certain compliance requirements, including prior shareholders' approval.***

We intend to use the Net Proceeds for the purposes described in "*Use of Proceeds*" on page 77 of this Preliminary Placement Document. The use of the Net Proceeds have not been appraised by any bank or financial institution. Whilst a monitoring agency will be appointed, for monitoring utilisation of the Net Proceeds, the proposed utilisation of Net Proceeds is based on current conditions, our business plans and internal management estimates and is subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Based on the competitive nature of our industry, we may have to revise our business plan and/or management estimates from time to time and consequently our funding requirements may also change. The deployment of the Net Proceeds will be at the discretion of our Board. Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project and capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

Various risks and uncertainties, such as economic trends and business requirements, competitive landscape, as well as general factors affecting our results of operations, financial condition and access to capital and including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. Accordingly, use of the Net Proceeds for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment. Consequently, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of proceeds.

In accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects; and (ii) details of category-wise variations in the actual utilisation of the proceeds of the Issue from the Objects or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report, after placing the same before the Audit Committee.

Further, in accordance with Section 13(8) and Section 27 of the Companies Act, 2013, we cannot change the utilization of the Net Proceeds or the terms of any contract referred to in this Preliminary Placement Document without obtaining the Shareholders' approval through a special resolution. We may not be able to obtain the Shareholders' approval in a timely manner, or at all, in the event we need to make such changes. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Our Promoters would also be required to provide an exit opportunity to the shareholders who do not agree with our proposal to change the objects of the Issue or vary the terms of such contracts, at a price and manner as prescribed by SEBI. The requirement to provide an exit opportunity to such dissenting shareholders may deter our Promoters from agreeing to any changes made to the proposed utilization of the Net Proceeds, even if such change is in our interest. Further, we cannot assure you that our Promoters will have adequate resources to provide an exit opportunity at the price prescribed by SEBI. In light of these factors, we may not be able to undertake variation of object of the Issue to use any unutilized proceeds of the Issue, if any, or vary the terms of any contract referred to in this Preliminary Placement Document, even if such variation is in our interest. This may restrict our ability to respond to any change in our business or financial condition by re-deploying the un-utilized portion of the Net Proceeds, if any, or varying the terms of any contract, which may adversely affect our business, results of operations and cash flows.

26. A portion of the Net Proceeds may be utilized for repayment or pre-payment of certain loans / commercial paper facilities availed by our Company from Axis Bank Limited and ICICI Bank Limited, and for repayment or pre-payment of a loan availed by our Subsidiary, Blue Star Climatech Limited from Axis Bank Limited, which are affiliates of two of the BRLMs to the Issue, Axis Capital Limited and ICICI Securities Limited.

We propose to repay or pre-pay certain loans / commercial paper facilities availed by our Company from Axis Bank Limited and ICICI Bank Limited, and a loan availed by our Subsidiary, Blue Star Climatech Limited from Axis Bank Limited from the Net Proceeds. Axis Bank Limited is an affiliate of Axis Capital Limited, one of the Book Running Lead Managers and is not an associate of our Company in terms of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. Similarly, ICICI Bank Limited is an affiliate of ICICI Securities Limited, one of the Book Running Lead Managers and is not an associate of our Company in terms of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

The amount outstanding, as of August 31, 2023, in relation to the term loan facility availed by our Company from Axis Bank Limited was ₹150.00 crores and the amount outstanding, as of August 31, 2023, in relation to the commercial paper facilities availed by our Company from ICICI Bank Limited was ₹200.00 crores, whereas the amount outstanding, as of August 31, 2023, in relation to the facility availed by our Subsidiary, Blue Star Climatech Limited from Axis Bank Limited was ₹93.44 crores. The loans sanctioned to our Company and Blue Star Climatech Limited by Axis Bank Limited and ICICI Bank Limited were done as part of their lending activities in the ordinary course of business and we do not believe that there is any conflict of interest under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, or any other applicable SEBI rules or regulations. The Board of Directors of our Company have chosen the loans and facilities to be repaid / pre-paid based on commercial considerations. For details see "*Use of Proceeds*" on page 77. However, there can be no assurance that the repayment / pre-payment of such loans from the Net Proceeds to an affiliate of one of the Book Running Lead Managers will not be perceived as a current or potential conflict of interest.

27. Our business and results of operations are exposed to exchange rate fluctuations.

Our business and results of operations are subject to fluctuations in exchange rates with reference to countries in which we operate or source our raw materials from, primarily United States Dollar, Chinese Yuan, Qatari Riyal, Malaysian Ringgit, Euro, Japanese Yen and United Arab Emirates Dirham and Indian Rupee. To decrease our foreign exchange exposure, we engage in currency hedging arrangements with major suppliers. However, our hedging arrangements may be inadequate to protect us or at times could expose us from/to sudden or adverse foreign exchange movements, which may have an adverse effect on our financial condition and results of operations for the future periods.

28. Our Company has filed an application with the Reserve Bank of India ("RBI") for its approval for write-off of the investment made by our Company in one of its Joint Ventures, Blue Star Oman Electro-Mechanical Company LLC. While the approval from the RBI is awaited, there can be no assurance that our Company will receive the approval in a timely manner, or at all.

One of our Joint Ventures, Blue Star Oman Electro-Mechanical Company LLC ("**Oman JV**") was incorporated as a limited liability company in Oman on December 24, 2013. Owing to certain disagreements with the joint venture partners which could not be resolved, our Company, by way of its Board resolution dated February 5, 2019, decided to provide for its investment in the Oman JV. Further, due to non-availability of the certificate to be obtained from the statutory auditors of the Oman JV in respect of its financial statements, our Company filed an application dated November 4, 2019 with the RBI seeking exemption from the requirement to file the annual performance report ("**APR**"). However, this application was rejected by the RBI through its email dated December

26, 2019. Our Company, thereafter, filed the APR with the RBI on December 27, 2019 with last available set of management accounts. We cannot assure you that RBI will not penalize our Company for deficiency in the filings and as a consequence, our Company could be liable for compounding fee as determined by RBI.

Our Company, thereafter, also filed an application dated October 26, 2020 with the RBI seeking permission for writing-off its investment in the Oman JV under the approval route. The application is currently pending. Our Company has also made provision in its books of accounts for its known financial obligation and committed financials involvement amounting to ₹ 29.13 crore in the financial year ended March 31, 2019. However, there can be no assurance that we will be able to receive RBI's approval for the write-off and in a timely manner, if at all.

29. Certain sections of this Preliminary Placement Document disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risk.

We have availed the services of an independent third-party research agency, CareEdge Research, appointed by us pursuant to an engagement letter dated August 11, 2023, entered into with our Company, to prepare the CareEdge Report, for purposes of inclusion of such information in this Preliminary Placement Document to understand the industry in which we operate, that has been exclusively commissioned and paid for by us. Certain information in "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 127, 172 and 99, respectively, have been derived from the CareEdge Report.

Furthermore, the CareEdge Report is prepared based on information as of specific dates, which may no longer be current or reflect current trends. The CareEdge Report may also base its opinion on estimates, projections, forecasts and assumptions that may prove to be incorrect.

The CareEdge Report also highlights certain industry, peer and market data, which may be subject to estimates and assumptions. We cannot assure you that CareEdge Research's estimates and/ or assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Preliminary Placement Document. Further, such assumptions may change based on various factors. The CareEdge Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amount may differ materially from those included in this Preliminary Placement Document. Further, the CareEdge Report is not a recommendation to invest or disinvest in our Company. CareEdge Research has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the CareEdge Report. In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Preliminary Placement Document based on, or derived from, the CareEdge Report.

30. Our business depends substantially on the continued efforts of our executive officers, key management personnel and qualified personnel, and our operations may be severely disrupted if we lose their services.

Our success depends substantially on the continued efforts of our executive officers and key employees with expertise in various areas. In particular, our Company is managed by our Promoter, Vir Suneel Advani, Vice Chairman and Managing Director and Thiagarajan Balasubramanian, Managing Director and other key management personnel whose inputs and experience are extremely valuable for the development of our business and operations and the strategic directions taken by our Company. There is no assurance, however, that these individuals or any other member of our senior management team will not leave us or join a competitor.

If one or more of our executive officers or key employees are unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. As we continue to build our brand and become more well-known, the risk that competitors or other companies may poach our talent increases. Our industry is characterized by high demand and intense competition for talent, and therefore we cannot assure you that we will be able to attract or retain engineers, qualified staff or other highly skilled employees. Further, as we will also be scaling up our operations and diversifying into new geographies and new product segments, we would also need to augment our employee strength to service the demands of increasing scale and diversification. Therefore, such expansion and new product segments would be susceptible to the risk of recruiting appropriately skilled employees to address the requirements of the business. Additionally we may not be in a position to extend competitive offers to the appropriate talent.

Furthermore, our ability to train and integrate new employees into our operations may not meet the growing demands of our business, which may materially and adversely affect our ability to grow our business and our results of operations. Our attrition rate was 18.95%, 17.16% and 14.89% in Fiscals 2023, 2022 and 2021, respectively.

If any of our executive officers and key employees terminates his or her services with us, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train, and retain qualified personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members.

31. Our operations are subject to varied business risks and our insurance coverage may not adequately protect us against economic losses.

We maintain insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain (a) industrial all risks policies and general liability insurance coverage, including coverage for property damage, fire, burglary, business interruption, construction, marine cargo transport and environmental risks; (b) directors and officers liability insurance and professional indemnity coverage; (c) cyber insurance policies; and (d) group insurance policies. Further, as of June 30, 2023, our insurable assets were ₹ 850.96 crores and our total insurance coverage was ₹ 2,128.53 crores representing a 250.00% insurance coverage for our insurable assets.

We have, in the three months ended June 30, 2023 and last three Fiscals made insurance claims amounting to ₹ 1.46 crores, ₹ 6.12 crores, ₹ 2.86 crores and ₹ 4.97 crores, respectively, including with respect to accident, material damage in transit and lost material. While none of our insurance claims have been rejected in the past, there can be no assurance that future insurance claims will not be rejected. Further, there can also be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

Further, we would need to scale up insurances policies to address the demands of geographic diversification. Inability to obtain the appropriate insurance cover could adversely affect our results of operations and profitability. Furthermore, to the extent that we suffer loss or damage as a result of events for which we are not insured, or for which we did not obtain or maintain adequate insurance or where our insurance claims were rejected, it may adversely affect our results of operations, financial performance and cash flows.

32. Failure to defend our intellectual property or infringement by us on the intellectual property rights of third parties, or any reputational damage to the 'Blue Star' brand could adversely affect our business.

Our ability to compete is partially based upon proprietary knowledge and we rely on a combination of patents, designs and trademarks to protect our proprietary rights. If we fail to or are unable to protect, maintain and enforce our existing intellectual property, this may result in the loss of our exclusive right to use technologies and processes which are included or used in our businesses. We have applied for patents in India that are at various stages of the application process and patents may not be issued, or may be issued in a form narrower than that sought by us. For example in Fiscal 2023, 10 patents were granted to our Company, of which one is an international patent applied for in the United States of America. Further, as of June, 30, 2023, our Company has applied for 46 patents for innovation across its various product categories of which 21 have been granted in addition to registration of 39 designs and 177 trademark applications have been filed for 92 trademarks, of which 147 applications are registered for 80 trademarks. If some of the applications in relation to our intellectual property rights are not granted, expire or are successfully challenged, we may be unable to exclude competitors from using the technology covered by them.

The 'Blue Star' brand, which is owned by our Company could be adversely affected on account of any action or inaction of other entities using the brand or regulatory actions against such companies. Furthermore, any damage to this trademark, name or logo, could attract public scrutiny and negative media attention. Any negative publicity or perception about our business practices, whether true or not, could damage our reputation, which could adversely affect our ability to attract and retain customers, partners, suppliers, and employees. This could result in a loss of revenue and market share, as well as increased legal, regulatory, and public relations costs and if not immediately and sufficiently remedied could have an adverse effect on our financial condition, cash flows and results of operations.

Any restricted use of intellectual property rights licensed to us by any of our sub-licensees or an infringement of such intellectual property rights due to malfeasance or negligence of our sub-licensee may result in a breach of a contract making us liable to pay damages. Additionally, third parties may from time to time allege that we have infringed on their intellectual property rights. Successful claims by third parties of infringement, misuse or misappropriation by us could require us to cease making or using products that are alleged to infringe or misappropriate the intellectual property rights, to expend additional development resources to attempt to redesign our products or otherwise to develop alternative technology, or to enter into potentially unfavourable royalty or licence agreements in order to obtain the right to use necessary technologies or intellectual property rights. In addition, we could be exposed to liability for damages. Even claims of infringement, misuse or misappropriation that ultimately are unsuccessful could cause reputational harm, result in expenditure of funds in litigation and divert management's time and other resources, any of which could materially adversely affect our business, financial condition and results of operations.

33. ***We rely on the proper functioning and integrity of our information technology infrastructure and are exposed to risks relating to data breaches.***

Our ability to operate our business depends on the functional and efficient operation of our information technology infrastructure including computer and data processing and telecommunications systems across our manufacturing facilities, channel partners and offices. Computer and data processing systems are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, fire, natural disasters, breakdowns, malicious/ cyber-attacks, computer viruses, and a range of other hardware, software and network problems). A significant or large-scale malfunction or interruption of our computer or data processing systems could disrupt our operations, for example, by halting production and causing delays or the cancellation of customer orders, impeding the manufacture or shipment of products, the processing of transactions and the reporting of financial results, or could damage our reputation.

In addition, we face the risk of potential unauthorised access to, and the loss of, critical and sensitive information, for example, as a result of hacking attacks. A leak of confidential information or the loss of critical and sensitive information could reveal our trade secrets or know-how or those of our customers to competitors and harm our business, competitive position and reputation. For instance, in February 2023 we had detected a cyber-attack at certain locations. Our technical team took the necessary precautions to retrieve and restore the systems and there was no material impact on our operations or loss of any sensitive proprietary data. Thus, there can be no assurance that our information technology security measures will adequately protect us against cybersecurity incidents or that such incidents will not have a material adverse impact on our performance and financial condition.

We are also subject to privacy and information security regulations with respect to, among other things, the use and disclosure of personal data, and the confidentiality, integrity and availability of such information. Furthermore, we would also have to comply with the recently passed Digital Personal Data Protection Act, 2023, the implication of which is being assessed by our management. If we fail to adequately safeguard confidential personal or other sensitive data or such data is wrongfully used by us (or by third parties) or disclosed to unauthorized persons, this could result in claims for damages and other liabilities, significant fines and other penalties and the loss of customers and reputation, which could in turn have an adverse effect on our business, results of operations, financial condition and prospects.

34. ***Some of our business operations are being conducted on premises leased from third parties and we may be unable to renew existing leases or relocate our operations on commercially reasonable terms. Further, a failure or delay in registering and stamping lease agreements with respect to such properties may expose us to increased costs and may adversely affect our operations and results of operation.***

Some of our business operations are being conducted on premises leased from third parties. For example, our Ahmedabad Facility and Sri City Facility are leased out from third parties. In addition, few of our office establishments including zonal offices, certain of our guest houses and warehouses are held and operated pursuant to guest house agreements and lease agreements entered into by our Company.

The lease agreements are renewable as per the terms of the lease agreements. While there have not been instances of non-compliance of any material terms of our lease agreements in the past, there can be no assurance that there will be no such non-compliance leading to termination of such leases in the future. Any change in the terms and conditions of the lease agreements and any premature termination of such lease agreements may have an adverse impact on our operations.

Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or any inability to renew such agreements on acceptable terms may also affect our operations. There can be no assurance that we will be able to renew these leasing arrangements at commercially favorable terms, or at all. If we are unable to renew all or any of our leasing arrangements, it may cause disruptions in our business and we may incur substantial costs associated with shifting the impacted office/ facility to new premises, all of which may adversely affect our business operations.

Further, failure to identify suitable premises for relocation of existing properties, if required, or in relation to new or proposed properties we may purchase, in time or at all, may also have an adverse effect on our production and supply chain, the pace of our projected growth as well as our business and results of operations.

Lease agreements are required to be duly registered and adequately stamped under Indian law and if one of our lease agreements is not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India or attract penalties prescribed under applicable Indian law. Further, the requirement to stamp any of our lease agreements may expose us to increased costs on account of penalties imposed by stamping authorities and may adversely affect our results of operation.

35. We operate separate business segments and our inability to manage our diversified operations may have an adverse effect on our business, results of operations and financial condition.

We operate in separate business segments: (i) Electro-Mechanical Projects and Commercial Air Conditioning Systems; (ii) Unitary Products; and (iii) Professional Electronics and Industrial Systems. As a result of operating such diverse businesses, our management requires considerable expertise and skill to manage and allocate an appropriate amount of time and attention to each business segment. In addition, our cost controls, internal controls, and accounting and reporting systems must be integrated and upgraded on a continual basis to support our diversified businesses, including integrating any new business segment which we may incorporate or acquire. To manage and integrate our diversified businesses effectively, we will be required to, among other things, stay abreast with key developments in each segment in which we operate, implement and continue to improve our operational, financial and management systems, develop the management skills of our managers and continue to train, motivate and manage our employees. If we are unable to manage our diversified operations, our business, results of operations and financial condition may be adversely affected.

36. We have a working capital requirement and if we are unable to secure adequate working capital our operations will be adversely affected.

Our business requires a substantial amount of working capital, primarily to maintain optimum inventory levels of raw materials, components which are work-in-progress and finished goods. In the past, we have funded such working capital requirements through a combination of debt and internal accruals. The table below sets forth our inventory turnover (in days) for the dates indicated:

	As of June 30, 2023	**As of March 31, 2023**	**As of March 31, 2022**	**As of March 31, 2021**
Inventory turnover (in days)	72.71	76.10	78.14	97.75

Inventory turnover (no. of days) = (Average inventory for the period)/ (Cost of goods sold for the period) X (Number of days in reporting period)

In the future, we may need to seek funding for our working capital needs through additional borrowings or securities offerings. We cannot assure you that such funding will be obtained in a timely manner and on satisfactory terms. Moreover, if we raise additional debt, our interest expense will increase and our debt covenants under our existing loans may be impacted. If we raise additional funds through the issuance of equity, existing ownership interest in our Company will be diluted.

Our ability to finance our capital expenditures is also subject to a number of risks, contingencies and other factors, some of which are beyond our control, including borrowing or lending restrictions under applicable laws and the terms of our financial and other arrangements, our own profitability and liquidity and general economic and market conditions. Any inability to obtain sufficient financing, or any significant unanticipated expenses or cost escalations, could result in the delay or abandonment of our business and expansion plans. As a result, if adequate funding is not available to us in a timely manner and on commercially viable terms, it may have an adverse effect on our business, financial condition, cash flows, results of operations and prospects.

37. A downgrade in our credit rating could adversely affect our ability to raise capital in the future.

Our Company has received a long-term rating of AA+ Outlook: Stable from CARE on July 14, 2023 and the short-term rating of A1+ from CARE and CRISIL on August 17, 2023. Our credit ratings, which are intended to measure our ability to meet our debt obligations and access to debt capital, are a significant factor in determining our finance costs. Further, our planned capital expenditure may also impact the ratings assigned to our Company by the rating agencies. Furthermore, the interest rates of certain of our borrowings may be significantly dependent on our credit ratings. A downgrade of our credit ratings could lead to greater risk with respect to refinancing our debt and would likely increase our cost of borrowing and adversely affect our business, financial condition, results of operations and prospects. Further, any difficulty in obtaining, or failure to obtain, sufficient funding in a timely manner could result in the delay, or abandonment of our growth plans.

38. Our manufacturing operations may experience business interruptions, production curtailment, loss of assets or shortage or non-availability of essential utilities, such as electricity and water.

Substantial part of our revenue is derived from products manufactured at our manufacturing facilities, due to which, any disruption in the functioning of our manufacturing facilities may result in production shutdowns. While we have not experienced any such material instance in the past, these facilities are subject to breakdown or failure of machineries. The occurrence of these risks could significantly affect our results of operations. Further, interruptions in production at any of our manufacturing facilities may cause our productivity and results of operations to decline significantly during the affected period and may also adversely impact customer relationships. We are dependent on several critical equipment and machinery, the failure of which or an occasion when such equipment/ machinery is out of service or become damaged or destroyed as a result of strikes, unanticipated failures, severe weather conditions, natural disasters, accidents or force majeure events may also significantly impact our operations.

Similarly, accidents such as fires, explosions, mechanical failures, power outages, uncontrolled spills or releases of hazardous substances and other accidents associated with the manufacturing of our products may disrupt our operations and result in a loss of manufacturing assets. In the event of an extended production interruption, we may be unable to fulfil customer orders in a timely manner, which may result in losing business volume and jeopardising customer relationships and may have a material adverse impact on our business, results of operations and financial condition. As our customers rely significantly on the timely delivery of our products in terms of our contractual arrangements with them, our ability to carry on interruption free production of our products is critical to our business.

Our operations are also dependent on continuous supply of electricity and water. While our power requirements are met through local state power grids and we have alternate power arrangements in place for each of our manufacturing facilities, we cannot assure you that these will be sufficient and, or, that we will not face a shortage of electricity despite these arrangements. Furthermore, while water is procured from sources operated by the relevant state government, any shortage or non-availability of water could result in the temporary shutdown of a part, or all, of our operations at the location experiencing a shortage. Such shutdowns could, particularly if they are for prolonged periods, have an adverse effect on our business, results of operations and financial condition. Moreover, if we are required to operate for extended periods of time on diesel-generator sets or if we are required to source water from third parties, our cost of operations would be higher during such period which could have an adverse impact on our profitability.

39. We have certain contingent liabilities, which if they materialise, may adversely affect our financial condition, cash flows and results of operations.

As of March 31, 2023, our Audited Consolidated Financial Statements disclosed the following contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

(in ₹ crores)

Particulars	As at March 31, 2023
Claims against the Group not acknowledged as debts	1.35
Sales tax matters	53.54
Excise duty matters	4.90
Service tax matters	121.63
Income tax matters	137.89
GST matters	1.78
Total	**321.09**

Our contingent liabilities may become actual liabilities and if a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future.

If at any time we are compelled to realize all or a material proportion of these contingent liabilities, it would have a material and adverse effect on our business, financial condition and results of operations.

40. *We may, from time to time, evaluate strategic acquisitions, the success of which are inherently uncertain.*

As part of our business expansion strategy, we may from time to time evaluate strategic transactions, joint ventures and business alliances in India and abroad including the submission of bids (including binding bids) for a particular target company, tender, business opportunity, project, contract or asset and the negotiation of legal and commercial contracts and other items with respect thereto. Although we generally conduct business, financial and legal due diligence in connection with the evaluation of future business, joint venture, business alliances or acquisition opportunities, there can be no assurance such due diligence investigations will identify every matter that could have a material adverse effect on us should the acquisition, joint venture or business alliance take place. These include the possibility that the acquired business, joint venture, business alliance or asset does not perform, the possibility that the price paid for the acquisition or investment so made are more than the value that can be derived from such acquisition, joint venture or business alliance and the risk of cash flow stress and the incurrence of additional indebtedness to finance, the acquisition, joint venture or business alliance may crystallise. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

41. *Information relating to the historical installed capacity and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document is based on various assumptions and estimates and our future production and capacity may vary.*

Information relating to the historical installed capacity and capacity utilization of our manufacturing facilities, as disclosed in "*Our Business – Capacity and Capacity Utilization*" on page 186 of this Preliminary Placement Document is based on various assumptions and estimates of our management and an independent chartered engineer, including assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. Actual production volumes and capacity utilization rates may differ significantly from the estimated production capacities of our manufacturing facilities. Investors should therefore not place undue reliance on our historical installed capacity information of our existing manufacturing facilities included in this Preliminary Placement Document.

Further, if we are unable to achieve and, consistently maintain, higher levels of capacity utilisation or if our capacity utilisation falls below the current levels, our revenues and profitability could be adversely affected. In addition, lower manufacturing capacity could also adversely impact our ability to attract additional customers and grow our business. We cannot assure you that we will successfully implement new technologies effectively or adapt our systems to emerging industry standards.

42. *We have entered into, and will continue to enter into, related party transactions that may potentially involve conflicts of interest.*

We have in the course of our business entered into and intend on continuing to enter into transactions with related parties. Our related party transactions include purchase of goods and services, sales of goods and services, compensation paid, reimbursement of expenses and dividend from other group companies. For further details of our related party transactions, see "*Related Party Transactions*" on page 43.

While we believe that all such transactions have been conducted on in the normal course of business, on an arm's length basis and in accordance with the SEBI Listing Regulations, we cannot assure you that we could not have achieved more favourable terms had such transactions not been entered into with related parties. It is likely that we may enter into related party transactions in the future. We cannot assure you that our existing agreements and any such future transactions, will be in the interest of our Company and minority shareholders and in compliance with the SEBI Listing Regulations and individually or in the aggregate, or will not have an adverse effect on our financial condition and results of operations. Furthermore, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. There can be no assurance that we will be able to address such conflicts of interest or others in the future.

43. We may not be able to adjust our manufacturing capacity in line with demand for our products and under-utilization of our manufacturing capacities may have an adverse effect on our business, future prospects and future financial performance.

We plan our manufacturing capacity a few years in advance on the basis of expected sales developments. If we overestimate demand for our products, there is a risk that available capacity will be underutilised, while pessimistic forecasts could result in insufficient capacity to meet demand. Lower than planned capacity utilisation results in lower returns on the capital invested in building such capacity and in reduced profit margins, whereas insufficient capacity could result in losing business and customer dissatisfaction. This requires us to continuously adjust manufacturing capacity at our facilities. However, we may not be able to adjust manufacturing capacity sufficiently and in the timeframe required if demand fluctuates beyond our organisational and technical flexibility. Any restructuring measures could lead to significant one-time costs. The occurrence of any of these events could have a material adverse effect on our business, results of operation, financial condition and prospects. For further information, see "*Our Business – Capacity and Capacity Utilization*" on page 186.

Our capacity utilization is affected by the availability of raw materials, industry and market conditions as well as by the product requirements of, and the procurement practice followed by, our customers. In the event that we are unable to achieve full capacity utilization of our current manufacturing facilities, this would result in operational inefficiencies which may have an adverse effect on our business, financial condition, cash flows, future prospects and future financial performance. For further details in relation to our capacity utilization, see "*Our Business – Our Manufacturing Facilities*" on page 185.

Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, could adversely impact our business, growth prospects and future financial performance. In addition, we have made, and may continue to make significant investments in our manufacturing facilities. Our expected return on capital invested is subject to, among other factors, the ability to ensure satisfactory performance of personnel to further grow our business including on account of slow penetration of the room air conditioner industry, our ability to absorb additional infrastructure costs and utilize the expanded capacities as anticipated. In case of oversupply in the industry or lack of demand, we may not be able to utilize our capacity efficiently.

44. If we fail to maintain an effective system of internal controls and processes, we may not be able to successfully manage, or accurately report, our financial risks.

We have adopted Committee of Sponsoring Organizations (COSO) 2013 framework to ensure robust internal financial controls exist in our operations, financial reporting and compliance, maintaining these internal controls and processes are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls or processes that we may implement, or our level of compliance with such controls or processes, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our internal controls and processes will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls or processes. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls or processes may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

45. Orders in our order book may be delayed, modified or cancelled, and letters of intent may be withdrawn or may not translate to confirmed orders.

As of June 30, 2023, we had a carry forward order book of ₹ 5,359.05 crores. However, our order book does not necessarily indicate future earnings related to the performance of those contracts or projects. Further, the order book projects only represent business that we consider "firm", although cancellations or unanticipated variations or scope or schedule adjustments of these orders may occur. Due to changes in project scope and schedule, we cannot predict with certainty when, or if the projects in our order book will be performed. In addition, when a project proceeds as scheduled, it is possible that our customers may default and fail to pay amounts due. We cannot guarantee that the income anticipated in our order book will be realized on time, or at all. Any project cancellations or scope adjustments, which may occur from time to time, could impact the amount of our order book and the income and profits that we ultimately earn from the contracts. For instance, in the ordinary course of business the scope of orders is amended based on revised requirements of clients at the time of execution of the project. Further, we have not had any project cancellations in the past and there can be no assurance that the same will not occur in the future. Any delay, cancellation or payment default in our order book could have a material adverse effect on our business, results of operations and financial condition.

46. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in certain years or in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. For details in relation to dividends paid in Fiscals 2023, 2022 and 2021, see "*Dividends*" on page 98. Additionally, under some of our loan agreements, we are not permitted to declare any dividends, if there is a default under such loan agreements. Accordingly, realization of a gain on shareholders' investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value or having appreciated, will not get impaired for any reasons whatsoever. Further, our Promoters will continue to hold a significant portion of our post-Issue paid-up Equity Share capital and will have a significant ability to control the payment and, or, the rate of dividends. Therefore, we cannot assure you that our Company will be able to declare dividends, of any particular amount or with any frequency in the future.

47. ***Our Promoters, certain Directors, Key Managerial Personnel and Senior Management have interests in our Company other than normal remuneration or benefits or reimbursement of expenses incurred.***

Our Promoters, certain Directors, Key Managerial Personnel and certain of our Senior Management Personnel are interested to the extent in our Company, in addition to regular remuneration or benefits and reimbursement of expenses. They hold Equity Shares pursuant to which they may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For further information on the interest of our Promoters, Directors, Key Managerial Personnel and Senior Management, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Board of Directors and Senior Management*" and "*Shareholding Pattern of our Company*" on pages 196 and 205.

48. ***We have in this Preliminary Placement Document included certain Non-GAAP Financial Measures that may vary from any standard methodology that is applicable across our industry and may not be comparable with financial information of similar nomenclature computed and presented by other companies.***

Certain Non-GAAP Financial Measures relating to our operations have been included in this Preliminary Placement Document. For more information on the non-GAAP financial measures used in this Preliminary Placement Document, see "*Presentation of financial and other information — Non-GAAP Financial Measures*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Certain Non-GAAP Financial Measures*", on pages 17 and 114, respectively. We compute and disclose such Non-GAAP Financial Measures as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of companies in our industry, many of which provide such Non-GAAP Financial Measures and other industry related statistical and operational information. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited and restated financial statements as reported under applicable accounting standards disclosed elsewhere in this Preliminary Placement Document.

These Non-GAAP Financial Measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and are not measures of operating performance or liquidity defined by generally accepted accounting principles, and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other manufacturing companies.

EXTERNAL RISK FACTORS

Risks Relating to India

49. Our growth depends on the sustained growth of the Indian economy and may be impacted by an economic slowdown in India.

Macroeconomic factors that affect the Indian and global economy have an impact on our business. Factors that may adversely impact the Indian economy, and hence our results of operations, may inter *alia* include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters or outbreak of an infectious diseases, such as COVID-19;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- any downgrading of India's debt rating by a domestic or international rating agency.

Our financial condition and results of operations depend significantly on worldwide economic conditions, as demand for our products depends on the general economy and level of activity and growth in the industries where we operate or serve. As a result, we are dependent on prevailing economic conditions in India and abroad and our results of operations are affected by factors influencing the Indian and global economy.

Our performance and the growth of our business also depends on the performance of the economies of the regional markets we serve from our Indian manufacturing facilities. Any slowdown or perceived slowdown in the Indian economy or those of our regional markets, could adversely impact our business, results of operations and financial condition.

50. We are subject to changes in Indian taxation laws or their interpretation.

Any change in Indian tax laws could adversely affect our operations. The government of India announced the union budget for Fiscal 2024 and the finance bill in the Lok Sabha on February 1, 2023. The finance bill has received assent from the President of India on March 30, 2023 and has been enacted as the Finance Act, 2023. The Finance Act, 2023 proposes various amendments to taxation laws in India. Any such and future amendments may affect certain benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us.

Furthermore, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Similarly, the Finance Act, 2020, had notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and exemption from dividend distribution tax ("**DDT**"), in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020.

We cannot predict whether any new tax laws or regulations impacting our operations will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

51. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Furthermore, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

52. Civil unrest, terrorist attacks and war would affect our business.

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. In the past, India has had military confrontations and experienced cases of ceasefire violations with Pakistan and has had territorial and border disputes with neighbouring countries such as China. We cannot predict how these or similar geopolitical events will pan out in future, however such geopolitical events may have negative impact on the Indian economy and our business, operation and the market for the Equity Shares. Additionally, some of India's neighbouring countries have experienced, or are currently experiencing, internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the Equity Shares.

53. Our business may be adversely impacted by natural calamities or unfavourable climatic changes, health epidemics or pandemics.

Natural disasters such as floods, earthquakes, famines and droughts have in the past had a negative impact on the Indian economy. Furthermore, health epidemics and pandemics like the recent COVID-19 pandemic have also affected the Indian economy negatively. If any such natural disaster, unfavourable climatic changes or health epidemics and pandemics were to occur or continue, our business could be affected due to the event or due to the inability to effectively manage the effects of the particular event. India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Prolonged spells of abnormal rainfall, draught and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect our business and the price of our Equity Shares.

Our manufacturing facilities are in high impact seismic zone which is prone to earthquakes or in cyclone prone area which is exposed to disruption including floods resulting in significant interruption on daily production and logistics which may materially and adversely affect our business, results of operations, cash flows and prospects.

Further, in either of the instances mentioned above, normal business operations may be impacted and restoration of normalcy could take significant time which may adversely affect our business, results of operations and financial condition.

54. We may be affected by any adverse application or interpretation of competition law in India.

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India (the "**CCI**"). Any breach of the provisions of the Competition Act, may attract substantial monetary penalties.

Consequently, all agreements entered into by us could be within the purview of the Competition Act. Furthermore, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently a party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, results of operations and financial condition.

55. Any downgrading of India's sovereign rating by an international rating agency may affect our business and our liquidity.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a 'stable' outlook (Moody's), BBB– with a 'stable' outlook (S&P) and BBB with a 'stable' outlook (Fitch). Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our growth, financial performance and our operations.

56. Investors may have difficulty enforcing foreign judgments in India against our Company or our management.

Our Company is a public limited company incorporated under the laws of India. Most of our Company's Directors and executive officers named herein are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process on our Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For further information on recognition and enforcement of foreign judgments in India, please see "*Enforcement of Civil Liabilities*" on page 22.

A party seeking to enforce a foreign judgment in India may be required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

57. We may be subject to changes in legislation or policies applicable to our Company.

Our Company's business and operations are governed by various laws and regulations. Our Company's business and financial performance could be materially adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to the business. The Government or state governments could implement new regulations and policies, which could require our Company to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our Company's business, prospects, financial condition and results of operations.

The Government of India has recently introduced (a) the Code on Wages, 2019 ("**Wages Code**"); (b) the Code on Social Security, 2020 ("**Social Security Code**"); (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020, which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future. For example, the Social Security Code aims to provide uniformity in providing social security benefits to employees which were previously segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements (including online and digital platforms), such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits and old age protection, under schemes framed under the Social Security Code from time to time. The Social Security Code also provides that such schemes may, inter alia, be partly funded by contributions from online platforms. Further, the Wages Code limits the amounts that may be excluded from being accounted toward employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the wages payable to employees. The implementation of such laws has the ability to increase our employee and labour costs, thereby adversely impacting our profit margins, results of operations, cash flows, business and financial performance.

Risks relating to the Equity Shares and the Issue

58. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on NSE and BSE, which would adversely affect your ability to sell the Equity Shares. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

59. The trading volume and market price of the Equity Shares may be volatile following the Issue, and you may not be able to sell your Equity Shares at or above the Issue Price.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- actual or anticipated variations in our results of operations, including compared to expectations of securities analysts and investors and those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by analysts and investors;
- announcements about our earnings that are not in line with analyst expectations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- complaints from our customers, shortages or interruptions in the availability of raw materials, or reports of incidents of tampering of raw materials;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of senior management;
- changes in our shareholder base;
- changes in our dividend policy;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the public's reaction to our press releases, other public announcements, and filings with the regulator;
- adverse media reports about us or our industry;
- changes / volatility in exchange rates;
- changes in the regulatory and legal environment in which we operate;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Any of these factors listed above could result in large and sudden changes in the volume and trading price of the Equity Shares and adversely affect the price of the Equity Shares. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell the Equity Shares at or above the Issue Price. Furthermore, the Issue Price which will be determined by our Company in consultation with the Lead Manager may not be necessarily indicative of the market price of the Equity Shares after this Issue is complete.

60. An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of allotment of such Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in the Issue, investors subscribing the Equity Shares in the Issue may only sell such Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of such Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares subscribed by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares subscribed by investors.

61. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments or dividend paid thereon in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Furthermore, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

62. Any future issuance of Equity Shares or other equity linked instruments by us may dilute your shareholding. Furthermore, any such further issuance of our securities and/or sale of Equity Shares by the Promoters or members of our Promoter Group may adversely affect the trading price of our Equity Shares.

We cannot assure you that we will not issue additional Equity Shares. Any future equity issuances by us, including a primary offering of Equity Shares or securities linked to Equity Shares may lead to the dilution of your shareholding in our Company. Furthermore, any future equity issuances by us or sale of our Equity Shares by the Promoters or members of our Promoter Group or any of our other principal shareholders or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

63. There may be less information available about companies listed on Indian securities markets than companies listed on securities markets in other countries.

There may be less publicly available information about Indian public companies, including our Company, than that is regularly disclosed by public companies in other countries with more mature securities markets. There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in those markets, and that of markets in other more developed economies. In India, while there are certain regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian companies than is regularly made available by public companies in many developed economies. As a result, you may have access to less information about our business, results of operations and financial condition, and those of our competitors that are listed on the Stock Exchanges, on an ongoing basis, than you may in the case of companies subject to the reporting requirements of certain other countries.

64. Under Indian law, foreign investors are subject to investment restrictions that may limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Furthermore, the Indian Government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian Government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian Government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 240.

65. Differences exist between Ind AS and other accounting principles, such as IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results have been prepared and presented in conformity with Ind AS. Ind AS differs in certain respects from IFRS and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

66. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act 2013, as amended ("**Companies Act**"), a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

67. Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operations and financial condition of our Company, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

68. Our Equity Shares are quoted in Indian rupees in India and investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees and subsequently may need to be converted into the relevant foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, foreign investors that seek to sell Equity Shares will have to obtain approval from the RBI, unless the sale is made on a stock exchange or in connection with an offer made under regulations regarding takeovers. Any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The volatility of the Indian rupee against other currencies may subject investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks.

69. Your ability to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in this Preliminary Placement Document and the Placement Document.

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction, including India. In particular, the Equity Shares offered in this Issue have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and are being offered and sold only outside the United States in offshore transactions as defined in, and in accordance with Regulation S under the Securities Act. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively. Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth in this Preliminary Placement Document.

70. SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

Our Company is subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historic volatility in the price and trading volume of the Equity Shares. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE and NSE since September 18, 1969 and June 15, 2000, respectively. As on the date of this Preliminary Placement Document, 19,26,27,776 Equity Shares have been issued, subscribed and paid up.

As of September 15, 2023, the closing price of the Equity Shares on BSE and NSE was ₹ 795.65 and ₹ 794.70 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for the following periods:

(i) 12 months period commencing from April 1, 2022 and ending on March 31, 2023;
(ii) 12 months period commencing from April 1, 2021 and ending on March 31, 2022; and
(iii) 12 months period commencing from April 1, 2020 and ending on March 31, 2021.

BSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in Crores)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in crores)**	**Average price for the year (₹)**
2023	1,520.10	March 10, 2023	8,551	1.30	873.65	July 6, 2022	2,43,269	21.29	1,157.84
2022	1,103.85	February 16, 2022	15,405	1.67	768.55	August 30, 2021	7,157	0.55	913.12
2021	948.60	March 08, 2021	26,477	2.55	442.75	April 1, 2020	3,165	0.14	651.27

(Source: www.bseindia.com)

Notes:

1. *High price, low price indicates and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE									
Fiscal	**High (₹)**	**Date of high**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in Crores)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in Crores)**	**Average price for the year (₹)**
2023	1,517.50	March 10, 2023	1,11,408	16.96	875.0	July 6, 2022	3,69,652	32.36	1,157.96
2022	1,107.05	February 16, 2022	2,72,914	29.64	768.50	August 27, 2021	67,562	5.21	913.28
2021	947.70	March 08, 2021	2,84,822	27.31	440.50	April 3, 2020	38,381	1.71	651.24

(Source: www.nseindia.com)

Notes:

1. *High price, low price indicates and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(ii) The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month	**High (₹)**	**Date of High**	**No. of Equity Shares traded on date of high**	**Total Turnover of Equity Shares traded on date of high (₹ in Crores)**	**Low (₹)**	**Date of Low**	**No. of Equity Shares traded on date of low**	**Total Turnover of Equity Shares traded on date of low (₹ in Crores)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹)**
August, 2023	783.70	August 1, 2023	19,699	1.57	704.80	August 25, 2023	9,320	0.66	743.94	1,39,937	10.45

BSE											
Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in Crores)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in Crores)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
July, 2023	793.55	July 19, 2023	1,859	0.15	765.45	July 28, 2023	2,914	0.22	784.40	1,34,167	10.50
June, 2023 (post-bonus)	799.85	June 21, 2023	14,458	1.15	767.35	June 30, 2023	16,840	1.30	784.28	81,854	6.43
June, 2023 (pre- bonus)	1,538.75	June 14, 2023	4,770	0.73	1,440.75	June 2, 2023	4,619	0.66	1,483.40	76,976	11.49
May, 2023	1,471.35	May 29, 2023	4,498	0.66	1,389.30	May 23, 2023	1,862	0.26	1,431.08	1,25,520	18.09
April, 2023	1,513.60	April 24, 2023	12,027	1.81	1,386.65	April 3, 2023	3,910	0.54	1,460.57	80,242	11.75
March, 2023	1,520.1	March 10, 2023	8,551	1.30	1,371.95	March 29, 2023	1,710	0.24	1,448.66	1,11,372	16.32

(Source: www.bseindia.com)

Notes:

1. *High price, low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
4. *On June 21, 2023, our Company allotted 9,63,13,888 Equity Shares pursuant to a bonus issue in the ratio of one Equity Share for every one Equity Share held by the existing Shareholders and June 20, 2023 being the record date for such issuance.*

NSE											
Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnove r of Equity Shares traded on date of high (₹ in Crores)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in Crores)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹)
August, 2023	784.15	August 1, 2023	1,61,872	12.86	704.70	August 25, 2023	3,00,510	21.31	744.31	30,35,801	225.50
July, 2023	795.20	July 13, 2023	1,29,549	10.25	764.25	July 28, 2023	68,774	5.27	784.70	23,53,954	184.31
June, 2023 (post-bonus)	800.30	June 21, 2023	1,68,405	13.43	767.10	June 30, 2023	1,52,483	11.76	783.97	22,09,105	173.98
June, 2023 (pre- bonus)	15,38.20	June 14, 2023	1,85,784	28.60	1,441.30	June 5, 2023	60,067	8.64	1,483.83	14,79,121	221.38
May, 2023	14,71.25	May 29, 2023	1,23,733	18.13	1,388.85	May 23, 2023	50,595	7.07	1,431.42	41,21,344	593.28
April, 2023	15,15.75	April 24, 2023	78,438	11.80	1,387.85	April 3, 2023	98,228	13.46	1,461.19	12,88,882	187.79
March, 2023	15,17.50	March 10, 2023	1,11,408	16.96	1,373.25	March 29, 2023	1,08,184	14.94	1,448.72	19,84,343	290.09

(Source: www.nseindia.com)

Notes:

1. *High price, low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
4. *On June 21, 2023, our Company allotted 9,63,13,888 Equity Shares pursuant to a bonus issue in the ratio of one Equity Share for every one Equity Share held by the existing Shareholders and June 20, 2023, being the record date for such issuance.*

(iii) The following tables set forth the market price on the Stock Exchanges on August 4, 2023, the first working day following the approval of the Board for the Issue:

BSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in Crores)
760.05	769.05	759.85	762.60	9,238	0.71

(Source: www.bseindia.com)

NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in Crores)**
765.00	769.40	759.20	762.45	2,80,046	21.43

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The gross proceeds of the Issue will aggregate up to ₹ 1,000.00 crore. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹ [●] crore, shall be approximately ₹ [●] crore ("**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we intend to utilise the Net Proceeds towards the following objects:

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company;
2. Investment into our Subsidiary, Blue Star Climatech Limited ("**Blue Star Climatech**"), for repayment or pre-payment, in full or in part, of certain outstanding borrowings availed by Blue Star Climatech;
3. Investment into our Subsidiary, Blue Star Climatech, for financing the cost towards the expansion of the Sri City Facility ("**Expansion of Sri City Facility**"); and
4. General corporate purposes,

(collectively, referred to hereinafter as the "**Objects**").

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enable us to undertake the Objects contemplated by us in this Issue.

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(in ₹ crore)

S. No.	Particulars	Amount
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	565.56
2.	Investment into our Subsidiary, Blue Star Climatech, for repayment or pre-payment, in full or in part, of certain outstanding borrowings availed by Blue Star Climatech	169.44
3.	Investment into our Subsidiary, Blue Star Climatech, for financing the cost towards the Expansion of Sri City Facility	125.00
4.	General corporate purposes(1)	[●]
Total Net Proceeds(2)		[●]

(1) *The amount to be utilised for general corporate purposes alone shall not exceed 25% of the gross proceeds of the Issue.*
(2) *To be determined upon finalisation of the Issue Price.*

In the event of a change in the final Issue size, the amounts shown in the table above against each of the use of proceeds specified therein shall be modified basis the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(in ₹ crore)

S. No.	Particulars	Amount to be funded from Net Proceeds	Estimated amount to be deployed from the Net Proceeds in Fiscal 2024
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	565.56	565.56
2.	Investment into our Subsidiary, Blue Star Climatech, for repayment or pre-payment, in full or in part, of certain borrowings availed by Blue Star Climatech	169.44	169.44
3.	Investment into our Subsidiary, Blue Star Climatech, for financing the cost towards the Expansion of Sri City Facility	125.00	125.00
4.	General corporate purposes(1)	[●]	[●]
Total Net Proceeds		[●]	[●]

(1) *The amount to be utilised for general corporate purposes alone shall not exceed 25% of the gross proceeds of the Issue.*

Our fund requirements, deployment of the Net Proceeds and the intended use of the Net Proceeds indicated above is based on (a) internal management estimates, current circumstances of our business plan and the prevailing market conditions, which are subject to change in the future; and (b) certificate obtained from K.G. Kanaharaj, Chartered Engineer for the building cost, and in relation to the plant and machinery proposed to be purchased towards the Expansion of Sri City Facility ("**Capex CE Certificate**"). However, the deployment of funds described herein, has not been appraised by any bank or financial institution or any other independent agency. See "*Risk Factors – Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any bank or financial institution and any variations in our funding requirements and the proposed deployment of Net Proceeds may affect our business and results of operations. Further, any variation in the utilisation of our Net Proceeds may be subject to certain compliance requirements, including prior shareholders' approval*" on page 57. We may have to revise our fund requirements and deployment on account of a variety of factors such as our financial condition, business and growth strategy and external factors such as market conditions, regulatory climate, competitive environment and interest or exchange rate fluctuations and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure, implementation schedule and funding requirements, including the expenditure for a particular purpose, at the discretion of our management, subject to compliance with the applicable laws.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment, such balance will be used for future growth opportunities, if required, in accordance with applicable laws. In the event that estimated utilization out of the Net Proceeds in a fiscal is not completely met, the same shall be utilized in the subsequent fiscals, as may be decided by our Company, in accordance with applicable laws. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds.

Details of Objects

I. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company

We avail fund-based and non-fund-based facilities in the ordinary course of business from various banks and financial institutions. The borrowing arrangements entered into by us include *inter alia* term loans, working capital facilities and commercial papers. We propose to utilise a portion of the Net Proceeds aggregating to ₹ 565.56 crore for repayment or pre-payment, in full or in part, of certain outstanding borrowings availed by our Company.

To the extent required, our Company has obtained necessary consents from the lenders of these borrowings as per the requirements under the borrowing arrangements. Further, pursuant to the terms of the borrowing arrangements, pre-payment of certain indebtedness may attract pre-payment charges as prescribed by the respective lender. Such pre-payment charges, as applicable, will also be funded out of the Net Proceeds.

The repayment / pre-payment of certain loans by utilizing the Net Proceeds will help reduce our outstanding indebtedness. Further, it will reduce our debt-servicing costs and improve our debt equity ratio.

Details of utilisation

The details of certain outstanding borrowings availed by our Company, proposed for repayment or pre-payment, in full or in part, from the Net Proceeds are set forth below:

S. No.	Name of the lender	Nature of the loan	Purpose of the loan or facility availed as per loan or facility documentation	Amount sanctioned as at August 31, 2023 (₹ in crore)	Outstanding loan amount as at August 31, 2023 (₹ in crore)	Rate of interest as at August 31, 2023 (per annum)	Tenor / Repayment schedule / scheduled repayment date	Prepayment penalty	Whether the loan has been utilized for the purpose for which it has been availed	Security
1.	Axis Bank Limited	Term loan facility	To meet capital expenditure requirements	200.00	150.00	7.75%	5 years	Nil after October 31, 2023	Yes	Unsecured
2.	YES Bank Limited	Commercial paper facility	To meet working capital requirements	100.00	100.00	7.10%	87 days	Not applicable	Yes	Unsecured
3.	ICICI Bank Limited	Commercial paper facility	To meet working capital requirements	100.00	100.00	7.07%	76 days	Not applicable	Yes	Unsecured
4.	Edelweiss Liquid Fund	Commercial paper facility	To meet working capital requirements	50.00	50.00	7.10%	91 days	Not applicable	Yes	Unsecured
5.	ICICI Bank Limited	Commercial paper facility	To meet working capital requirements	100.00	100.00	7.07%	85 days	Not applicable	Yes	Unsecured
6.	Emirates NDB Bank	Commercial paper facility	To meet working capital requirements	75.00	75.00	7.20%	35 days	Not applicable	Yes	Unsecured
7.	YES Bank Limited	Commercial paper facility	To meet working capital requirements	100.00	100.00	7.05%	50 days	Not applicable	Yes	Unsecured
Total					**675.00**					

Notes:

1. As certified by S K Patodia & Associates, Chartered Accountants, the independent chartered accountants appointed by the Company by way of their certificate dated September 18, 2023.

2. Our Company proposes to utilise an amount of ₹ 565.56 crore from the Net Proceeds towards repayment / pre-payment of outstanding borrowings availed by our Company.

3. Our lenders, Axis Bank Limited and ICICI Bank Limited are affiliates of our BLRMs, Axis Capital Limited and ICICI Securities Limited, respectively. For further information, please see "Risk Factors - A portion of the Net Proceeds may be utilized for repayment or pre-payment of certain loans / commercial paper facilities availed by our Company from Axis Bank Limited and ICICI Bank Limited, and for repayment or pre-payment of a loan availed by our Subsidiary, Blue Star Climatech Limited from Axis Bank Limited, which are affiliates of two of the BRLMs to the Issue, Axis Capital Limited and ICICI Securities Limited" on page 58.

II. **Investment into our Subsidiary, Blue Star Climatech, for repayment or pre-payment, in full or in part, of certain outstanding borrowings availed by Blue Star Climatech**

Form of investment

Our Company proposes to invest ₹ 169.44 crore from the Net Proceeds in Blue Star Climatech in the form of investment in either equity or debt instruments or in any other manner as may be mutually agreed between our Company and Blue Star Climatech in accordance with applicable law.

The actual mode of such deployment has not been finalised as on the date of this Preliminary Placement Document.

Nature of benefit

The repayment of the borrowings availed by Blue Star Climatech will help reduce our liabilities and guarantee obligations on a consolidated level and enable utilization of our internal accruals for further investment in the growth and expansion of our business in the future.

Details of utilisation

The details of the loan availed by Blue Star Climatech, proposed for repayment or pre-payment, in full or in part, from the Net Proceeds are set forth below:

S. No.	Name of the lender	Nature of the loan	Purpose of the loan or facility availed as per loan or facility documentation	Amount sanctioned as at August 31, 2023 (₹ in crore)	Outstanding loan amount as at August 31, 2023 (₹ in crore)	Rate of interest as at August 31, 2023 (per annum)	Tenor / Repayment schedule / scheduled repayment date	Prepayment penalty	Whether the loan has been utilized for the purpose for which it has been availed	Security
1.	Axis Bank Limited	Term loan facility	To meet capital expenditure requirements	200.00	93.44	7.85% as on date (Repo + 1.35%)	79 months	Nil on interest reset date. However, on any other date, pre-payment premium of 2% of the amount to be prepaid shall apply	Yes	First *pari passu* charge through hypothecation on movable and immovable fixed assets
2.	Kotak Mahindra Bank Limited	Term loan facility	To meet capital expenditure requirements	80.00	76.00	7.85% as on date (Repo + 1.35%)	78 months	NIL on every quarter end	Yes	First *pari passu* charge through hypothecation on movable and immovable fixed assets
Total					**169.44**					

Notes:

1. As certified by S K Patodia & Associates, Chartered Accountants, the independent chartered accountants appointed by the Company by way of their certificate dated September 18, 2023.

2. Our Company proposes to utilise an amount of ₹ 169.44 crore from the Net Proceeds towards repayment / pre-payment of outstanding borrowings availed by Blue Star Climatech.

3. Blue Star Climatech's lender, Axis Bank Limited is an affiliate of one of our BLRMs, Axis Capital Limited. For further information, please see "Risk Factors - A portion of the Net Proceeds may be utilized for repayment or pre-payment of certain loans / commercial paper facilities availed by our Company from Axis Bank Limited and ICICI Bank Limited, and for repayment or pre-payment of a loan availed by our Subsidiary, Blue Star Climatech Limited from Axis Bank Limited, which are affiliates of two of the BRLMs to the Issue, Axis Capital Limited and ICICI Securities Limited" on page 58.

Our Company proposes to invest ₹ 169.44 crore from the Net Proceeds in Blue Star Climatech and Blue Star Climatech will utilise this amount to repay the above-mentioned term loans obtained from Axis Bank Limited and Kotak Mahindra Bank Limited.

III. Investment into our Subsidiary, Blue Star Climatech, for financing the cost towards the Expansion of Sri City Facility

We are currently in the process of expanding the installed capacity of our Sri City Facility. The land on which the Sri City Facility is set up, was leased to our Company by Sri City Private Limited for a period of 99 years pursuant to a lease deed dated September 15, 2016 ("**Lease Deed**"). However, pursuant to a tripartite agreement dated June 25, 2021 amongst Sri City Private Limited, our Company and our Subsidiary, Blue Star Climatech, our Company assigned all its rights, title, interests and obligations under the Lease Deed to Blue Star Climatech for the balance period of the lease.

Our Company intends to utilise ₹ 125.00 crore of the Net Proceeds towards investment in Blue Star Climatech, to fund the cost of the Expansion of Sri City Facility. Our Company expects to benefit from such investment in Blue Star Climatech as we believe our expansion plans and strategy will allow us to meet the anticipated increase in the demand for our products in the future, enable us to supply to the growing markets more efficiently and drive profitability. Our Sri City Facility is located at close proximity to the ports at Chennai and Krishnapatnam, thereby giving our Company a strategic advantage. In addition, our Company is expected to benefit from the Expansion of the Sri City Facility under the Production Linked Incentive Scheme of the Government of India. For further details regarding our expansion strategy, please see "*Our Business – Strategies – Maintain domestic market position through strategic expansion of manufacturing capabilities and further expand in international markets*" on page 178.

The land on which the proposed Expansion of Sri City Facility is to be undertaken, is spread across a built-up area of 80,963 sq. mt., of which 23,042 sq. mt. is proposed to be utilised for such expansion. In addition, as certified under the Capex CE Certificate, as of March 31, 2023, we had an annual installed production capacity of 3,48,840 units at our Sri City Facility. Pursuant to the proposed expansion, we intend to enhance the annual installed capacity at this manufacturing facility from 3,48,840 units to 6,04,656 units, as certified under the Capex CE Certificate.

The Expansion of Sri City Facility entails: (a) buildings and civil work, and pre-engineered building; (b) procurement and installation of plant and machinery; and (c) utilities.

Estimated Cost

The total estimated cost of the expansion of the manufacturing facility at Sri City is ₹ 266.68 crore, and such cost is based on management estimates in accordance with our business plan, and as specified in the Capex CE Certificate.

Our Company proposes to invest ₹ 125.00 crore from the Net Proceeds in Blue Star Climatech to fund the cost of the Expansion of Sri City Facility and our Company has procured purchase orders / quotations towards the entire amount of ₹ 125.00 crore. This investment shall be in the form of investment in either equity or debt instruments or in any other manner as may be mutually agreed between our Company and Blue Star Climatech, in accordance with applicable law. The actual mode of such deployment has not been finalised as on the date of this Preliminary Placement Document.

The detailed break-down of estimated cost is set forth below:

(in ₹ crore)

S. No.	Item	Total estimated cost towards Expansion of Sri City Facility	Amount proposed to be funded from Net Proceeds
1.	Buildings and civil work, and pre-engineered building	120.05	70.00
2.	Procurement and installation of plant and machinery	127.44	55.00
3.	Utilities	19.19	-
Total		**266.68**	**125.00**

Note:
1. Total estimated cost is as per the certificate dated September 16, 2023 issued by K.G. Kanaharaj, Chartered Engineer.

The fund requirements set out above are proposed to be funded from the Net Proceeds and internal accruals of the Company.

(i) *Buildings and civil work, and pre-engineered building*

Civil works for the proposed expansion includes construction and engineering related work including construction of a building including production areas, laboratories, finished goods storage, water supply, and drainage system. The total estimated cost for buildings and civil work, and pre-engineered building for Expansion of Sri City Facility is ₹ 120.05 crore, as per the Capex CE Certificate. While we have placed purchase orders / obtained quotations amounting to ₹ 77.81 crore, we intend to utilise ₹ 70.00 crore from the Net Proceeds towards buildings and civil work, and pre-engineered building.

The break-up for estimated cost of the buildings and civil work, and pre-engineered building, as per the Capex CE Certificate, is as follows:

S. No.	Particulars	Floor area (square meter)	Construction type	Unit cost of construction (₹ per square meter)	Net cost of construction (in ₹ crore)
	Overall land area	80,963.00			
1.	Production area ground floor (west side)	5,058.90	Pre-engineered building structure	33,769	17.08
2.	Production area ground floor (west side)	2,427.20	Pre-engineered building structure	33,769	8.20
3.	Production area ground floor (north side)	11,629.04	Pre-engineered building structure	33,769	39.27
4.	Production area mezzanine floor (north side)	3,526.84	Pre-engineered building structure	33,769	11.91
5.	Scrap yard	400.00	Steel structure	33,769	1.35
Total		**23,041.98**			**77.81**

Note:
1. As certified by K.G. Kanaharaj, Chartered Accountant by way of its certificate dated September 16, 2023.

(ii) *Procurement and installation of plant and machinery*

The total estimated cost for procurement and installation of plant and machinery for Expansion of Sri City Facility is ₹ 127.44 crore, as per the Capex CE Certificate. While we have placed purchase orders / obtained quotations amounting to ₹ 55.39 crore, we intend to utilise ₹ 55.00 crore from the Net Proceeds towards procurement and installation of plant and machinery.

An indicative list of such plant and machinery that is intended to be purchased, along with details of the purchase orders / quotations received in this respect are set forth below, which has been certified by K.G. Kanaharaj, Chartered Engineer, pursuant to the Capex CE Certificate:

S. No.	Description	Cost per unit (in ₹ unless otherwise specified)	Cost per unit (in ₹ crore)	Quantity	Amount (in ₹ crore)	Name of the vendor / supplier	Date of quotation / purchase order	Validity of quotation / purchase order	Country of vendor
1.	Coil drying oven with accessories, spare and freight	52,55,800	0.53	2	1.05	Rane Domestic Appliances	July 7, 2023	-	India
2.	Fin Press with Die 5 & 7 mm, accessories and spare parts	259,000,000 JPY	14.67	1	14.67	Hosoda Limited	May 23, 2023	-	Japan
3.	Auto brazing machine	49,602 USD	0.41	2	0.82	Jaehyun Autonics	July 3, 2023	-	South Korea
	Accessories for auto brazing machine	6,662 USD	0.06	2	0.11				
4.	OMS vertical expander- 4 stage 7mm and 5 mm	1,88,000 USD	1.55	2	3.11	Zhongshan OMS Trading Co. Ltd	July 4, 2023	-	China
5.	Hairpin bender machine 7mm	78,500 USD	0.65	1	0.65	Jdm Jingda Machine (Ningbo) Co., Lt	August 12, 2023	-	China
	Hairpin bender machine 5mm	78,500 USD	0.65	1	0.65				
	Black tube sensor	8,500 USD	0.07	2	0.14				
6.	Press machines 300 Ton	1,47,000 USD	1.22	5	6.08	Kriti Global Pte Ltd	July 21, 2023	-	Singapore
7.	Loading / unloading system	36,000 USD	0.30	6	1.79	Kriti Global Pte Ltd	July 31, 2023	-	Singapore
	Double blank destacker	37,200 USD	0.31	1	0.31				
	Additional pick up fingers	450 USD	0.00	12	0.04				
8.	EOT crane	26,00,000	0.26	1	0.26	Times Industrials Engineers Private Limited	August 28, 2023	-	India
9.	RTD calibrator	10,21,725	0.10	1	0.10	Premier Test-Cal Systems	August 29, 2023	-	India
	NABL calibration certificate	14,725	0.00	1	0.00				
	Packing and forwarding	7,800	0.00	1	0.00				
10.	Helium leak testing machine	1,72,50,000	1.73	1	1.73	Tekman India Private Limited	November 27, 2021	-	India
11.	Powder coating booth for phase 2	1,48,00,000	1.48	1	1.48	Nordson India Private Limited	September 6, 2023	-	India
12.	Spray pretreatment for HWR, powder coating line, conveyor system	66,95,000	0.67	1	0.67	Crescent Techno Solutions Private Limited	September 11, 2023	-	India
13.	Amada weld controller	28,30,000	0.28	1	0.28	Awada Weld Tech India Private Limited	August 30, 2023	-	India
14.	PROMAX-F2 evacuation and charging station	54,894 EUR	0.50	2	0.99	Agramkow Asia Pacific Pte Ltd	September 8, 2023	October 20, 2023	Singapore
	PROMAX-F evacuation and charging station	42,720 EUR	0.39	1	0.39				
	RS-F RS-controller R32 refrigerant supply system with bottle changeover	21,952 EUR	0.20	2	0.40				
	RS-F R-32 refrigerant supply pump (standby)	12,496 EUR	0.11	1	0.11				

S. No.	Description	Cost per unit (in ₹ unless otherwise specified)	Cost per unit (in ₹ crore)	Quantity	Amount (in ₹ crore)	Name of the vendor / supplier	Date of quotation / purchase order	Validity of quotation / purchase order	Country of vendor
	RS-F RS-controller R290 refrigerant supply system with changeover	21,952 EUR	0.20	1	0.20				
	RS-F R-290 refrigerant supply system standby	12,496 EUR	0.11	1	0.11				
	Accumulator-F 10.0 I	4,496 EUR	0.04	5	0.20				
	SAFE-EN master safety supervision system	34,123.50 EUR	0.31	1	0.31				
	SAFE-EN master safety supervision system	33,106.50 EUR	0.30	1	0.30				
	Drop-box	5,175 EUR	0.05	1	0.05				
	Valve-box	1,701 EUR	0.02	1	0.02				
	Test bottle	1,000 EUR	0.01	2	0.02				
	Blow-off unit	4,495.50 EUR	0.04	1	0.04				
	Set of cables	4,950 EUR	0.04	1	0.04				
15.	Conveyor for ODM assembly line and accessories	3,60,53,000	3.61	1	3.61	Sua Automation Private Limited	September 9, 2023	October 8, 2023	India
16.	Chin Fong brand 600 tons straight sided transfer mechanical press	1,800,000 USD	14.88	1	14.88	Kriti Global Pte Ltd	September 1, 2023	October 1, 2023	Singapore

Notes:

1. As certified by K.G. Kanaharaj, Chartered Accountant by way of its certificate dated September 16, 2023.

2. The purchase orders / quotations for certain equipment are in foreign currencies such as Japanese Yen, Euro and U. S. Dollar.

3. The conversion rates have been considered as of August 31, 2023 (Source: www.rbi.org.in).

(iii) ***Utilities***

In addition to the above, Blue Star Climatech shall also be required to undertake expenditure towards utilities including, goods lift, substation and transformer, fire sprinkler system with wet riser, LAN system, automatic fire alarm system, access control systems and services (electrical, water supply and sanitary). Such utilities are in addition to the existing utilities used for the purposes of the existing manufacturing facility. While the identified expenditure towards utilities amounts to ₹ 19.19 crore, we do not intend to utilise the Net Proceeds towards expenditure for such utilities.

Other expenses

If there is any increase in the estimated costs as mentioned above, the additional costs shall be met from our Company's internal accruals.

We are yet to place orders for 38.74% of the plant and machinery (in terms of the aggregate estimated cost of plant and machinery to be funded through the Net Proceeds for the proposed Expansion of Sri City Facility), amounting to ₹ 21.46 crore and have obtained quotations from various vendors to this extent.
The quotations received from vendors for certain of the equipment in relation to the proposed Expansion of Sri City Facility are valid as on the date of this Preliminary Placement Document. However, we have not entered into any definitive agreements with the vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment. If there is any increase in the costs of equipment, the additional costs shall be paid by our Company from its internal accruals. The quantity of equipment and other materials to be purchased is based on management estimates and our Company shall have the flexibility to deploy such equipment according to the business requirements of such facilities and based on the estimates of our management. For further details, see "*Risk Factors - Any variations in our funding requirements and the proposed deployment of Net Proceeds may affect our business and results of operations*".

No second-hand or used machinery is proposed to be purchased out of the Issue proceeds.

Government approvals

As on the date of this Preliminary Placement Document, we have not commenced the civil and construction work in relation to the Expansion of Sri City Facility.

In relation to the Expansion of Sri City Facility, we are required to obtain routine approvals from various governmental, regulatory and statutory authorities including building plan approval, consent to establish (air and water), electrical drawings approval, no objection certificate for fire safety, all of which will be obtained prior to the commencement of construction, and labour license for construction, final approvals for all electrical equipment and for operating the plant, fire-fighting equipment, layout approval from inspector of factories and consent to operate (air and water), all of which will be obtained after completion of construction of the proposed building, as certified by K.G. Kanaharaj, Chartered Engineer, pursuant to the Capex CE Certificate. These approvals would be in line with approvals obtained by us in respect of the facility that is already in place. Construction of the proposed building and utilities has not yet commenced as of the date of this Preliminary Placement Document and accordingly, no approvals are required to be obtained as of such date.

While we do not require any further licenses / approvals from any governmental authorities at this stage of the proposed Expansion of Sri City Facility, we will apply for all such necessary approvals that we may require at future relevant stages. In the event of any unanticipated delay in receipt of such approvals, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly. For details, see "*Risk Factors – We are subject to stringent environmental laws and regulations in India, which may subject us to increased compliance costs, and which may in turn result in an adverse effect on our financial condition. We also require certain licenses, permits and approvals under such laws and regulations in India in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially affect our operations*" on page 50.

IV. General corporate purposes

Our Company intends to deploy ₹ [●] crore from the Net Proceeds towards our general corporate purposes, as approved by our management, from time to time, subject to such amount not exceeding 25% of the gross proceeds of the Issue, in compliance with the applicable laws. Such general corporate purposes may include, but are not restricted to, funding growth opportunities, business development initiatives, meeting expenses incurred in the ordinary course of business, making payments to vendors and towards any exigencies or any other purpose, as may be approved by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

If the Net Proceeds are not completely utilised for the purposes stated hereinabove by such periods due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in construction or procuring equipment; (iv) receiving the necessary approvals; and (v) other commercial considerations, the same would be utilised (in part or full) in the subsequent periods as may be decided by our Board, in accordance with applicable laws.

The use of proceeds indicated hereinabove is based on management estimates, current circumstances of our business and the prevailing market conditions, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency. Subject to applicable law, our management will have flexibility in deploying the Net Proceeds. We may have to revise our funding requirements and deployment from time to time on account of various factors such as financial condition, business strategy and external factors such as market conditions including the competitive environment and interest or exchange rate fluctuations, increase in input costs of construction materials and labour costs, logistics and transport costs, incremental pre-operative expenses, taxes and duties, interest and finance charges, engineering procurement and construction costs, working capital margin, regulatory costs, environmental factors and other external factors which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our Board. For further details, see "*Risk Factors – Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any bank or financial institution and any variations in our funding requirements and the proposed deployment of Net Proceeds may affect our business and results of operations. Further, any variation in the utilisation of our Net Proceeds may be subject to certain compliance requirements, including prior shareholders' approval*" on page 57.

The allocation or quantum of utilisation of funds towards the specific purposes described above will be determined by our management, based on our business requirements and other relevant considerations, from time to time.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds towards the purposes described in this section, our Company intends to deposit the Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in creditworthy instruments, including money market / mutual funds, as approved by the Board and/or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, and the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank.

Monitoring of utilisation of funds

Our Company has appointed CARE Ratings Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt, until such time as the Net Proceeds have been utilized in full or the Objects for which the Net Proceeds were raised have been achieved. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company at https://www.bluestarindia.com, or such other time as may be prescribed under the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document, as certified by the statutory auditors, and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report, after placing the same before the Audit Committee.

Other confirmations

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us.

Neither our Promoters nor our Promoter Group, nor our Directors are making any contribution as a part of the Issue.

Further, neither our Promoters nor our Promoter Group, nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors or Key Managerial Personnel or Senior Management are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as at March 31, 2023 which has been derived from the Audited Consolidated Financial Statements as at March 31, 2023 and as adjusted to give effect to the receipt of the gross proceeds from the Issue and the application thereof.

You should read this table together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 99 and Audited Consolidated Financial Statements included in "*Financial Statements*" on page 270.

(₹ in crores)

S. No.	Particulars	Pre-Issue As at March 31, 2023 (audited consolidated) (Refer Note-1 below)	Post-Issue Amount after considering the Issue (Refer Note-2 & 3 below)
I	**Borrowings:**		
	Current borrowings	415.90	[●]
	Non-current borrowings (including current maturity)	161.74	[●]
	Total borrowings	577.64	[●]
II	**Total equity**		
	Equity Share capital	19.26	[●]
	Other equity (excluding securities premium account)	1,101.24	[●]
	Securities premium account	210.15	
	Total equity attributable to owners of the company	1,330.65	**[●]**
III	**Total capitalization (I+II)**	1,908.29	**[●]**
IV	**Debt - equity ratio**	0.43	**[●]**

Notes:

1. *Amounts derived from the Audited Consolidated Financial Statements as at and for the financial year ended March 31, 2023.*
2. *The figures to be included under post-Issue column relating to the shareholder's fund shall be derived after considering the impact due to the Issue of the Equity Shares only through the qualified institutions placement assuming that the Issue will be fully subscribed and does not include any other transactions or movements / Issue related expenses.*
3. *Will be finalized upon the determination of Issue Price.*
4. *On June 21, 2023, our Company allotted 9,63,13,888 Equity Shares pursuant to a bonus issue in the ratio of one Equity Share for every one Equity Share held by the existing Shareholders.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

(in ₹ crores, except share data)

		Aggregate value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	28,36,00,000 Equity Shares	57.50*
	5,20,000 cumulative compulsorily convertible preference shares having a face value of ₹ 10.00 each	
	10,000 cumulative preference shares having a face value of ₹ 100.00 each	
B	**ISSUED SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	19,26,27,776 Equity Shares	38.53
C	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT (1)**	
	Up to [●] Equity Shares (1)	[●]
D	**ISSUED SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares (2)	[●]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on date of this Preliminary Placement Document)	190.89
	After the Issue (2)	[●]

**Also includes 16,000 unclassified shares having a face value of ₹ 100.00 each.*

(1) *The Issue has been approved by the Board of Directors on August 3, 2023. Subsequently, our Shareholders, through a special resolution passed by way of a postal ballot, approved the Issue on September 15, 2023.*

(2) *To be determined upon finalization of the Issue Price. The securities premium account after the Issue is calculated on the basis of Gross Proceeds.*

Equity share capital history of our Company

The history of the equity share capital of our Company is set forth below:

Date of issue / allotment	Number of equity shares allotted	Face value per equity Share (₹)	Issue price per equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
January 20, 1949 – June 23, 1969^#	From January 20, 1949 until June 23, 1969, our Company issued and allotted 3,66,000 equity shares. However, our Company is unable to trace the corporate records, including form filings, in relation to such allotments. For further details, see "*Risk Factors – Our Company was incorporated in 1949 and some of the corporate records relating to changes in the share capital and allotments made by our Company are not traceable. Further, our Company has inadvertently disclosed the shareholding of certain members of our Promoter Group under the public shareholding category in the shareholding pattern filed with the Stock Exchanges.*" on page 53.						
September 3, 1969*	2,00,000	10.00	10.00	Cash	Initial public offering	5,66,000	56,60,000
January 30, 1971*	1,41,500	10.00	10.00	Cash	Rights issue in the ratio of one equity share for every four equity shares held	7,07,500	70,75,000
October 2, 1974*	3,850	10.00	10.00	Cash	Conversion of preference shares into equity shares	7,11,350	71,13,500

Date of issue / allotment	Number of equity shares allotted	Face value per equity Share (₹)	Issue price per equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
January 31, 1975	400	10.00	10.00	Cash	Conversion of preference shares into equity shares	7,11,750	71,17,500
October 8, 1975*	2,13,525	10.00	10.00	N.A.	Bonus issue in the ratio of three equity shares for every ten equity shares held	9,25,275	92,52,750
November 22, 1979*	4,62,637	10.00	10.00	N.A.	Bonus issue in the ratio of one equity share for every two equity shares held	13,87,912	1,38,79,120
March 25, 1983*	8,32,747	10.00	10.00	N.A.	Bonus issue in the ratio of three equity shares for every five equity shares held	22,20,659	2,22,06,590
May 8, 1987*	13,32,395	10.00	10.00	N.A.	Bonus issue in the ratio of three equity shares for every five equity shares held	35,53,054	3,55,30,540
March 7, 1991*	35,53,054	10.00	10.00	N.A.	Bonus issue in the ratio of one equity share for every one equity share held	71,06,108	7,10,61,080
May 11, 1993*	28,42,443	10.00	35.00	Cash	Rights issue in the ratio of two equity shares for every five equity shares held	99,48,551	9,94,85,510
March 4, 1994*	1,00,000	10.00	57.00	Cash	Grant of employee stock options	1,00,48,551	10,04,85,510
September 28, 1995*	35,00,000	10.00	57.00	Cash	Preferential allotment	1,35,48,551	13,54,85,510
November 16, 1995*	1,35,48,551	10.00	10.00	N.A.	Bonus issue in the ratio of one equity share for every one equity share held	2,70,97,102	27,09,71,020
May 18, 2000*	(67,74,275)	10.00	N.A.	Other than cash	Scheme of arrangement of Blue Star Infotech Limited and our Company as per scheme of arrangement approved by the High Court of Judicature at Bombay by order dated April 3, 2000	2,03,22,827	20,32,28,270

Date of issue / allotment	Number of equity shares allotted	Face value per equity Share (₹)	Issue price per equity Share (₹)	Nature of conside ration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
February 3, 2003*	(23,35,606)	10.00	75.00	Cash	Buy-back of equity shares	1,79,87,221	17,98,72,210
Each equity share of our Company of face value of ₹ 10.00 was sub-divided to five Equity Shares of face value of ₹ 2.00 each, pursuant to the resolution passed by our Shareholders on August 4, 2006.							
March 16, 2016	15,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	8,99,51,105	17,99,02,210
May 25, 2016	14,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	8,99,65,105	17,99,30,210
June 9, 2016*	53,91,383	2.00	Nil	Other than cash	Amalgamation of Blue Star Infotech Limited and Blue Star Infotech Business Intelligence & Analytics Private Limited with our Company as per scheme of amalgamation approved by the High Court of Judicature at Bombay by order dated April 16, 2016	9,53,56,488	19,07,12,976
June 10, 2016	30,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,53,86,488	19,07,72,976
August 19, 2016	11,700	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,53,98,188	19,07,96,376
September 9, 2016	13,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,54,11,188	19,08,22,376
September 15, 2016	18,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,54,29,188	19,08,58,376
September 30, 2016	7,200	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,54,36,388	19,08,72,776
October 10, 2016	27,700	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,54,64,088	19,09,28,176
October 25, 2016	6,000	2.00	290.05	Cash	Allotment under the Erstwhile	9,54,70,088	19,09,40,176

Date of issue / allotment	Number of equity shares allotted	Face value per equity Share (₹)	Issue price per equity Share (₹)	Nature of conside ration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
					ESOP Scheme 2013		
November 9, 2016	3,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,54,73,088	19,09,46,176
November 18, 2016	30,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,03,088	19,10,06,176
November 23, 2016	5,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,08,088	19,10,16,176
December 6, 2016	11,500	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,19,588	19,10,39,176
December 14, 2016	4,300	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,23,888	19,10,47,776
January 4, 2017	30,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,53,888	19,11,07,776
February 3, 2017	5,000	2.00	369.55	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,58,888	19,11,17,776
February 17, 2017	7,200	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,66,088	19,11,32,176
March 31, 2017	4,300	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,70,388	19,11,40,776
April 25, 2017	23,400	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,55,93,788	19,11,87,576
May 16, 2017	14,000 700	2.00 2.00	369.55 290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,56,08,488	19,12,16,976
June 2, 2017	34,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,56,42,488	19,12,84,976
June 7, 2017	5,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,56,47,488	19,12,94,976

Date of issue / allotment	Number of equity shares allotted	Face value per equity Share (₹)	Issue price per equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
June 14, 2017	9,500	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,56,56,988	19,13,13,976
July 5, 2017	1,04,750	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,57,61,738	19,15,23,476
August 31, 2017	650	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,57,62,388	19,15,24,776
September 12, 2017	4,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,58,07,488	19,16,14,976
	28,800	2.00	290.05				
	4,800	2.00	390.30				
	3,000	2.00	341.35				
	4,500	2.00	320.70				
September 27, 2017	2,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,58,25,088	19,16,50,176
	1,000	2.00	355.10				
	14,600	2.00	369.55				
October 13, 2017	6,400	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,58,31,988	19,16,63,976
	500	2.00	355.10				
November 15, 2017	20,700	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,58,65,138	19,17,30,276
	200	2.00	320.70				
	11,000	2.00	369.55				
	1,250	2.00	355.10				
November 28, 2017	12,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,58,77,638	19,17,55,276
	500	2.00	320.70				
December 15, 2017	8,750	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,58,86,388	19,17,72,776
January 3, 2018	25,750	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,59,14,438	19,18,28,876
	2,300	2.00	355.10				
January 15, 2018	13,500	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,59,28,938	19,18,57,876
	1,000	2.00	320.70				
January 24, 2018	15,800	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,59,45,238	19,18,90,476
	500	2.00	320.70				
February 13, 2018	14,100	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,59,62,838	19,19,25,676
	3,500	2.00	320.70				
February 27, 2018	25,950	2.00	290.05	Cash	Allotment under the Erstwhile	9,59,89,788	19,19,79,576
	1,000	2.00	320.70				

Date of issue / allotment	Number of equity shares allotted	Face value per equity Share (₹)	Issue price per equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
					ESOP Scheme 2013		
March 19, 2018	9,000	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,59,99,788	19,19,99,576
	1,000	2.00	355.10				
April 3, 2018	3,250	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,60,03,038	19,20,06,076
April 23, 2018	4,800	2.00	320.70	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,60,08,488	19,20,16,976
	650	2.00	355.10				
May 17, 2018	21,700	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,60,30,188	19,20,60,376
May 29, 2018	92,150	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,61,58,338	19,23,16,676
	1,200	2.00	320.70				
	34,800	2.00	390.30				
June 25, 2018	5,600	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,61,74,138	19,23,48,276
	500	2.00	320.7				
	6,300	2.00	345.65				
	3,400	2.00	355.1				
July 18, 2018	11,700	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,62,00,938	19,24,01,876
	3,600	2.00	320.7				
	1,500	2.00	345.65				
	10,000	2.00	355.1				
August 2, 2018	71,250	2.00	290.05	Cash	Allotment under the Erstwhile ESOP Scheme 2013	9,63,13,888	19,26,27,776
	13,200	2.00	320.7				
	16,200	2.00	345.65				
	12,300	2.00	355.1				
June 21, 2023	9,63,13,888	2.00	2.00	N.A.	Bonus issue in the ratio of one Equity Share for every one Equity Share held	19,26,27,776	38,52,55,552
Total						**19,26,27,776**	**38,52,55,552**

\# *Includes initial subscription of one equity share of face value ₹ 100.00, each to Mohan T. Advani and B.T. Advani.*

^*Pursuant to a resolution of our Board passed in their meeting held on May 29, 1969 and a resolution of our Shareholders passed in their extra-ordinary general meeting held on June 23, 1969, each fully paid-up equity share of our Company of face value ₹ 100.00 was split into 10 equity shares of ₹ 10.00 each, and accordingly, 30,500 equity shares of our Company of ₹ 100.00 each were split into 3,05,000 equity shares of ₹ 10.00 each. Subsequently, our Company allotted 61,000 equity shares of ₹ 10.00 each pursuant to a bonus issue in the ratio of 1:5 as authorized by our Board in their meeting held on April 21, 1969 and May 29, 1969 and by our Shareholders passed in their extra-ordinary general meeting held on June 23, 1969.*

* *Our Company is unable to trace certain corporate records and filings, including from the RoC records, in relation to the respective corporate action undertaken by the Company. Our Company has relied on the information available in the minutes of the board, committee and/or shareholders meeting (as applicable) and other corporate records for the respective corporate action and on the certificate issued by N. L. Bhatia & Associates, Practicing Company Secretaries vide its certificate dated September 16, 2023. Also, see "Risk Factors – Our Company was incorporated in 1949 and some of the corporate records relating to changes in the share capital and allotments made by our Company are not traceable. Further, our Company has inadvertently disclosed the shareholding of certain members of our Promoter Group under the public shareholding category in the shareholding pattern filed with the Stock Exchanges" on page 53.*

Preference shares

As on the date of this Preliminary Placement Document, our Company has no outstanding preference shares.

Employee stock option plan

As on the date of this Preliminary Placement Document, our Company does not have any employee stock option plan.

Warrants

As on the date of this Preliminary Placement Document, our Company does not have any outstanding warrants.

Pre-Issue and post-Issue shareholding pattern of the Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on June 30, 2023, is set forth below:

S. No.	Category	Pre-Issue (as of June 30, 2023)		Post-Issue(1)(2)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoters' and Promoter Group holding					
1.	Indian				
	- Individuals / HUF	2,00,99,852	10.43	[●]	[●]
	- Body Corporates	1,04,344	0.05	[●]	[●]
	- Others(Trusts)	5,44,31,528	28.26	[●]	[●]
	Sub-total	**7,46,35,724**	**38.74**	[●]	[●]
2.	Foreign Promoters	3,22,450	0.17	[●]	[●]
	Sub-total (A)	**7,49,58,174**	**38.91***	**[●]**	**[●]**
B. Public Holding					
1.	Institutional Investors	6,84,98,788	35.56	[●]	[●]
2.	Non-Institutional Investors				
	- Private Corporate Bodies	15,01,397	0.78	[●]	[●]
	- Directors and relatives (including independent Director & relatives)	2,46,420	0.13	[●]	[●]
	- Indian public	3,92,41,317	20.37	[●]	[●]
	- Others including Non-resident Indians (NRIs)	81,81,680	4.25	[●]	[●]
	Sub-total	**11,76,69,602**	**61.09**	[●]	[●]
3.	Non Promoter Non-Public	-	-	[●]	[●]
	Sub-total (B)	**11,76,69,602**	**61.09**	**[●]**	**[●]**
	Grand Total (A+B)	**19,26,27,776**	**100.00**	**[●]**	**[●]**

(1) *The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue, and reflects the shareholding of all other categories as of June 30, 2023.*

(2) *The post-Issue shareholding pattern has intentionally been left blank and will be filled-in before filing of the Placement Document with the Stock Exchanges.*

**An aggregate of 77,700 Equity Shares, accounting for 0.04% of the outstanding equity paid-up share capital of our Company and currently held by certain members of the Promoter Group, have been inadvertently classified as shares held under the public shareholding category. Our Company will take necessary steps to rectify the disclosure in the shareholding pattern that is required to be filed with the Stock Exchanges in accordance with Regulation 31 of the SEBI Listing Regulations. Upon such rectification, the aggregate shareholding under the Promoter and Promoter Group category shall be 38.95%. For further information, please see "Risk Factors – Our Company was incorporated in 1949 and some of the corporate records relating to changes in the share capital and allotments made by our Company are not traceable. Further, our Company has inadvertently disclosed the shareholding of certain members of our Promoter Group under the public shareholding category in the shareholding pattern filed with the Stock Exchanges" on page 53.*

Other confirmations

There are no outstanding options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

No change in control in our Company will occur consequent to the Issue.

Except as disclosed in *"– Equity share capital history of our Company"* on page 90, our Company has not made any allotment of Equity Shares in the year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash, or pursuant to a preferential issue, private placement or a rights issue.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the notice to the Shareholders dated August 16, 2023, for the approval of this Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

Proposed Allottees in the Issue

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 465.

DIVIDENDS

The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act, 2013. Our Board may also, from time to time, declare interim and final dividends. The dividend policy of our Company was adopted and approved by our Board in their meeting held on May 9, 2017 ("**Dividend Policy**"). In terms of the Dividend Policy, the dividend, if any, will depend on a number of internal factors and external factors, which, *inter alia*, include (i) our Company's profits for the current year, cash flow and liquidity position of our Company, (ii) operating and financial position of our Company, (iii) opportunities for investment of the funds of our Company's future growth; and (iv) macroeconomic factors such as the state of the domestic and global economy, capital market conditions and dividend policy of competitors.

The following table provides details of the dividend declared by our Company on the Equity Shares in the three months ended June 30, 2023, and in Fiscals 2023, 2022 and 2021:

Particulars	Three months ended June 30, 2023	Fiscal		
		2023	2022	2021
Face value per share (₹)	-	2	2	2
Dividend per share (₹)	-	6	10	4
Dividend rate (%)	-	300*	500	200
Dividend declared (₹ in crores)	-	115.58	96.31	38.53

**Post taking impact of the issue of bonus shares in the ratio of 1:1, on June 21, 2023.*

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid in the future or that the amount thereof will not be decreased.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, please see the section entitled "*Description of the Equity Shares*" on page 246. For a summary of some of the restrictions that may inhibit our ability to declare or pay dividends, see "*Risk Factors – Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements*" on page 66.

For a summary of certain Indian tax consequences of dividend distributions to the Shareholders, please see "*Taxation*" on page 250.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results. Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2023, 2022 and 2021 has been derived from the Audited Consolidated Financial Statements and (ii) the three months ended June 30, 2023 and June 30, 2022 has been derived from the Unaudited Consolidated Financial Results. Certain financial numbers for Fiscal 2022 had been regrouped in the audited financial statements of Fiscal 2023 and have been reflected in the Audited Consolidated Financial Statements. The consolidated financial information as at and for Fiscal 2022 is derived from the comparative financial information presented in the Audited Consolidated Financial Statements as at and for Fiscal 2023.

*Our Audited Consolidated Financial Statements have been prepared under Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act, 2013 (the "**Act**") (Companies (Indian Accounting standards) Rules, 2015) and other relevant provisions of the Act. Our Unaudited Consolidated Financial Results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Ind AS as prescribed under Section 133 of the Act read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI Listing Regulations.*

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal are to the 12-month period ended March 31 of that year. Financial information for the three months ended June 30, 2023 and June 30, 2022 is not annualised and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Research Report on ACs, Commercial Refrigeration & MEP Services Market" dated September 2023, (the "**CareEdge Report**") prepared and issued by CareEdge Research, appointed by us pursuant to an engagement letter dated August 11, 2023 and exclusively commissioned and paid for by us in connection with the Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. The relevant industry sources are indicated at all relevant places within this section. For more information, see "Risk Factors – Certain sections of this Preliminary Placement Document disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risk." on page 59.*

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 20 and 44, respectively.

Overview

We are an India based air conditioning, commercial refrigeration and Mechanical, Electrical and Plumbing ("**MEP**") contracting company which has been in existence for 80 years. Through our customer centric approach, we aim to fulfil the heating, cooling and ventilation requirements of a large number of corporate, commercial and residential customers. We believe that one of our key differentiators is our integrated business model that includes being a manufacturer, engineering, procurement and construction ("**EPC**") services provider, and an after-sales service provider (*Source: CareEdge Report*). This model enables us to offer end-to-end solutions to our customers as we have the ability to manufacture most of our products from the concept and design stage and maintain control of the customer experience through final delivery to providing after sales support, thereby covering the entire value chain.

Our Company was incorporated in 1949 and we grew from having a single manufacturing plant in Dadra Facility to owning seven manufacturing facilities across India, with a manufacturing footprint of more than 1,30,000 square metres, as of June 30, 2023. Further, we service our customers through a network of 30 offices, 4,040 channel partners with more than 8,000 stores for room ACs, packaged air conditioners, chillers, cold rooms as

well as refrigeration products and systems, along with 1,251 service associates reaching customers in more than 4,100 talukas in India, as of March 31, 2023 (*Source: CareEdge Report*).
Our business is categorized into the following segments:

- *Electro-Mechanical Projects and Commercial Air Conditioning Systems*: comprising design, manufacturing, installation, commissioning and maintenance of central air conditioning plants, packaged/ducted systems and variable refrigerant flow systems, as well as offering contracting services in mechanical works, electrical, plumbing, fire-fighting, water distribution and railway electrification. This segment also comprises value-added after-sales services such as revamp, retrofit, upgrades and operational support, which ensure efficient functioning of electro-mechanical utilities.

- *Unitary Products*: comprising a wide variety of contemporary and energy-efficient room air conditioners for both residential as well as commercial applications. We also manufacture and market a comprehensive range of commercial refrigeration products and cold chain equipment. Our product portfolio within this segment also includes storage water coolers, water dispensers, water purifiers, air purifiers and air coolers.

- *Professional Electronics and Industrial Systems* ("**PE&IS**"): our wholly owned subsidiary, Blue Star Engineering & Electronics Limited provides advanced technology products and system integrated solutions to customers across a wide range of industries and operates in three business verticals – medical technology solutions, data security solutions and industrial solutions.

We believe that our compelling blend of technical know-how, talented workforce, design expertise, experienced project execution capabilities and global footprint makes us the preferred choice for mechanical, electrical, ventilation and plumbing projects in India. In addition to our Indian business, we export Heating, Ventilation, Air conditioning and Commercial Refrigeration ("**HVAC&R**") products and solutions to 18 countries across the Middle East, Africa, SAARC and ASEAN regions. According to the CareEdge Report, the global (i) air conditioner market; and (ii) commercial refrigeration market is forecasted to grow at a CAGR of 6.3% and 6.8%, respectively between 2024 to 2028. In order to capitalize on these opportunities, we intend to further expand our global footprint and in furtherance of this objective have incorporated wholly-owned subsidiaries in the United States, Europe and Japan in Fiscal 2023.

As of March 31, 2023, as an HVAC&R after-sales service provider in India we maintain approximately two million tons of air conditioning and refrigeration equipment. Our call centre, which is open 24 hours a day, seven days a week, handles more than 1 million service calls a year. We strive to deliver same day installation of products bought from our channel partners and have developed a customer care app which enables customers and channel partners to log service requests, which are tracked through our remote monitoring centre at Thane.

Our manufacturing facilities have a high degree of backward integration which, we believe, allows us to gain greater control on the manufacturing process and reduce dependence on external suppliers and third parties. It also helps maintain product quality through greater control on the quality of components required for manufacturing which helps improve operational and functional efficiencies and gain strategic advantages over competitors, thereby improving cost efficiency and profitability. Further, five manufacturing plants received the Integrated Management System ("**IMS**") Certification for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. We are also focused on indigenization coupled with total cost management initiatives which has enabled us to achieve margin improvements.

We are also focused on consistently upgrading technologies across products and the processes used in manufacturing through our research and development ("**R&D**") efforts. We inaugurated a R&D centre in Fiscal 2023 at our Wada Facility 2 in Maharashtra. Through our R&D and innovation capabilities, backed by an in-house team, we have successfully designed and developed a portfolio of wide ranging products across the HVAC&R industry.

We are committed to sustainability as part of our Environmental, Social and Governance ("**ESG**") focus and have undertaken several initiatives toward our ESG goals. The impetus is towards creating technologically advanced products with higher energy efficiency and eco-friendly refrigerants. Further, we have received several awards in recognition of our products and operations, including 'MEP Contractor of Year' award by Construction Week India seven times in a row from 2017 to 2023, 'Golden Peacock Award for Excellence in Corporate Governance' for three years in a row from 2019 to 2021, 'Golden Peacock Award for Risk Management' in 2020 and 2022 and 'Best Customer Service Initiative of the Year 2022' for enhancing customers' trust through Digital Transformation in the Electronics Category at the CX Excellence Awards 2022.

Significant Factors Affecting our Results of Operations and Financial Condition

Our results of operations and financial condition have been and are affected by the following factors:

Availability and cost of raw materials consumed

Our ability to remain competitive and profitable depends on our ability to source and maintain a stable and sufficient supply of raw materials at cost effective prices. These raw materials primarily include compressors, electronic parts and drives. In the three months ended June 30, 2023 and Fiscals 2023, 2022 and 2021, our cost of raw materials consumed (including direct project and service cost) was ₹ 1,247.26 crores, ₹ 5,020.14 crores, ₹ 3,680.48 crores and ₹ 2,360.45 crores, respectively, which represented 56.03%, 62.93%, 60.69% and 55.36%, respectively, of our revenue from operations in those periods. We maintain cordial relationships with our external suppliers as we depend on them for materials and components required and typically purchase materials and components on a purchase order basis and place such orders with them in advance on the basis of our anticipated requirements.

Furthermore, if we were to experience a significant or prolonged shortage of raw materials for our products in the required volumes and at appropriate quality and reliability levels from any of our suppliers, and we are unable to procure the raw materials from other sources at cost effective prices our sales, profit margins and customer relations would be adversely affected.

We also source some of our raw materials through imports. In the three months ended June 30, 2023 and Fiscals 2023, 2022 and 2021, we imported materials amounting to ₹ 326.53 crores, ₹ 1,356.67 crores, ₹ 999.26 crores and ₹ 588.24 crores which accounted for 26.18%, 27.02%, 27.15% and 24.92%, respectively of our cost of materials consumed (including direct project and service cost). Any restrictions, either from the Central or state governments of India, or from countries which we import from or on account of any other geopolitical events, on such imports may adversely affect our business, prospects, financial condition and results of operations. This exposes us to currency fluctuation risk. The prices of our raw materials used by us are volatile and are subject to various factors including commodity prices, global economic conditions and market speculation, among others. Furthermore, any increase in import tariff will increase expenses which in turn may impact our business and results of operations.

Utilization levels of our manufacturing facilities

Our results of operations are directly affected by our sales volume, which in turn is a function of several factors, including levels of utilization of our manufacturing facilities. We conduct our operations through our manufacturing facilities situated in Maharashtra, Himachal Pradesh, Gujarat and Andhra Pradesh. Over the years, we have grown our manufacturing capabilities and we will continue to look to add capacity in a modular manner to ensure that we utilize our capacity at optimal levels keeping in mind the demand for our products. For details of our manufacturing capacities, see "*Our Business – Capacity and Capacity Utilization*" on page 186.

Our business is dependent upon our ability to manage our manufacturing facilities and run them at certain utilization levels, which is subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment, industrial accidents, labour disputes or shortage of labour, severe weather conditions and natural disasters. In addition, we also may face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations. Further, we may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals, which may require our manufacturing facilities to cease, or limit, production until the disputes concerning such approvals are resolved. Our inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shutdown of our operations or the under-utilization of our manufacturing facilities, which in turn may adversely affect our ability to operate our businesses and serve our customers, and impair our relationships with certain key customers and suppliers.

Seasonality

Sales of our unitary products, which primarily comprise room air conditioners and commercial refrigerators for both residential as well as commercial applications, respectively are generally significantly higher in the first and the fourth quarter of the financial year i.e., the quarter which precedes the summer, and the summer months due to the heat and warm weather, and considerably lower during the monsoon and winter months i.e., the second and the third quarter of the financial year. Further, any erratic weather conditions impacting the warm weather during the peak sales season of summer, may impact our product sales, planning and forecasting process, as well as inventory management for unitary products which may adversely affect our sales volumes, results of operations and financial condition, and could therefore have a disproportionate impact on our results of operations in the relevant year. For details, see "*Risk Factors – Sales and inventory levels of our unitary products are affected by seasonality and unpredictable weather patterns which may materially and adversely affect our sales, results of operations and financial condition*." on page 44.

Competition

We operate in a competitive environment and we face competition from other manufacturers, both domestic and international, in each of our business segments. For details in relation to the risk associated with such competition, see "*Risk Factors – We operate in a competitive environment and may not be able to compete successfully if our businesses do not adequately adapt to market developments*." on page 47. While we strive to maintain fair prices and gain customer loyalty through performance, we will at times be compelled to respond to developing market conditions suitably, including deploying strategies to counter the aggressive sales and marketing strategies of our competitors. Further, even in our Electro-Mechanical Projects and Commercial Air Conditioning Systems business segment there is intense competition and there can be no certainty that we will be successful in winning bids from customers.

Furthermore, some of our competitors may have greater financial, personnel and other resources than we do and may be in a position to seek to grow their business more aggressively. We believe that our ability to compete as well as offer competitive prices is highly dependent on our ability to optimize our product portfolio. Furthermore, as we continue to expand our operations into new geographies, we are also exposed to competition from players who have always been operating in those geographies and/or from other players trying to enter those geographies. Any increase in competition in our industry is likely to adversely impact our market share, margins and profitability.

Continued macroeconomic growth and urbanization in India

The growth of disposable income and the consumer segment in India is dependent on the growth of the overall Indian economy. As the Indian economy grows, living standards, per capita income and purchasing power are expected to improve. We believe that economic growth, increasing urbanization, sustained availability of electricity, higher disposable incomes, improved reach of consumer finance and lower running costs of air conditioners in India will continue to drive our revenue growth. Conversely, slower economic growth may lead to slower growth or even decline in our revenue. During periods of economic uncertainty, particularly where the disposable income of consumers is affected, consumers may choose to defer discretionary expenses or choose other cheaper alternatives. Consequently, our financial condition and results of operations depend significantly on worldwide economic conditions, as demand for our products depends on the general economy and level of activity and growth in the industries where we operate or serve. Thus, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian and global economy.

The increase in infrastructure spend by both the private sector and the public sector augurs well for our Electro-Mechanical Projects and Commercial Air Conditioning Systems business. The order books of this business segment is healthy when the infrastructure spend by private and public sector increases. This includes spend by the government on railway electrification, water infrastructure, metros, airports as well as private sector players in pharmaceutical, factories, data centres, hotels and hospitality industry (*Source: CareEdge Report*).

Significant Accounting Policies for the Audited Consolidated Financial Statements

Set forth below are the significant accounting policies adopted in the preparation of the Audited Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated:

Basis of preparation and presentation

The Consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Basis of Consolidation

<u>Subsidiaries</u>***:***

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of Group entities are consolidated on a line–by–line basis. If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expense, cash flows, and unrealised gains/ losses relating to transactions between Group entities are eliminated on consolidation.

<u>Investments in joint ventures</u>***:***

The Group's interests in joint ventures are accounted for using the equity method, after initially recognising investment at cost, and the carrying amount is increased or decreased to recognise the Group's share in of profit or loss of the joint venture after the date of acquisition.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 36.

Revenue recognition

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

<u>Revenue from sale of products:</u>

Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.

Indicators that control has been transferred include, the establishment of the Group's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the products by the customer.

<u>Revenue from construction contracts</u>:

Contract revenues are recognised based on the stage of completion of the contracting activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contract is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

<u>Revenue from sale of services</u>:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on a straight line basis over the period of the performance obligation.

<u>Dividend and Interest income</u>:

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

<u>Rental income</u>:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Employee benefits

<u>Short term benefits</u>:

Salaries, wages, short-term compensated absences, and other short term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

<u>Retirement benefits</u>

Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution. Defined benefit plan: The Group makes monthly contributions toward the employees’ provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Group, based on an actuarial valuation. The present value of the defined benefit obligation of employees’ provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The Group’s liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognized in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

- service cost – recognized in profit or loss;
- net interest on the net liability or asset - recognized in profit or loss;
- re-measurement of the net liability or asset - recognized in other comprehensive income

Other long-term employee benefits:

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

Assets and liabilities of entities with a functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit or loss has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserves in the statement of changes in equity.

Leases

As a lessee

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Group recognises a right-of-use asset ("ROU assets”) and a corresponding lease liability for all leases, except for short term leases and low value leases. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset’s useful life or the lease period whichever is shorter.

The lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are re- measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non- financial assets.

The Group has opted for the exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term.

Foreign currencies

The functional currency of the Group is the Indian rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

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

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

In case of foreign operations of the Group with a functional currency other than the functional currency of the Group, assets and liabilities have been translated using exchange rates prevailing on the balance sheet date and items of income and expense have been translated using average exchange rates during the period. Such translation adjustments have been reported as foreign currency translation reserves in the statement of changes in equity. On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

Taxes

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.

Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions, and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group and to assist users of financial statements in making projections of future financial performance.

Property, plant and equipment

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

Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Group depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on straight line method basis over their estimated useful lives. The estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60 - 85
Roads	5
Temporary structure	3
Plant & machinery	15 - 20
Leasehold improvements	6 or the life based on lease period, whichever is lower
Infrastructure Development rights	30
Furniture and fixtures	10
Office equipment	5
Vehicles	5
Computer - desktop, laptops	3
Computer - servers and networks	6

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

The group has not revalued its Property plant and equipment (Including ROU), and Intangible assets.
Freehold land is not depreciated.

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

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

With effect from October 1, 2022, the Group has revised the method of depreciation on property, plant and equipment (PPE) from Written Down Value (WDV) method to Straight Line Method (SLM) based on technical assessment done by independent technical consultants with regards to estimated useful lives of the assets and pattern of economic benefits expected to be generated from these assets. This change in depreciation method has resulted in lower depreciation expense in the Statement of Profit and Loss by Rs 18.11 crore for the year ended March 31, 2023. It is impracticable to estimate the impact of above change on the future periods.

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are derecognised on disposal, or when no further economic benefits are expected from use or disposal. Any gain or loss arising from derecognition is included in profit or loss.

The useful lives of intangible assets are as mentioned below:

Nature of intangible asset	Useful Life
Software	6 years
Technical knowhow	6 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development. Development expenditure that does not meet the above criteria is expensed as incurred.
- During the period of development, the asset is tested for impairment annually.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the Schedule II to the Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising from disposal of investment properties is included in profit or loss.

Impairment of non-financial assets

Property, plant and equipment, and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized by the Group when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognized in profit or loss.

Financial assets

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks that are unrestricted for withdrawal and usage.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Wherever the customer has raised issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the customer are treated as disputed amount.

Trade Receivables

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

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred to repurchase in the near term.

Whenever the vendor has raised the issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the vendor are treated as the disputed amount.

Financial liabilities are initially valued at fair value through profit or loss only if the criteria in Ind AS 109 are satisfied.

Other financial liabilities

Other financial liabilities (including borrowings, financial guarantee contracts and trade, and other payables) are after initial recognition, measured at amortised cost using the effective interest (EIR) method.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

Derivative financial instruments

The Group enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedged item.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.
In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2 inputs are inputs, other than quoted prices included within Level 1, that

are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

Inventories

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

Provisions and contingencies

Provisions

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold / the project is completed. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise typically up to five years.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements. However, where an inflow of economic benefits is probable, the Group discloses the same in the financial statements.

Segment reporting

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets, and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for on the basis of the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets, and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under “unallocated revenue/expenses / assets/ liabilities”.

Earnings per share

The Group’s Earnings per Share (‘EPS’) is determined based on the net profit attributable to the equity shareholders of the Group.

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the weighted average number of common and dilutive shares outstanding during the year including share- based payments, except where the result would be anti-dilutive.

Borrowing Costs

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

Recent accounting pronouncements issued but not yet effective

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

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

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

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

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

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

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

Principal Components of Statement of Profit and Loss

Income

Our total income comprises (i) revenue from operations and (ii) other income.
Revenue from Operations

Revenue from operations comprises (i) revenue from sale of products; (ii) revenue from construction contracts; (iii) sale of services; and (iv) other operating revenue.

Revenue from sale of products

Revenue from sale of products includes revenue from the sale of unitary products such as room air conditioners, deep freezers and storage water coolers, commercial air conditioners, medical equipment and testing equipment.

Revenue from construction contracts

Revenue from construction contracts comprises revenue earned from electro-mechanical projects executed by us.

Sale of services

Sale of service comprises revenue earned from after sales services provided for the products sold by us and projects executed by us and are in the nature of annual maintenance contracts and on-call repairs.

Other operating revenue

Other operating revenue comprises commission income, provisions and liabilities no longer required and other operating revenue.

The table below provides our segmental revenue from operations for the periods indicated:

(in ₹ crores)

Segment	Three months ended June 30, 2023	Three months ended June 30, 2022	Fiscal March 31,		
			2023	2022	2021
Electro-Mechanical Projects and Commercial Air Conditioning Systems	949.12	796.76	4,015.63	3,204.49	2,218.72
Unitary Products	1,198.45	1,127.59	3,626.93	2,612.24	1,868.28
Professional Electronics and Industrial Systems	78.43	52.68	334.76	247.35	176.59
Total segment revenue	**2,226.00**	**1,977.03**	**7,977.32**	**6,064.08**	**4,263.59**

Other Income

Other income primarily includes (i) interest income on bank deposits and others; (ii) rental income; (iii) dividend received from subsidiary; (iv) gain on sale of mutual funds; (v) amortisation of government grant; and (vi) other income.

Expenses

Our expenses comprise (i) cost of raw materials consumed (including direct project and service cost); (ii) purchases of stock-in-trade; (iii) changes in inventories of finished goods, stock-in-trade and work-in-progress; (iv) employee benefits expense; (v) finance cost; (vi) depreciation and amortisation expense; and (vii) other expenses.

Cost of raw materials consumed (including direct project and service cost)

Cost of raw materials consumed (including direct project and service cost) comprise (i) cost of material consumed; (ii) project cost (including bought outs); and (iii) annual maintenance contract subcontracting cost.

Purchases of stock-in-trade

Purchases of stock-in-trade comprises of purchases of finished goods and spare parts traded by us.

Employee Benefits Expense

Employee benefits expense comprises (i) salaries, wages and bonus; (ii) contribution to provident and other funds; (iii) gratuity expense; and (iv) staff welfare expenses.

Finance Cost

Finance cost comprises:

(i) interest and finance charges on (a) other borrowings, (b) non-convertible debenture, (c) lease liabilities and (d) other interest expenses; and

(ii) bank charges.

Depreciation and amortisation expenses

Depreciation and amortisation expenses comprise (i) depreciation on property, plant and equipment; (ii) depreciation on right of use assets; (iii) amortisation expenses on intangible assets; and (iv) depreciation on investment properties.

Other expenses

Other expenses primarily comprise (i) freight and forwarding; (ii) legal and professional fees; (iii) advertising expenses; (iv) rent; (v) travelling and conveyance; (vi) allowance for doubtful and advances; and (vii) sales promotion expenses.

Certain Non-GAAP Financial Measures

In evaluating our business, we consider and use certain non-GAAP financial measures that are presented below as supplemental measures to review and assess our operating performance. These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for the Financial Information. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures have limitations as analytical tools. Furthermore, these non-GAAP financial measures may differ from similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Also see *"Risk Factors – We have in this Preliminary Placement Document included certain Non-GAAP Financial Measures that may vary from any standard methodology that is applicable across our industry and may not be comparable with financial information of similar nomenclature computed and presented by other companies."* on page 66.

Based on our Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results

EBITDA and EBITDA Margin

EBITDA is defined as our profit for the period/year after tax plus depreciation and amortisation expense, finance cost and income tax expense less other income and exceptional items. EBITDA margin is defined as our EBITDA as a percentage of revenue from operations.

The table below reconciles our profit for Fiscals 2023, 2022 and 2021, to EBITDA for the years indicated:

(₹ in crores, except percentages)

Particulars	**For the years ended March 31,**		
	2023	**2022**	**2021**
Profit for the year	**400.69**	**168.00**	**100.66**

Add:			
Depreciation and amortisation expense	84.78	85.98	92.29
Finance cost	54.70	46.40	64.72
Income tax expense	154.69	82.90	47.09
Less:			
Other Income	30.87	35.72	62.35
Exceptional items	170.81	-	-
EBITDA	**493.18**	**347.56**	**242.41**
Revenue from operations	**7,977.32**	**6,064.08**	**4,263.59**
EBITDA Margin	**6.18%**	**5.71%**	**5.69%**

The table below reconciles our profit in the three months ended June 30, 2023 and June 30, 2022, to EBITDA for the periods indicated:

(₹ in crores, except percentages)

Particulars	In the three months ended June 30,	
	2023	2022
Profit for the period	**83.37**	**74.35**
Add:		
Depreciation and amortisation expense	22.79	22.04
Finance cost	18.00	10.62
Income tax expense	30.24	26.34
Less:		
Other Income	9.40	10.51
Exceptional items	-	-
EBITDA	**145.00**	**122.84**
Revenue from operations	**2,226.00**	**1,977.03**
EBITDA Margin	**6.51%**	**6.24%**

Return on Capital Employed (ROCE)

ROCE is defined as Operating EBIT (Profit before tax (before exceptional items and share of joint ventures plus Finance Cost) divided by Average Capital Employed.

Average Capital Employed is Average (Equity + Net Borrowings – Deferred Tax Assets).

The table below reconciles our EBIT for Fiscals 2023, 2022 and 2021, to Return on Capital Employed:

(₹ in crores, except percentages)

Particulars	2023	2022	2021
Profit before tax (before exceptional items and share of profit/loss of joint ventures)	**384.17**	**249.81**	**145.15**
Add:			
Finance Cost	54.70	46.40	64.72
Operating EBIT	438.87	296.21	209.87
Total equity	1,333.84	1,020.54	887.85
Add:			
Net borrowings	204.43	67.14	(151.45)
Less:			
Deferred tax assets	7.94	27.57	47.49
Capital employed	**1,530.33**	**1,060.11**	**688.92**
Average capital employed	**1,295.22**	**874.51**	**779.15**
Return on capital employed (“ROCE”)	**33.88%**	**33.87%**	**26.94%**

Results of Operations Based on our Consolidated Financial Statements

Three months ended June 30, 2023 and 2022

The following tables set forth our selected financial information from our statement of profit and loss in the three months ended June 30, 2023 and 2022, the components of which are also expressed as a percentage of total income for such periods:

Particulars	In the three months ended June 30,			
	2023		2022	
	Amount (₹ crores)	Percentage of Total Income	Amount (₹ crores)	Percentage of Total Income
Income				
Revenue from operations	2,226.00	99.58%	1,977.03	99.47%
Other income	9.40	0.42%	10.51	0.53%
Total income	**2,235.40**	**100.00%**	**1,987.54**	**100.00%**
Expenses				
Cost of raw materials consumed (including direct project and service cost)	1,247.26	55.80%	1,164.41	58.59%
Purchases of stock-in-trade	462.71	20.70%	340.23	17.12%
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22.23	0.99%	56.76	2.86%
Employee benefits expense	161.17	7.21%	134.85	6.78%
Finance cost	18.00	0.81%	10.62	0.53%
Depreciation and amortisation expense	22.79	1.02%	22.04	1.11%
Other expenses	187.63	8.39%	157.47	7.92%
Total expenses	**2,121.79**	**94.92%**	**1,886.38**	**94.91%**
Profit before share of profit/ (loss) of joint ventures and tax	**113.61**	**5.08%**	**101.16**	**5.09%**
Share of profit/ (loss) of joint ventures	#	0.00%	(0.47)	(0.02)%
Profit before tax	**113.61**	**5.08%**	**100.69**	**5.07%**
Income tax expense:				
Current tax	28.56	1.28%	27.42	1.38%
Deferred tax	1.68	0.08%	(1.08)	(0.05)%
Total tax expense	**30.24**	**1.35%**	**26.34**	**1.33 %**
Profit for the period	**83.37**	**3.73%**	**74.35**	**3.74 %**

#Indicated an amount less than ₹ 1,00,000.

Three months ended June 30, 2023 compared to three months ended June 30, 2022

Total income. Total income increased by 12.47% to ₹ 2,235.40 crores in the three months ended June 30, 2023 from ₹ 1,987.54 crores in the three months ended June 30, 2022, due to an increase in revenue from operations.

Revenue from operations. Revenue from operations increased by 12.59% to ₹ 2,226.00 crores in the three months ended June 30, 2023 from ₹ 1,977.03 crores in the three months ended June 30, 2022.

Revenue from operations from the Electro-Mechanical Projects and Commercial Air Conditioning Systems segment grew by 19.12% to ₹949.12 crores in the three months ended June 30, 2023 from ₹ 796.76 crores in the three months ended June 30, 2022. Further, while unseasonal rains across the country resulted in muted demand for unitary products in the three months ended June 30, 2023 and the same only increased marginally by 6.28% to ₹ 1,198.45 crores in the three months ended June 30, 2023 from ₹ 1,127.59 crores in the three months ended June 30, 2022. In the electro-mechanical projects business, we witnessed healthy bookings from the factories and data center sectors coupled with an uptick in enquiries from the healthcare and hospitality sector in the three months ended June 30, 2023 as compared to three months ended June 30, 2022. There was also an inflow of enquiries and tenders in the railway electrification and metro railway sectors in the three months ended June 30, 2023 as compared to three months ended June 30, 2022. Further, in the commercial air conditioning business, continued traction from the government, industrial and healthcare sectors coupled with increasing demand from the education and retail sectors enabled growth in the three months ended June 30, 2023 as compared to the three months ended June 30, 2022. Similarly, the commercial refrigeration business witnessed traction across all segments with an uptick in demand from the hospitality, pharmaceutical and processed food sectors in addition to demand growth for storage water coolers from educational institutions and commercial establishments such as malls and growth in the modular cold rooms category with significant investments in infrastructure in the warehousing and logistics segment in the three months ended June 30, 2023 as compared to three months ended June 30, 2022. For details on our revenue from each business segment, see " – *Principal Components of Statement of Profit and Loss – Revenue from operations*" on page 113.

Other income. Other income decreased by 10.56% to ₹ 9.40 crores in the three months ended June 30, 2023 from ₹ 10.51 crores in the three months ended June 30, 2022.

Total expenses. Total expenses increased by 12.48% to ₹ 2,121.79 crores in the three months ended June 30, 2023 from ₹ 1,886.38 crores in the three months ended June 30, 2022, in line with the growth of our business, as reflected in the increase in revenue from operations.

Cost of raw materials consumed (including direct project and service cost). Cost of raw materials consumed (including direct project and service cost) increased to ₹ 1,247.26 crores in the three months ended June 30, 2023 from ₹ 1,164.41 crores in the three months ended June 30, 2022, primarily due to an increase in volume of production on account of growth in business.

Purchase of stock-in-trade. Purchase of stock-in-trade increased to ₹ 462.71 crores in the three months ended June 30, 2023 from ₹ 340.23 crores in the three months ended June 30, 2022 as there was an increase in volume of purchases to meet the requirements for growth in our volume of business.

Changes in inventories of finished goods, stock-in-trade and work-in-progress. Changes in inventories of finished goods, stock-in-trade and work-in-progress decreased to ₹ 22.23 crores in the three months ended June 30, 2023 from ₹ 56.76 crores in the three months ended June 30, 2022.

Employee benefits expense. Employee benefits expense increased to ₹ 161.17 crores in the three months ended June 30, 2023 from ₹ 134.85 crores in the three months ended June 30, 2022 on account of increments in salaries effective from July 2022 and increase in headcount to support scale and cater to the newly incorporated subsidiaries i.e., Blue Star Climatech Limited, Blue Star North America Inc. and Blue Star Europe B.V. along with the commercial commencement of Wada Facility 2.

Finance cost. Finance cost increased to ₹ 18.00 crores in the three months ended June 30, 2023 from ₹ 10.62 crores in the three months ended June 30, 2022 primarily due to an increase in interest expenses as average borrowings increased.

Depreciation and Amortisation expense. Depreciation and amortization expense increased marginally to ₹ 22.79 crores in the three months ended June 30, 2023 from ₹ 22.04 crores in the three months ended June 30, 2022.

Other expenses. Other expenses increased to ₹ 187.63 crores in the three months ended June 30, 2023 from ₹ 157.47 crores in the three months ended June 30, 2022, primarily on account of increased selling, general and administrative overheads to support the increase in scale of our operations.

Tax expenses. Our total tax expense increased to ₹30.24 crores in the three months ended June 30, 2023 from ₹ 26.34 crores in the three months ended June 30, 2022, due to an increase in profit before tax to ₹ 113.61 crores in the three months ended June 30, 2023 from ₹ 100.69 crores in the three months ended June 30, 2022.

Profit for the period. As a result of the foregoing, our profit for the period increased to ₹ 83.37 crores in the three months ended June 30, 2023 from ₹ 74.35 crores in the three months ended June 30, 2022, due to impact of increase in scale of our operations and higher gross margins for the quarter.

EBITDA and EBITDA Margins. Our EBITDA was ₹ 145.00 crores in the three months ended June 30, 2023 compared to ₹ 122.84 crores in the three months ended June 30, 2022, while EBITDA Margin was 6.51% in the three months ended June 30, 2023 compared to 6.24% in the three months ended June 30, 2022.

Fiscals 2023, 2022 and 2021

The following tables set forth our selected financial information from our statement of profit and loss for Fiscals

2023, 2022 and 2021, the components of which are also expressed as a percentage of total income for such years. The financial information corresponding to Fiscals 2023, 2022 and 2021 has been derived from the Audited Consolidated Financial Statements.

Particulars	For the years ended March 31,					
	2023		2022		2021	
	Amount (₹ crores)	Percentage of Total Income	Amount (₹ crores)	Percentage of Total Income	Amount (₹ crores)	Percentage of Total Income
Income						
Revenue from operations	7,977.32	99.61%	6,064.08	99.41%	4,263.59	98.56%
Other income	30.87	0.39%	35.72	0.59%	62.35	1.44%
Total income	**8,008.19**	**100.00%**	**6,099.80**	**100.00%**	**4,325.94**	**100.00%**
Expenses						
Cost of raw materials consumed (including direct project and service cost)	5,020.14	62.69%	3,680.48	60.34%	2,360.45	54.57%
Purchases of stock-in-trade	1,346.86	16.82%	1,103.64	18.09%	880.09	20.34%
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(185.33)	(2.31) %	(50.94)	(0.84) %	30.81	0.71%
Employee benefits expense	591.44	7.39%	508.55	8.34%	381.81	8.83%
Finance cost	54.70	0.68%	46.40	0.76%	64.72	1.50%
Depreciation and amortisation expense	84.78	1.06%	85.98	1.41%	92.29	2.13%
Other expenses	711.43	8.88%	475.88	7.80%	370.62	8.57%
Total expenses	**7,624.02**	**95.20%**	**5,849.99**	**95.90%**	**4,180.79**	**96.64%**
Profit before share of profit of joint ventures, exceptional items and tax	**384.17**	**4.80%**	**249.81**	**4.10%**	**145.15**	**3.36%**
Share of profit of joint ventures	0.40	0.00%	1.09	0.02%	2.60	**0.06%**
Profit before exceptional items and tax	**384.57**	**4.80%**	**250.90**	**4.11%**	**147.75**	**3.42%**
Exceptional items	170.81	2.13%	-	-	-	-
Profit before tax	**555.38**	**6.94%**	**250.90**	**4.11%**	**147.75**	**3.42%**
Income tax expense:						
Current tax	135.03	1.69%	62.98	1.03%	27.75	0.64%
Deferred tax	19.66	0.25%	19.92	0.33%	19.34	0.45%
Total tax expense	**154.69**	**1.93%**	**82.90**	**1.36%**	**47.09**	**1.09%**
Profit for the year	**400.69**	**5.00%**	**168.00**	**2.75%**	**100.66**	**2.33%**

Fiscal 2023 compared to Fiscal 2022

Total income. Total income increased by 31.29% to ₹ 8,008.19 crores for Fiscal 2023 from ₹ 6,099.80 crores for Fiscal 2022, due to an increase in revenue from operations.

<u>Revenue from operations.</u> Revenue from operations increased by 31.55% to ₹ 7,977.32 crores for Fiscal 2023 from ₹ 6,064.08 crores for Fiscal 2022. The increase was mainly attributable to robust growth in demand across our business segments in Fiscal 2023 as compared to Fiscal 2022.

Revenue from operations from the Electro-Mechanical Projects and Commercial Air Conditioning Systems segment grew by 25.31% to ₹ 4,015.63 crores for Fiscal 2023 from ₹ 3,204.49 crores for Fiscal 2022 on account of increased purchase orders from a wide variety of customers (buildings, metro railways, factories, data centres). We also successfully forayed into the railway electrification and water MEP contracts in Fiscal 2023. Similarly, there was increased demand in the commercial air conditioning segment from government, industrial, healthcare and educational sectors in Fiscal 2023. Further, the revenue from operations from our Unitary Products segment grew by 38.84% to ₹ 3,626.93 crores for Fiscal 2023 from ₹ 2,612.24 crores for Fiscal 2022 as we introduced affordable mass premium and affordable room air conditioners, expanded distribution network specifically in the northern parts of India and launched a new and expanded range of indigenously manufactured commercial refrigeration products in Fiscal 2023.

<u>Other income.</u> Other income decreased to ₹ 30.87 crores for Fiscal 2023 from ₹ 35.72 crores for Fiscal 2022, primarily due to a decrease in interest income on account of lower treasury surplus.

Total expenses. Total expenses increased by 30.33% to ₹ 7,624.02 crores for Fiscal 2023 from ₹ 5,849.99 crores for Fiscal 2022 in line with the growth of our business as reflected in the increase in our revenue from operations.

Cost of raw materials consumed (including direct project and service cost). Cost of raw materials consumed (including direct project and service cost) increased to ₹ 5,020.14 crores for Fiscal 2023 from ₹ 3,680.48 crores for Fiscal 2022, primarily due to an increase in raw material prices and increase in volume of production on account of growth in business volume.

Purchase of stock-in-trade. Purchase of stock-in-trade increased to ₹ 1,346.86 crores for Fiscal 2023 from ₹ 1,103.64 crores for Fiscal 2022 as there was an increase in volume of purchases to meet the requirements for growth in our volume of business.

Changes in inventories of finished goods, stock-in-trade and work-in-progress. Changes in inventories of finished goods, stock-in-trade and work-in-progress decreased to ₹ (185.33) crores for Fiscal 2023 from ₹ (50.94) crores for Fiscal 2022 on account of higher inventories at the end of the year as compared to the beginning of the year.

Employee benefits expense. Employee benefits expense increased to ₹ 591.44 crores for Fiscal 2023 from ₹ 508.55 crores for Fiscal 2022 due to an increase in headcount and annual increments being effective from July 2022 along with commencement of commercial operations of Blue Star Climatech Limited in the fourth quarter of Fiscal 2023.

Finance cost. Finance cost increased to ₹ 54.70 crores for Fiscal 2023 from ₹ 46.40 crores for Fiscal 2022, primarily due to higher average cost of funds and an increase in average borrowings.

Depreciation and Amortisation expense. Depreciation and amortisation expense decreased marginally to ₹84.78 crores for Fiscal 2023 from ₹ 85.98 crores for Fiscal 2022. Further, based on a review conducted by third party advisors, it was concluded by us that the 'straight line' method of depreciation instead of the 'written down value' method better reflected the pattern in which such benefits from use of the assets are expected to be consummated. Accordingly, the depreciation method was changed from the 'written down value' method to the 'straight line' method with effect from October 1, 2022 and this led to a lower depreciation charge for the Fiscal 2023 by ₹ 18.11 crores.

Other expenses. Other expenses increased to ₹ 711.43 crores for Fiscal 2023 from ₹ 475.88 crores for Fiscal 2022, primarily due to increases in:

- Freight and forwarding charges to ₹ 107.31 crores for Fiscal 2023 from ₹ 84.43 crores for Fiscal 2022 on account of increase in our sales volumes;

- Legal and professional to ₹ 75.11 crores for Fiscal 2023 from ₹ 58.74 crores for Fiscal 2022 on account of expenses incurred for professional services. For example, we engaged professionals to assist in the migration from SAP (database server) to AWS (Amazon Web Services) cloud in November 2022;

- Advertising and sales promotion expenses to ₹ 117.69 crores for Fiscal 2023 from ₹ 82.42 crores for Fiscal 2022 on account of increased promotional activities, field marketing and in-shop demonstration services

- Rent expenses increased to ₹ 59.81 crores for Fiscal 2023 from ₹ 47.96 crores for Fiscal 2022 on account of rental escalations in lease deeds; and

- Travelling and conveyance expenses to ₹ 55.77 crores for Fiscal 2023 from ₹ 25.90 crores for Fiscal 2022 to support growth in scale of our operations.

Exceptional items. In Fiscal 2023 we recorded an exceptional income of ₹ 170.81 crores pertaining to profit on sale of a freehold land which was classified as asset held for sale in the previous year. There were no exceptional items in Fiscal 2022.

Tax expenses. Our total tax expense increased to ₹ 154.69 crores for Fiscal 2023 from ₹ 82.90 crores for Fiscal 2022, due to increase in our profit before tax to ₹ 555.38 crores for Fiscal 2023 from ₹ 250.90 crores for Fiscal 2022.

Profit for the year. As a result of the foregoing, our profit for the year significantly increased to ₹ 400.69 crores for Fiscal 2023 from ₹ 168.00 crores for Fiscal 2022, due to increase in scale of operations and exceptional income in Fiscal 2023.

EBITDA and EBITDA Margins. EBITDA was ₹ 493.18 crores in Fiscal 2023 compared to ₹ 347.56 crores in Fiscal 2022, while EBITDA Margin was 6.18% in Fiscal 2023 compared to 5.71% in Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

Total income. Total income increased by 41.01% to ₹ 6,099.80 crores for Fiscal 2022 from ₹ 4,325.94 crores for Fiscal 2021, due to an increase in revenue from operations.

Revenue from operations. Revenue from operations increased by 42.23% to ₹ 6,064.08 crores for Fiscal 2022 from ₹ 4,263.59 crores for Fiscal 2021. The increase was mainly attributable to the increased demand for our offerings across all business segments.

Revenue from operations from the Electro-Mechanical Projects and Commercial Air Conditioning Systems segment grew by 44.43% to ₹ 3,204.49 crores for Fiscal 2022 from ₹ 2,218.72 crores for Fiscal 2021 on account of the improved pace of execution and the revival of the construction cycle which lead to increased demand from commercial buildings and infrastructure segments. Further, despite supply chain disruptions and higher input costs, revenue from operations from our Unitary Products segment grew by 39.82% to ₹2,612.24 crores for Fiscal 2022 from ₹ 1,868.28 crores for Fiscal 2021 primarily on account of favourable weather conditions and strong pent up demand. Further, the commercial refrigeration business witnessed consistent growth in Fiscal 2022 with demand from segments such as processed foods, dairy and ice cream, restaurants, food delivery aggregators, meat and poultry aggregators and the retail segments.

Other income. Other income decreased to ₹ 35.72 crores for Fiscal 2022 from ₹ 62.35 crores for Fiscal 2021, primarily due to a one-of profit of ₹ 32.95 crores on sale of investment property in Fiscal 2021.

Total expenses. Total expenses increased by 39.93% to ₹ 5,849.99 crores for Fiscal 2022 from ₹ 4,180.79 crores for Fiscal 2021 in line with the growth of our business as reflected in the increase in our revenue from operations.

Cost of raw materials consumed (including direct project and service cost). Cost of raw materials consumed (including direct project and service cost) increased to ₹ 3,680.48 crores for Fiscal 2022 from ₹ 2,360.45 crores for Fiscal 2021, primarily due to an increase in raw material prices and increase in volume of production on account of growth in business volume.

Purchase of stock-in-trade. Purchase of stock-in-trade increased to ₹ 1,103.64 crores for Fiscal 2022 from ₹ 880.09 crores for Fiscal 2021 as there was an increase in volume of purchases to meet the requirements for growth in our volume of business.

Changes in inventories of finished goods, stock-in-trade and work-in-progress. Changes in inventories of finished goods, stock-in-trade and work-in-progress decreased to ₹ (50.94) crores for Fiscal 2022 from ₹ 30.81 crores for Fiscal 2021 on account of higher inventories at the end of the year as compared to the beginning of the year.

Employee benefits expense. Employee benefits expense increased to ₹ 508.55 crores for Fiscal 2022 from ₹ 381.81 crores for Fiscal 2021 due to annual increments being effective from July 2021.

Finance cost. Finance cost decreased to ₹ 46.40 crores for Fiscal 2022 from ₹ 64.72 crores for Fiscal 2021, primarily due lower average cost of funds and a decrease in average borrowings.

Depreciation and Amortisation expense. Depreciation and amortisation expense decreased to ₹ 85.98 crores for Fiscal 2022 from ₹ 92.29 crores for Fiscal 2021 primarily due to the sale of one of our properties in the fourth quarter of Fiscal 2021 and expiration of certain leases in Fiscal 2021.

Other expenses. Other expenses increased to ₹ 475.88 crores for Fiscal 2022 from ₹ 370.62 crores for Fiscal 2021, primarily due to increases in:

- Freight and forwarding charges to ₹ 84.43 crores for Fiscal 2022 from ₹ 67.64 crores for Fiscal 2021 on account of increase in our sales volumes;

- Legal and professional to ₹ 58.74 crores for Fiscal 2022 from ₹ 37.66 crores for Fiscal 2021 on account of expenses incurred for professional services. For example, we engaged professional services of a consultant for profit transformation at our Wada Facility 1;

- Advertising expenses to ₹ 55.53 crores for Fiscal 2022 from ₹ 45.83 crores for Fiscal 2021 on account of increased promotional activities;

- Rent expenses to ₹ 47.96 crores for Fiscal 2022 from ₹ 33.97 crores for Fiscal 2021 on account of overall increase in inventory levels on a year-on-year basis; and

- Miscellaneous expenses to ₹ 32.06 crores for Fiscal 2022 from ₹ 16.29 crores for Fiscal 2021 on account of commencement of full-fledged operations in Fiscal 2022 as compared to restricted operations in Fiscal 2021 on account of the COVID-19 pandemic.

Tax expenses. Our total tax expense increased to ₹ 82.90 crores for Fiscal 2022 from ₹ 47.09 crores for Fiscal 2021, due to increase in our profit before tax to ₹ 250.90 crores for Fiscal 2022 from ₹ 147.75 crores for Fiscal 2021.

Profit for the year. As a result of the foregoing, our profit for the year increased to ₹ 168.00 crores for Fiscal 2022 from ₹ 100.66 crores for Fiscal 2021, due to increase in scale of operations and increased focus on cost optimization.

EBITDA and EBITDA Margins. EBITDA was ₹ 347.56 crores in Fiscal 2022 compared to ₹ 242.41 crores in Fiscal 2021, while EBITDA Margin was 5.71% in Fiscal 2022 compared to 5.69% in Fiscal 2021.

Liquidity and Capital Resources

Historically, we have not been capital intensive and our endeavor has been to fund our working capital requirements through a combination of borrowings and internal accruals. As of March 31, 2023, we had total borrowings of ₹ 577.64 crores and ₹ 243.33 crores in cash and cash equivalents and ₹ 3.94 crores as other bank balances. However, as we transition to an investment phase with a focus on investments for capacity expansion, R&D and digitization, we are ensuring that future capital expenditure and working capital requirements are met through an optimum combination of equity, borrowings and internal accruals.

Cash Flows Based on our Consolidated Financial Statements

Fiscals 2023, 2022 and 2021

The following table sets forth certain information concerning our cash flows for the periods indicated:

(₹ in crores)

	Fiscal		
	2023	**2022**	**2021**
Net cash generated from operating activities	247.38	87.40	349.81
Net cash used in investing activities	(181.66)	(69.01)	(239.57)
Net cash used in financing activities	(91.08)	(82.37)	(69.57)

Operating Activities

Net cash from operating activities increased to ₹ 247.38 crores in Fiscal 2023 from ₹ 87.40 crores in Fiscal 2022, primarily due to profit on sale of freehold land (exceptional item) amounting to ₹ 170.81 crores in Fiscal 2023.

Net cash from operating activities decreased to ₹ 87.40 crores in Fiscal 2022 from ₹ 349.81 crores in Fiscal 2021, primarily due to our utilization of cash for operating activities to meet working capital requirements.

Investing Activities

Net cash used in investing activities was ₹ 181.66 crores in Fiscal 2023 compared to ₹ 69.01 crores in Fiscal 2022, primarily due to an increase in purchase of property, plant, and equipment and other intangible assets (including capital work-in-progress and intangible assets under development) to ₹ 360.36 crores in Fiscal 2023 from ₹ 217.94 crores in Fiscal 2022, which was partially offset by a decrease in sale of current investment to ₹ 25.48 crores in Fiscal 2023 from ₹ 136.70 crores in Fiscal 2022.

Net cash used in investing activities was ₹ 69.01 crores in Fiscal 2022 compared to net cash used in investing activities of ₹ 239.57 crores in Fiscal 2021. The net cash used in investing activities in Fiscal 2021 was primarily due to purchase of current investments of ₹ 279.06 crores.

Financing Activities

Net cash used in financing activities was ₹ 91.08 crores in Fiscal 2023 compared to ₹ 82.37 crores in Fiscal 2022. This increase was due to an increase in (i) the repayment of non-current borrowings of ₹ 175.00 crores in Fiscal 2023 as compared to ₹ 3.20 crores, (ii) the dividends paid to owners of the company of ₹ 96.37 crores in Fiscal 2023 as compared to ₹ 38.77 crores. This was partially offset by an increase in proceeds from short term borrowings (net) of ₹179.85 crores in Fiscal 2023 as compared to repayment of short-term borrowings (net) of ₹ 43.63 crores in Fiscal 2022.

Net cash used in financing activities was ₹ 82.37 crores in Fiscal 2022 compared to ₹ 69.57 crores in Fiscal 2021. This was primarily due to a decrease in proceeds from long-term borrowings to ₹ 68.57 crores in Fiscal 2022 to ₹ 350.00 crores in Fiscal 2021. This was partially offset by a decrease in repayment of short-term borrowings of ₹ 43.63 crores in Fiscal 2022 as compared to ₹ 298.89 crores in Fiscal 2021.

Cash and Cash Equivalents

The table below sets forth our cash and cash equivalents for Fiscals 2023, 2022 and 2021, respectively.

(₹ in crores)

Particulars	**As of March 31, 2023**	**As of March 31, 2022**	**As of March 31, 2021**
Cash and cash equivalents			
Balances with banks:			
- In current accounts	144.36	154.15	96.51
- In fixed deposits	98.39	110.99	230.83
Cash on hand	0.58	0.51	0.59
Total cash and cash equivalents	**243.33**	**265.65**	**327.93**

Indebtedness

As of March 31, 2023, we had total borrowings of ₹ 577.64 crores:

(₹ in crores)

Particulars	As at March 31, 2023
At amortised cost	
Non-current borrowings	
Secured	
Term loan from bank	161.74
Unsecured	
7.65% non convertible debentures	-
Less: Unamortised upfront fees on borrowing	-
Total non-current Borrowings	**161.74**
Current Borrowings	
Unsecured	
Current maturities of long term debt	
- 7.65% non convertible debentures	174.43
- Term loan from bank	-
Working capital demand loan	0.02
Commercial papers	
- From Bank	149.04
Packing credit loan account from bank	33.70
Cash credit / bank overdrafts	11.88
Secured	
Current maturity of long term debt	
- Term loan from bank	31.83
Working capital demand loan	15.00
Total current borrowings	**415.90**
Aggregate secured loans	176.74
Aggregate unsecured loans	400.90
Total borrowings	**577.64**

Contractual Obligations

The table below sets forth our contractual obligations (undiscounted) as of March 31, 2023. These obligations primarily relate to our contractual maturities of financial liabilities such as trade payables, other financial liabilities and lease liabilities:

(₹ in crores)

Particulars	Total	Less than 1 year	More than 1 year
Interest bearing borrowings	577.64	415.90	161.74
Trade Payables	2,511.16	2,511.16	-
Other financial liabilities	37.42	37.42	-
Lease liabilities	110.16	20.90	89.26
Interest on borrowings	13.97	13.97	-
Total	**3,250.35**	**2,999.35**	**251.00**

Contingent Liabilities

The table below sets forth the principal components of our contingent liabilities as of March 31, 2023 as per the Audited Consolidated Financial Information:

(₹ in crores)

Particulars	As of March 31, 2023
Claims against the Group not acknowledged as debts	1.35
Sales tax matters	53.54
Excise duty matters	4.90
Service tax matters	121.63
Income tax matters	137.89
GST matters	1.78
Total	**321.09**

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Financial Market Risks

Our activities expose us to a variety of financial risks: market risk, credit risk and liquidity risk. Our primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on our financial performance. The primary market risk to us is foreign exchange risk. We use derivative financial instruments to mitigate foreign exchange related risk exposures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilizing foreign exchange forward contracts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We do not have any exposure to the future cash flows resulting from change in interest rate as our net obligations and asset carries fixed interest rate.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Liquidity risk

Liquidity risk is the risk that we may encounter difficulty in meeting our obligations. We monitor rolling forecast of our liquidity position on the basis of expected cash flows. Our approach is to ensure that we have sufficient liquidity or borrowing headroom to meet its obligations at all point in time. We have sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

Capital Expenditures

In the three months ended June 30, 2023 and Fiscals 2023, 2022, 2021, our additions to land-freehold, buildings, plant and equipment, leasehold improvements and office equipment were ₹ 76.16 crores, ₹ 462.85 crores, ₹ 91.46 crores and ₹ 47.31 crores, respectively.

Related Party Transactions

We enter into various transactions with related parties in the ordinary course of business. For details, see "*Related Party Transactions*" on page 43.

Unusual or Infrequent Events of Transactions

Except as described in this Preliminary Placement Document, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled "*Significant Factors Affecting our Results of Operations and Financial Condition*" and the uncertainties described in the section titled "*Risk Factors*" on pages 101 and 44, respectively. To our knowledge, except as described or anticipated in this Preliminary Placement Document, there are no known factors which we expect will have a material adverse impact on our revenue or income from continuing operations.

Future Relationship between Cost and Income

Other than as described in this Preliminary Placement Document, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenue.

New Products or Business Segments

Other than as described in "*Our Business*" on page 172 of this Preliminary Placement Document, there are no new products or business segments in which we operate.

Interest coverage ratio

Interest coverage ratio for the three months ended June 30, 2023 and Fiscal 2023, 2022 and 2021 is set out below:

	Three months ended June 30, 2023	**Fiscal March 31,**		
		2023	**2022**	**2021**
Profit before tax *(₹ in crores)*	113.61	384.17	249.81	145.15
Interest paid **(A)** *(₹ in crores)*	13.13	39.02	33.90	53.95
Profit before interest and tax **(B)** *(₹ in crores)*	126.74	423.27	283.71	199.10
Interest coverage ratio (C=B/A)	**9.65**	**10.85**	**8.37**	**3.69**

Seasonality of Business

Our HVAC&R business operations and the air conditioner industry in general may be affected by seasonal trends in the Indian climate. Generally, we witness an increase in sales in the first half of the calendar year. The sale of our products is generally significantly higher in the summer months due to the heat and warm weather, and considerably lower during the monsoon and winter months. For further details, see "*Risk Factors – Sales and inventory levels of our unitary products are affected by seasonality and unpredictable weather patterns which may materially and adversely affect our sales, results of operations and financial condition.*" on page 44.

Significant dependence on single or few suppliers or customers

Other than as described in "*Our Business*" and "*Risk Factors*" on pages 172 and 44, respectively of this Preliminary Placement Document, we do not have any significant dependence on single or few suppliers or customers.

Competitive conditions

We operate in a competitive environment. Please refer to the sections "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 172, 127 and 44, respectively, for further information on our industry and competition.

Significant Developments after June 30, 2023

No circumstances have arisen since June 30, 2023 that materially and adversely affect, or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Unless otherwise specified, all of the information and statistics in this section are extracted from the CareEdge Report. The information extracted from the CareEdge Report reflects an estimate of market conditions based on CareEdge's research and analysis. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics by our Company, neither we, the Book Running Lead Managers, or any of our or their respective directors, officers, affiliates or advisors, nor any party involved in the Issue have independently verified such information and statistics, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside India.

GDP growth outlook for global economy remains broadly stable with near term resilience

As per the International Monetary Fund ("**IMF**")'s World Economic Outlook growth projections released in July 2023, global economic growth for calendar year 2022 was estimated at 3.5% on year-on-year basis, down from 6.3% in calendar year 2021 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. The global economic growth for calendar year 2023 is projected to slow down further to 3.0% mainly due to tightening global financial conditions, expectations of steeper interest rate hikes by major central banks to fight inflation and spillover effects from the war between Russia and Ukraine with gas supplies from Russia to Europe expected to remain tightened. Growth in calendar year 2024 is projected to remain broadly stable at 3.0%, although with notable shifts across regions. For the next five years, the IMF projects world economic growth between 3.0% and 3.2% on a year-on-year basis.

Global Growth Outlook Projections (Real GDP, Year-on-Year change in %)

Notes: P-Projection
**For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year*
Source: IMF – World Economic Outlook, July 2023

Advanced Economies Group

For major advanced economies, the GDP growth was estimated to be 2.7% in calendar year 2022, down from 5.4% in calendar year 2021, which is further projected to decline to 1.5% in calendar year 2023. This forecast of low growth reflects rise in central bank interest rates to fight inflation and the impacts of the Russia-Ukraine war. About 93% of advanced economies are projected to see decline in growth in calendar year 2023. This growth is expected to decline further slightly to 1.4% in calendar year 2024.

One of the major countries from this group is the United States of America. The growth for the United States of America is estimated to be 2.1% for calendar year 2022 compared to 5.9% in calendar year 2021. Whereas, growth for calendar year 2023 and calendar year 2024 is projected at 1.8% and 1.0%, respectively. This is reflective of declining real disposable income and savings impacting consumer demand with higher interest rates taking toll on spending.

The growth for calendar year 2022 in Europe is estimated to be 3.5% compared to 5.3% in calendar year 2021. However, the boost from reopening of the economy after the COVID-19 pandemic appears to be fading. For calendar year 2023 and calendar year 2024, the growth is projected at 0.9% and 1.5%, respectively. With inflation moderating in euro area compared to the previous quarter, the growth projections revised upwards by 0.1%. Further, the accelerated pace of rate increases by the Bank of England and the European Central Bank is tightening financial conditions and cooling demand in the housing sector and beyond.

Emerging market and developing economies group

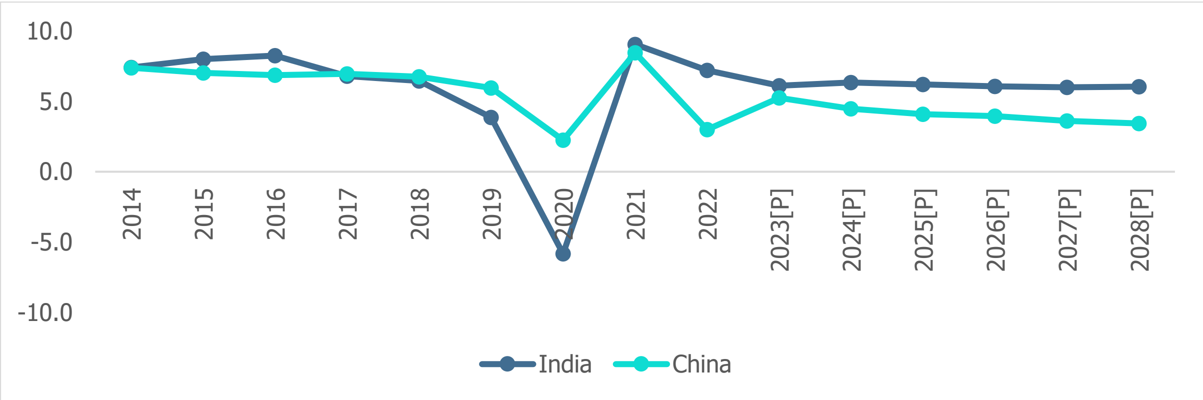
For the emerging market and developing economies group, GDP growth is estimated at 4.0% in calendar year 2022, compared to 6.8% in calendar year 2021. This growth is further projected at 4.0% in calendar year 2023 and 4.1% in calendar year 2024. This expected improvement in GDP growth in calendar year 2024 is on account of anticipation of gradual recovery. This stable growth is largely contributed by about 61% of economies growing at faster rate in calendar year 2023, remaining economies including low-income countries are expected to grow slower.

In China, growth is expected to pick up to 5.2% with the full reopening in calendar year 2023 and subsequent moderation in calendar year 2024 to 4.5%. Whereas, India's GDP projection for calendar year 2023 and calendar year 2024 stand at 6.1% and 6.3%, respectively with resilient domestic demand despite external headwinds.

India to remain fastest growing economy transcending China

Despite the turmoil in last two-three years, India bears good tidings for becoming USD 5 trillion economy by calendar year 2027. According to the IMF dataset on gross domestic product ("**GDP**") at current prices for India, the GDP is estimated to be at USD 3.4 trillion for calendar year 2022 and projected to reach USD 5.2 trillion by calendar year 2027. The expected GDP growth rate of India for coming years is almost double compared to the world economy.

GDP growth trend comparison - India and China (Real GDP, Year-on-Year change in %)



P- Projections; Source: IMF – World Economic Outlook (July 2023), World Economic Outlook Database (April 2023)

Besides this, India stands out as the fastest growing economy amongst the major economies. Outshining the growth rate of China, the Indian economy is expected to grow at more than 6% between calendar year 2024 and calendar year 2028.

The Indian economy is paving its way towards becoming the largest economy in the world. Currently, India is the third largest economy globally in terms of purchasing power parity ("**PPP**") with approximately 7% share in the global economy with China (approximately 18%) first and the United States of America (approximately 15%) second. PPP is an economy performance indicator denoting relative price of an average basket of goods and services that a household needs for livelihood in each country. Despite the impact of the COVID-19 pandemic, high inflation and interest rates globally and the geo-political tensions in Europe, India has been one of the major contributors to world economic growth.

GDP growth and Outlook

Resilience to external shocks remains critical for near-term outlook

India's GDP grew by 9.1% in Fiscal 2022 and stood at Rs. 149.3 trillion despites of some spillovers of the COVID-19 pandemic and geo-political Russia-Ukraine war. In Q1 of Fiscal 2023, India recorded 13.2% year-on-year growth in GDP which can largely be attributed to better performance by agriculture and services sectors. Following this double-digit growth, Q2 of Fiscal 2023 witnessed 6.3% year-on-year growth, while, Q3 of Fiscal 2023 registered 4.5% year-on-year growth. This slowdown in growth during Q2 of Fiscal 2023 and Q3 of Fiscal 2023 compared to the Q1 of Fiscal 2023 can be attributed to normalization of the base and a contraction in the manufacturing sector's output. Subsequently, Q4 of Fiscal 2023 registered broad-based improvement across sectors compared to Q3 of Fiscal 2023 with growth of 6.1% year-on-year. The investments as announced in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure has augmented growth and encouraged private investment through large multiplier effects in Fiscal 2023. Supported by fixed investment and higher net exports, GDP for full-year Fiscal 2023 was valued at Rs. 160.1 trillion registering an increase by 7.2% year-on-year.

In the current fiscal, with robust urban demand, the air passenger traffic and household credit exhibited sustained growth. However, the growth in passenger vehicle sales has moderated. On the other hand, in rural area, the tractor sales improved in June 2023 while two-wheeler sales moderated. Cement production and steel consumption witnessed robust growth. Merchandise exports and non-oil non-gold imports remained in contraction territory in June 2023, while, services exports posted subdued growth amidst slowing external demand.

GDP growth outlook

During Fiscal 2024, strong prospects for agricultural and allied activities are likely to boost rural demand. Rebound in contact-intensive sectors and discretionary spending is expected to support urban consumption. Strong credit growth, resilient financial markets, and the government's continued thrust on capital spending and infrastructure are likely to create a congenial environment for investments.

However, El Nino is being predicted in the current fiscal which may lead to deficit rainfall in the country and impact agricultural output. Further, external demand is likely to remain subdued with slowdown in global activity, thereby indicating adverse implications for exports. Additionally, heightened inflationary pressures and resultant policy tightening may pose risk to the growth potential.

Taking all these factors into consideration, in August 2023, the RBI in its bi-monthly monetary policy meeting estimated the real GDP growth of 6.5% year-on-year for Fiscal 2024.

RBI's GDP Growth Outlook (Year-on-Year %)

Fiscal 2024 (complete year)	Q1 of Fiscal 2024	Q2 of Fiscal 2024	Q3 of Fiscal 2024	Q4 of Fiscal 2024	Q1 of Fiscal 2025
6.5	8.0	6.5	6.0	5.7	6.6

Source: Reserve Bank of India

Global Air conditioner market

Overview

Several trends are expected to shape the future of the air conditioning industry. The combination of smart and connected technologies is expected to become more prevalent, allowing users to control and monitor their cooling systems remotely. The internet of things ("**IoT**") will likely play a significant role in enhancing the user experience and optimizing energy consumption.

Environmental concerns are driving a shift towards the use of eco-friendly refrigerants that have a lower impact on the ozone layer and contribute to reducing greenhouse gas emissions. The industry is likely to witness increased emphasis on sustainable practices and green technologies.

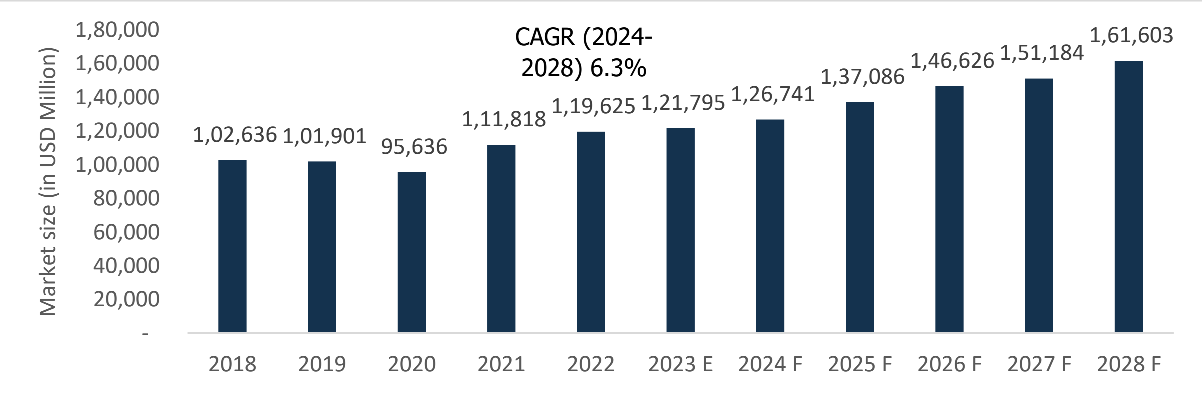
The air conditioning industry is expected to continue to evolve, driven by factors related to lifestyle, urbanization, energy efficiency and technological advancements.

Global Market Size of air conditioners

The global air conditioner market has recorded a value of USD 119,625 million in the year 2022. It recorded a CAGR of 3.9% between 2018 and 2022. The year 2020 witnessed a decline in the value by 6.1% and reached USD 95,636 million from USD 1,01,901 million in 2019. This decline was mainly on account of outbreak of COVID-19 pandemic in that year. The COVID-19 pandemic led to lockdowns and restrictions that led to decline in purchases of air conditioners.

However, sales started picking up after the COVID-19 pandemic subdued. In the year 2022, the global air conditioner market recorded a growth of 7.0% and reached USD 1,19,625 million from USD 1,11,818 million in 2021. The market is estimated to reach USD 121,795 million by the end of 2023. It is forecasted to grow at a CAGR of 6.3% between 2024 and 2028 to reach a market value of USD 161,603 million by the year 2028.

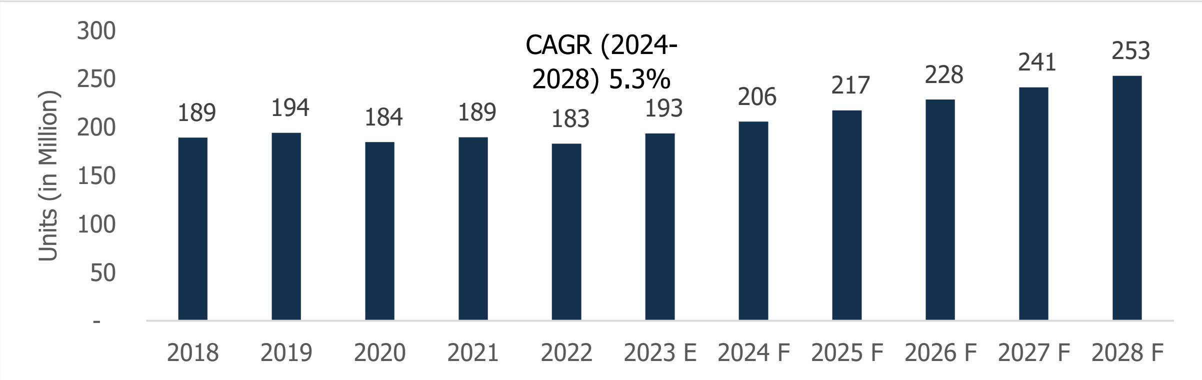
Global air conditioner market by value



Source: CareEdge Research, Maia Research
Note: The year mentioned in this chart and subsequent sections is calendar year; E- Estimated; F-Forecasted

In terms of volume, the global air conditioner market recorded 183 million units in sales in 2022 and is estimated to reach 193 million units by the end of 2023. It is forecasted to grow at a CAGR of 5.3% between 2024 and 2028.

Global air conditioner market by volume

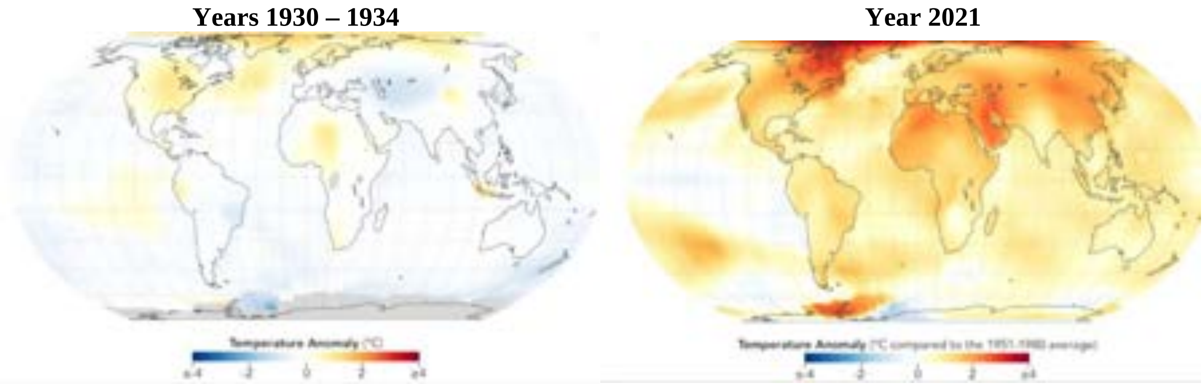


Source: CareEdge Research, Maia Research

The following are the major reasons for growth in the air conditioner market:

Rising temperatures: The rising temperatures are expected to drive the sales of the air conditioners in the coming years. As per the United Nations report ‘State of Global Climate 2022’, in 2022, the planet was 1.15 ± 0.13 °C warmer than the pre-industrial (1850-1900) average, making the last 8 years the warmest on record. As per World Meteorological Organization, the annual mean global near-surface temperature for each year between 2023 and 2027 is predicted to be between 1.1°C and 1.8°C higher than the average over the years 1850-1900. The rise in temperature is making summers unbearable and population at large is moving towards increasing use of air conditioners to reduce the impact of harsh temperatures on their body. With the continuous upgrading of air conditioner products and the development of technology, the market is expected to continuously expand.

Global heat map depicting increase in temperatures



Source: World Economic Forum

Increase in real estate activities: The residential and commercial sector activities are growing around the world, especially in the developing economies. There has been a surge in construction across residential buildings, commercial stores, malls, hospitals, theatres and hotels and restaurants.

Developments in air conditioner market: A lot of development is also happening in the air conditioner market that will attribute to its growth in the coming years. With the development of intelligent technology, many household appliances can apprehend intelligent control. The air conditioners can now be controlled by voice and remote control. In addition to the two modes of cooling and heating, a smart mode has also been. The smart performance of smart air conditioners is able to perceive changes in people and the indoor environment and judge based on the activities of people in the room and the temperature and humidity. Although the research and development functions of smart air conditioners are still relatively limited at present, with the enhancement of people's desire for a smart and convenient life, meeting people's more and more personalized needs will be an opportunity for the future development of the air conditioner industry.

Market analysis of air conditioners by type

The air conditioning market has undergone developments constantly. There are various versions that exist as per technology in the unit used. It is available in a number of variants depending upon the size of the enclosed area it will be installed, its frequency and other such factors.

The main categories of AC’s are:

Inverter air conditioner

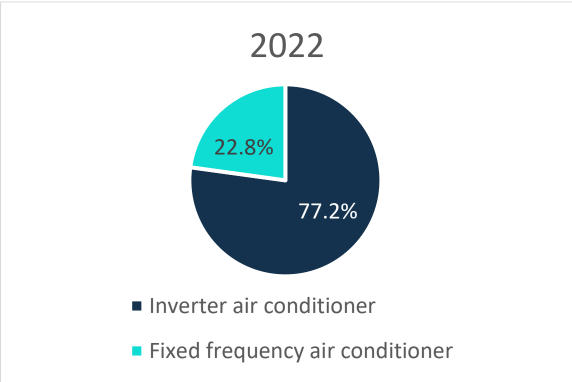
The inverter air conditioner uses a microprocessor to control the speed of the compressor motor to match the desired output. Once the desired temperature is achieved, the inverter air conditioner reduces the speed of the motor to save energy and maintain the desired temperature. The key difference between an inverter air conditioner and a fixed frequency air conditioner is the design of the compressor motor.

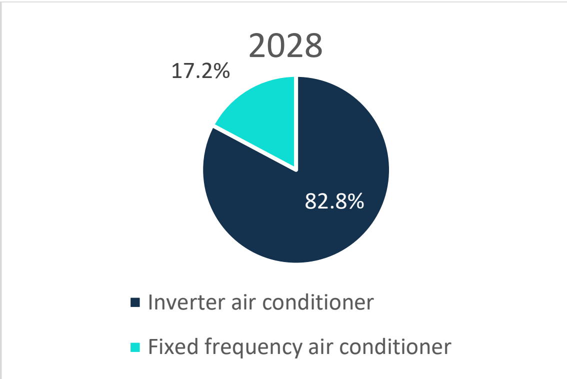
Fixed frequency air conditioner

A fixed frequency air conditioner is also known as non - inverter air conditioner. It has a single speed compressor motor with start/stop operation. When the desired temperature is achieved, the compressor motor automatically shuts off and restarts only when the temperature exceeds a set threshold.

In the year 2022, the inverter AC occupied 77.2% of the total Global AC market, whereas fixed frequency AC made up for only 22.8% share.

Market share of Inverter and Fixed frequency air conditioners





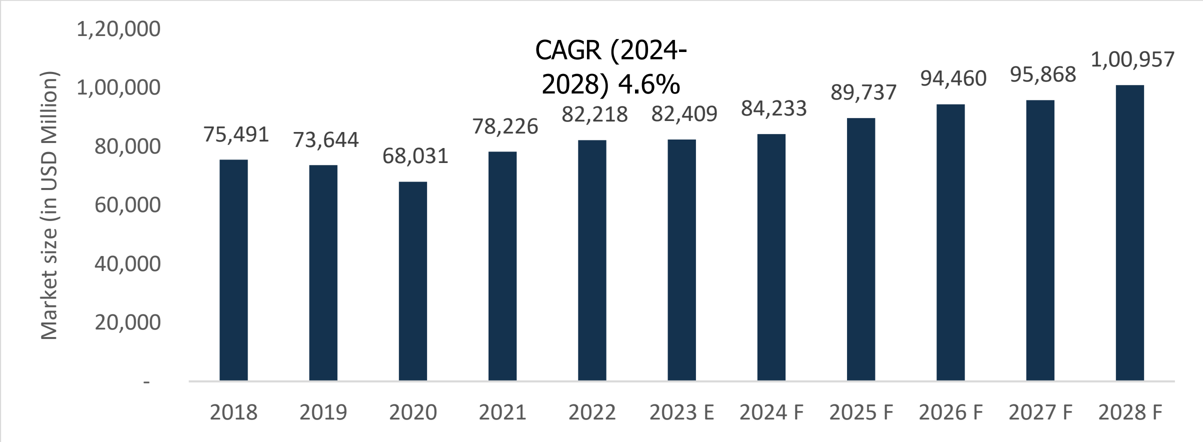
Source: CareEdge Research, Maia Research

Room AC's

The global Room AC market grew at a CAGR of 2.2% between 2018 and 2022. It was valued at USD 82,218 million in the year 2022. Further, it is expected to grow at a CAGR of 4.6% between 2024 and 2028. By the end of 2023, the market is expected to reach USD 1,00,957 million.

The growth of room air conditioner market is supported by the residential real estate market. The residential real estate is expanding at a positive pace led by urbanization especially in the developing countries. Migration due to reasons like job opportunity are very common in these countries. Additionally, the government of many countries also implement strategies to develop residential real estate projects by providing subsidies, low cost affordable housing schemes and cut in taxes.

Global Room air conditioner market



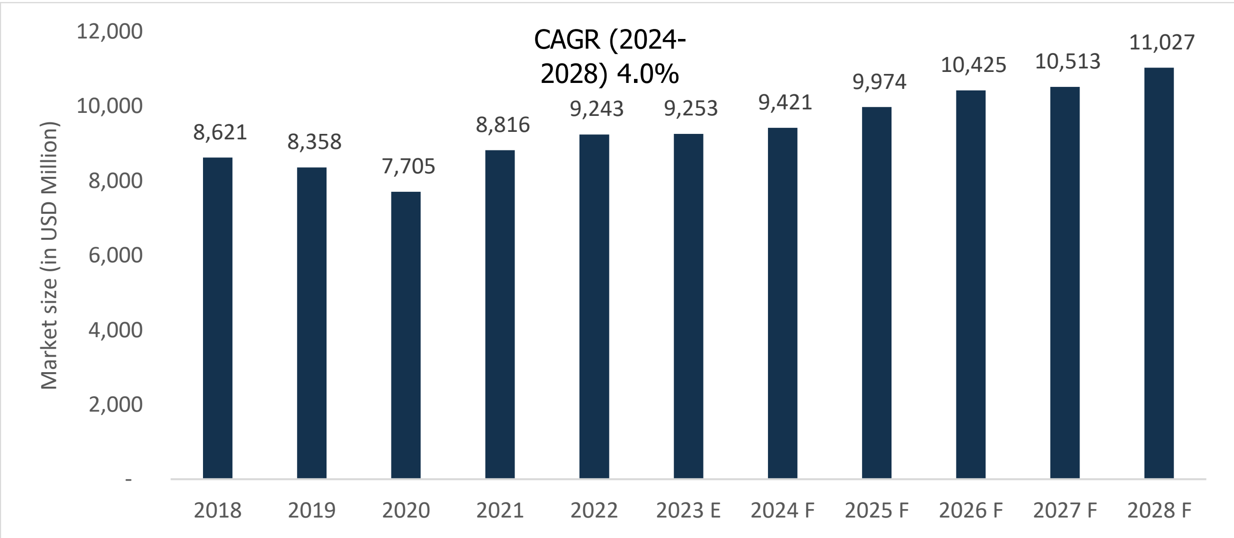
Source: CareEdge Research, Maia Research

Room AC's are further bifurcated into Window and Split AC.

Window AC

A window AC is one single unit appliance and is fitted into a window. They are referred as room air conditioner as well. It is one of the simplest forms of air conditioning units. The window AC's main components include compressor, condenser, expansion valve and evaporator. Since all the components are installed in a single unit box, window AC's are easier to install as compared to split ACs. The market size of window air conditioner was recorded at USD 9,243 million in the year 2022, it grew at a CAGR of 1.8% between 2018 and 2022. Further, the market is estimated to grow at a CAGR of 4% between 2024 and 2028.

Global Window air conditioner market

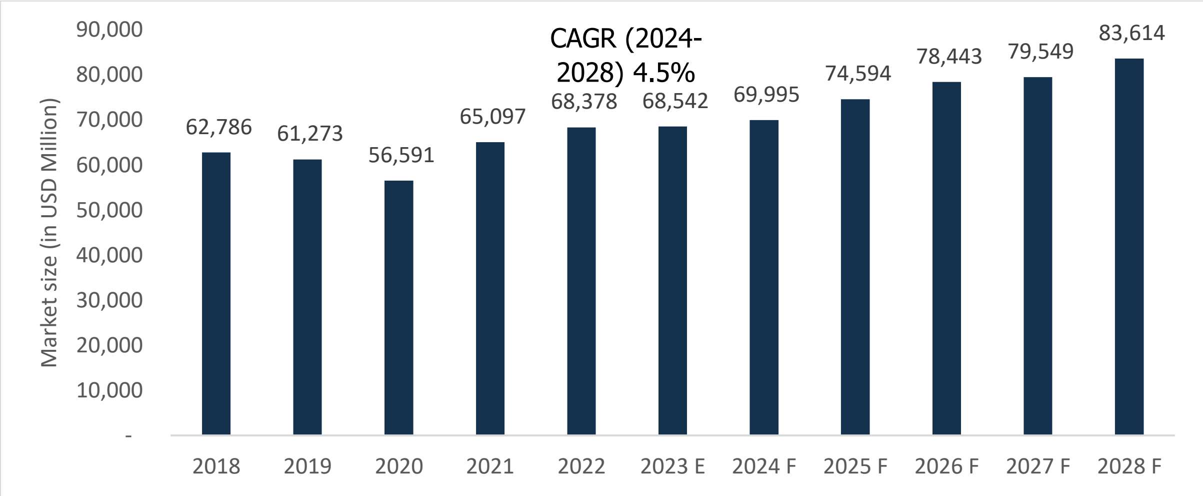


Source: CareEdge Research, Maia Research

Split AC

A split AC has two units – indoor and outdoor which are connected with a copper tubing. The outdoor unit contains a compressor and a condenser whereas, the indoor unit contains an evaporator coil and an indoor air handling unit. The copper tube is filled with refrigerant that transfer the heat from indoor to outdoor. Split ACs are compact and easy to install units that are mounted on the wall. The Split AC market grew at a CAGR of 2.2% between the years 2018 and 2022 and reached USD 68,378 million in 2022. The market is estimated to grow at a CAGR of 4.5% between 2024 and 2028. Split AC is being preferred by the consumers as it is more compact, easy to maintain and no windows are required to install it.

Global Split air conditioner market



Source: CareEdge Research, Maia Research

Commercial AC's

The commercial AC market grew at a CAGR of 8.3% between 2018 and 2022. In the year 2022, the market reached USD 37,408 million. Further, it is expected to grow at a CAGR of 9.3% between 2024 and 2028. By the end of 2023, the global commercial AC market is expected to record USD 39,386 million.

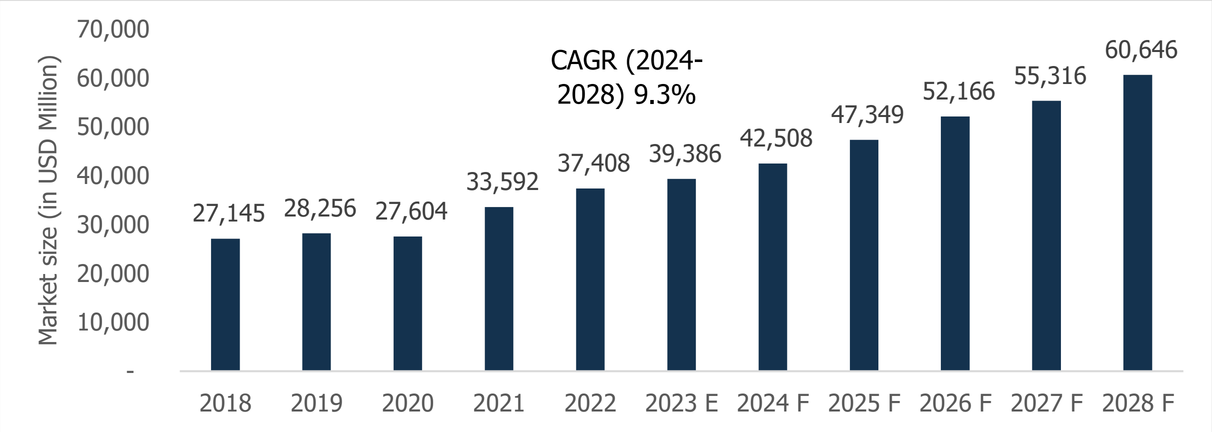
The commercial real estate market globally is experiencing a strong growth. This growth is caused by a number of factors like the state of the economy, employment conditions, government support and interest rates.

After COVID-19 pandemic, there has been an upward trend in co working spaces as there has been an option of 'Work From Home' and 'Hybrid' working models. Employees often book co working spaces when they are travelling as their work allows them to do so. Additionally, startups or companies with smaller work force take up co working spaces/shared offices instead of an individual office as it is a cost-effective option for them.

The e-commerce industry has led to development of massive warehouses to store their online listed products. Some of the e-commerce players also provide storage facilities to their listing partners. The need for warehouses for these players might differ for product to product. Some of the products need to be stored in proper temperature-controlled spaces due their nature thus accelerating the need for air-conditioned spaces.

As the commercial real estate spaces are growing, the market size of commercial air conditioners is also expected to move in line with it. Air conditioners have become a very important part of commercial space aesthetics as well as necessary amenities as the business owners today wish to provide a comfortable experience for their customers. The use of AC's also helps in improving the efficiency of the employees and operation of computers in the offices.

Global Commercial air conditioner market



Source: CareEdge Research, Maia Research

Market analysis of air conditioners by region

In terms of growth by region, Air conditioner market has grown fastest (in terms of value) at a CAGR of 4.3% in South America followed by Asia at 4.2% and North America by 4.1%.

Air conditioners market size by region (in USD millions)

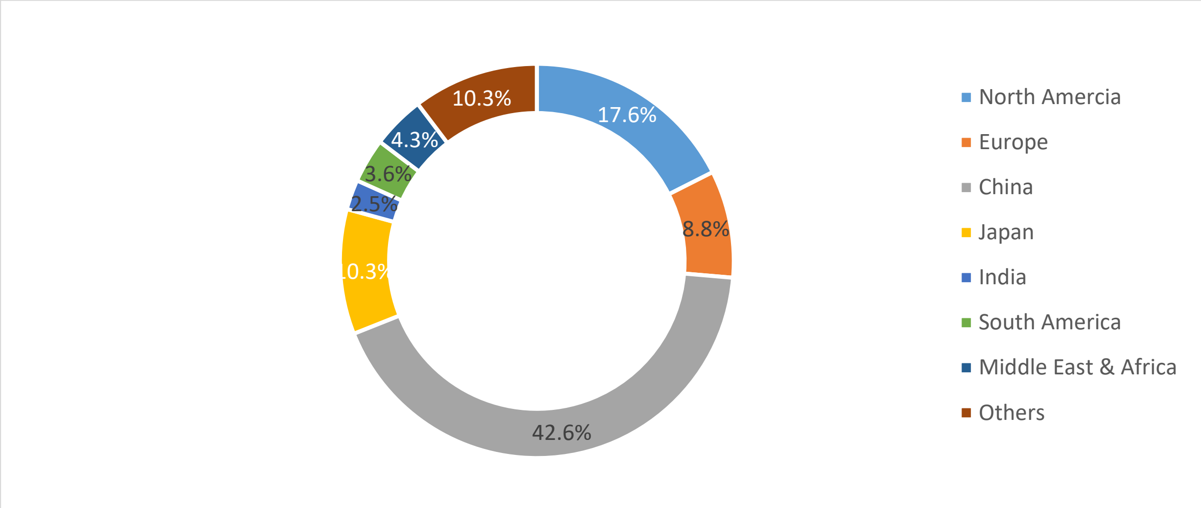
Regions	2018	2022	2023E	2024F	2028F	CAGR (2018-2023)	CAGR (2024-2028)
North America	17,887	21,012	21,234	22,199	28,102	3.5%	6.1%
Europe	9,536	10,533	10,668	10,796	13,022	2.3%	4.8%
China	43,125	50,978	52,081	54,547	70,549	3.8%	6.6%
Japan	11,017	12,269	12,382	12,751	15,558	2.4%	5.1%
India	2,080	2,926	3,097	3,476	5,402	8.3%	11.7%
South America	3,678	4,357	4,460	4,687	6,047	3.9%	6.6%
Middle East and Africa	4,493	5,195	5,315	5,544	7,134	3.4%	6.5%
Others	10,821	12,356	12,557	12,741	15,790	3.0%	5.5%

Source: CareEdge Research, Maia Research

The growth in the South and North America market is driven by the increase in demand for heating, ventilation and air-conditioning (“**HVAC**”) equipment market. The increase in HVAC demand is mainly contributed to an increase in demand for smart systems and the integration of the IoT, industrial automation systems, smart manufacturing, and Industry 4.0. A significant portion of the market’s above-average growth is anticipated from the uptick in green building construction activities. The smart home market, which is expanding rapidly, is projected to boost the HVAC system market’s growth.

Government strategies in several Asian countries of allowing Foreign Direct Investment in infrastructure sector is expected to increase the demand for air conditioners in this region. Additionally, the growing need for smart homes, improving indoor quality and increased focus on providing air-conditioned homes by the construction companies is increasing the sales of air conditioners in the Asian countries.
However, the COVID-19 pandemic had a major impact on the HVAC market. The demand for systems had plummeted in the first few months due to lockdown restrictions and businesses not investing in new equipment. Further declines in construction activity across commercial, residential, and industrial sectors had temporarily dampened demand for HVAC systems. The second wave of the COVID-19 pandemic has also affected the supply chain for air conditioning equipment.

Global air conditioner market by region in 2022



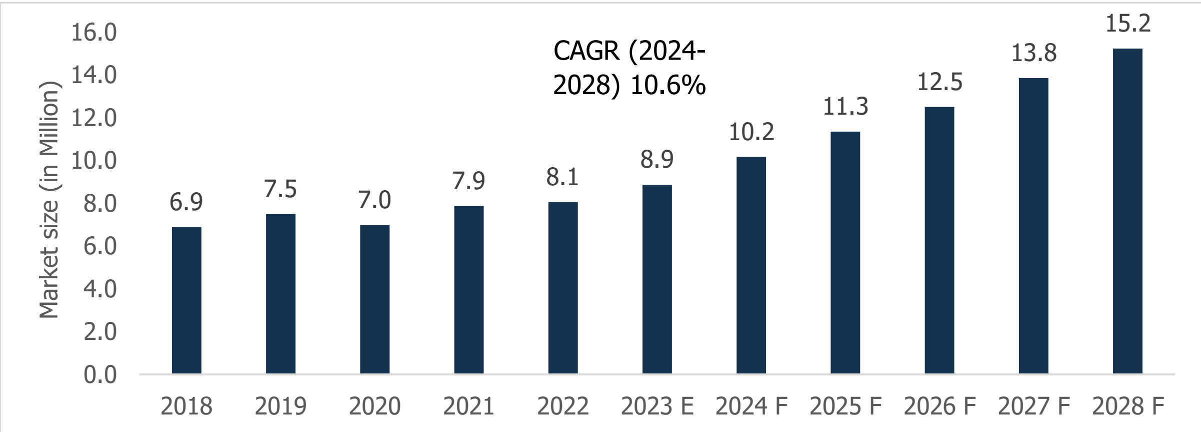
Source: CareEdge Research, Maia Research

India Air conditioner market

Indian Air Conditioner Market Size

The use of air conditioners is growing very rapidly in India. The sales volume in India increased from 6.9 million units to 8.1 million units in 2022. The volumes grew by a CAGR of 4.0% between 2018 and 2022. The air conditioner market is further estimated to reach 8.9 million units in volumes by end of 2023. It is forecasted to grow at a CAGR of 10.6%.

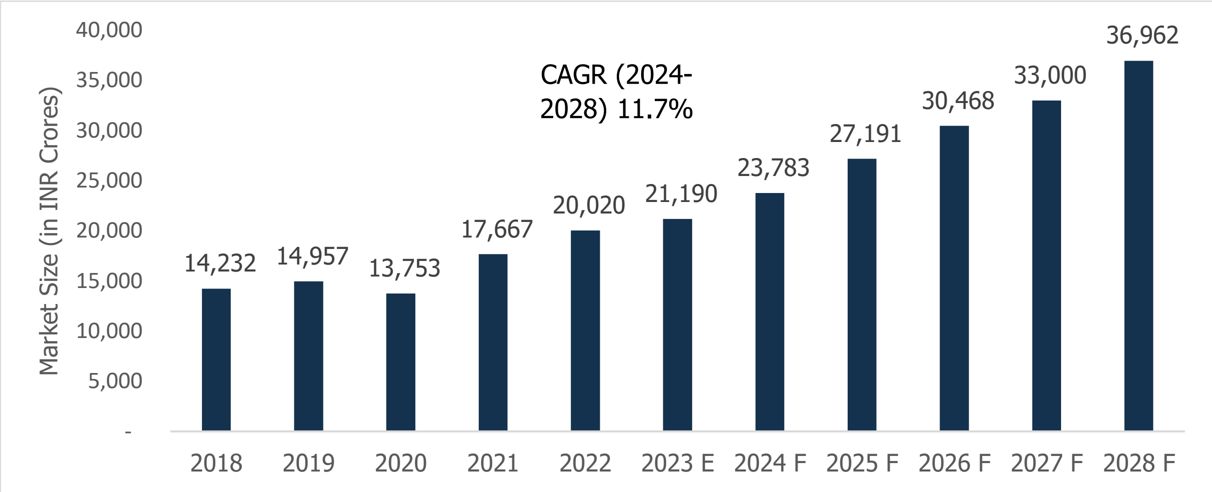
Air conditioner market in India by volume



Source: CareEdge Research, Maia Research

In the last four years, the air conditioner market grew at a CAGR of 8.9% in terms of value. In the year 2022, the market has reached a size of Rs 20,020 crores. Further, the market is estimated to reach Rs 21,190 crores by the end of 2023. It is forecasted to grow at a CAGR of 11.7% between 2024 and 2028.

Air conditioner market in India by value



Source: CareEdge Research, Maia Research

The increasing demand from tier 2 cities like Lucknow, Kanpur, Jaipur, Noida are expected to drive the air conditioner market in coming future. In these cities, there is plenty of room for the air conditioner market to grow. The Indian summers have broken the heat records in this decade quite a few times. The heatwaves are forcing people to purchase air conditioners to create a more comfortable atmosphere.

India recorded temperatures greater than 43 degrees in certain parts like Rajasthan and Andhra Pradesh in June 2023. Above normal temperatures (1.6 degree to 3 degrees) were recorded at many places over Coastal Andhra Pradesh and Yanam and at a few places over Nagaland, Manipur, Mizoram and Tripura, Odisha, Rayalaseema, North Interior Karnataka, Tamil Nadu, Puducherry and Karaikal.

The growth of the air conditioner market in India is supported by the following sectors:

Commercial construction

The commercial real estate industry (including retail properties) was severely impacted during the COVID-19 pandemic years due to lockdowns, reverse migration of workers, disrupted supply-side and restrictions on mobility. Muted property sales and leasing impacted cash flows of developers and lower cash availability ultimately impacted project completions. Overall, the drop-in demand from the residential and the commercial space resulted in the real estate industry facing one of its worst years. The commercial real estate industry has recovered from the impact of the COVID-19 pandemic and witnessed healthy transaction (including sale and lease) volumes in calendar year 2022. Office transactions were up 35% year-on-year in calendar year 2022 driven by return of workforce of office and increasing absorption of flexible workspaces. Bengaluru market continued to witness largest share in transaction volumes followed by national capital region ("**NCR**"), Hyderabad, Mumbai and Chennai. Sectors such as e-commerce, logistics and education were the highest contributor to the transactions during this period followed by the information technology and flexible workspaces. Rentals increased in the range of 112% in top 8 cities while vacancy levels stood at 15%+ at the end of calendar year 2022.

An increase in infrastructure spend by both – Private sector as well as Public sector augurs well for Electro-Mechanical Projects and Commercial Air Conditioning Systems business. The order books record healthy growth in this segment when the infrastructure spending by both the sector increases. The government spending on metros, airports and private sector spending on construction of pharmaceutical factories, data centres and hospitality sectors helps the commercial air conditioning systems to record a positive growth.

Office spaces

The demand for office spaces will be driven by expansion of co-working segment, increase in hiring across various sectors like IT, E-commerce etc., increased connectivity due to augmentation of infrastructure and an overall economic growth in India. Government of India has taken multiple steps to improve the infrastructure and amenities in India like National Industrial Corridor Development Programme. Further, initiatives like establishment of Real Estate Regulation Authority, clarification that FDI can be invested in under construction projects etc. are aimed at increasing transparency and domestic/foreign investments in the sector going forward.

Generally leasing of office space is a long-term contract and with major IT companies switching to back to office mode, the demand of office spaces is expected to rise. Also, hybrid mode has been adopted by the many offices which require staff to attend office few days in month. This new mode has also created a separate demand of office spaces.

Retail

As the COVID-19 pandemic has subsided, people have gone back to their daily routines which mean resumption in retail activities including mall and theatre visits, shopping, dining out, travelling and outdoor activities. Many malls are also coming up in Tier II and Tier III cities. Further, there has been an increase in discretionary spending which has led to retail sales growth above the pre-COVID-19 pandemic levels. Major spending is seen across supermarkets, hypermarkets, footwear and departmental stores. Higher youth population and increased disposable income especially in urban cities have also led to increase the footfall in malls. The entertainment category which includes theatres and experience centers, is also one of the key reasons for increase in footfalls in malls.

Warehouses

Warehouses have become one of the major segments of the rapidly growing Indian logistics industry. With evolution of the organized retail sector, modern warehouses for the storage of perishable and non-perishable goods have become essential and are the backbone of the manufacturing and e-commerce industry. Major end users of warehouses are 3PL, e-commerce, retail followed by engineering, auto and ancillaries, FMCG, electronics and white good amongst others.

The warehousing industry has been growing steadily since Fiscal 2018 when it was granted infrastructure status by the Government of India, which helped the industry in securing funding at lower costs, for longer duration and with enhanced limit. Better availability of financing coupled with growing demand from the FMCG, pharmaceuticals, 3PL and e-commerce industries has propelled the growth of the industry over the past few years.

Residential real estate

The residential real estate industry has experienced a substantial increase in new project launches post the COVID-19 pandemic. Additionally, there has been a notable surge in the absorption and availability of high-quality real estate properties in both tier I and tier II cities. Foreign investments continued to flow into the sector, aided by the easing of the COVID-19 pandemic situation, resumption of travel, favorable policies such as tax benefits, and advantageous currency exchange rates, which have further contributed to increased investments from non-resident Indians ("**NRIs**"), particularly in the residential sector. Furthermore, the shift towards remote and hybrid working arrangements post the COVID-19 pandemic has led to a growing requirement among individuals to own a home, thereby driving demand for larger living spaces, upscale amenities and technologically advanced housing solutions.

Market Analysis of air conditioners by type – Indian market

Inverter air conditioner

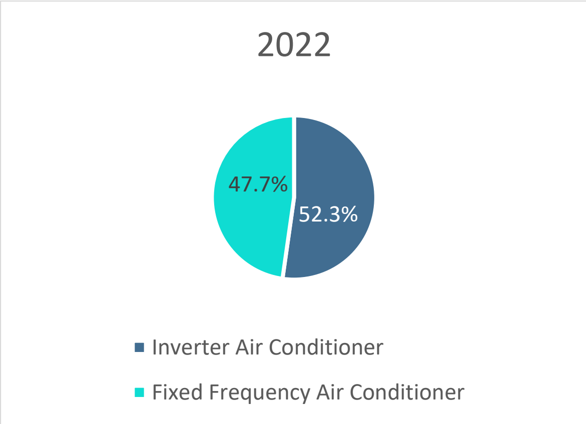
The Inverter air conditioner market in India grew at a strong CAGR of 14.9% between 2018 and 2022, it recorded a market size of Rs 10,462 in 2022. Further, the market is estimated to continue growing strong at a CAGR of 17.2% between 2023 and 2028.

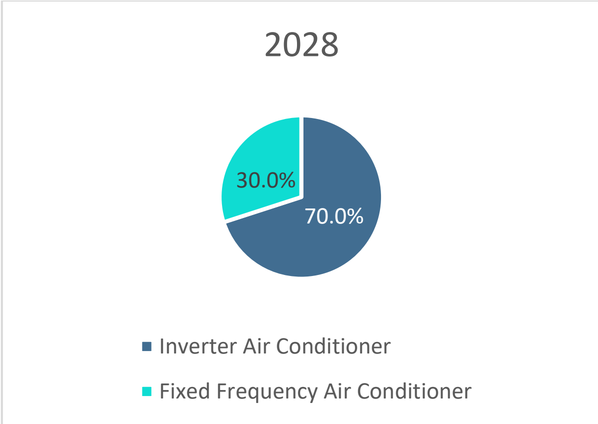
Fixed frequency air conditioner

The Fixed frequency air conditioner market grew at a CAGR of 3.8% between 2018 and 2022. It recorded Rs 9,559 crores in market size in 2022. The market is estimated to grow at a CAGR of 2.4% in between 2022 and 2024.

The inverter air conditioner market is growing strongly in India as it has major benefits over the fixed frequency air conditioner. The Inverter Ac's use less power, provides unwavering temperature control and is adapts well to big spaces as well.

Inverter and Fixed frequency air conditioner market in India



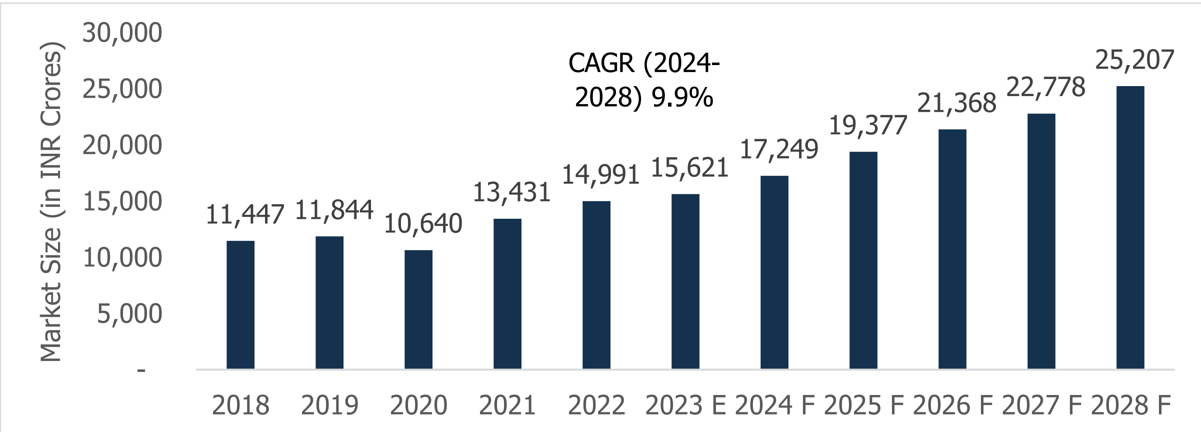


Source: CareEdge Research, Maia Research

Room air conditioner

The room air conditioner market is dominating the Indian air conditioner market space. Overall, the room air conditioners take up the majority share of total air conditioner sales in India. In 2022, it dominated the market with 74.9% market share as compared to 25.1% of commercial air conditioners. The room air conditioner market grew at a CAGR of 7.0% between 2018 and 2022 and reached Rs 14,991 crore in market size in 2022. It is estimated to grow at a CAGR of 9.9% between 2024 and 2028. The increasing temperatures are compelling consumers to purchase air conditioners for their homes to create a comfortable atmosphere for leisure as well as work.

Room air conditioner market in India



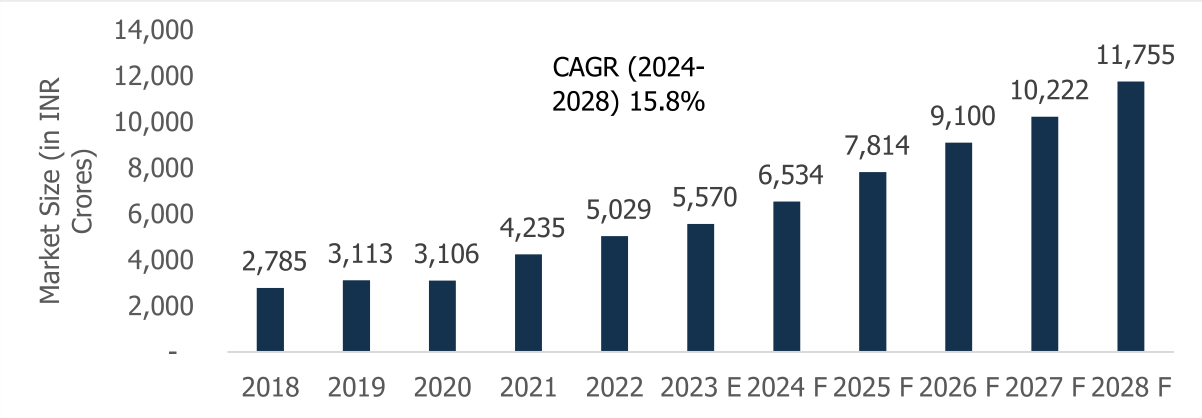
Source: CareEdge Research, Maia Research

__Commercial air conditioner__

The Commercial air conditioner market grew at 15.9% between 2018 and 2022, it is expected to maintain the growth rate CAGR at 15.8% between 2024 and 2028 as well.

The development in commercial real estate like retail outlets, malls, restaurants, hospitals in smaller towns and tier 2 cities will lead to growth in sales of commercial air conditioners. The room air conditioner market will still be dominating the air conditioner market at 68.2%. The Indian room market has reached 7.5 million units in 2022, by the end of 2023 it is estimated to reach 8.2 million units growing at 9.4% year-on-year. Whereas, the commercial air conditioner market has reached 0.6 million units in sales and is estimated to reach 0.7 million units. It is forecasted to grow at a CAGR of 16.8% year-on-year.

Commercial air conditioner market in India



Source: CareEdge Research, Maia Research

__Chillers, VRF and Ducted air conditioners__

A glance at the three main types of air conditioners in the market (in ₹ crores):

Types	2022	2024	2028	CAGR (2024-2028)
Chiller	2,250	2,529	3,063	4.9%
VRF	1,210	1,498	2,032	7.9%
Ducted	1,190	1,538	2,500	12.9%

Source: CareEdge Research, Maia Research

Chillers

The chiller market in India was valued at Rs 2,250 crores in 2022. It is expected to grow at a CAGR of 5.3% between 2022 to 2028. The robust growth in chillers market can be attributed to the increasing demand from the healthcare industry, industrial sector and the increased construction activity in the country.

The chiller market is witnessing high demand across commercial sector like hospitals, hotels, shopping malls, airports as well as from the food and beverage industry where it is used in bakery facilities. Chillers help in controlling the machinery temperature and prevent overheating.

*Variable Refrigerant Flow ("**VRF**")*

The VRF market in India is valued at Rs 1,210 crore in 2022. The market is forecasted to grow at a CAGR of 9.0% between 2022 and 2028. The major factors that are expanding this market are increasing construction activities and commercial activities in the country.

The government is also indirectly pushing the VRF market in India. The Smart cities mission by the government is a program focusing on the urbanization and public infrastructure. The need for air conditioners in public spaces like airports, metro stations and even railways will lead to increase in demand for VRF units. VRF systems are also considered as energy efficient devices as compared to air conditioners. They help in keeping the temperature in control in different rooms which can help in energy savings.

Ducted air conditioner

The Indian ducted air conditioner market is valued at Rs 1,190 crores in 2022. In the coming years, the market is forecasted to grow at a CAGR of 13.2% between 2022 and 2028.

The increase in commercial construction activities like commercial complexes that are used by offices, restaurants and requirement of temperature-controlled spaces like cold storages, pharmaceutical factories or storage units require ducted ac as these spaces are huge and can cool multiple spaces at a single time.

Growth drivers

The use of air conditioners is increasing on a day to day basis globally. Development of data centres, increasing global temperatures, need for purified air are some of the reasons for growth of air conditioners market. The rapid urbanization happening in the developing countries, increasing commercial activities is only supporting the air conditioner market to grow. The growth drivers for this industry are stated below:

Improvement in air quality

Room and commercial air conditioners offer a number of benefits, that include improved indoor air quality, humidity control, sleep promotion, heating in winter, noise reduction, and many more.

Increasing temperatures

According to the World Meteorological Organization's 2022 annual report, climate change persisted in 2022, affecting everything from mountain tops to ocean depths.

According to the American Centers for Disease Control and Prevention, air conditioning offers the greatest protection against heat-related illness and death. The development of air conditioners in locations with extreme weather has therefore been strengthened by local government departments, which protects the its people soaring temperatures.

Growing data centres

Organizations utilize data centers, which are facilities with networked computers, storage systems, and computational infrastructure, to gather, analyze, store, and distribute massive amounts of data.

The huge increase in the amount of data produced has forced many companies to build their own data centers or rent data centers. Air conditioning systems primarily serve computers, while data centers consist of highly sensitive electronic components that must maintain temperature to prevent equipment failure. In general, with the advancement of technology and the emergence of the era of big data, growing data centers are one of the main drivers of the air conditioner market.

Infrastructure construction and increased downstream demand

As a fast-growing economy, India's industrialization and urbanization levels are also constantly improving, and the corresponding level of service industry is also constantly improving. To provide better service, the demand for commercial air conditioners is also increasing. Urbanization trends resulting in more and more people living in compact apartments and houses require smaller, more efficient air conditioning solutions. Demand for home air conditioners has surged as more middle-class households with higher disposable income seek home appliances such as air conditioners.

Government regulations

Since April 2021, the Indian government has approved a plan to subsidize white goods such as air conditioners, encouraging the expansion of domestic air conditioner production and export in India, and cultivating the component industry. For companies whose applications are approved, 4 to 6% of the revenue growth will be distributed to the companies as incentives within 5 years. In addition, India also protects its domestic air-conditioning industry. In addition to increasing the tariff on compressors from 7.5% to 15%, it was banning the import of finished compressors equipped with refrigerants from 2020. The Indian government and companies are working hard to increase domestic air-conditioning capacity.

Production Linked Incentive Scheme ("PLI") for White goods (Air conditioners and LED lights) manufacturers in India

White goods are referred to heavy consumer durables or large home appliances, which used to be traditionally available only in white. White goods mainly include appliances such as washing machines, air conditioners, stoves, refrigerators, etc. The industry in India is highly concentrated. The Indian appliance and consumer electronics ("**ACE**") market reached Rs 76,400 crore (approximately $10.93 billion) in 2019. It is estimated that the appliances and consumer electronics industry will double to reach Rs 1.48 lakh crore (approximately $21.18 billion) by 2025.

The main objective of the PLI scheme is to make manufacturing in India globally competitive by eliminating sectoral disabilities, creating economies of scale and ensuring efficiencies. It is planned to create a comprehensive component ecosystem in India and make India an integral part of the global supply chains. The PLI scheme is expected to attract global investments, generate large-scale employment opportunities, and enhance exports substantially.

Scheme Outcome: Under the PLI scheme, 42 applicants with committed investments of Rs 4,614 crore have been provisionally selected as beneficiaries. The selected applicants include 26 for Air conditioner manufacturing with committed investments of Rs 3,898 crore and 16 for LED Lights manufacturing with committed investments of Rs 716 crores.

Target segments

Target segments	Eligible products
ACs (Components)	• High-value Intermediates of ACs • Low-Value Intermediates of ACs • Sub-assemblies or a combination of (i) and (ii)
High Value Intermediaries of ACs	• Compressor • Copper Tube (plain and/ or grooved) • Aluminium Stock for Foils or Fins for heat exchangers
Lower Value Intermediaries of ACs	• Control Assemblies for IDU or ODU or Remotes • Display panel (LCD/LED) • Motors • Cross Flow Fan (CFF) • Valves and Brass components • Heat exchangers • Sheet Metal components • Plastic Moulding components

Eligibility for the Air conditioner manufacturers

Applicant can be any company that should be incorporated in India under the provisions of the Company Act, 2013. Eligibility shall be subject to the achievement of thresholds of net incremental sales of Eligible Products for the respective financial year over the base year and cumulative incremental investment in the preceding financial year.

The Scheme is fund limited

For Air Conditioners: Net incremental sale of the eligible product(s) up to 5 times of the cumulative threshold investment in the previous financial year.

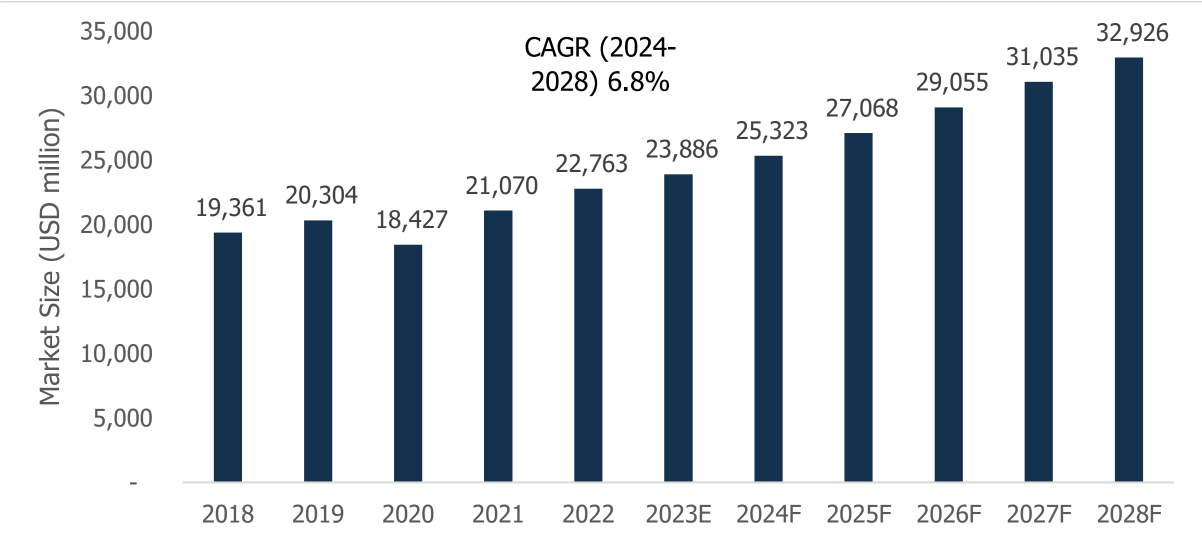
Commercial Refrigerator Market

Overview

Commercial refrigeration refers to refrigeration equipment used in commercial environments. For example, built-in refrigerators and freezers in supermarkets, convenience stores, and restaurants. The commercial refrigeration process involves the use of various components including compressors, evaporators, condensers, and refrigerants. Commercial refrigeration is designed to remove heat for convenience and safety standards, helping to store food and beverages at optimal temperature and humidity, among other things.
The global commercial refrigeration market was valued at USD 22,763 million in 2022 which is expected to reach USD 23,866 million in 2023 registering 4.9% growth. This growth is further projected at CAGR of 6.8% in the forecast period between 2024 and 2028.

The demand for commercial refrigeration primarily related to growth of retail and hospitality sector. Moreover, commercial refrigeration products cater to wide spectrum of industries like agriculture, banana ripening, dairy, fast food chains, healthcare, horticulture, hotels, restaurants and cafes ("**HoReCa**"), ice-cream, meat processing, pharmaceutical, processed foods, quick service restaurants ("**QSRs**"), retail outlets, and seafood. The rapid expansion in hospitality and tourism sector along with growing preferences for take away meals are expected to drive the market growth in the forecast period. A considerable growth in demand for frozen foods, processed foods and sea food has also supported the demand for commercial refrigerators.

Market Size of Global Commercial Refrigeration Industry



Source: CareEdge Research, Maia Research
Note: The year mentioned in this chart and subsequent sections is calendar year; E- Estimated; F-Forecasted

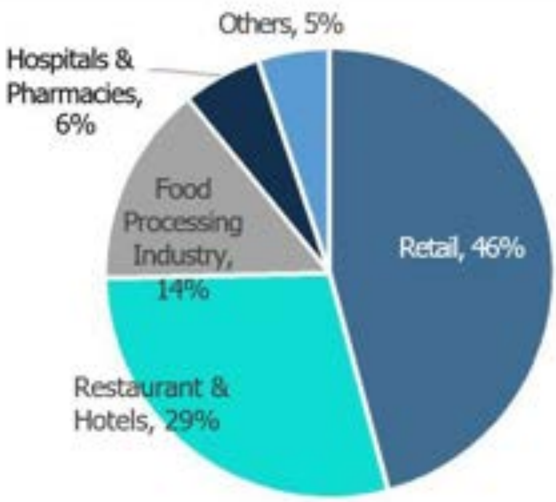
Constant innovations and improvement in technology are also driving the demand further. Generally, a refrigeration system comprises either a vapor compressor or an absorber. Continuous development in these systems and growing focus on design enhancement and temperature control is helping to maintain the competitive edge in the market. With rising awareness about energy-efficient commercial refrigeration, the players are encouraged to develop innovative products. The climate concerns such as global warming and ozone depletion are encouraging manufacturer to equip their products with advanced refrigeration systems.

The different applications of commercial refrigeration are listed below:

Application	Description
Restaurant & Hotels	Commercial restaurants and hotel kitchens require commercial refrigeration equipment to prepare pizza, sandwiches, cool wine, beer, store toppings, sauces, and more. Commercial refrigeration equipment is used to keep ingredients fresh.
Food Processing Industry	The food processing industry uses commercial refrigeration equipment to refrigerate and freeze food to mitigate any harmful or unwanted changes that occur in the food. These changes can be microbiological, physiological, biochemical, or physical. It may also improve the nutritional quality of food during processing. At the same time, the cold chain starts from the factory floor of food production and extends to the transportation of goods.
Hospitals & Pharmacies	Healthcare services such as hospitals and pharmacies rely on commercial refrigeration to keep equipment sterile and workplaces safe. Proper refrigeration of medicines, vaccines, blood, transplanted organs, and more is critical to helping save lives and perform surgeries. Proper refrigeration helps keep bacteria to a minimum, which is extremely important when handling patients and surgeries.
Retail	Retailing is the process of selling goods directly to consumers, usually in stores or online. Examples of retailers include supermarkets, department stores, specialty stores, convenience stores, and online stores. The cooling requirements of today's retail environments vary. The need to prevent food waste, reduce energy consumption and maximize merchandise sales are the most common.

By application, Retail segment accounted for major market share with 46% in 2022, followed by Restaurants and Hotels with 29%, Food Processing industry with 14%, Hospitals and Pharmacies 6% and Others 5%. This market share is depicted in chart below:

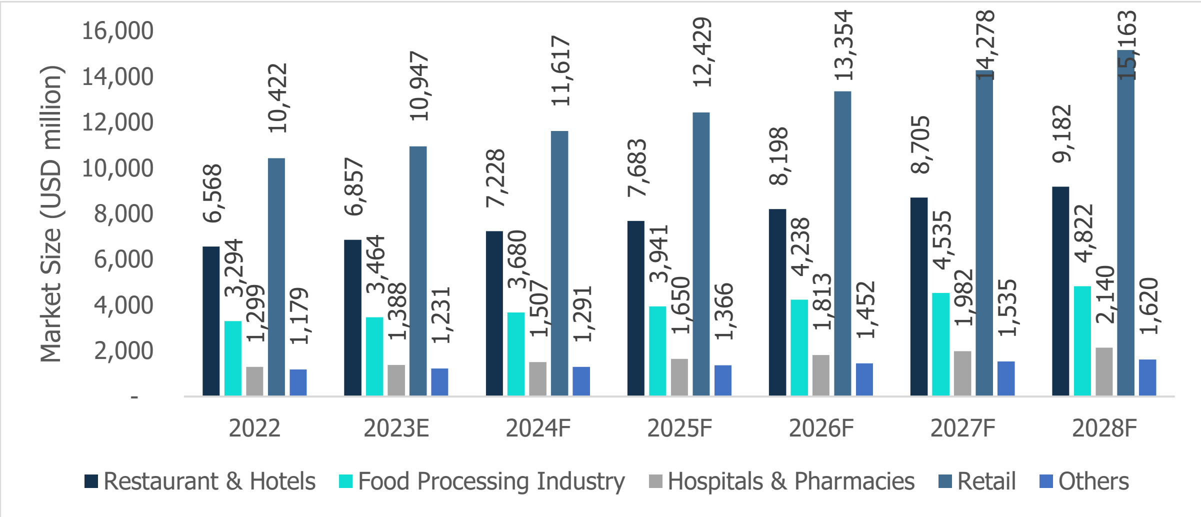
Global Commercial Refrigeration Market Share by Applications in 2022



Source: CareEdge Research, Maia Research

The contribution by retail segment with highest share in commercial refrigeration market is forecasted to grow at CAGR of 6.9% in the forecast period between 2024 and 2028. While, contribution by food processing industry with second highest market share is anticipated to increase at CAGR of 7.0% in the same period.

Global Commercial Refrigeration Market Size – by Applications



Source: CareEdge Research, Maia Research
Note: The year mentioned in this chart and subsequent sections is calendar year; E- Estimated; F-Forecasted

The growth of the global retail industry can be attributed to the increase in consumer spending in emerging economies, which is a major driving factor. The COVID-19 pandemic-induced rise in e-commerce trends has also contributed to retail market growth. Furthermore, the increasing penetration of smartphones worldwide is generating more traffic on e-commerce, which is expected to drive retail market growth during the forecast period. This growth is likely to support the global commercial refrigeration market demand.
Moreover, the increasing popularity of shelf-stable foods among consumer on a global level is expected to support growth of frozen foods and food processing industry. The utilization of such frozen foods by end-users like full-service restaurants, hotels and resorts, and quick-service restaurants is further expected to support the growth of food processing market. This augurs well for commercial refrigeration industry.

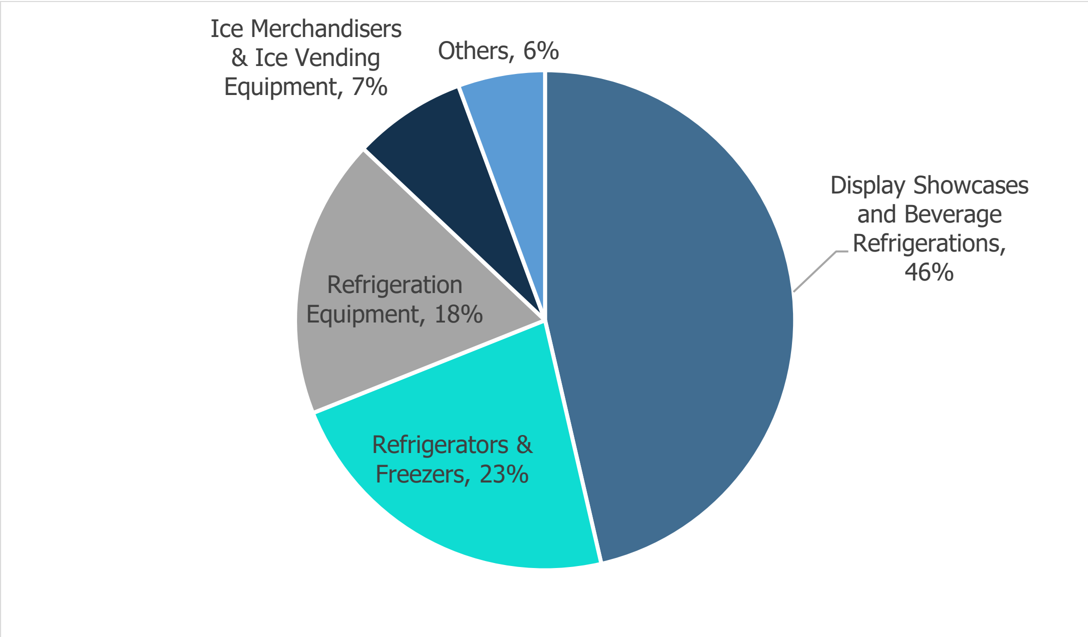
Market Analysis by Types

The commercial refrigeration can broadly be classified by type as:

- Display Showcases and Beverage Refrigeration
- Refrigerators and Freezers
- Refrigeration Equipment
- Ice Merchandisers and Ice Vending Equipment
- Other Commercial Refrigeration

By product type, Display showcase and Beverage Refrigeration accounted for the largest share in global commercial market with 46% in the year 2022, followed by refrigerators and Freezers 23%, Refrigeration Equipment 18%, Ice Merchandisers and Ice Vending Equipment 7% and others 6%.

Global Commercial Refrigeration Market Share by Type in 2022



Source: CareEdge Research, Maia Research

Global Commercial Refrigeration Market Size By Type (in USD millions)

Types	2018	2022	2023E	2024F	2028F	CAGR (2018-2023)	CAGR (2024-2028)
Refrigeration Equipment	3,412	4,118	4,345	4,630	6,143	5.0%	7.3%
Refrigerators and Freezers	4,433	5,136	5,372	5,674	7,277	3.9%	6.4%
Display Showcases and Beverage Refrigerations	8,975	10,559	11,083	11,755	15,306	4.3%	6.8%
Ice Merchandisers and Ice Vending Equipment	1,487	1,668	1,730	1,812	2,249	3.1%	5.5%
Others	1,055	1,283	1,357	1,452	1,951	5.2%	7.7%

Source: CareEdge Research, Maia Research

Display Showcases and Beverage Refrigeration

Display showcases are designed to properly store and display deli meats, bread, cheeses, and more. The design of the display case includes top LED lighting, precise digital temperature control, ventilated cooling system, eco-friendly refrigerant, and double-glazed panels, factors that keep products at food-safe temperatures, helping to increase buffet impulse sales. While, Beverage refrigeration is used to store and display beverages in restaurants or bars while keeping them cold and easily accessible.

One of the key growth drivers for display showcases market is significant expansion of retail segment across the globe. With increase in beverage consumption, the refrigeration market is likely to expand in coming years. Their global market size was valued at USD 10,559 million in the year 2022. This market size is expected to reach USD 11,083 million in 2023, followed by forecasted growth at a CAGR of 6.8% in the period between 2024 and 2028.

Refrigeration Equipment

Refrigeration Equipment include a wide variety of commercial refrigeration equipment and controls used in markets as cold storage for process cooling, and transportation. Usually, a temperature controlled and conditioned shipment of perishable item is required to keep the food stored within for a longer period of time. This market is gaining momentum owing to escalation of globalization that has led to trade and rise in demand for frozen and read-to-eat packaged food.

The market size for refrigeration equipment was valued at USD 4,118 million in 2022. This is expected to reach USD 4,345 million in 2023 registering 5.5% year-on-year growth. For the forecast period between 2024 and 2028, the market is anticipated to record a CAGR of 6.8%.

A major factor driving the growth of refrigeration equipment market is increasing disposable income of end-users and urbanization globally, which helps in more spending on e-commerce, frozen foods and ready-to-eat meals that subsequently drive the refrigeration equipment market growth. Furthermore, the growing travelling trend has encouraged demand for ready-to-eat meals which eventually support sales of commercial refrigeration over the forecast period.

Refrigerators and Freezers

Commercial refrigerators and freezers are designed and tested with commercial operations in mind, requiring them to keep food at a specific temperature in a hot kitchen environment with frequent door openings. Commercial refrigerators and freezers that meet these standards will bring significant savings to commercial kitchen operations, making them more efficient for restaurants, shops, cafes, and food service establishments.

The market size for refrigeration and freezers equipment was valued at USD 5,136 million in 2022. This is expected to reach USD 5,372 million in 2023 registering 4.6% year-on-year growth. For the forecast period between 2024 and 2028, the market is anticipated to record a CAGR of 6.4%.

Ice Merchandisers and Ice Vending Equipment

An ice maker is a commercial refrigeration unit used to store and display ice. Every restaurant, tavern, deli, or bakery needs a commercial ice machine. For example, the bartender used a lot of ice. There will be ice in the salad bar and the buffet equipment. Their market size in 2022 was valued at USD 1,668 million and is expected to reach USD 1,730 million in 2023. The forecasted growth for the period between 2024 and 2028 is at CAGR of 5.5%.

Other Commercial Refrigeration Products

Other Commercial Refrigeration Products include medical-grade equipment and other residual commercial refrigeration products. This segment was valued at USD 1,283 million in 2022 and is expected to reach USD 1,357 million in 2023. For the forecast period between 2024 and 2028, it is foreseen to make growth at a CAGR of 7.7%.

Market Analysis by Region

By region, North America held the major share of in 2022 with 32%, on the other hand Europe accounted for 27% market share, China 20%, Japan 5%, South America 5%, Others 5%, Middle East and Africa region held about 3% and India accounted for around 3%.

Global Commercial Refrigeration Market Share by Regions in 2022

Source: CareEdge Research, Maia Research

In the coming years, North American commercial refrigeration market is foreseen to remain dominant due to its already established retail sector. Meanwhile, Asia region is anticipated to experience significant growth driven by rising consumer demand, stable employment levels, and increasing gross spendable income. Furthermore, rising tourism globally well as vaccine storage units in biopharmaceutical companies and research institutions will all contribute to global market expansion.

Global Commercial Refrigeration Market Size – By Region (in USD millions)

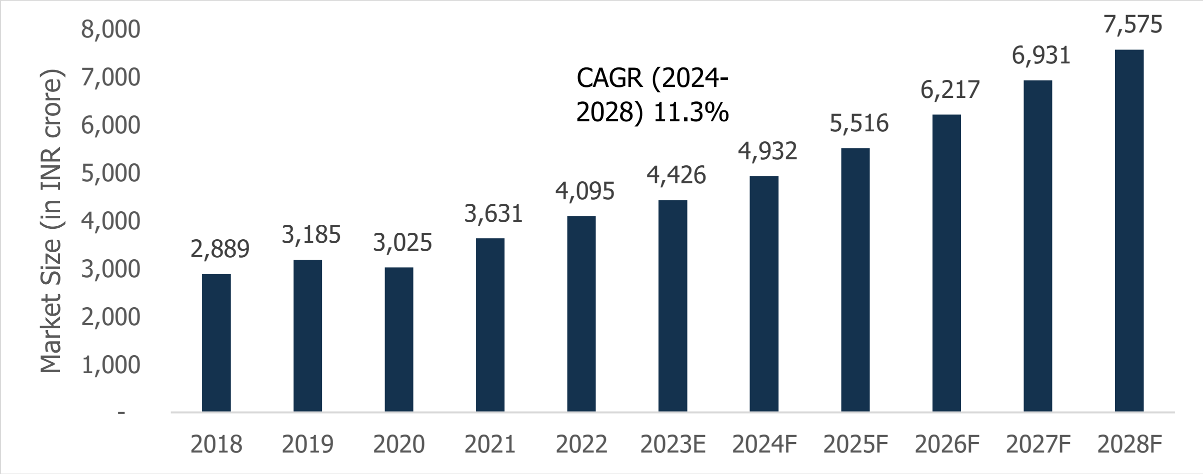
Regions	2018	2022	2023E	2024F	2028F	CAGR (2018-2023)	CAGR (2024F-2028)
North America	6,368	7,321	7,638	8,025	10,104	3.7%	5.9%
Europe	5,500	6,207	6,464	6,785	8,488	3.3%	5.8%
China	3,650	4,467	4,727	5,065	6,840	5.3%	7.8%
Japan	972	1,096	1,139	1,197	1,491	3.2%	5.7%
India	422	598	647	721	1,107	8.9%	11.3%
South America	928	1,154	1,226	1,319	1,810	5.7%	8.2%
Middle East and Africa	585	783	847	931	1,370	7.7%	10.1%

Source: CareEdge Research, Maia Research

India Commercial Refrigeration Market

The market size of India for commercial refrigeration was valued at Rs 4,095 crores in 2022 which is further expected to reach Rs 4,426 crores in 2023. For the coming years, the growth is forecasted at CAGR of 11.3% for the period 2024¬2028. This market in India is mainly witnessing growth due to factors such as rising urbanization coupled with growing cold storage demand from segments like e-commerce, food and beverages and pharmaceuticals. The demand for commercial refrigeration is more in urban areas as compared to the rural, mainly due to more traction for packaged and frozen food items in urban area. Also, countries like India has high adoption rate of vaccine store across research institutions and biopharmaceutical companies, this also bodes well for the commercial refrigeration industry in India.

Indian commercial Refrigeration Market Size

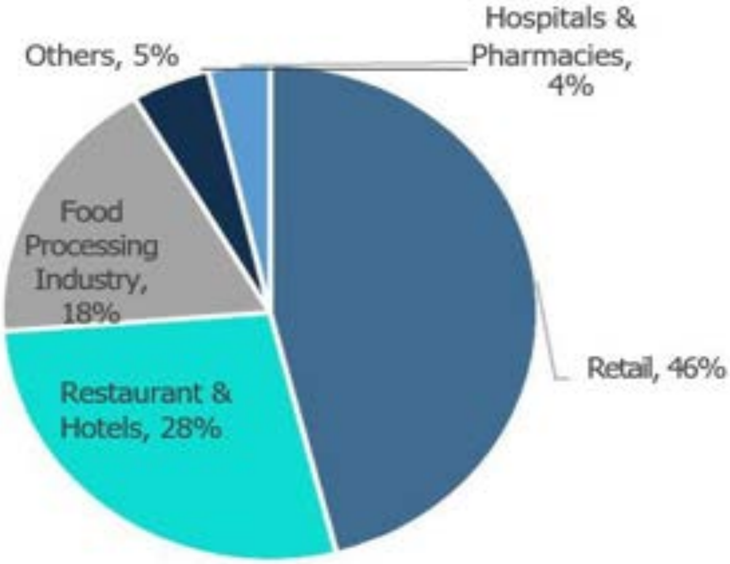


Source: CareEdge Research, Maia Research

Furthermore, increased adoption of sustainable technology equipment has urged the major market players to launch new and enhanced product offerings to effectively cater to consumer demands. This encourages continuous developments and innovation in commercial refrigeration sector.

By Application, retail sector accounts for major share in commercial refrigeration market with 46% in 2022, followed by restaurants and hotels 28%, food processing industry 18%, hospitals and pharmacies 4% and other sectors 5%.

Indian Commercial Refrigeration Market Share by Applications in 2022

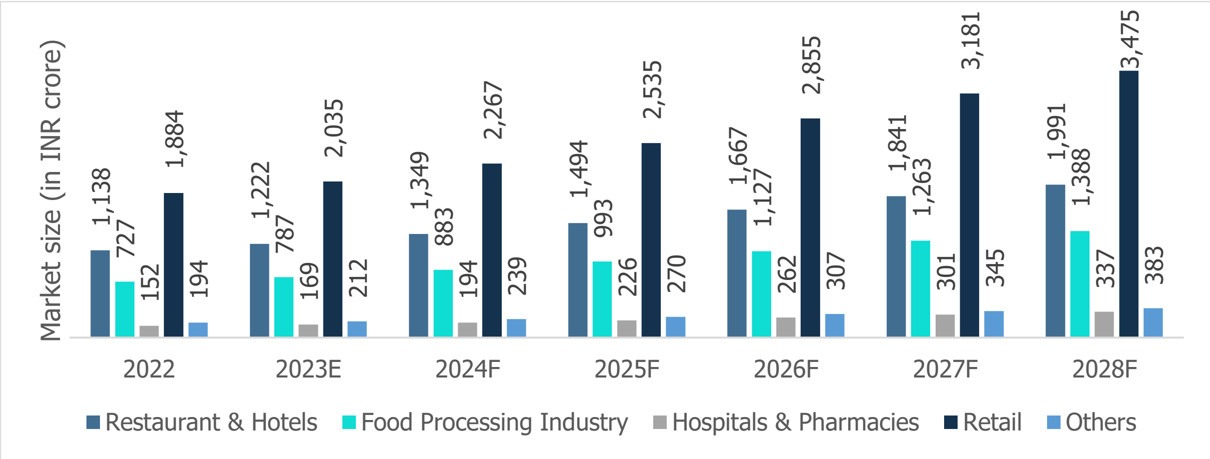


Source: CareEdge Research, Maia Research

The contribution by retail segment with highest share in commercial refrigeration market is forecasted to grow at CAGR of 11.3% in the forecast period between 2024 and 2028. While, contribution by hotels and restaurant industry with second highest market share is anticipated to increase at CAGR of 10.2% in the same period and food processing industry is anticipated to register CAGR of 12%.

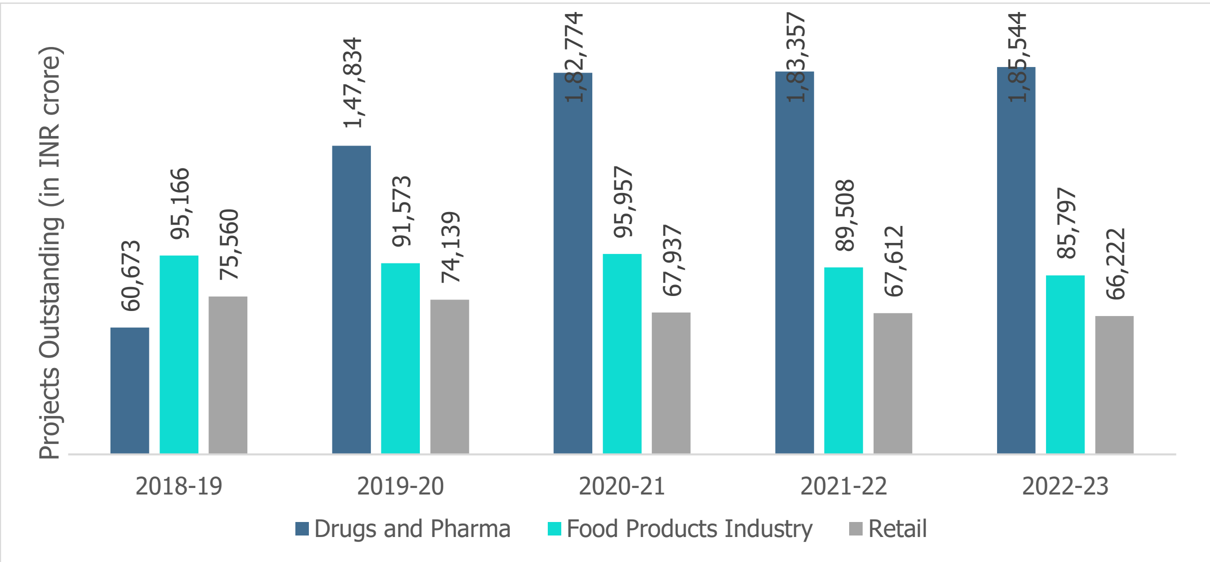
Key sectors driving growth of commercial refrigeration have also witnessed consistent inflow of investment for infrastructural development. Sectors like drugs and pharmaceuticals have seen an uptick in capex trend, especially post the COVID-19 pandemic. Thus, helping commercial refrigeration market for storage purpose. Similarly, food products sector which includes dairy products, beverages, processed foods and meat products, is focusing more on infrastructural improvements as well due to growing demand for packaged food and perishable nature of goods and to increase the shelf life. Retails sector has seen uptrend in capex investment supported by growth in consumer demand.

Indian Commercial Refrigeration Market Size - by Applications



Source: CareEdge Research, Maia Research

Capex investment trend across sectors in India



Source: CMIE

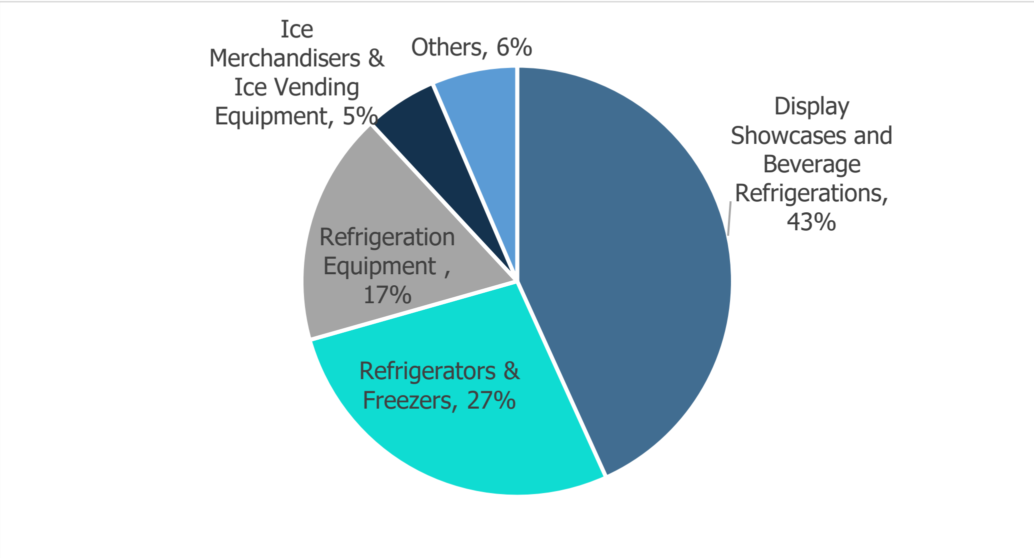
In the drugs and pharma segment, the demand from domestic and international markets is likely to keep the outlook of the Indian Pharma Industry stable going ahead. Improving access to healthcare facilities along with rising per capita income aids supports the demand in the domestic market. The industry exports too have increased by 3.2% in Fiscal 2023. This bodes well for its dependent sectors like commercial refrigeration segment.
India's private final consumption expenditure ("**PFCE**") for Food and Non-Alcoholic beverages which accounts for nearly 17% of country's GDP in 2021-22, has grown at a CAGR of close to 6% over the past 10 years. Increasing spending towards foods and beverages bodes well for this sector and gives growth opportunity for the industry players going forward. Furthermore, the demand for consumer food like out of home consumption food and beverages continued to recover with revival in HoReCa post the COVID-19 pandemic. With growth of these segment, growth opportunities for commercial refrigerators are also created.

The Indian retail market outlook is expected to be positive in the near to medium term, on account of increase in disposable income, changing lifestyle, favourable demographics, positive consumer sentiments, growing entry of foreign retailers, rising brand consciousness, increasing footfalls, robust store additions, growth of e-commerce etc. These factors eventually support expansion of commercial refrigerators market.

Market Analysis by Type

In Indian Commercial Refrigeration market, Display showcases and Beverage Refrigeration accounted for major share with 43% in 2022, followed by refrigerators and Freezers 27%, Refrigeration Equipment 17%, Ice merchandisers and Ice vending machine 5% and others 6%.

Indian Commercial Refrigeration Market Share by Type in 2022

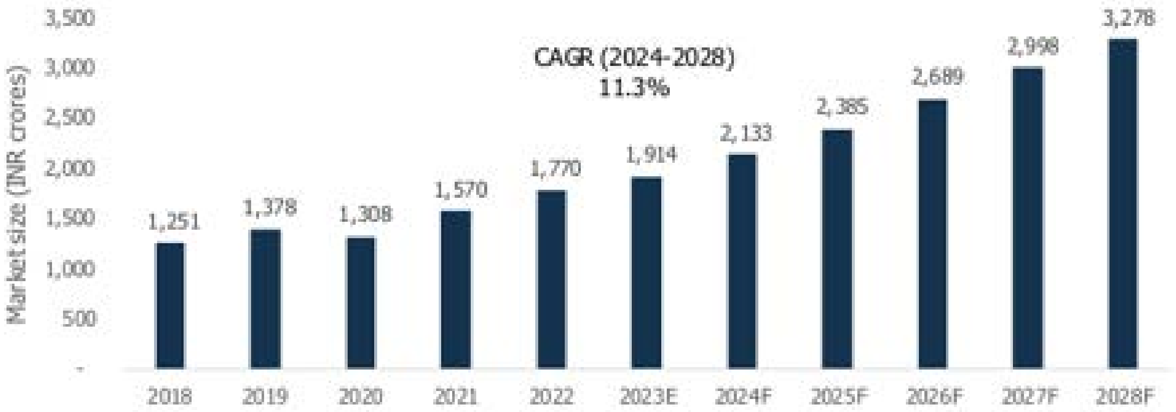


Source: CareEdge Research, Maia Research

Display showcases and Beverage refrigeration

Since, the display showcases are largely used in supermarket and grocery stores, and demand for grocery stores is significant in numbers in urban as well as rural area. The display showcases are intended to offer better visibility; thus, they are in high demand even at a small grocery store. For beverage refrigerators, the primary growth driver is increased beverage consumption in India. More availability of various beverages at diverse places including retail space, office space, hotels and restaurants supports growth of beverage refrigerators. The market size for display showcases and beverage refrigerators in India was valued at Rs 1,770 crores in 2022 which is expected to reach Rs 1,914 crores in 2023. For the forecast period between 2024 and 2028, the market is envisaged to grow at CAGR of 11.3%.

India Display Showcase and Beverage refrigeration Market Size



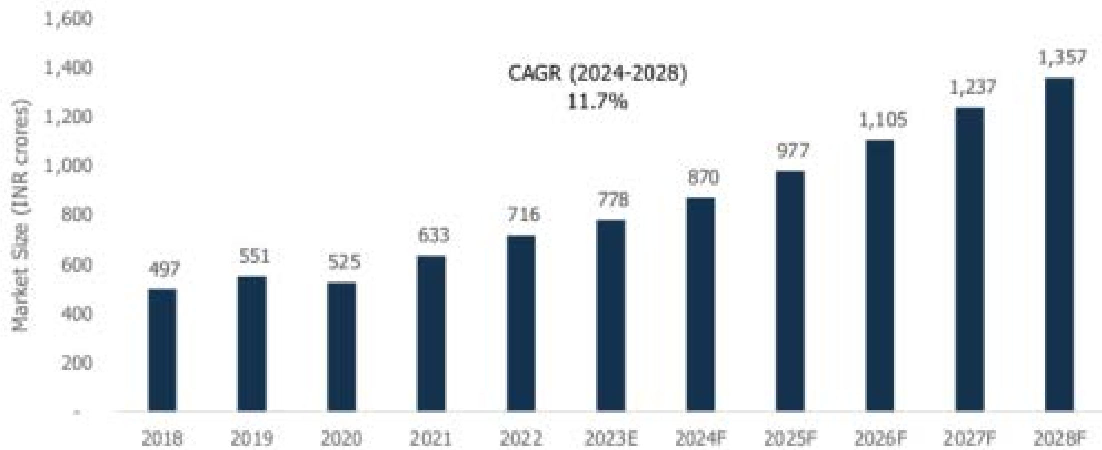
Source: CareEdge Research, Maia Research

Refrigeration Equipment

Cold chain transportation plays an integral role in ensuring smooth movement of various goods, thus is the role of refrigeration equipment. This segment has evolved and witnessed steady growth. The demand for this refrigerating equipment largely arises from growing demand for high-quality perishable food products, along with the increasing number of food retail services. The rise in international trade leading to an increase in the transportation of perishable goods across long distances is also acting as a significant growth inducing factor for the refrigerator equipment market.

In the year 2022, this segment was valued at Rs 716 crores and further expected to reach Rs 778 crore in 2023. The forecast for this segment for next five years is a growth at CAGR of 11.7%.

India Refrigeration Equipment Market Size

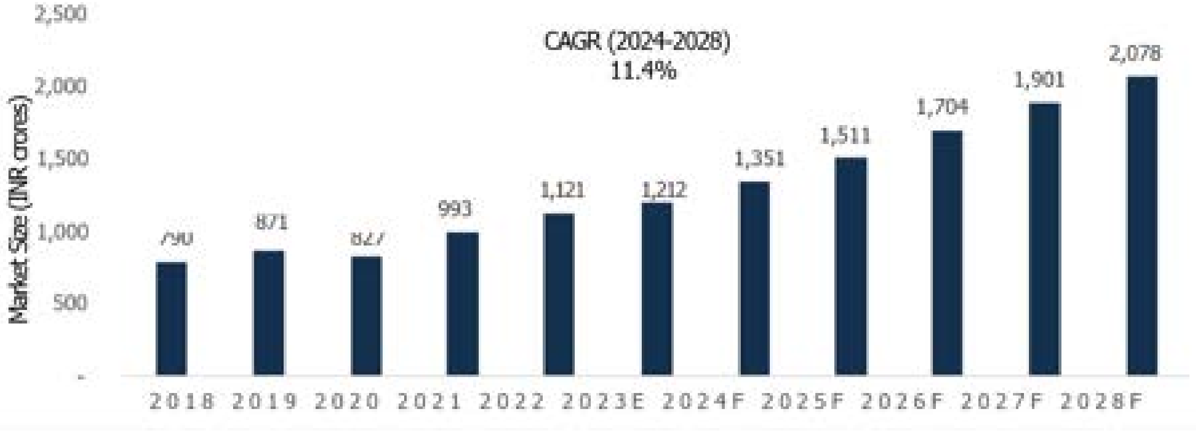


Source: CareEdge Research, Maia Research

Refrigerators and Freezers

For the freezing needs at commercial spaces, a spacious refrigerator and freezer is required to store large chunk of materials. With growth end-user industries like food and beverages, retails and pharmaceuticals, the Indian refrigerators and freezer market is also likely to expand. The Indian freezers market was valued at Rs 1,121 croresin 2022 and is expected to touch Rs 1,212 croes in 2023. Furthermore, this market is forecasted to grow at CAGR of 11.4% between 2024 and 2028.

India Refrigerator and Freezer Market Size

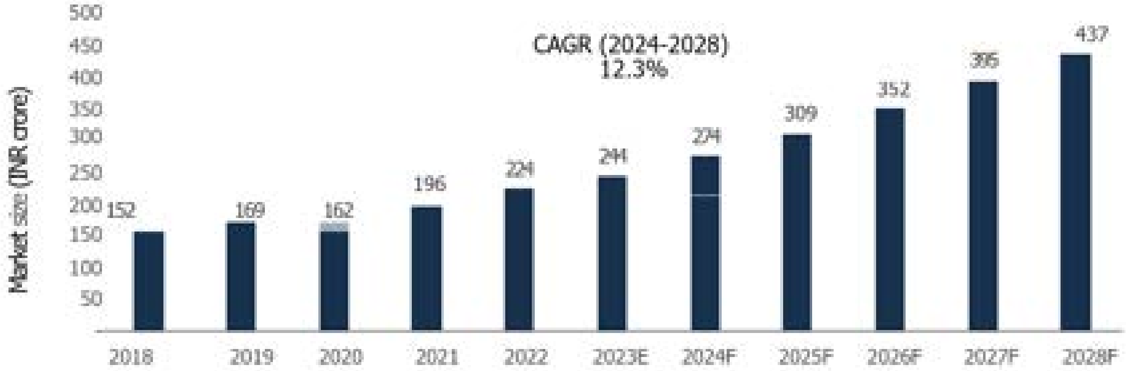


Source: CareEdge Research, Maia Research

Ice Merchandisers and Ice Vending Equipment

The grocery and convenience stores are utilizing these merchandisers to display bagged ice and store food products. With growing demand for frozen foods and considerable expansion of retail chain in India through increase in number of grocery stores and supermarket, the growth of Ice Merchandisers and Ice Vending Equipment market is supported. This market was valued at Rs 224 crores in 2022 and is forecasted to grow at CAGR of 12.3% in forecast period 2024-2028.

India Ice Merchandisers and Ice Vending Equipment Market Size



Source: CareEdge Research, Maia Research

Growth Drivers

Commercial refrigeration products have many advantages, including improving the flavor of food and extending the shelf life of food; durable design that can withstand the pressure of frequent opening; significant cost savings; smart control and remote monitoring, etc. The key growth drives for this market are:

- **Growth of End-user industries:** Growth of the FMCG market, expansion of the hospitality and tourism industry, the rising popularity of dining out, upgrading of the retail industry, improvement of magnetic refrigeration systems, demand for online retailing and mobile refrigeration, using natural refrigerants, adoption of data technology, etc.

- **Rising population and urbanization:** The growing population and rapid urbanization in India are increasing the demand for grocery stores and restaurants in India, which drives the demand for commercial refrigeration products. With the growing demand for frozen and packaged food in India's megacities and growing demand for refrigeration equipment in healthcare facilities, well-known hypermarket chains expanding their facilities in tier-two cities, and cafeterias focusing on enhancing the visual appeal of customers, these factors have resulted in increasing market demand for commercial refrigeration equipment that accommodates large quantities of food.

- **Increase in awareness about climate change:** Food loss and waste is a significant contributor to India's carbon emissions. With an average annual temperature of 30 degrees Celsius and higher temperatures in summer, combined with complex and varied terrain, India often faces cold chain challenges that have a major impact on food loss and waste. To help address cold chain challenges, the Indian government is promoting major strategic initiatives, including the introduction of specific policies, investments, tax breaks, and road improvements or upgrades, prioritizing perishable goods in transit. Sustainable, more efficient, and more connected cold chains are expected to play an important role in reducing energy consumption, waste, and emissions.

- **Increased level of technological intelligence:** Key players in the market are increasing their potential by introducing innovative commercial refrigeration equipment, products equipped with smart or automated refrigeration controls are gaining huge traction in the market. Companies are working to incorporate the latest technologies such as artificial intelligence, 5G, and machine learning into commercial refrigeration equipment to reduce power consumption, improve preventive maintenance, and improve customer experience. The IoT and technology require tuning platforms and software that allow businesses to optimize device performance. This will improve food safety and quality.

MEP (Mechanical, Electrical and Plumbing) Market Overview

Mechanical, electrical, and plumbing ("**MEP**") services refer to installation services that provide comfortable spaces for building occupants. These services specifically deal with the design, selection, and installation of the integrated mechanical, electrical, and plumbing systems. It includes installing air-conditioning systems, power and lighting systems, water supply and drainage, fire prevention and fighting systems, and telephones. By integrating these separate systems into one, their operation can be made more energy effective. The design of MEPs is important for planning, decision-making, accurate documentation, performance and cost estimation, construction, and ultimately facility operation/maintenance. MEP services specifically cover the in-depth design and selection of these systems, rather than simply installing the equipment.

MEP services are sold through direct selling, which is the most suitable form of distribution for MEP service products. MEP projects are usually custom-made, which means that the supplier needs to conduct on-site inspections of the project location, buildings, surrounding environment and target use, and then provide a design plan for the project and implement it on site. Therefore, the provision of MEP services is inseparable from the service provider. Direct selling brings special marketing advantages to providers of MEP services. On the one hand, the performance of the project is better controlled. A successful project can bring a good reputation to the MEP service provider and become a part of further publicity. On the other hand, direct sales bring features other than standardized and consistent products and promote the differentiation of service products. However, direct sales mean that the sales of service products are limited to a certain regional market. Therefore, MEP service providers need to establish offices in areas where new markets are developed to ensure efficient service supply.

Global MEP Market Size and Outlook

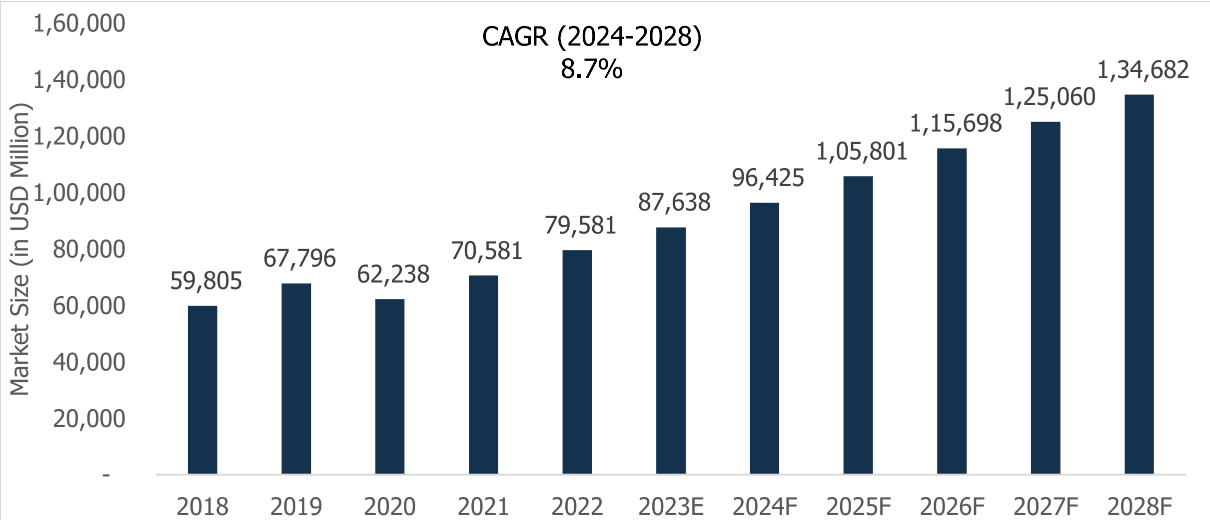
The global MEP market was valued at USD 79,581 million in 2022 and is expected to grow at a CAGR of 8.7% over the period between 2024 and 2028. The rapid urbanization globally has led to an increased demand for construction that has boosted the demand for MEP services. Additionally, the rising disposable income of people has led to an increase in the demand for home renovation projects, which also requires MEP services. The MEP services sector contributes to a significant portion of the construction cost of projects. The COVID-19 pandemic had a significant impact on the MEP services sector. The COVID-19 pandemic led to several countries imposing restrictions and measures that disrupted supply chains. This resulted in a shortage of materials and components used in MEP equipment, such as refrigerants, compressors, and embedded systems. However, the MEP services industry is recovering and is expected to reach pre-COVId-19 pandemic levels in the near future.
The design of MEP systems plays a vital role in the MEP services sector. A significant share of the revenue for any service provider is generated from MEP design. In recent years, MEP designs have been delivered remotely

using e-commerce services. One of the major factors hindering the growth of the MEP services market is the lack of skilled labor. MEP services require a high level of expertise and therefore, there is outsourcing of these services to specialized MEP contractors. This outsourcing helps general contractors reduce their financial risks. With the development of modern design software and collaboration tools going forward, architects and engineers would be able to deliver customized MEP designs services.

Going forward, with the increasing number of construction and infrastructure development projects in Asia-Pacific, North America, and Europe, the demand for MEP services is expected to grow. North America, Europe, and other developed regions have mature construction industries. In other regions, such as Asia, Latin America, and Africa, the rapid economic development has led to a substantial increase in the number of commercial buildings, living infrastructure, industrial infrastructure, and transportation lines. The construction of these urban facilities has attracted a large number of people, which has promoted the process of urbanization and the expansion of the construction industry.

The ever-changing commercial and residential scenarios have also driven diversified demands for MEP services. This has expanded the scope of application of MEP suppliers, improved product differentiation, and made customization more flexible. Overall, the increasing downstream demand and the availability and accessibility of MEP services are the major factors driving the market growth during the forecast period. The MEP services market is a dynamic market, and the landscape is constantly changing. The key trends in the market include the increasing demand for energy-efficient buildings, the adoption of IoT technologies, and the focus on sustainable building practices. These trends are expected to drive the growth of the market in the coming years.

The market size of global MEP industry is depicted below:



Source: CareEdge Research, Maia Research
Note: The year mentioned in this chart and subsequent sections is calendar year; E- Estimated; F- Forecasted

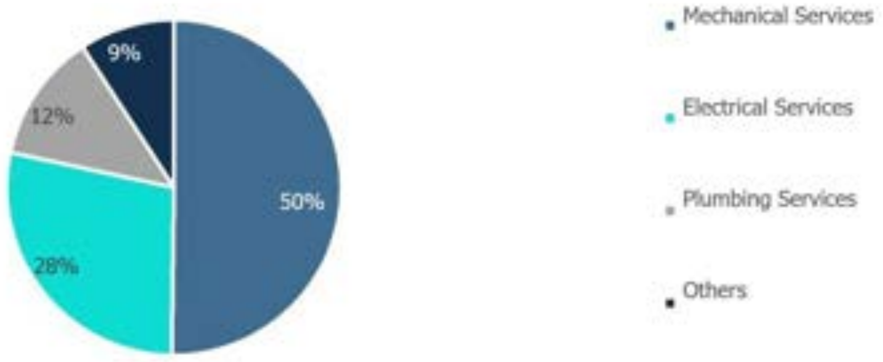
The global mechanical, electrical, and plumbing services market is experiencing significant growth and is anticipated to grow considerably in next few years. With the rise in urbanization, major players in the construction industry across the world are building big and complex residential and commercial buildings. These structures require basic amenities such as a continuous supply of clean and fresh water, air, and electricity to ensure a better quality of life for the residents. To fulfill these requirements, MEP services are needed. Major players in these industries adopt advanced technologies to sustain the competition in the mechanical, electrical, and plumbing service market. The various types of MEP market are described below:

Types	Description
Mechanical Services	Mechanical services are a major segment of MEP services, including HVAC, computational fluid dynamics ("**CFD**") modeling and waste treatment systems, environmental controls, building automation systems and controls, energy master planning, and air filtration.

Types	Description
Electrical Services	Electrical services primarily address the building's electrical systems, including emergency and backup power, lighting and lighting controls, security systems, access control, 24/7 power systems (UPS), power monitoring systems, toxic gas monitoring, graphic controls and alarm panels, Grounding and bonding, energy management, energy saving and emission reduction, fire alarm system, public address system, plug load control, nurse call system and many more.
Plumbing Services	Pipeline services are mainly for all pipeline systems, such as water, compressed air, oil and gas, instrumentation and control, etc.
Others	Other MEP services also expand related business, such as energy research, clean energy, energy audit, sustainable development plan, carbon footprint and carbon emissions, climate research simulation, process control, etc.

Under the global MEP market, the mechanical services stand at 50% market share followed by electrical services, plumbing services and others which accounts for 28%, 12% and 9% respectively in 2022. The global market share of MEP market by types in 2022 is depicted below:

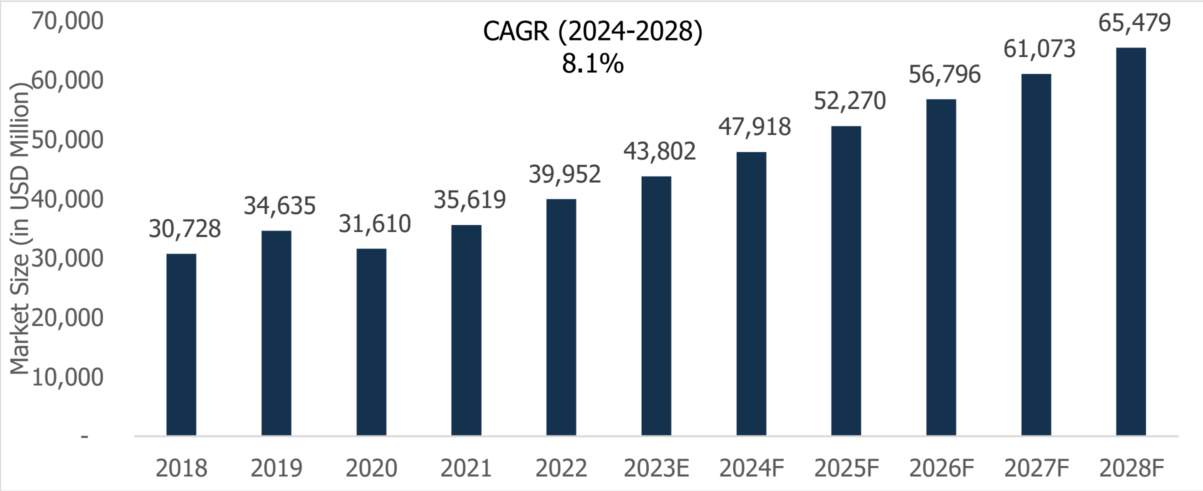
Global MEP Services Market Share by Types in 2022



Source: CareEdge Research, Maia Research

The mechanical services market was valued at USD 39,952 million in 2022 and is expected to grow at a CAGR of 8.1% over the period between 2024 and 2028. The mechanical services segment is the largest in the MEP services market, with the market share of 50% in 2022. This is because mechanical services encompass a wide range of critical systems for building functionality and comfort, such as HVAC, elevators, and fire protection. HVAC systems, in particular, are essential for maintaining the desired indoor temperature and air quality. The demand for energy-efficient HVAC systems and the growing focus on green building practices is expected to further fuel the demand for mechanical services in the MEP services market.

Mechanical Services Market Size in India

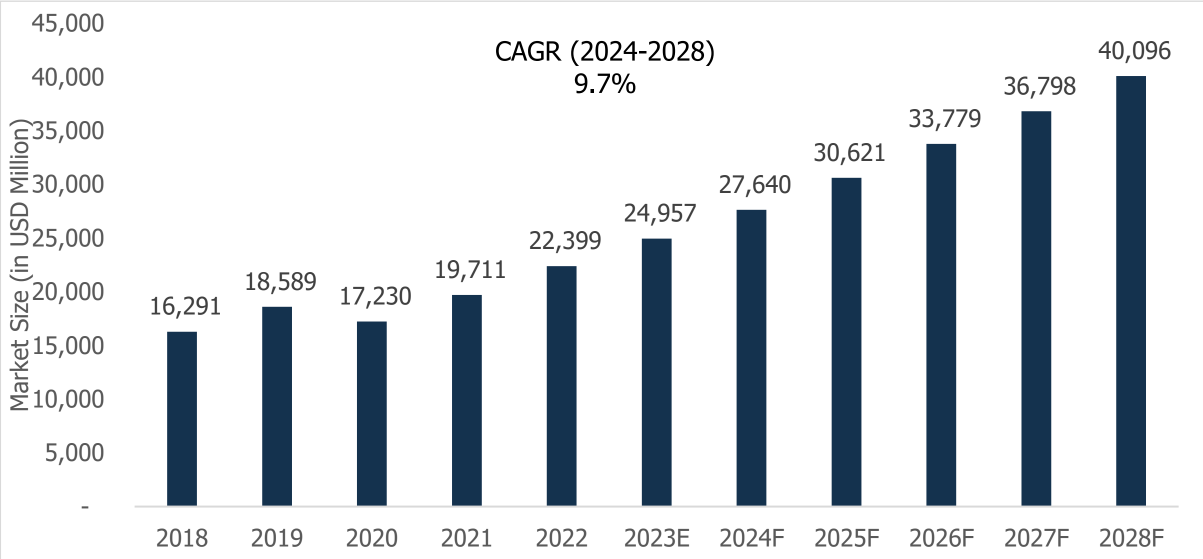


Source: CareEdge Research, Maia Research

The electrical services market was valued at USD 22,399 million in 2022 and is expected to grow at a CAGR of 9.7% over the period between 2024 and 2028. Electrical services are the fastest-growing segment in the global MEP services market with 30% market share in 2022. The increasing demand for smart buildings and the adoption of IoT technologies in the building industry are expected to drive the growth of the electrical services segment in the coming years. Increasing demand for smart and intelligent building systems, the adoption of renewable energy sources, and the rising demand for data centers and telecommunications infrastructure will drive the further growth in this segment.

Smart and intelligent building systems use advanced technologies to control and optimize the performance of building systems, such as lighting, power distribution, and HVAC. This can help to improve energy efficiency, reduce operating costs, and create a more comfortable and productive environment for occupants. The adoption of renewable energy sources, such as solar and wind power, is increasing the demand for electrical services to integrate these systems into buildings. Electrical services are also needed to support the charging of electric vehicles, which are becoming more popular. Data centers and telecommunications infrastructure are major consumers of electricity. The increasing demand for these facilities is driving the demand for electrical services. Overall, the growth of electrical services is being driven by the need for more efficient, sustainable, and connected buildings.

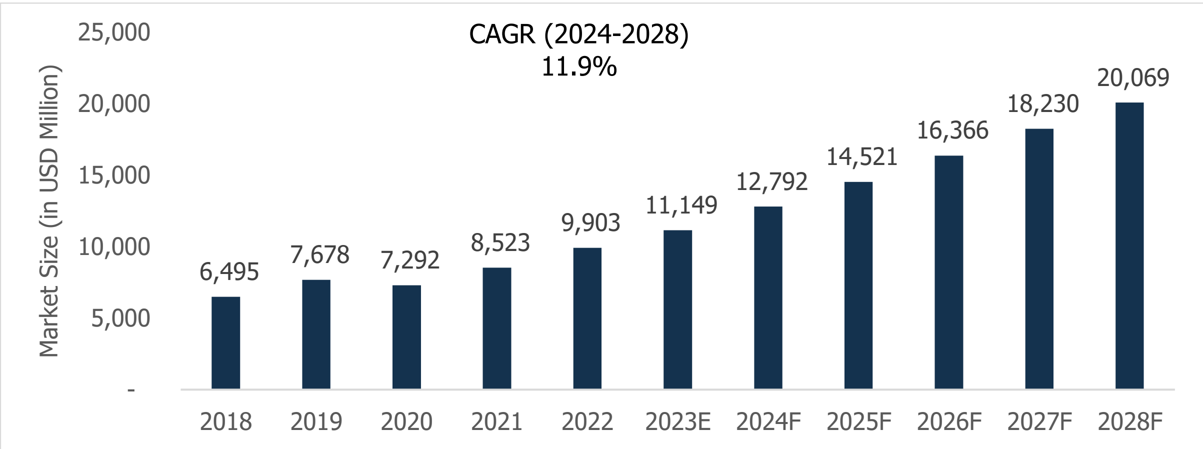
Electrical Services Market Size



Source: CareEdge Research, Maia Research

The plumbing services market was valued at USD 9,903 million in 2022 and is expected to grow at a CAGR of 11.9% over the period between 2024 and 2028. This segment is the smallest in the MEP services market, with a market share of 12% in 2022. However, the segment is expected to grow at a faster rate in coming years due to the increasing demand for water conservation and the need for sustainable building practices and discharge requirements. This will require the perfect engineering planning in various places which will drive the smooth use and installation of plumbing services.

Plumbing Services Market Size



Source: CareEdge Research, Maia Research

Market Analysis by Application

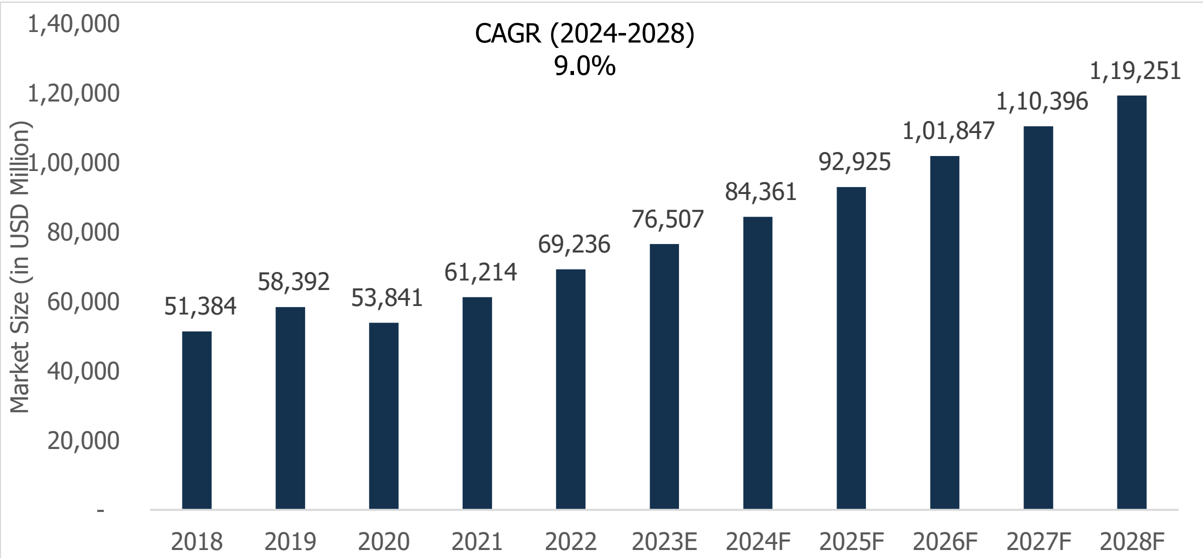
The global MEP services market is segmented into commercial and residential by application. In residential and commercial buildings, these MEP elements are often designed by specialized electromechanical engineering firms. The rapid rise in urbanization around the world has led to a surge in demand for residential and commercial buildings. The construction industry faced challenges during the COVID-19 pandemic, but it is now in the recovery phase. The construction industry across various regions recorded significant growth despite the economic challenges. This growth was driven by the increasing demand for residential construction, which remained strong in major economies. In addition, the infrastructure construction sector experienced increasing investments. Going forward in coming years, the demand for commercial properties is expected to increase as the key e-commerce companies created demand for larger commercial spaces.

The global market share of MEP market by application in 2022 is depicted below:

Source: CareEdge Research, Maia Research

The use of commercial buildings under MEP market was valued at USD 69,236 million in 2022 and is expected to grow at a CAGR of 9.0% over the period between 2024 and 2028. Commercial buildings include the field of commercial and mixed-use buildings, including data centers, hotels, warehouses, factories, hospitals, airports, smart cities and landmark buildings. The commercial building sector is a major end-user of MEP services and this sector is typically considered to be the fastest-growing end-user segment in the global MEP services market. This is primarily due to the rapid growth of commercial infrastructure, with an increased demand for office buildings, retail spaces, hotels, and healthcare facilities. In addition to that, there is a growing demand for energy-efficient and sustainable MEP services in commercial buildings. This is due to the increasing focus on environmental sustainability and the need to reduce operating costs. The rising adoption of advanced technologies, such as building automation and smart systems, in commercial buildings is also driving the demand for MEP services. These technologies can help to improve the efficiency and performance of MEP systems, leading to energy savings and reduced operating costs.

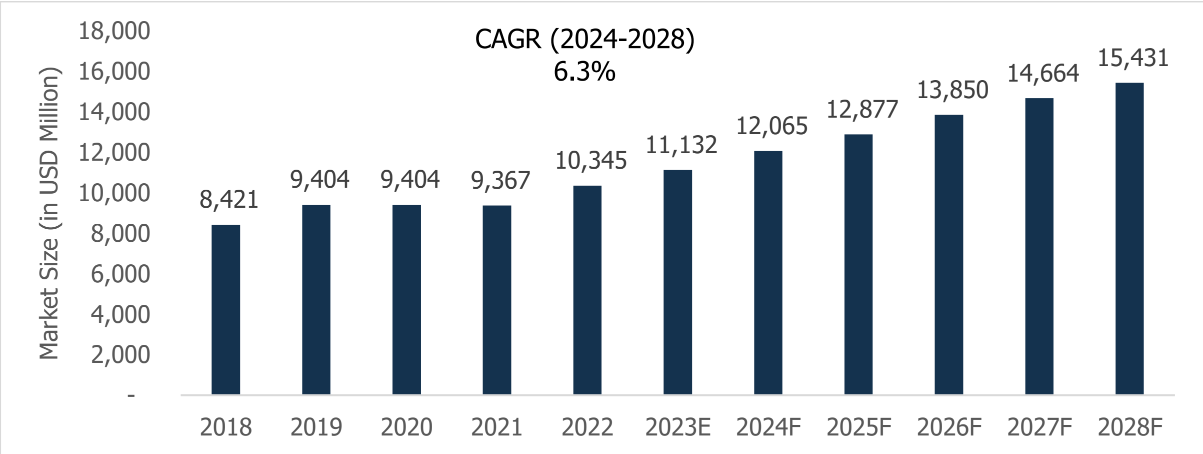
Market Size of Commercial Buildings in MEP Application



Source: CareEdge Research, Maia Research

The use of residential buildings under MEP market was valued at USD 10,345 million in 2022 and is expected to grow at a CAGR of 6.3% over the period between 2024 and 2028. Residential buildings include buildings such as public housing and high-rise buildings. With the increasing global population, there is an increase in the demand for new residential buildings. MEP services are essential for the construction of new residential buildings. In addition to that, the disposable income of people is rising, which is leading to the demand for luxury and high-end residential buildings. There is an increasing demand for smart homes installations equipped with intelligent sensors and controls that can monitor and optimize the performance of building systems, such as HVAC, lighting, and security in order to improve energy efficiency, reduce operating costs, and create a more comfortable and productive environment. Governments in many countries are providing incentives for the construction of new residential buildings. The adoption of sustainable building practices in the construction industry that includes the use of renewable energy sources, energy-efficient building materials, and water conservation measures, will further benefit the MEP services market. Advances in technology, such as 3D printing and robotics, are making it possible to construct residential buildings more efficiently and cost-effectively. Overall, the MEP services market for residential buildings is expected to grow at a healthy pace in the coming years.

Market Size of Residential Building in MEP Application



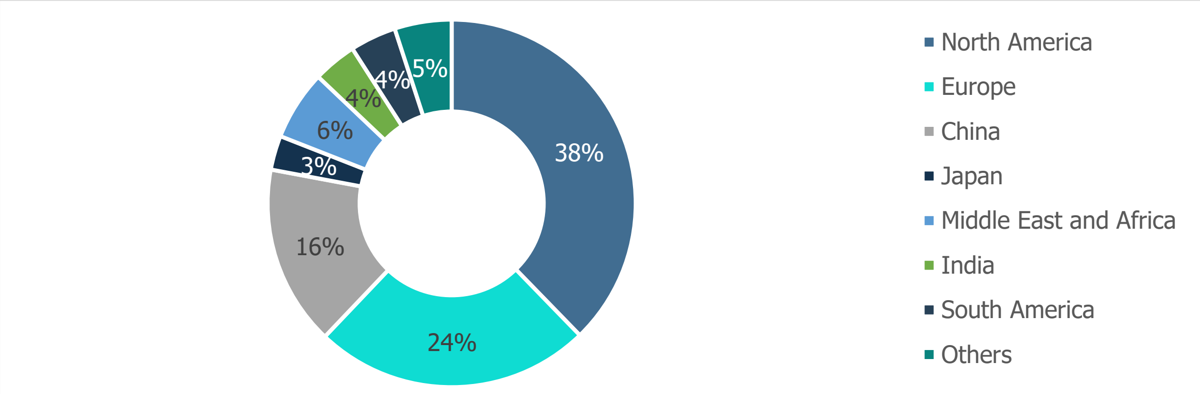
Source: CareEdge Research, Maia Research

Region-Wise Market Size

The global MEP market is growing with the increasing infrastructure investments over the years across various regions across the globe, especially in the developing economies. Rising number of construction projects in Asia Pacific, North America and Europe is expected to drive the growth of the market. Asia-Pacific, North America, and Europe are three important economies for the development of this industry, and these three regions occupy most of the market share of this industry. Population growth and urbanization are placing higher demands on the construction industry, with more commercial and residential buildings being constructed. This is driving the growth of MEP services industry globally. The rise in construction activities, coupled with the growing hospitality sector and extreme ambient weather conditions across countries in the Middle East, Africa, SAARC and ASEAN regions offers many avenues for growth. The application of e-commerce and the development of modern software tools provide new opportunities for the development of this industry. The deepening of the global urbanization process and the renovation of aging infrastructure and other facilities across regions is one of the main factors driving the global demand for MEP services.

The global MEP services market share by regions in 2022 is depicted below:

Global MEP Services Market Share by Regions in 2022



Source: CareEdge Research, Maia Research

Region Wise MEP Market Size (in USD millions)

Regions	2018	2022	2023E	2024F	2028F	CAGR (2018-2023)	CAGR (2024-2028)
North America	23,226	30,030	32,550	36,081	47,065	7.0%	6.9%
Europe	15,339	19,383	21,148	22,406	30,578	6.6%	8.1%
China	8,607	12,619	14,277	16,041	24,835	10.7%	11.5%
Japan	1,916	2,398	2,598	2,815	3,694	6.3%	7.0%
India	2,135	3,055	3,517	3,956	6,077	10.5%	11.3%
South America	2,286	3,228	3,618	4,032	6,006	9.6%	10.5%
Middle East and Africa	3,444	4,880	5,470	6,117	9,112	9.7%	10.5%
Others	2,852	3,988	4,460	4,977	7,315	9.4%	10.1%

Source: CareEdge Research, Maia Research

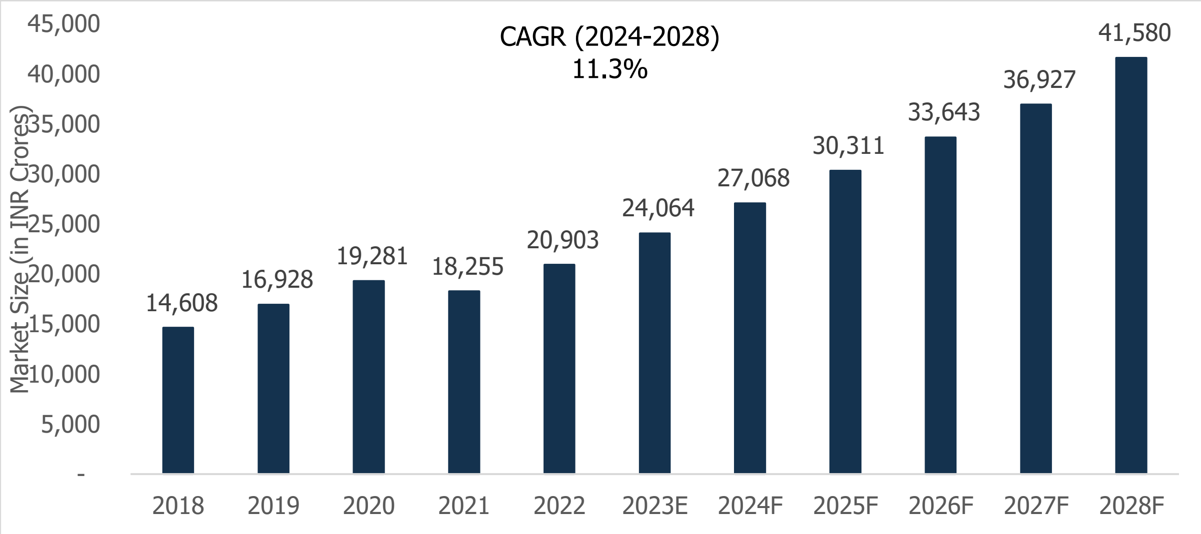
India MEP Market Size and Outlook

The India MEP service market was valued at Rs 20,903 crores in 2022 and is projected to grow at a CAGR of 11.3% during the period between 2024 and 2028. India's MEP market is growing rapidly due to increasing infrastructure investments, rising construction activities, and urbanization. The market is also being driven by the growing demand for risk minimization through outsourcing, the expansion of the real estate sector, and the need to maximize profits in facility operations. In recent years, India has forced foreign capital to set up factories in India by raising tariffs. This has led to the localization of production of products sold in India, which has benefited the real economy and the manufacturing industry chain. India now has certain export competitiveness and will continue to increase its industrialization level in the future.

Outsourcing of MEP services helps end-users focus on their core business activities. This is because MEP vendors have the skills and knowledge to handle facility-related services such as HVAC, water management, and electro-mechanical support functions. Outsourcing also ensures that end-users can focus on their core activities while vendors handle the responsibility of MEP services and the risks associated with them. The increasing urban population is facilitating the growth of commercial and residential construction. With the growing demand in the construction sector, it becomes vital for end-users to outsource their support processes to MEP vendors. These MEP vendors possess the prerequisite skill and knowledge to handle such activities.

The MEP market in India is expected to grow going forward with the government is investing heavily in infrastructure projects such as roads, airports, and railways in India. The real estate sector is also booming in India, with new commercial and residential buildings being constructed every year which will further drive the growth of the MEP market. This is because more people are moving to cities in search of jobs and better opportunities. The construction sector is booming in response to this demand, and end-users are increasingly outsourcing their support processes to MEP vendors. Along with that, with the rapid growth of urban population in India, it is leading to the development of new infrastructure and the expansion of existing infrastructure which is further creating demand for MEP services.

India MEP Market Size



Source: CareEdge Research, Maia Research

India is investing heavily in infrastructure development across a range of sectors, including roads and highways, metro, railway, power, and water. This comprehensive approach recognizes the crucial role that infrastructure plays in enhancing connectivity, reducing logistics costs, and ensuring a reliable power supply. This growth is being powered by a massive increase in infrastructure investments, with unique schemes like PM Gati Shakti, the National Infrastructure Pipeline, etc. Furthermore, the government is keen on enhancing the capacity and efficiency of Indian industry. To that extent, multi-billion-dollar PLI schemes have been launched across various sectors. Many projects across diverse sectors such as Healthcare, Hospitality, Airports, Railways, IT Parks, Factories, Data Centres are increasing the demand for MEP services in India. Some of the sectors are discussed below:

Infrastructure Development and Construction Activities

Construction is a pillar industry in India, and in recent years, infrastructure construction has been the core of India's economic development. Therefore, the development of the construction industry in India is one of the major growth factors for this industry market. The development of the construction industry in India is mainly dependent on the construction of infrastructure and the investment of leading global giants in India. According to MoSPI, the outlook for the construction industry in India is positive, driven by government infrastructure stimulus, manufacturing incentives and private sector commitments.

The national infrastructure pipeline announced by the Indian government is expected to invest USD 1.4 trillion and the national monetisation pipeline ("**NMP**") is expected to generate $70 billion in assets between 2020 and 2025, providing impetus for greater infrastructure investment. The Indian government is constructing several greenfield highway projects with a total length of 10,000 km across the country at a cost of Rs 4.5 billion. In order to promote sustainable development and reduce carbon emissions, there are various plans made and implemented by the Government of India like Department of Housing and Urban Planning that will develop green building codes which will lead to large-scale urban development plans in the coming years. This favorable outlook for the construction industry in India is the major driver for the development of the machinery, electrical and plumbing market.

The main driving force is the development of Indian economy, the increase of income of people and the development of urbanization. Therefore, the application in commercial and residential buildings will bring a large number of customers and potential customers to the MEP service industry.

Commercial Buildings

The use of commercial buildings under India MEP market was valued at Rs 17,453 crores in 2022 and is expected to grow at a CAGR of 11.8% over the period between 2024 and 2028. The Indian real estate industry witnessed a slowdown in the years prior to the COVID-19 pandemic due to the general slowdown in the economy. However, this had little impact on the demand for office space. The demand for office space grew by leaps and bounds for the better part of the past decade with the unavailability of good quality supply being the only impediment to higher growth. Growth in the office segment was aided by investors who showed great interest in the commercial space. Along with this, NRIs also started investing in this segment because of lucrative returns. An increasing number of private equity funds showed interest in the commercial office space in 2018 which was followed by the same in 2019. With the residential real estate becoming end-user driven, the commercial real estate emerged as a more attractive investment proposition for individual investors as well as institutional funds. Due to the investment potential of commercial spaces, developers are also responding to the demand. Incidentally, a better performance of the office segment will eventually trickle to greater demand for the residential segment. As a result, the commercial space is crucial in terms of both, its impact and its linkages.

Commercial real estate (including retail space) industry is expected to witness stable growth in the near-medium term driven by back-to-office / hybrid work trends, business growth especially in e-commerce, co-working, information technology and BFSI sectors, and rising consumer spending. The demand for office spaces will be driven by expansion of co-working segment, increase in hiring across various sectors like IT, e-commerce etc., increased connectivity due to augmentation of infrastructure and an overall economic growth in India.

Real estate companies are also focusing on tier-II and tier-III cities since they are quickly urbanizing due to lower rental cost. The sophistication of commercial real estate is also rising as a result of the incorporation of new age technologies including sensor-activated disinfectants, retina scanners for admission, digitized ventilation systems, and more.

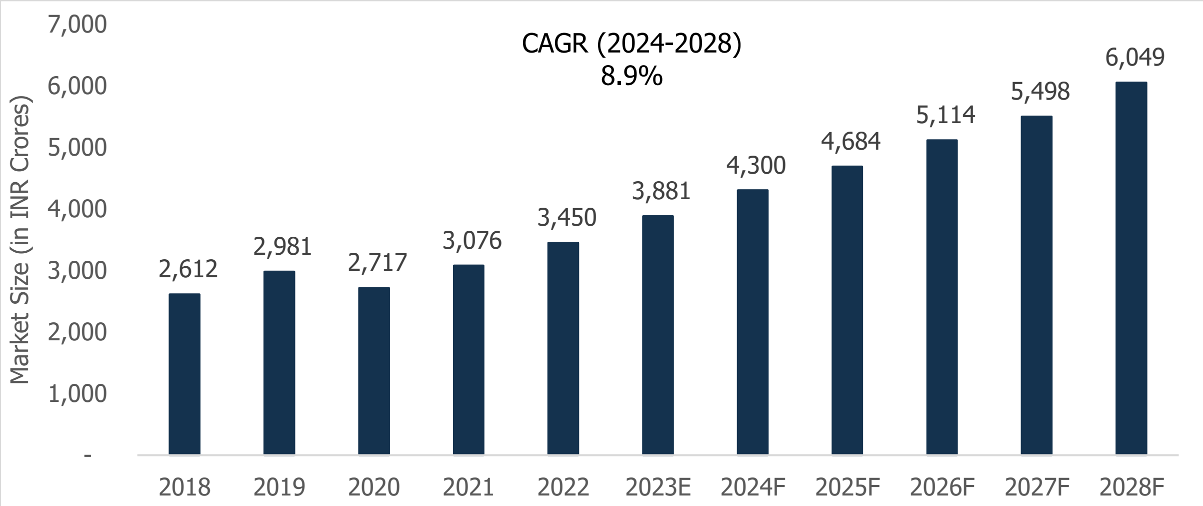
Market Size of India Commercial Buildings in MEP Application

Source: CareEdge Research, Maia Research

Residential Buildings

The use of residential buildings under India MEP market was valued at Rs 3,450 crores in 2022 and is expected to grow at a CAGR of 8.9% over the period between 2024 and 2028. The real estate industry is one of the most crucial sectors in India. The industry can be further segmented into four sub-sections – housing, commercial, retail and hospitality. Of these, the residential segment contributes a majority share in the overall sector. The growth of the overall real estate industry also depends upon the growth in the corporate environment and the demand for office space, urban and semi-urban accommodations. After the reopening of the economy, there has been a notable increase in demand for residential properties, primarily driven by end-users in the affordable housing segment. Foreign investments continued to flow into the sector, aided by the easing of the COVID-19 pandemic situation, resumption of travel, favorable policies such as tax benefits, and advantageous currency exchange rates, which have further contributed to increased investments from NRIs, particularly in the residential sector. During Fiscal 2023, the residential real estate market witnessed steady growth with increased sales momentum supported by past inventory levels and continued new project launches specifically in the affordable and mid-size segments.

Market Size of India Residential Buildings in MEP Application



Source: CareEdge Research, Maia Research

Railways

Indian Railways is among the world's largest rail networks. It is the 4th largest railway system in the world behind US, Russia and China. The Indian railway sector has seen multiple developments in the last decade such as introduction of high-speed trains, modernization of railway stations, increase in rolling stock inventories etc. The government has been increasing its focus on augmentation of railways to reduce cost and time of logistics and to reduce the overall carbon footprint of the country as railways are more environment friendly compared to road transport. The key focus areas have been decongestion of overutilized rail network, construction of new lines, doubling, tripling, quadrupling of rail lines and purchase of rolling stock such as wagons, locomotives, coaches, etc. This will lead to increase the demand for MEP industry in India.

In the Union Budget 2023-24, the government has allocated Rs 2.93 lakh crore towards railways which is the highest ever allocation and an increase of 15% over previous year's allocation.

Moreover, Railways Station Redevelopment Programme which was launched in February 2017 to modernize the infrastructure across the nation will enhance the experience of the passengers by providing concept of intelligent building, and state of the art facilities. For this, the Government has launched 'Amrit Bharat Station Scheme' where in a total of 1,275 railway stations under 32 different states have been identified for development. This will further boost the demand for MEP industry in India.

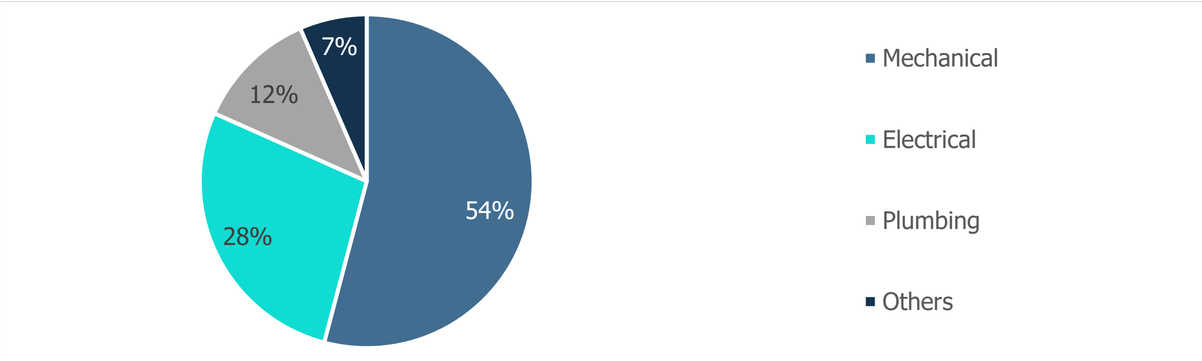
Airports

The domestic aviation industry in India has positioned itself as the third largest domestic aviation market globally in terms of domestic air traffic. Over the past 8 years, total number of airports have increased from 74 in 2014 to 147 in 2022, out of which 133 airports are managed by Airport Authority of India ("**AAI**"), which includes 23 international airports, 10 customs airports and 100 domestic airports. Government targets to increase number of airports to 220 by 2025. Under national infrastructure pipeline ("**NIP**"), roughly Rs 98,000 Crore of capital expenditure in expected to be incurred over the five years between Fiscal 2020 and Fiscal 2025 where AAI will incur Rs 25,000 Crore and balance will be incurred by airports developers under PPP mode. These airport development programmes in India will boost the demand for MEP industry.

Market Analysis by Types in India

The MEP services market in India is a dynamic and growing market and is expected to continue to grow in the coming years. The key trends like increased focus on sustainability, rise of smart buildings, and growing demand for customized solutions are expected to shape the market in the coming years. Under the India MEP market, the mechanical services stand at 54% market share followed by electrical services, plumbing services and others which accounts for 28%, 12% and 9% respectively in 2022. The India market share of MEP market by types in 2022 is depicted below:

India MEP Services Market Share by Types in 2022

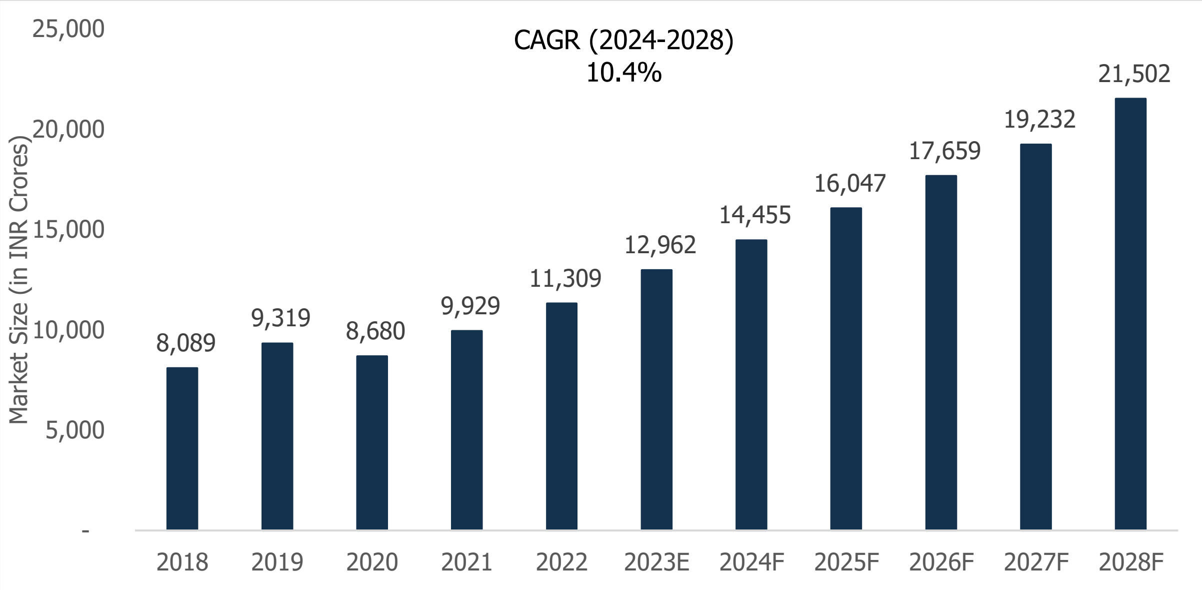


Source: CareEdge Research, Maia Research

Mechanical Services

The mechanical services market in India was valued at Rs 11,309 crores in 2022 and is expected to grow at a CAGR of 10.4% over the period between 2024 and 2028. The mechanical services segment is the largest in the MEP services market in India, with the market share of 54% in 2022. Urbanization is creating a demand for new infrastructure, including buildings, roads, and transportation systems. This demand is driving the demand for mechanical services in India. In addition to that, the Indian government is promoting energy efficiency in buildings. This is leading to an increase in the demand for mechanical services that can help to make buildings more energy-efficient going forward in coming years.

Mechanical Services Market Size in India

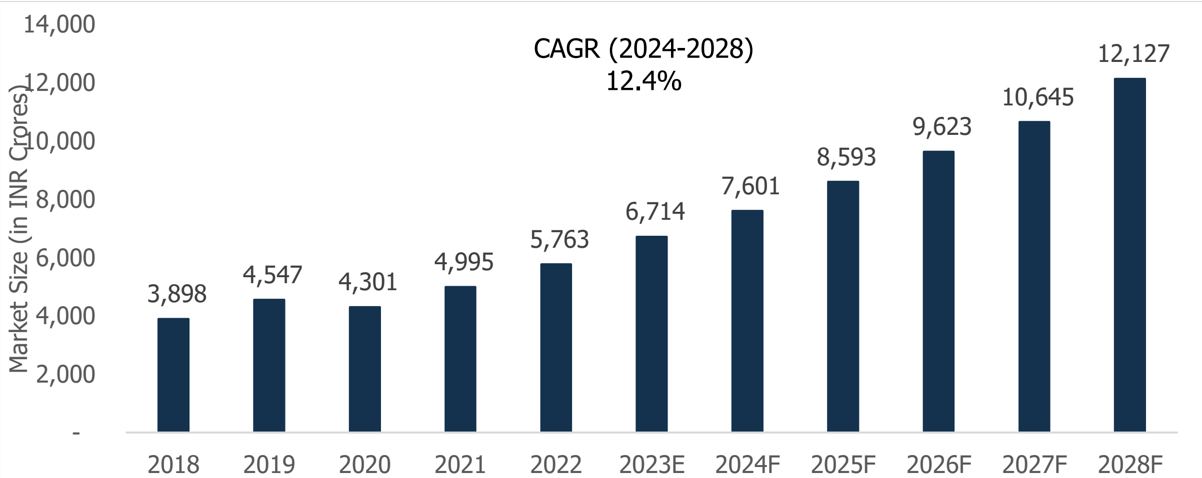


Source: CareEdge Research, Maia Research

Electrical Services

The electrical services market was valued at Rs 5,763 crores in 2022 and is expected to grow at a CAGR of 12.4% over the period between 2024 and 2028. The electrical services segment in India is account for 28% of market share in 2022. The construction industry in India is growing rapidly, which is further creating a demand for MEP services. The Indian government is increasingly focusing on safety and security in buildings. This is leading to an increase in the demand for electrical services that can help to improve the safety and security of buildings. This ongoing trend will help to increase the demand for electrical services in India going forward in coming years.

Electrical Services Market Size in India

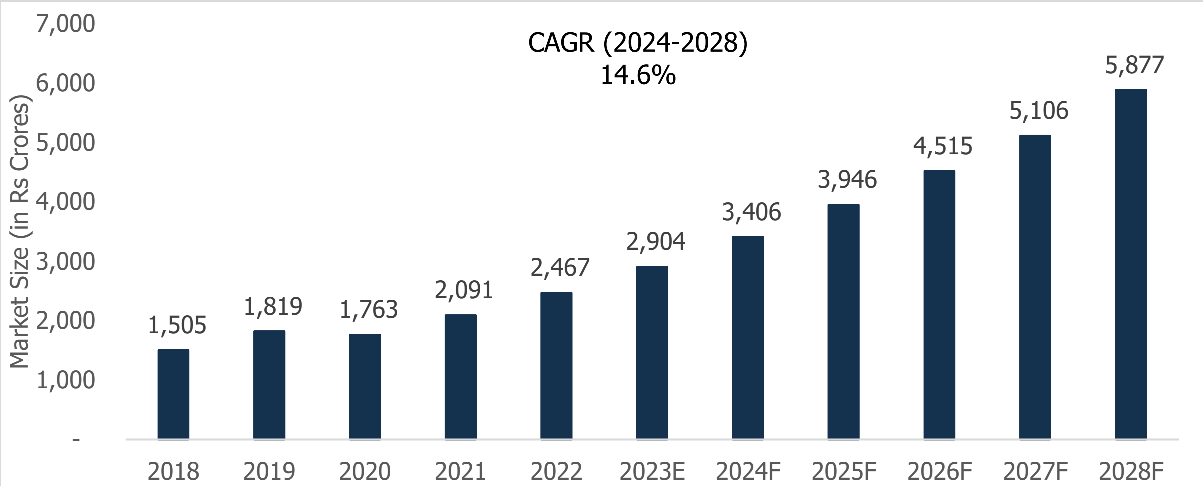


Source: CareEdge Research, Maia

Plumbing Services

The plumbing services market was valued at Rs 2,467 crores in 2022 and is expected to grow at a CAGR of 14.6% over the period between 2024-2028. The plumbing services in MEP market segment of India accounts for 12% of market share in 2022. There has been growing trend in promoting sustainability of buildings. This is leading to an increase in the demand for plumbing services that can help to make buildings more sustainable. Smart buildings are becoming increasingly popular in India with the increasing use technology to improve efficiency, comfort, and security. Plumbing systems play an important role in the functioning of smart buildings. Customers are demanding customized solutions that meet their specific needs. MEP service providers are responding to this demand by offering a wider range of customized solutions. This is leading to increased demand for plumbing services in MEP market of India going forward.

Plumbing Services Market Size in India



Source: CareEdge Research, Maia

Growth and Opportunities in MEP Market

Growth and Opportunities in Global MEP Market

The drivers of the MEP services market include the growth of the construction industry, increasing focus on sustainability, technological advancements, and stringent building regulations. The construction industry's expansion drives the demand for MEP services, as they are crucial for building infrastructure. The growing emphasis on sustainability and energy efficiency fuels the adoption of green MEP services. Technological advancements, such as building automation and smart systems, drive innovation in MEP services. Additionally, stringent building codes and regulations require compliance with MEP standards, further driving the market. Collectively, these factors contribute to the growth of the MEP services market globally. The growth drivers and opportunities for Global MEP market are:

Increasing Downstream Demand

With the rapid development of cities among countries, the requirements for buildings are getting higher and higher, which drives the demand for MEP services to grow. According to the World Bank, approximately 55% of the world's population (4.2 billion people) lives in cities. This trend is expected to continue going forward in coming years. By 2050, seven out of ten people in the world will live in cities, as urban populations will more than double their current population. MEP services belong to the branch industry of the construction industry and are also the rigid demand of the construction industry. With the acceleration of urbanization, the number of buildings is also increasing, and the demand for MEP services in buildings is also increasing. Therefore, it will promote the growth of industry demand in this industry.

Growing Demand from Key Regions

The rapid rise in urbanization across the world has boosted the demand in construction industry for the construction of residential and commercial buildings. This is anticipated to increase the demand for the mechanical, electrical and plumbing services market. Moreover, rise in disposable income of people in general has boosted the demand in home renovation projects. This is expected to hugely boost the demand for mechanical, electrical, and plumbing services. Moreover, these services require a significant level of expertise, which many general contractors often do not have. Hence, outsourcing of mechanical, electrical, and plumbing services significantly reduces their financial risks. This is one of the major drivers that is anticipated to increase demand in the mechanical, electrical, and plumbing service markets. However, the dearth of skilled labor for efficient delivery of these services is one of the restraining factors hindering the growth of the mechanical, electrical, and plumbing services market.

Development of Electronic commerce

MEP services accounted for a significant portion of the project's construction costs. Design plays a crucial role in MEP services, as a large portion of any service provider's revenue comes from MEP design. In addition, MEP designs are delivered remotely using e-commerce services. On the basis of the Internet, e-commerce breaks through the traditional concept of time and space, narrows the distance between production, circulation, distribution and consumption, greatly improves the effective transmission and processing of capital flow and information flow, improves enterprise productivity, reduces operating costs, and optimizes resource allocation. With the development of modern design software and collaboration tools, architects and engineers are providing customized MEP design services based on specific tasks or workloads. The use of e-commerce and the development of modern software tools provide new opportunities for the development of the industry.

Policy support for the construction industry and increased investment

As a pillar industry of the country, the development of the construction industry is closely related to the development of the national economy. To promote the development of the construction industry, countries implement favorable policies. And due to the development of the construction industry, it has attracted a large amount of capital investment. Countries like China, and Japan are relaxing restrictions on home approvals and lending to boost the construction industry, in Q4 2021, a huge number of bank credits were offered to property firms in China. In addition, mortgage lending in China increased by more than USD 30 billion (CNY 200 billion) in October 2021 from around USD 23 billion (CNY 150 billion) in September 2021. According to the National Bureau of Statistics of China, the total output value of China's construction industry will increase from 7.68 trillion yuan in 2009 to 26.39 trillion yuan in 2020, with an average annual growth rate of 11.88%. Also, increasing transportation construction projects support the demand for MEP services in MENA region.

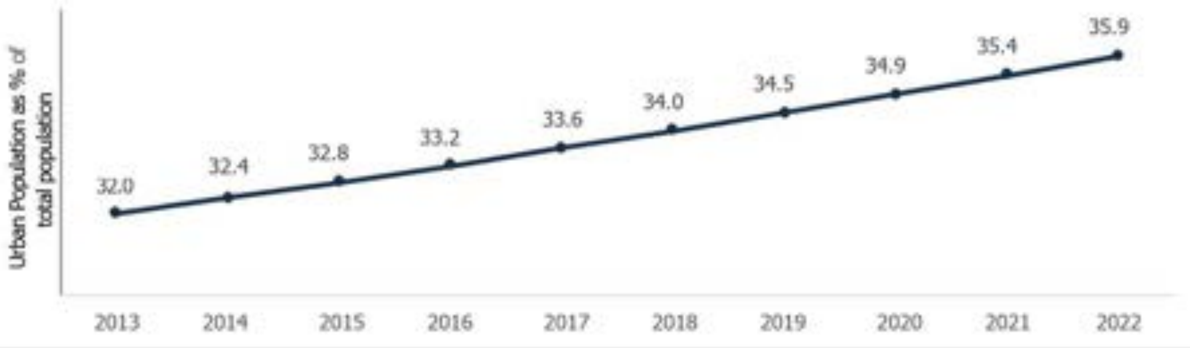
Growth and Opportunities in India MEP Market

Rapid urbanisation, greater disposable income, and increased construction activity are all key variables influencing standard of life improvements. The need for MEP systems is expanding in both the public and private sectors, as these systems are a key aspect of any building and serve a variety of purposes. Project plans are typically created by professional consultants and contractors. In terms of coordination and detailing, MEP systems can be difficult to manage. They meet a variety of design, installation, commissioning, operating, and maintenance objectives and standards. With massive increase in new construction in emerging economies and increase in retrofitting of electrical, mechanical and plumbing systems in older construction across the world, the mechanical electrical plumbing market is expected to grow considerably in the forecast period.

Urbanization development

India is in a period of rapid development of urbanization, compared with developed countries, India's urbanization rate is still at a relatively low level. The continuous improvement of urbanization rate has directly promoted the rapid development of the construction industry, and also brought broad development opportunities to the architectural design industry. Despite the outbreak of the second wave of the COVID-19 pandemic, according to MoSPI Statistics India, the construction industry in India grew by 68.3% year-on-year in real terms. In addition, the sector's output was supported by improved manufacturing activity and strong construction activity in the roads and highways sector. The continuous urbanization process and regional urbanization differences will provide a broad market space for the development of the construction industry, and then creating a broad demand for MEP services.

Urbanization Trend in India



Source: CareEdge Research, Maia

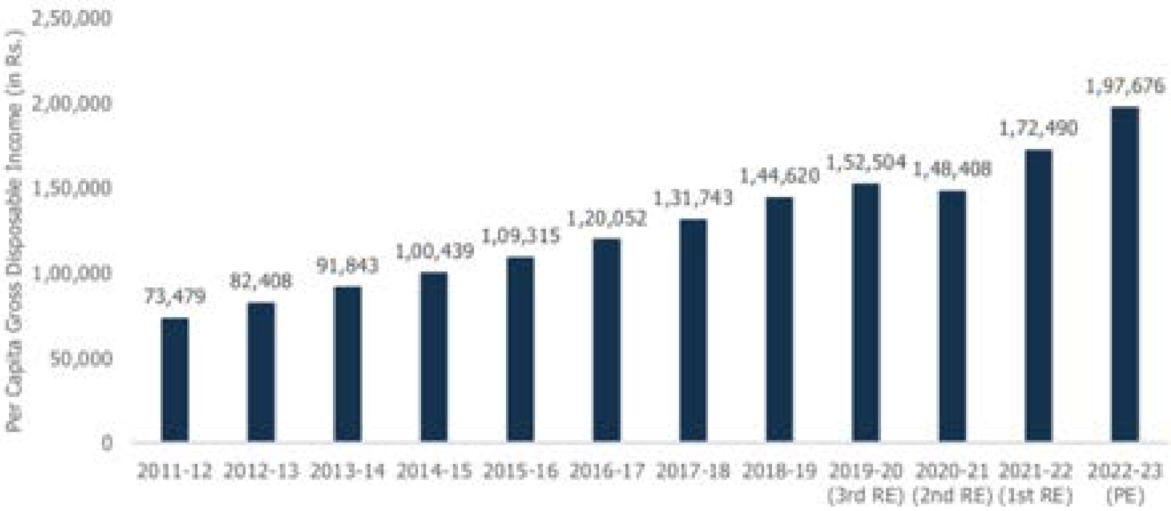
Continued thrust on construction and infrastructure development

With the continuous advancement of India's urbanization process and the deepening of building energy efficiency and intelligent construction requirements, social investment in fixed assets and the output value of the construction industry have continued to grow. Infrastructure construction had been at the core of economic development in India in recent years. Although some infrastructure segments like rail and road relied heavily on public financial resources, the construction industry as such was attractive for foreign direct investments. India's construction industry is valued at over three trillion Indian rupees. The rapid development of the construction industry in India is driving the development of the MEP industry.

Increasing Purchasing Power

The rising disposable income, which has grown at a CAGR of 9.4% between Fiscal 2012 and Fiscal 2023, is expected to lead to increase in demand for residential real estate in India as more and more people are able to afford real estate purchases. This will lead to more consumption of steel in the country and helps the steel manufacturers to produce more steel, thus improving the demand in the steel industry.

Per Capita Gross National Disposable Income



Source: MOSPI
Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, 2AE – Second Advanced Estimate

Competitive Profile

Blue Star Limited

Blue Star Limited is a heating, ventilation, air-conditioning and commercial refrigeration ("**HVAC&R**") manufacturing Company, with a network of 30 offices, seven modern manufacturing facilities, 3,132 employees, and 4,040 channel partners, as of March 31, 2023. Blue Star Limited has 8,000 stores for room air conditioners, packaged air conditioners, chillers, cold rooms as well as refrigeration products and systems, along with 1,251 service associates reaching out to customers in over 4,100 talukas, as of March 31, 2023. Blue Star Limited's integrated business model of a manufacturer, contractor and after-sales service provider enables it to offer an end-to-end solution to its customers. The other businesses include marketing and maintenance of professional electronics and industrial products and systems, which is handled by a wholly owned subsidiary of Blue Star Limited called Blue Star Engineering and Electronics Limited. Blue Star Limited competes with companies like Havells India Limited in room air conditioners, Voltas Limited in room air conditioners, commercial air conditioners and commercial refrigerators and Daikin in room air conditioners and commercial air conditioners.

Segment-wise revenue for Blue Star Limited (Consolidated)

Segment	Revenue for FY21	Revenue for FY22	Revenue for FY23
	(Rs. in crore)	(Rs. in crore)	(Rs. in crore)
Electro-Mechanical Projects and Commercial Air Conditioning Systems	2,219	3,204	4,016
Unitary Products	1,868	2,612	3,627
Professional Electronics and Industrial Systems	177	247	335

Source: Company Reports

Voltas Limited

Voltas Limited is a six-decade old company in India with expertise in air conditioning and cooling technology. Voltas Beko Brand, which is a collaboration of Voltas with Beko an international home appliance brand of the Arçelik Group owned by Koç Holding - a Fortune Global 500 company in Europe, offers wide range products like refrigerators, microwaves and dishwashers.

Segment-wise revenue for Voltas Limited (Consolidated)

Segment	Revenue for FY21 (Rs. in crore)	Revenue for FY22 (Rs. in crore)	Revenue for FY23 (Rs. in crore)
Unitary Cooling Products	4,218	4,882	6,475
Engineering Projects	2,879	2,470	2,402
Engineering Products	359	489	522

Source: Company Reports

Havells India Limited

Havells India Limited is a fast-moving electrical goods ("**FMEG**") company and a power distribution equipment manufacturer with a strong global presence. The company caters a wide spectrum of products, including industrial and domestic circuit protection devices, cables and wires, motors, fans, modular switches, home appliances, room air conditioners, electric water heaters, power capacitors, luminaires for domestic, commercial and industrial applications.

Segment-wise revenue for Havells India Limited (Consolidated)

Segment	Revenue for FY21 (Rs. in crore)	Revenue for FY22 (Rs. in crore)	Revenue for FY23 (Rs. in crore)
Switchgears	1,461	1,796	2,120
Cables	3,180	4,645	5,533
Lighting and fixtures	1,114	1,392	1,615
Electric consumer durables	2,377	3,074	3,298
Llyod Consumer	1,689	2,273	3,395
Others	637	758	950

Source: Company Reports

OUR BUSINESS

Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2023, 2022 and 2021 has been derived from the Audited Consolidated Financial Statements and (ii) the three months ended June 30, 2023 and June 30, 2022 has been derived from the Unaudited Interim Special Purpose Condensed Consolidated Financial Statements.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12-month period ended March 31 of that year. Financial information for the three months ended June 30, 2023 and 2022 is not annualised and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document. Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Industry Research Report on ACs, Commercial Refrigeration & MEP Services Market" dated September 2023, (the "**CareEdge Report**") prepared and issued by CareEdge Research, appointed by us pursuant to an engagement letter dated August 11, 2023 and exclusively commissioned and paid for by us in connection with the Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. The relevant industry sources are indicated at all relevant places within this section. For more information, see "Risk Factors – Certain sections of this Preliminary Placement Document disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risk." on page 59.*

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to our Company along with our Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 44, 127, 99 and 270, respectively, as well as the financial and other information contained in this Preliminary Placement Document. Additionally, see "Definitions and Abbreviations" on page 24 for certain terms used in the following section.

Overview

We are an India based air conditioning, commercial refrigeration and Mechanical, Electrical and Plumbing ("**MEP**") contracting company which has been in existence for 80 years. Through our customer centric approach, we aim to fulfil the heating, cooling and ventilation requirements of a large number of corporate, commercial and residential customers. We believe that one of our key differentiators is our integrated business model that includes being a manufacturer, engineering, procurement and construction ("**EPC**") services provider, and an after-sales service provider (*Source: CareEdge Report*). This model enables us to offer end-to-end solutions to our customers as we have the ability to manufacture most of our products from the concept and design stage and maintain control of the customer experience through final delivery to providing after sales support, thereby covering the entire value chain.

Our Company was incorporated in 1949 and we grew from having a single manufacturing plant in Dadra Facility to owning seven manufacturing facilities across India, with a manufacturing footprint of more than 1,30,000 square metres, as of June 30, 2023. Further, we service our customers through a network of 30 offices, 4,040 channel partners with more than 8,000 stores for room ACs, packaged air conditioners, chillers, cold rooms as well as refrigeration products and systems, along with 1,251 service associates reaching customers in more than 4,100 talukas in India, as of March 31, 2023 (*Source: CareEdge Report*).

Our business is categorized into the following segments:

- *Electro-Mechanical Projects and Commercial Air Conditioning Systems*: comprising design, manufacturing, installation, commissioning and maintenance of central air conditioning plants, packaged/ducted systems and variable refrigerant flow systems, as well as offering contracting services in mechanical works, electrical, plumbing, fire-fighting, water distribution and railway electrification. This segment also comprises value-added after-sales services such as revamp, retrofit, upgrades and operational support, which ensure efficient functioning of electro-mechanical utilities.

- *Unitary Products*: comprising a wide variety of contemporary and energy-efficient room air conditioners for both residential as well as commercial applications. We also manufacture and market a comprehensive range of commercial refrigeration products and cold chain equipment. Our product portfolio within this segment also includes storage water coolers, water dispensers, water purifiers, air purifiers and air coolers.

- *Professional Electronics and Industrial Systems* ("**PE&IS**"): our wholly owned subsidiary, Blue Star Engineering & Electronics Limited provides advanced technology products and system integrated solutions to customers across a wide range of industries and operates in three business verticals – medical technology solutions, data security solutions and industrial solutions.

We believe that our compelling blend of technical know-how, talented workforce, design expertise, experienced project execution capabilities and global footprint makes us the preferred choice for mechanical, electrical, ventilation and plumbing projects in India. In addition to our Indian business, we export Heating, Ventilation, Air conditioning and Commercial Refrigeration ("**HVAC&R**") products and solutions to 18 countries across the Middle East, Africa, SAARC and ASEAN regions. According to the CareEdge Report, the global (i) air conditioner market; and (ii) commercial refrigeration market is forecasted to grow at a CAGR of 6.3% and 6.8%, respectively between 2024 to 2028. In order to capitalize on these opportunities, we intend to further expand our global footprint and in furtherance of this objective have incorporated wholly-owned subsidiaries in the United States, Europe and Japan in Fiscal 2023.

As of March 31, 2023, as an HVAC&R after-sales service provider in India we maintain approximately two million tons of air conditioning and refrigeration equipment. Our call centre, which is open 24 hours a day, seven days a week, handles more than 1 million service calls a year. We strive to deliver same day installation of products bought from our channel partners and have developed a customer care app which enables customers and channel partners to log service requests, which are tracked through our remote monitoring centre at Thane.

Our manufacturing facilities have a high degree of backward integration which, we believe, allows us to gain greater control on the manufacturing process and reduce dependence on external suppliers and third parties. It also helps maintain product quality through greater control on the quality of components required for manufacturing which helps improve operational and functional efficiencies and gain strategic advantages over competitors, thereby improving cost efficiency and profitability. Further, five manufacturing plants received the Integrated Management System ("**IMS**") Certification for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. We are also focused on indigenization coupled with total cost management initiatives which has enabled us to achieve margin improvements.

We are also focused on consistently upgrading technologies across products and the processes used in manufacturing through our research and development ("**R&D**") efforts. We inaugurated a R&D centre in Fiscal 2023 at our Wada Facility 2 in Maharashtra. Through our R&D and innovation capabilities, backed by an in-house team, we have successfully designed and developed a portfolio of wide ranging products across the HVAC&R industry.

We are committed to sustainability as part of our Environmental, Social and Governance ("**ESG**") focus and have undertaken several initiatives toward our ESG goals. The impetus is towards creating technologically advanced products with higher energy efficiency and eco-friendly refrigerants. Further, we have received several awards in recognition of our products and operations, including 'MEP Contractor of Year' award by Construction Week India seven times in a row from 2017 to 2023, 'Golden Peacock Award for Excellence in Corporate Governance' for three years in a row from 2019 to 2021, 'Golden Peacock Award for Risk Management' in 2020 and 2022 and 'Best Customer Service Initiative of the Year 2022' for enhancing customers' trust through Digital Transformation in the Electronics Category at the CX Excellence Awards 2022.

The table below sets forth certain financial information for the periods mentioned below, based on our historical financial statements:

Particulars	As of/for three months ended June 30, 2023*	As of/for Fiscal ended March 31, 2023	As of/for Fiscal ended March 31, 2022	As of/for Fiscal ended March 31, 2021
Total income (₹ crores)	2,235.40	8,008.19	6,099.80	4,325.94
EBITDA (1) (₹ crores)	145.00	493.18	347.56	242.41
EBITDA Margin (2)	6.51%	6.18%	5.71%	5.69%
Profit for the period / year (“**PAT**”) (₹ crores)	83.37	400.69	168.00	100.66
PAT Margin (3)	3.73%	5.00%	2.75%	2.33%
Basic earnings per share (₹)(4)	4.33	41.60	17.44	10.42
Return on Equity (“**RoE**”)(5)	-	30.71%	16.78%	11.62%
Return on Capital Employed (“**RoCE**”) (6)	34.19%	33.88%	33.87%	26.94%
Dividend per share (₹)	-	12.00	10.00	4.00
Net Debt to equity ratio(7)	0.20	0.15	0.06	(0.18)
Gross Debt to equity ratio(8)	0.43	0.43	0.47	0.51
Capital expenditure (₹ crores)	100.54	426.60	180.31	71.11

Notes:

* *Not annualised*

(1) *EBITDA is calculated as profit (before tax and exceptional items) for the period/ year plus depreciation and amortization expense and finance cost, minus other income.*

(2) *EBITDA margin is calculated as EBITDA divided by revenue from operations.*

(3) *PAT Margin is calculated as profit after tax divided by total income.*

(4) *Basic earnings per share is calculated as the profit attributable to owners of the Group divided by the weighted average number of equity shares outstanding during the financial year/ period. Earnings per share for Fiscal 2023 includes gain on sale of Thane Land. Earnings per share for Fiscal 2023, 2022 and 2021 is not adjusted for bonus shares. Earnings per share for three months ended June 30, 2023 is not annualised and is for post bonus shares.*

(5) *ROE is calculated as Profit for the period / year divided by Equity Shareholders Fund, where Equity Shareholders Fund is share capital plus other equity. ROE for Fiscal 2023 excluding the gain on sale of land at Thane (reported as an exceptional income) was 20.3%.*

(6) *ROCE is defined as EBIT (PBT (before exceptional items) plus finance cost) divided by Average Capital Employed, where Average Capital Employed is Average Net Worth + Average Net Debt. Average is computed as opening plus closing divided by two.*

(7) *Net debt to equity ratio is calculated as Net Borrowings divided by Total Equity where Net Borrowings is long term borrowings plus short term borrowings minus cash and cash equivalents and current investments.*

(8) *Gross debt (which includes long term and short term borrowings) to equity ratio is calculated by (Non-Current borrowings + current borrowings)/ Equity.*

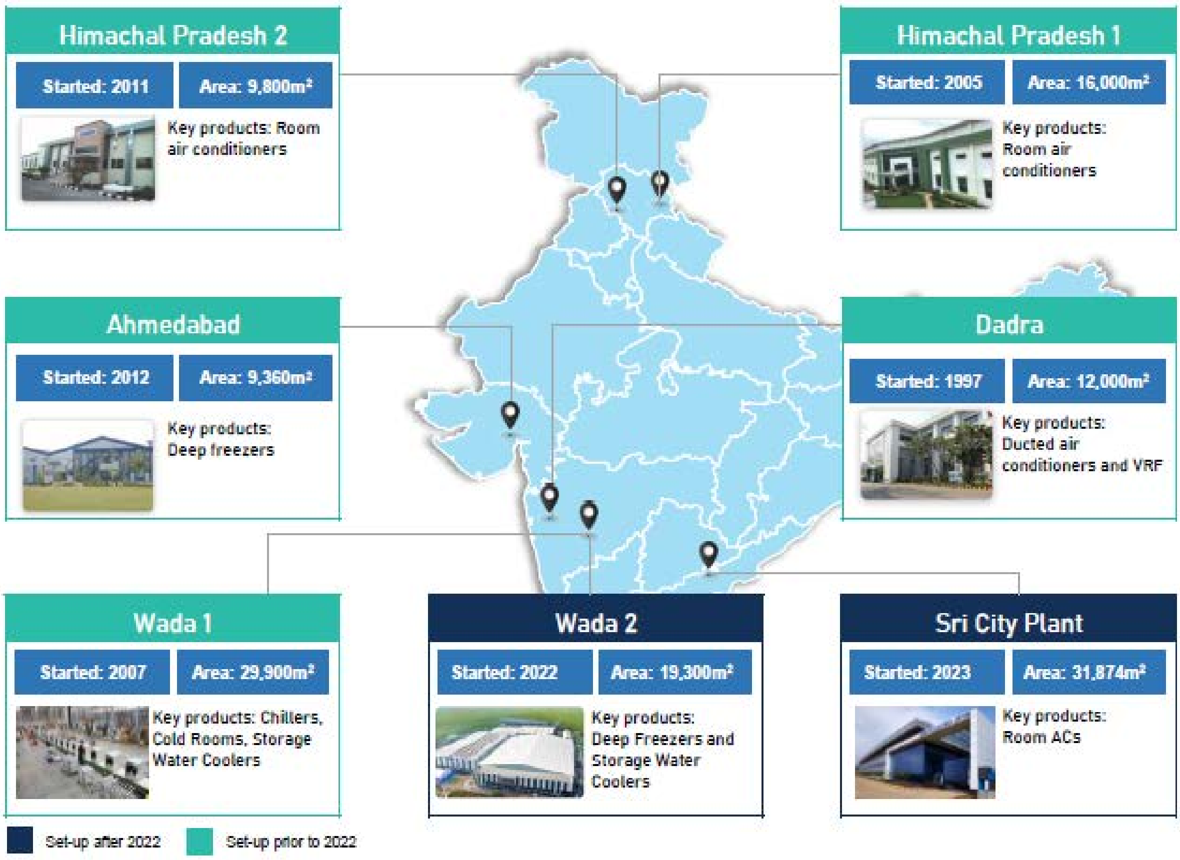
Strengths

Long-standing player in residential and commercial air conditioning and commercial refrigeration, backed by a strong manufacturing footprint.

We are an India based air conditioning, commercial refrigeration and MEP contracting company which has been in existence for 80 years. The commercial air conditioner market in India grew at a CAGR of 15.9% between 2018 and 2022, and is expected to maintain a CAGR of 15.8% between 2024 and 2028 (*Source: CareEdge Report*). Similarly, the commercial refrigeration market in India is forecasted to grow at a CAGR of 11.3% between 2024 and 2028 due to factors such as rising urbanization coupled with growing cold storage demand from segments like e-commerce, food and beverages and pharmaceuticals (*Source: CareEdge Report*).

In 2020, we strategically repositioned ourselves as a mass premium brand in room air conditioners and since then we have been augmenting and leveraging our manufacturing, R&D and innovation capabilities to roll out a new range of affordable split air-conditioners to cater to price-sensitive consumers and first-time buyers. The Indian air conditioner market grew at a CAGR of 8.9% between 2018 and 2022 and is forecasted to grow at a CAGR of 11.7% between 2023 and 2028. The strong growth in the Indian air conditioner market is supported by the growing population, the rapid rise of new housing society construction, and the successive establishment of small and medium-sized enterprises, and hence the demand for residential air conditioners is growing rapidly (*Source: CareEdge Report*). Further, according to CARE, increasing demand from tier 2 cities like Lucknow, Kanpur, Jaipur, Noida is expected to drive the air conditioner market in the coming years. In these cities, there is plenty of room for the air conditioner market to grow. The Indian summers have broken the heat records in this decade quite a few times. The heatwaves are forcing people to purchase air conditioners to create a more comfortable atmosphere (*Source: CareEdge Report*).

We grew from having a single manufacturing plant in Dadra Facility in 1997 to owning seven manufacturing facilities across India, with a manufacturing footprint of more than 1,30,000 square metres, as of June 30, 2023. Further, we manufacture over 300 models across 25 product lines, as of June 30, 2023. For details on our manufacturing capacities, see "– *Capacity and Capacity Utilization*" on page 186. Today, our business is supported by these facilities, which manufacture a wide range of air conditioning and refrigeration products, with five of our manufacturing plants being ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified. The map below illustrates the location of our manufacturing facilities and the key products they manufacture across India, as of June 30, 2023.



In 2016, we embarked on a 'Manufacturing Excellence Programme' which lays a strong emphasis on LEAN manufacturing, technology upgradation, quality improvement, and culture building, thereby continuously enhancing our operational efficiency with an aim to produce robust, differentiated and acclaimed products.

Apart from pursuing manufacturing excellence and maintaining a 'customer first' philosophy in planning and execution, our manufacturing plants also undergo upgradation and redesigning to keep pace with the changing technology and global practices. We have imbibed new and emerging technologies under the ambit of Industry 4.0 and digital and robotic interventions are being successfully used for automation across our manufacturing facilities. Furthermore, our manufacturing plants are also evolving their practices to continue to be environmentally responsible and ecologically sustainable.

High degree of backward integration resulting in higher efficiencies, enhanced quality of products and customer retention capability.

Since inception, we have placed strong focus on expanding our technological expertise in manufacturing of our products integrating our services, and thereby increasing our efficiencies, becoming an ideal partner for our customers.

Our capabilities that enable us to provide end-to-end solutions are:

- *Integrated business model*: As a manufacturer, EPC services provider, and an after-sales service provider, we offer an integrated business model that enables us to offer end-to-end solutions to our customers across building, industrial, and infrastructure segments, and also facilitates agile delivery of these offerings.

- *In-house manufacturing of components and sub-assemblies*: We have in-house manufacturing for indoor units, sheet metal components and heat exchangers. Our backward integrated in-house manufacturing supports our various product verticals.

- *Manufacturing facilities*: We have seven manufacturing facilities including two new plants which were inaugurated in Fiscal 2023, each equipped with high quality machinery, assembly lines and full power backup for 100% capacity. We have leveraged digital processes to innovate manufacturing process and improve operational efficiency. For instance, our new smart factory at Sri City in Andhra Pradesh is equipped with the modern automation techniques and tools for its assembly line and material handling, amongst others, and has also extensively deployed a slew of initiatives towards IoT and digitization.

We have the capacity to offer precise need identification, solution configuration, design and engineering, pre-installation support, installation and commissioning and after sales service support. This backward integration also allows us to gain greater control on the manufacturing process and reduce dependence on external suppliers and third parties. It also helps maintain product quality through greater control on the quality of components required for manufacturing which helps improve operational and functional efficiencies and gain strategic advantages over competitors, thereby improving cost efficiency and profitability. Furthermore, backward integration enables us to address our consumers' diverse needs, introduce new and unique products in the market and enhance existing products with emerging technologies. As a result, we are able to fulfil customers' requirements in a timely manner, enhance our ability to offer cost-competitive 'one-stop-shop' solutions and gain recognition as a consistent and reliable manufacturer and service provider.

Strong R&D and product innovation capabilities.

We place strong emphasis on R&D to enhance our product range and improve our manufacturing processes, which has been a key pillar of our growth. A systematic and structured approach on the R&D front and establishment of a phase-gate new product development process has enabled us to roll out new and innovative products and solutions that cater to the evolving requirements of our customers. Our R&D division undertakes research projects on an ongoing basis to study and imbibe emerging technologies to prepare ground for future requisites. The main drivers of the research projects that we undertake are advanced technologies, regulatory requirements, differentiation and creation of unique value propositions with an aim to increase market share and profitability. Further, our R&D division caters to local and global businesses as well as designs products as an original design manufacturer.

We partner with consultants who have valuable expertise and vast experience in specialised fields such as electronics and industrial design on a global level and have long standing associations with leading global organisations that believe in constant innovation including technical institutions of repute.

Our R&D team is proficient in constantly developing new products and has developed advanced products such as the variable refrigerant flow ("**VRF**") IV Plus system, high-efficiency chillers, wall-mounted units and refrigeration products that use next-gen refrigerants. Research projects are undertaken to augment R&D

competency across various product lines. For details on new products launched in Fiscal 2023, see *"– New Products"* on page 183.

We inaugurated a R&D Centre in Fiscal 2023at our Wada Facility 2. The R&D Centre has Air Conditioning, Heating and Refrigeration Institute ("**AHRI**") certified laboratories for 440 tonnage of refrigeration ("**TR**") air cooled chillers and 1,000TR water cooled chillers. Furthermore, the laboratories are also accredited by NABL as per ISO/IEC 17025:2017. In addition, we have inaugurated a 'Blue Star Innovation Centre' at Thane. We believe that the 'Blue Star Innovation Centre' is a significant step in the direction of consolidating our market position by launching a host of innovative products in the Indian market.

Further, our intellectual property rights are, and will continue to be, a critical component of our growth over the years. We have devoted significant resources to develop, protect and defend our intellectual property. As of June 30, 2023, we have 21 registered patents. We also have over 180 employees in our R&D department, as of March 31, 2023 and we undertake focused skill development initiatives for our engineers and management cadre employees, including organizing training for National Employability Through Apprenticeship Programs ("**NETAPs**") and dealer technicians, amongst others. We have ingrained a culture of innovation and horizontal deployment of best practices amongst the employees across facilities. We have taken various initiatives such as training programmes which in addition to technical aspects also cover best processes such as 6 Sigma, LEAN manufacturing, and soft management skills, which helps our employees and managers to increase efficiency, reduce cost of production and innovate new products.

Well-established brand with a strong repute and recognition for providing reliable after sales service.

We are an 80-year-old cooling solutions company in India operating under the 'Blue Star' brand. Our Company was incorporated in 1949 and over the last few years, we have continued to invest resources to build the 'Blue Star' brand, including continuing our association with an Indian cricketer as our brand ambassador, resulting in high public recall for the 'Blue Star' brand.

Our video advertisements with the Indian cricketer were telecast throughout the busy Indian domestic cricket season during the months of April and May 2023 which was an event which was telecast on Indian television. For the three months ended June 30, 2023 and Fiscals 2023, 2022 and 2021, we incurred advertising and sales promotion expenses of ₹ 36.11 crores, ₹ 112.67 crores, ₹ 82.42 crores and ₹ 69.64 crores, respectively. Furthermore, our advertising efforts were also recognized as we were bestowed with the 'Silver Award' at the Brand Bharat Awards 2023 by ET Brand Equity in the 'B2C Campaign – North' category, for our 'Happiness is a Fast-Cooling AC' campaign. We believe our well-established brand name also accords us the opportunity to successfully launch new products, which are instantly recognizable by existing and potential customers both in B2B and B2C segments.

Furthermore, as of March 31, 2023, as an HVAC&R after-sales service provider in India we maintain approximately two million tons of air conditioning and refrigeration equipment. Our call centre, which is open 24 hours a day, seven days a week, handles more than 1 million service calls a year. Pursuant to our customer centric approach we strive to deliver same day installation of products bought from our channel partners and have developed a customer care app which enables customers and channel partners to log service requests, which are tracked through our remote monitoring centre at Thane. The customer care app also has a feature for auto escalation which supports quick resolution. Further, our field service technician app enables technicians to update/ close customer tickets directly through their mobile app allowing seamless and efficient after sales service to our customers.

Robust financial performance along with a strong order book visibility backed by a highly experienced management team.

We have experienced sustained growth in our business in recent years. Our revenue from operations increased at a CAGR of 36.79% from ₹ 4,263.59 crores in Fiscal 2021 to ₹ 7,977.32 crores in Fiscal 2023 and was ₹ 2,226.00 crores in the three months ended June 30, 2023. Prudent cash management has enabled us to maintain net borrowings at a reasonable level of ₹ 204.43 crores (debt to equity ratio of 0.15 on a net basis) as of March 31, 2023, compared to ₹ 67.14 crores (debt to equity ratio of 0.07 on a net basis) as of March 31, 2022 despite

investments in manufacturing capacity expansion projects and higher inventory holding to prepare for the summer months. As of June 30, 2023, our net borrowings was ₹ 283.46 crores (debt to equity ratio of 0.20 on a net basis). We have also consistently maintained profit in our operations and our profit after tax increased from ₹ 100.66 crores in Fiscal 2021 to ₹ 400.69 crores in Fiscal 2023 and was ₹ 83.37 crores in the three months ended June 30, 2023, representing an increase of 12.13% from ₹ 74.35 crores in the three months ended June 30, 2022.
Our EBITDA was ₹ 493.18 crores, ₹347.56 crores and ₹242.41 crores in Fiscals 2023, 2022 and 2021, respectively and it was ₹145.00 crores in the three months ended June 30, 2023. Our EBITDA Margin was 6.18%, 5.71% and 5.69% in Fiscals 2023, 2022 and 2021, respectively, and was 6.51% in the three months ended June 30, 2023.

Further, our carried forward order book as of March 31, 2023, grew by 54.99% to a record ₹5,042.27 crores, compared to ₹3,253.30 crores as of March 31, 2022 and ₹ 2,952.42 crores as of March 31, 2021 and was ₹5,359.05 crores as of June 30, 2023, providing a clear visibility on future growth.

We believe that our performance is attributable to our experienced management team who have considerable industry expertise. Further, our management team is also assisted by a strong technical team. We continue to strengthen our management team with personnel that have expertise in the areas of finance, consultancy and extensive experience in the HVAC&R sector. We have in place fit-for-purpose recruiting practices and training programs for our management and personnel at all levels of our operations, which has created a skilled and experienced workforce that will continue to yield operational and financial benefits in the future.

Strategies

Maintain domestic market position through strategic expansion of manufacturing capabilities and further expand in international markets.

In line with the Indian government's "Make in India" initiative, which encourages companies to conduct on-shore manufacturing in India, we intend to continue to manufacture products for the Indian and global market locally. To this end, we plan to increase our production capacity in India to maintain domestic market position in the coming years and to benefit from competitive advantages such as the Production Linked Incentive for white goods (air conditioners and LED lights) ("**PLI**") scheme available under the "Make in India" initiative. We also intend on strengthening our brand salience in Hindi speaking markets.

We will continue to invest in expansion of our manufacturing facilities. For the three months ended June 30, 2023 and Fiscals 2023, 2022 and 2021, we incurred capital expenditure of ₹ 100.54 crores, ₹ 426.60 crores, ₹ 180.31 crores and ₹ 71.11 crores, respectively towards capacity expansion initiatives. Further, through our capacity expansion plans we intend to achieve economies of scale and address the growth opportunities in the HVAC&R industry. Our plans include:

- *Air conditioning*: we intend to leverage new manufacturing, PLI and plant efficiency to profitably grow the affordable range of air conditioning products and introduce differentiated products in the premium product range. We also intend to grow in the light commercial and residential customer segments with innovative products in central air conditioning and focus on design-led value engineering for introducing products at all price points for the commercial customer segment.

- *Commercial refrigeration*: we intend to indigenize the full range of deep freezers and continue to widen the product portfolio including storage water coolers and cold rooms in line with consumption trends and scale adjacencies in retail, healthcare and kitchen refrigeration.

- *Mechanical, electrical and plumbing*: we intend to scale this business segment profitably by growing the customer base from the traditional building customers to other customers, such as, factories, data centres, metro rail, water and railway electrification.

According to the CareEdge Report, the global (i) air conditioner market; (ii) commercial refrigeration market; and (iii) MEP market is forecasted to grow at a CAGR of 6.3%, 6.8% and 8.7%, respectively between 2024 and 2028. In order to capitalize on these opportunities, we intend to consolidate our global footprint in Middle East, Africa and South Asia regions through deeper penetration in these markets by offering a wider range of products. We have also made an entry into North America and European markets and to facilitate the same we have set up wholly owned subsidiaries in these countries.

Continue to leverage existing R&D capabilities to introduce new and innovative products.

We intend to continue to strengthen our R&D efforts, with an objective to deliver world-class products, services, and solutions to meet customer expectations and address emerging market opportunities both in domestic and global markets. For example, we intend to leverage our competencies in variable speed technology, inverter drive design, heat pump technology, low global warming potential ("**GWP**") refrigerants, virtual simulation, alternate materials and industrial designs to give us an edge over competitors.

Further, we are in the process of developing the Ashok Mohan Advani Innovation Mission which will focus on new age technology and R&D and innovations programs supported by our Innovation Centres in India and Japan. Under this mission we intend on designing and developing a range of products in the broad categories of energy efficiency, decarbonization and cleaner technologies.

We intend to continue to make investments in upgrading our infrastructure and design capabilities as well as integrating cutting-edge technologies across our comprehensive range of products. Our revenue and capital expenditure directly related to research and development was ₹ 20.84 crores, ₹ 73.89 crores, ₹ 67.21 crores and ₹ 59.10 crores during the three months ended June 30, 2023 and Fiscals 2023, 2022, 2021, respectively, and represented 0.94%, 0.93%, 1.11% and 1.39% of our revenue from operations in the same periods, respectively. The number of our R&D employees has grown from over 130 as of March 31, 2021 to over 180 as of March 31, 2023. We intend to continue to invest in expanding our R&D team to enable us to capitalize on long-term growth opportunities and help align ourselves with anticipated demand for our product segments and markets, and better position ourselves to meet the evolving requirements of our customers.

Continue to focus on increasing cost efficiency and profitability.

Increased competition and stringent regulations have prompted companies in the HVAC&R industry to find innovative ways to reduce cost and increase the overall efficiency. Improving cost efficiency in our manufacturing processes continues to be one of our key strategies. We have implemented innovative strategic cost-saving and efficiency improvement measures. We intend to continue further integration of our manufacturing facilities and to carry out most of the processes in-house to maximize our efficiencies. We have also increased our focus on (i) indigenization of deep freezers at our Wada Facility 2; (ii) backward integration at Sri City Facility which are aimed at leveraging on our existing manufacturing capabilities to improve profitability through localization; and iii) introduce new products in the commercial air conditioning segment.

We have undertaken initiatives to reduce costs, such as cross deploying a Total Cost Management ("**TCM**") programme across the businesses to achieve cost leadership. Further, our Sri City Facility has been strategically incorporated in Southern India to benefit from reduced supply chain costs for customers located in this region. We aim to continue the culture of innovation as we propose to undertake other digitalization initiatives and programmes aimed at enhancing operational efficiencies and optimising asset and material flows by leveraging automation. We also focus on our relationships with vendors to ensure that our quality, costs and delivery objectives are met and we have taken steps such as regular audits of major vendors for this purpose. We will continue to have a centralised approach towards sourcing and vendor management to gain economies of scale in raw material procurement.

Deepen our commitment to sustainable business development.

We place a strong emphasis on the Environmental, Social and Governance ("**ESG**") framework even as we continue to focus on value creation for our stakeholders. We enhanced our commitment to ESG by integrating ESG practices into our business model. These commitments include making sustainable choices in our ESG endeavours and remaining dedicated to the highest standards of environment-friendly practices, sustainable social endeavours, and transparency and ethics in conduct and behaviour at all levels of the organisation.

We have also commenced working on our Net Zero Mission, and we intend to map the carbon footprint across our manufacturing units and other establishments and invest in reducing the emission levels, and drive decarbonisation in a phased manner. One of the initiatives undertaken is that, all our manufacturing facilities have consented to operate on a zero-discharge basis, since all the wastes generated due to industrial processes are treated onsite. This is ensured through effluent treatment plants ("**ETP**") and sewage treatment plants ("**STP**") which are advanced wastewater treatment methods that have been installed at all our manufacturing facilities. Further, the treated water is then used for in house gardening purpose. All chemicals used for and during this process are Restriction of Hazardous Substances Directive (ROHS) compliant.

In addition to the above, we have taken several digitisation initiatives including a 'Cloud First' strategy to enhance information and cyber security, enhancement of customer experience through digitally integrating and enabling the distribution channel, data analytics and implementation of IoT at our newer manufacturing facilities.

Our Corporate History and Milestones

Our Company was incorporated in 1949 and became a public limited company in 1969 and has since introduced several new products and services. The chart below sets forth certain of the key milestones in our business' development:

Products and Services

We operate three business segments: (i) Electro-Mechanical Projects and Commercial Air Conditioning Systems; (ii) Unitary Products; and (iii) Professional Electronics and Industrial Systems.

Electro-Mechanical Projects and Commercial Air Conditioning Systems

This B2B business segment covers the design, manufacturing, installation, commissioning and maintenance of central air conditioning plants, packaged/ducted systems and VRF systems, as well as the offering of contracting services in mechanical works, electrical, plumbing, fire-fighting, water distribution and railway electrification. It also comprises value added after-sales services such as revamp, retrofit, upgrades and operational support which ensure efficient functioning of electro-mechanical utilities.

Key customers include commercial buildings, hospitals, hotels, education, industrial facilities, data centres, metro rail, railways and utilities companies.

Under the commercial air conditioning systems we offer a complete range of energy efficient Bureau of Indian Standards compliant packaged and ducted split air conditioning systems along with next generation inverter based ducted systems and inverter heat pump air conditioning systems.

Some of our products include (i) top discharge VRF systems from 7 Horse Power ("**HP**") to 112HP which are designed for Indian conditions (100% capacity at 43°C and non-stop cooling at 56°C; (ii) side discharge VRF systems from 4 HP to 16 HP; (iii) star labelled air cooled and water cooled scroll chillers from 10TR to 78 TR;

(iv) configured series air cooled and water cooled screw chillers from 70 TR to 600 TR; (v) configured series oil free magnetically levitated centrifugal chillers from 70 TR to 450 TR; and (vi) configured series water cooled fixed speed and variable frequency drive based centrifugal chillers 450 TR to 1000 TR.

Our commercial air conditioning products are offered by 660 dealers in 218 towns, as of March 31, 2023.

Unitary Products

Under this B2C segment, we offer a wide variety of contemporary and energy-efficient room air conditioners for both residential as well as commercial applications. Furthermore, we also manufacture and market a comprehensive range of commercial refrigeration products and cold chain equipment. We also produce water dispensers, water purifiers, air purifiers and air coolers.

As of June 30, 2023 we had an installed base of over 2.5 million units of room air conditioners and these products are available across 8,000 outlets in more than 650 locations. For room air conditioners our focus is on inverter technology, energy efficient products and ACs with purification technology. Our range of air conditioners include premium, affordable premium and affordable split ACs with superior build quality. We have also launched differentiated models including ‘Super Energy-Efficient ACs’, ‘Heavy-Duty ACs’, ‘Smart ACs’ and ‘ACs with Hot and Cold Technology.’

Key customers include residential customers, light commercial shops/markets/ showrooms, ice-cream companies, hospitality and quick service restaurants.

Professional Electronics and Industrial Systems

Managed by Blue Star Engineering & Electronics Limited, a wholly owned subsidiary, this B2B segment provides advanced technology products and system integrated solutions to customers across a wide range of industries. It operates in three business verticals – medical technology solutions, data security solutions and industrial solutions which encompasses material testing, non-destructive testing, metrology solutions and warehouse automation. We have also set up a medical diagnostic equipment refurbishment facility at Bhiwandi in Maharashtra to refurbish a wide array of pre-owned medical diagnostic imaging systems, including Computerized Tomography (“**CT**”) scanners and Magnetic Resonance Imaging (“**MRI**”) machines.

Key customers include healthcare, automotive, aerospace, steel, banking, financial services and insurance ("**BFSI**") companies.

In each of our individual segments, we add value through a comprehensive approach that includes precise need identification, solution configuration, design and engineering, pre-installation support, installation and commissioning and after sales service support.

A brief snapshot of the products that we have launched in the last few years is produced below:

New Products

Below is a list of new products launched in Fiscal 2023:

a) Room air conditioners:

- *Inverter split air conditioners*: We launched a new range of 3 Star and 5 Star Inverter split air conditioners to comply with the new energy efficiency guidelines laid out by the Bureau of Energy Efficiency ("**BEE**").

- *Higher energy efficiency split air conditioners*: We upgraded our existing range of 3 Star fixed-speed air conditioners as well as 5 Star inverter air conditioners to achieve higher energy efficiency to meet the new energy efficiency guidelines published by the BEE.

- *Hot and cold split air conditioners:* We developed a new range of energy efficient hot and cold air conditioners in the 1.5TR and 2.0TR capacities which are more energy efficient than conventional heat convectors.

- *Heavy duty split air conditioners:* Our heavy duty air conditioner range has been further augmented through the addition of two new models, a 2.0TR inverter and a 1.5TR fixed speed unit. The 6-in-1 feature too has been introduced in both the 1.5TR and 2.0TR inverter air conditioners with higher cooling in the turbo mode to provide rapid cooling in peak summers.

Smart air conditioners: Our smart air conditioner range has been further augmented by making all the inverter air conditioners from both Himachal Pradesh facilities and the Sri City Facility. This would make it easier for a customer to later buy a module which can convert these air conditioners to smart air conditioners, which will work with both the mobile application as well as through voice commands. Furthermore, the number of WiFi-enabled models has also been increased from two to six.

- *Window air conditioners:* We introduced a new range of window air conditioners in both the 3 Star and 5 Star categories to meet the new energy efficiency guidelines published by the BEE.

b) Commercial air conditioning:

- *Variable refrigerant systems:* We introduced a variable refrigerant system 'Lite' range that serves the demand from the premium residential market for solutions in the 4HP to 6HP capacity range. The outdoor units of this range can be connected to a wide range of indoor units ranging from hi-walls and cassettes to ducted and concealed units.

  A sixth-generation high efficiency variable refrigerant system was launched in both top and side discharge configurations for the Middle East and African markets. Features such as non-stop operation at 56°C temperature, a wide range of indoor units, air handling unit connectivity and a wide variety of accessories were provided. This product is certified for Emirates Authority for Standardization and Metrology ("**ESMA**") requirements of the Middle East market.

- *Ducted split air conditioners:* We launched a range of inverter heat pumps and cool only models of concealed split air conditioners, for which there is great demand from the hospitality sector. Available in up to 2TR capacities, these splits offer features such as low-height indoor units with low noise, good aesthetics and higher air flow, high energy efficiency, low global warming potential refrigerant R32, and flared connections for faster and easier installation.

- *Chillers:* We launched a new range of centrifugal chillers, manufactured in-house, to cater to infrastructure projects. This centrifugal chiller development program was initiated in 2020 and a complete range of models from 500TR to 1000TR capacity, with AHRI Certification was launched in Fiscal 2023. The range is available in both fixed-speed and variable-speed configurations.

  Furthermore, a wide range of screw chillers were also launched to meet new energy-efficiency guidelines from BEE that are due to come into force from January 2024, which is many months before schedule. The range includes 3 Star, 4 Star and 5 Star Screw Chillers. All the screw chiller models are also certified by AHRI. We also developed a new range of R410A scroll chillers to meet new BEE 3-star rating guidelines, and to maintain market leadership in this segment. This range is also certified by AHRI. The range includes capacities from 10TR to 70TR (air cooled) and 13TR to 75TR (water cooled).

c) Commercial refrigeration:

- *Future-ready deep freezers:* The Quality Control Order ("**QCO**") for deep freezers shall be mandatory from January 1, 2024. We have already upgraded our entire range of deep freezers (Hard Top, 300L to 600L, and Glass Top, 300L to 600L), manufactured at both deep freezer facilities i.e., Wada Facility 2 and Ahmedabad Facility, to be QCO certified. Further, we have already received the licence to use the ISI mark complying with the Bureau of Indian Standard IS 7872:2022 well ahead of the statutory requirement date.

The BEE has established the Energy Star Labelling program for deep freezers and our entire range of deep freezers products manufactured at Wada Facility 2 and Ahmedabad Facility comply with the requirement, in both 3 Star and 5 Star ratings.

- *All-season Storage Water Coolers*: We launched a new series of cold and warm storage water coolers. These models are the first ones that offer warm water in the food grade stainless steel tank designs. The product is designed to provide cold water in harsh Indian summer conditions of up to 43ºC temperature, and warm water in severe winters down to -5ºC. The unit comes with a switch for changing the mode, making it a convertible machine and providing water as per the customer's choice.

- *Condensing units for cold rooms:*

  (a) *Inverter Condensing Units:* We launched an energy-efficient inverter condensing unit range which is embedded with Inverter Compressor Technology and BLDC Fan Motor which will improve energy efficiency, enable precise temperature control, and increase compressor reliability. These units have a wide operating temperature range of 2°C to 25°C and can work up to 52°C temperature.

  (b) *High Temp Condensing Units:* We launched refrigeration condensing units with energy-efficient scroll compressors for delivering high cooling capacity but with a very small footprint. These can be used to cater to medium to large cold storage requirements in dairy, horticulture, agriculture, pharma warehousing, and other segments where the room temperature is maintained typically in the range of 2°C to 8°C.

Our Manufacturing Facilities

The table below provides certain details of our manufacturing facilities in terms of their location, property (leased or owned) and key products manufactured, as of June 30, 2023:

Facilities	Address	Land area (in square meters)	Property (Leased or owned)	Key products manufactured
Dadra Facility	Survey No 265/2 and 265/3, Demni Road, Dadra – 396 191, U.T. Of Dadra and Nagar Haveli	12,000	Owned	Ducted air conditioners and VRF
Himachal Pradesh Facility 1	Nahan Road, Rampur Jattan, Kala Amb, District Sirmour, Himachal Pradesh – 173 030	16,000	Owned	Room air conditioners
Himachal Pradesh Facility 2	Nahan Road, Village Ogli, Kala Amb, District Sirmour, Himachal Pradesh – 173 030	9,800	Owned	Room air conditioners
Wada Facility 1	Village – Vasuri Khurd, Khanivali Road, PO – Khupari, Taluka – Wada, District – Palghar – 421 312	29,900	Owned	Chillers, storage water coolers, cold rooms
Wada Facility 2	Village – Vasuri Khurd, Khanivali Road, PO – Khupari, Taluka – Wada, District – Palghar – 421 312	19,300	Owned	Deep freezers, Storage Water Coolers
Ahmedabad Facility	501/3, 503/2, Tajpur Road, Sarkhej-Bavla Highway, Changodar, Ahmedabad – 382 213	9,360	Leased	Deep freezers
Sri City Facility	Plot No. 645, Rosewood Drive, Andhra Pradesh, Sri City – 517646	31,874	Leased	Room air conditioners

Capacity and Capacity Utilization

The following table sets forth certain information relating to our capacity utilization of our manufacturing facilities calculated on the basis of total installed production capacity and actual production as of the dates indicated below:

Facility	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Dadra Facility			
Installed capacity – Ducted/ Packaged (Unit of Measurement ("**UoM**") – TR)	4,00,000	4,00,000	4,00,000
Actual production volumes (UoM – TR)	3,52,519	2,34,005	1,66,142
Capacity utilization	**88%**	**59%**	**42%**
Installed capacity – VRF (UoM – HP)	2,12,000	2,12,000	2,12,000
Actual production volumes (UoM – HP)	1,18,531	81,614	47,891
Capacity utilization	**56%**	**38%**	**23%**
Installed capacity – Exports- ducted/ splits (UoM – Nos)	36,000	36,000	36,000
Actual production volumes UoM – Nos	26,151	21,338	17,249
Capacity utilization	**73%**	**59%**	**48%**
Wada Facility 1			
Installed capacity – Chillers (UoM – TR)	1,90,039	1,90,039	1,90,039
Actual production volumes (UoM – TR)	1,64,170	1,24,188	95,971
Capacity utilization	**86%**	**65%**	**51%**
Installed capacity – PUF Panels (UoM – Sq.mt.)	3,29,588	3,29,588	3,29,588
Actual production volumes (UoM – Sq.mt.)	2,33,499	2,46,264	2,09,129
Capacity utilization	**71%**	**75%**	**63%**
Installed capacity – Danfoss Condensing Units Exports (UoM – Nos.)	24,933	24,933	24,933
Actual production volumes (UoM – Nos.)	15,766	21,618	15,822
Capacity utilization	**63%**	**87%**	**63%**
Installed capacity – Exports - Tank Chillers/Instant Water Cooler/Overhead Tank Chiller/Domestic Water Cooler (UoM – Nos.)	2,589	2,589	2,589
Actual production volumes (UoM – Nos.)	841	2,150	1,378
Capacity utilization	**32%**	**83%**	**53%**
Installed capacity – Export Water Coolers (UoM – Nos.)	16,831	16,831	16,831
Actual production volumes (UoM – Nos.)	14,040	6,758	4,124
Capacity utilization	**83%**	**40%**	**25%**
Installed capacity – CSD units (UoM – Nos.)	17,531	17,531	17,531
Actual production volumes (UoM – Nos.)	15,553	13,018	9,632
Capacity utilization	**89%**	**74%**	**55%**
Himachal Pradesh Facility 1 and Himachal Pradesh Facility 2			
Installed capacity – Room AC's (Outdoor Units) (UoM – Nos.)	7,11,000	5,93,592	3,79,076
Actual production volumes (UoM – Nos.)	5,98,920	4,20,508	2,62,613
Capacity utilization	**84%**	**71%**	**69%**
Installed capacity – Room AC's (Indoor Units) (UoM – Nos.)	6,60,000	4,51,138	2,55,000
Actual production volumes (UoM – Nos.)	5,94,957	4,21,052	2,13,840
Capacity utilization	**90%**	**93%**	**84%**

Facility	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Installed capacity – Water Coolers (UoM – Nos.)	-	60,602	80,803
Actual production volumes (UoM – Nos.)	-	32,656	32,642
Capacity utilization	**-**	**54%**	**40%**
Ahmedabad Facility			
Installed capacity – Chest Cooler/ Deep Freezers (UoM – Nos)	1,13,041	1,03,041	1,03,041
Actual production volumes UoM – Nos	1,12,442	94,616	65,523
Capacity utilization	**99%**	**92%**	**64%**
Wada Facility 2			
Installed capacity – Chest Cooler/ Deep Freezers (UoM – Nos.)	39,125	-	-
Actual production volumes (UoM – Nos.)	27,794	-	-
Capacity utilization	**71%**	-	-
Installed capacity – Storage Water Coolers (UoM – Nos.)	58,665	-	-
Actual production volumes (UoM – Nos.)	45,430	-	-
Capacity utilization	**77%**	-	-
Sri City Facility			
Installed capacity – Room AC's (Outdoor Units) (UoM – Nos.)	1,10,160*	-	-
Actual production volumes (UoM – Nos.)	66,225	-	-
Capacity utilization	**60%**	-	-
Installed capacity – Room AC's (Indoor Units) (UoM – Nos.)	1,10,160*	-	-
Actual production volumes (UoM – Nos.)	65,917	-	-
Capacity utilization	**60%**	-	-

**Since the Sri City plant was commissioned in January 2023, the capacity included hereinabove (1,10,160 in numbers) is for the period January, 2023 to March, 2023. The capacity on an annualised basis is 3,48,840 (in number).*

Assumptions and notes for determination of capacity utilization:

- *The capacity numbers derived are based on the number of shifts operation on production lines taking into consideration the available capacity of each work centre, adjusted with the bottleneck work centres on the line. The Company has taken the impact of refreshment breaks, maintenance break, operational efficiency etc. while calculating the capacity numbers.*
- *Capacity without COVID-19 impact – The given actual capacity numbers are without considering COVID-19 impact for Fiscals 2021 and 2022.*
- *Lower utilization on account of COVID-19 – Capacity utilization for Fiscals 2021 and 2022 is slightly on a lower side on account of adverse impact on production due to COVID-19. The plant/line of production was in a shutdown condition for most of the days during the COVID-19 period.*
- *In all the plants' capacity of 3 shift (8 hours) is not a direct multiple of capacity of per shift (8 hours) because of breaks, transition etc. for all the plants for all the Fiscals.*
- *The Company's plants' installation is carried out on a turnkey basis mostly through a third party as well as their own in-house manufacturing team. The Company has an in-house manufacturing team as well as external consultants. They are responsible for determination for entire engineering design, installation themselves & audit the machine based on their capacity and the equipment is selected accordingly.*

As certified by Anmol Sekhri Consultants Private Limited, Chartered Engineers, vide their certificate dated September 16, 2023.

Awards and certifications

A few significant awards and certifications that we have received in the last few years are indicated below:

Sales, Service and Distribution

We strive to provide seamless customer experience with highest quality of service through a countrywide service network that operates 24 hours a day, seven days a week. As of March 31, 2023, we served more than 3,900 towns in India through a vast network of service partners. Digitization will be one of the prime areas of focus for our service network going forward. Furthermore, we have also launched a customer service app, which provides customers with a one-touch facility to log in a service requirement. Similarly, we also have a technician app that enables technicians to update/ close customer tickets directly through their mobile app allowing seamless and efficient after sales service to our customers.

As of March 31, 2023, we operated more than 250 service vans to reach out to customers at short notice. Refrigerated vans have also been deployed across major cities to serve quick-service restaurant customers, to offer cold storage support 24 hours a day, seven days a week service to a select segment of cold room customers. Further, we maintain a 'Customer Experience Centre' at the Blue Star Innovation Centre in Thane. Built with an intent to create an experience around our brand's legacy, innovations, and products and services for customers, this invite-only centre displays our cooling and purification products across categories, such as room air conditioners, commercial refrigeration, and commercial air conditioning. The facility also captures the projects and service businesses along with the R&D and manufacturing capabilities on a 77-inch OLED digital screen.

We had approximately 4,040 channel partners with more than 8,000 stores for room ACs, packaged air conditioners, chillers, cold rooms, and refrigeration products and systems, and 1,251 service associates serving customers in over 4,100 talukas, as of March 31, 2023 (*Source: CareEdge Report*). Blue Star's Channel Management Centre is the overall custodian of our channel partners and a single point of contact for all channel administration, development and conflict resolution initiatives. Furthermore, our tie-ups with reputed banks help channel partners to take advantage of financing benefits, including the availability of working capital facilities at lower interest rates.

Quality Control, Health and Safety

We place strong emphasis on product and process quality control. We have established strict quality control systems, which are designed to ensure product design, production efficiency and high output at our manufacturing facilities. Quality checks are undertaken for raw material and components and at packaging. Outgoing quality control is conducted prior to dispatch of products.

We have adopted Six Sigma methodologies to drive process cost improvement and quality. Five of our manufacturing facilities are certified for IMS which comprises ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. Our Himachal Pradesh Facility 1 is one of the plants in India to receive the Bureau of Indian Standards ("**BIS**") license for affixing the Indian Standard ("**IS**") mark on mini-split air conditioning units. We have also implemented strict quality control measures, regular audits and assessment of suppliers to ensure quality standards are maintained.

We also regularly train our employees to increase operational performance, improve productivity and maintain quality and safety compliance standards. We attach significant importance to our employees' health and safety and monitor data on accidents as well as report near accidents to foster a 'Safety First' culture to minimise operational risks.

Raw Material

We have a centralised system across our manufacturing facilities for procurement of raw material. We procure raw material from various domestic and foreign vendors. Further, we have structured commodity and cost management processes to control the price mechanisms and contracts to create competitive advantage for our business.

Research and Development

As a philosophy, we focus on digital technology, innovation and sustainability, with continuous investments and focused efforts in R&D. We have inaugurated a R&D facility at our plants in Wada, Maharashtra in Fiscal 2023. We have also planned a new R&D facility near Mumbai. Similarly, a R&D facility is also planned in Japan for research and development of inverter drives, VRF, heat pumps and indoor units.

Our R&D division caters to local and global businesses as well as designs products as an original design manufacturer. The impetus is towards creating technologically advanced products with higher energy efficiency and eco-friendly refrigerants. Our chiller test labs are AHRI certified, along with an accreditation from the National Accreditation Board for Testing and Calibration Laboratories for room air conditioners, commercial air conditioners and refrigeration products.

R&D is an integral part of the products business for us, and we will continue to systematically invest towards developing capital equipment and human resources in this important domain.

Environment, Social and Governance Initiatives

Our business is environmentally focused and we have enhanced our commitment to ESG by integrating ESG practices into our business model. We have also obtained all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. Our activities are subject to the environmental laws and regulations of India, which govern, among other things, air emissions, wastewater discharge, and handling, storage and disposal of hazardous substances and wastes.

Further, we have received IGBC (Indian Green Building Council) Platinum certification for our Wada Facility 1, Wada Facility 2 and Blue Star Innovation Centre, Thane, and IGBC Gold certification for our Sri City Facility at Andhra Pradesh.

We have a corporate social responsibility ("**CSR**") committee that guides us in integrating our social and environmental objectives with our business strategies. Through our CSR initiatives, we aim to provide vocational training and skill development activities in the areas of health, hygiene and wellness. We spent ₹ 4.13 crores, ₹ 3.67 crores and ₹ 3.81 crores in Fiscals 2023, 2022 and 2021 respectively, on CSR initiatives.

A few key CSR activities undertaken in Fiscal 2023 were as follows:

- The Blue Star Foundation supported 52 Bachelor's students from various engineering and diploma colleges and 41 Diploma students as well as two Master's students from architecture colleges through the "Mohan T Advani Centennial Scholarships Programme" from 19 prominent educational institutions, pan India.
- Helped differently-abled children by providing them with therapeutic rehabilitation support.
- Supported farmer producer organisations in Tamil Nadu in producing and marketing processed foods. The project covered around 249 farmer families where a 100MT cold storage facility was provided to the farmers which has helped them to stock their produce, comprising banana, paddy, corn, and groundnut.

Intellectual property

We seek to protect intellectual property through design, trademark/logo and patents and continuously examine the patentability of newly developed products, systems and technologies. As of June 30, 2023, our Company has applied for 46 patents for innovation across its various product categories of which 21 have been granted in addition to registration of 39 designs and 177 trademark applications have been filed for 92 trademarks, of which 147 applications are registered for 80 trademarks. In Fiscal 2023, 10 patents were granted to our Company, of which one is an international patent applied for in the United States of America.

Employees

As of March 31, 2023, our Company had 2,552 permanent employees, 314 permanent workers, 956 temporary employees and 2,318 temporary workers which includes contractual workers. Further, we also have labour unions at our Wada Facility 1, Himachal Pradesh Facility 1 and Himachal Pradesh Facility 2 manufacturing facilities. For the purposes of recruiting employees, we use recruitment agencies and websites and conduct campus interviews at regular periods. Our emoluments for our staff are performance based. Employees are evaluated on a regular basis for their performance on specified parameters and appraised on a yearly basis. In Fiscal 2023, we received the prestigious 'Great Place to Work' certification from Great Place to Work ® India for the second time.

Insurance

Our Company maintains insurance policies which are renewable every year. We maintain insurance cover for our assets to cover all normal risks associated with operations of our business, including fire, marine cargo open cover policy to cover various risks during the transit of goods oversea, group personal accident insurance policy for our employees and contract workers, and insurance policies covering directors' and officers' liability. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the scope of the coverage provided by such insurance. We typically maintain industrial all risks policy and standard fire and special perils policy for our offices and Manufacturing Facilities. Our insurance policies are subject to customary exclusions and deductibles.

However, our insurance policies may not be able to cover all of our losses and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. Also, see "*Risk Factors – Our operations are subject to varied business risks and our insurance coverage may not adequately protect us against economic losses*" on page 60.

Properties

Our registered office is located at Kasturi Buildings, Jamshedji Tata Road, Mumbai 400 020, India. In addition, certain of our guest houses, warehouses and/or factories are held and operated pursuant to guest house agreements and lease agreements entered into by our Company. Further, see " – *Our Manufacturing Facilities*" on page 185 for certain information on the manufacturing facilities owned and leased by us.

Information Technology

We have implemented various IT solutions and/or enterprise resource planning software solutions to cover key areas of our operations. Digitization will be a key area of focus for us going forward. We intensively use technology in relation to customer order management and dispatches, manufacturing planning and reporting, manufacturing processes, financial accounting and scheduling raw material purchase. We have a knowledge management system that enables us to centrally store, manage and retrieve business critical documents and standard operating procedures. We intend to continue to focus on and make investments in our IT systems and processes, to improve our operational efficiency and customer service, automate processes to reduce manual intervention and the risk of system failures and the negative impacts these failures may have on our business thereby improving reliability and efficiency of our business and operations.

We have continued to widen usage of technologies such as Robotic Process Automation, Business Intelligence, IoT, analytics and cloud. With us incorporating new subsidiaries, both in domestic and international markets, there was a need to ensure that our digital platforms supported operations globally and scale on demand in a secure manner. To provide this level of flexibility, we migrated our digital core, SAP, to the cloud. This has provided us with a platform that can scale horizontally and vertically, and mitigate risks associated with availability and security.

The new smart manufacturing facilities at Sri City and Wada incorporate state-of-the-art Industry 4.0 technologies to maximise equipment effciency and resource utilisation, minimise downtime, and reduce energy consumption and waste. Further, considering the criticality of customer service, we deployed an improved spare parts portal and also a video-based solution to validate high-cost part replacements.

Competition

We compete with other companies in the residential, commercial air-conditioning, commercial refrigeration and projects business that offer competing products both in India and abroad. According to the CareEdge Report, our competitors include companies like Havells India Limited in room air conditioners, Voltas Limited in room air conditioners, commercial air conditioners and commercial refrigerators and Daikin in room air conditioners and commercial air conditioners.

ORGANISATIONAL STRUCTURE

Corporate History

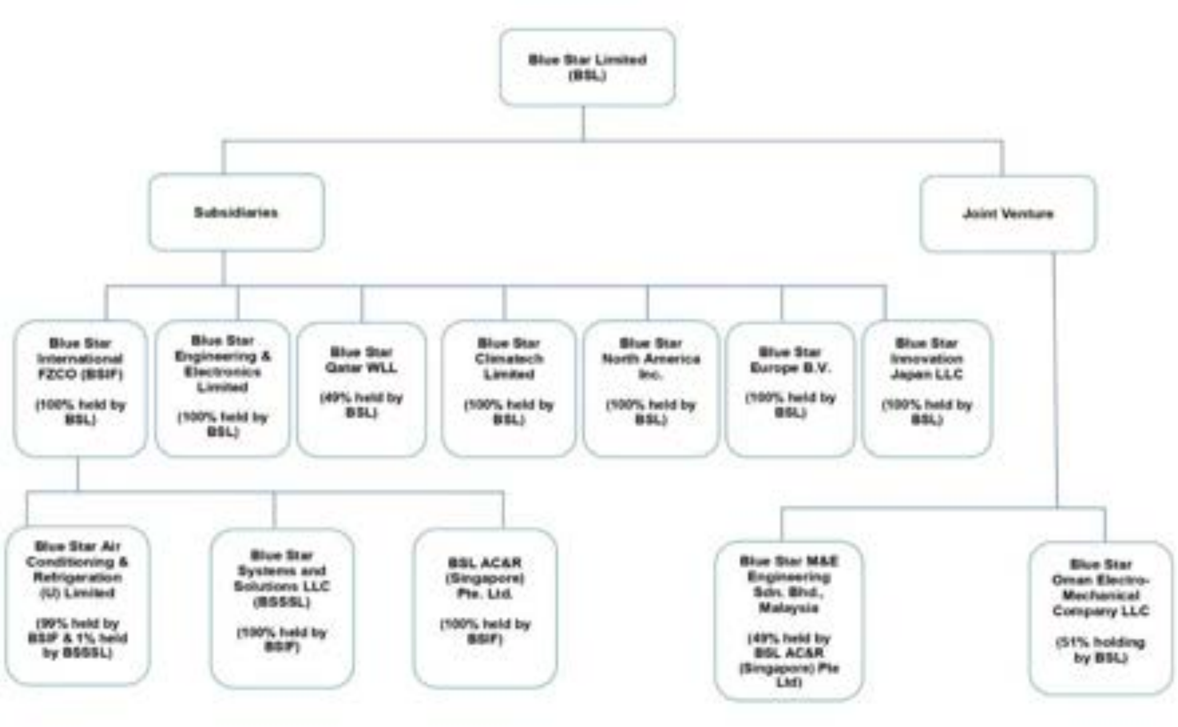
Our Company was originally incorporated as 'Blue Star Engineering Company (Bombay) Limited', a private limited company under the Indian Companies Act, 1913, pursuant to a certificate of incorporation dated January 20, 1949 issued by the Registrar of Joint Stock Companies, Bombay. Further, the word 'Private' was added to the name of our Company with effect from April 1, 1956 in the name of 'Blue Star Engineering Company (Bombay) Private Limited'. Subsequently, the name of our Company was changed to 'Blue Star Private Limited' pursuant to a certificate of change of name dated June 23, 1969 issued by the Assistant Registrar of Companies, Maharashtra at Bombay. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of our Company held on June 23, 1969 and the name of our Company was changed to its present name 'Blue Star Limited', with a fresh certificate of incorporation issued by the Assistant Registrar of Companies, Maharashtra at Bombay on June 28, 1969. Our Company's CIN is L28920MH1949PLC006870.

The Registered Office of our Company is located at Kasturi Building, Jamshedji Tata Road, Mumbai 400 020, Maharashtra, India. The Corporate Office of our Company is located at Band Box House, 4th Floor, 254 D, Dr Annie Besant Road, Worli, Mumbai 400 030, Maharashtra, India.

Change in registered office of our Company

There has been no change in the address of our registered office since incorporation.

Organizational Structure



Holding company

As on date of this Preliminary Placement document, our Company does not have any holding company.

Associate company

As on the date of this Preliminary Placement document, our Company does not have any associate company.

Subsidiaries

As of the date of this Preliminary Placement Document, our Company has 10 Subsidiaries, as set forth hereunder:

(i) Blue Star Engineering & Electronics Limited;
(ii) Blue Star Climatech Limited;
(iii) Blue Star International FZCO;
(iv) Blue Star Systems and Solutions LLC;
(v) BSL AC&R (Singapore) Pte. Ltd.;
(vi) Blue Star North America Inc.;
(vii) Blue Star Europe B.V.;
(viii) Blue Star Innovation Japan LLC;
(ix) Blue Star Qatar W.L.L; and
(x) Blue Star Air Conditioning & Refrigeration (U) Limited

Details of our Subsidiaries:

Set forth hereunder are brief details of our Subsidiaries:

(a) Blue Star Engineering & Electronics Limited

Blue Star Engineering & Electronics Limited was incorporated under the Companies Act, 1956 on June 22, 2010, as "Blue Star Electro – Mechanical Limited" with the Registrar of Companies, Maharashtra at Mumbai. Subsequently, its name was changed to "Blue Star Engineering & Electronics Limited" pursuant to a certificate of change of name dated February 26, 2015. Its registered office is located at Kasturi Building, Mohan T. Advani Chowk, Jamshedji Tata Road, Mumbai 400 020, Maharashtra, India. Blue Star Engineering & Electronics Limited is currently engaged in the business of heating, ventilation and air-conditioning system, refrigeration system, mechanical, electrical and plumbing system and other related products for all type of industrial, commercial, residential and such other projects and establishments of whatsoever nature.

(b) Blue Star Climatech Limited

Blue Star Climatech Limited was incorporated under the Companies Act, 2013 on May 17, 2021, with the Registrar of Companies, Maharashtra at Mumbai. Its registered office is located at Floor-4, Plot-171/172, Kasturi Building, Jamshedji Tata Road, Churchgate, Mumbai 400 020, Maharashtra, India. Blue Star Climatech Limited is currently engaged in the business of manufacturing of all kinds of air conditioners, commercial refrigeration equipment, cooling appliances and other related products.

(c) Blue Star International FZCO

Blue Star International FZCO was incorporated as a free zone company with limited liability pursuant to Law no. 25 of 2009 by the Ruler of Dubai on April 18, 2017, with the Dubai Airport Freezone. Its registered office is located at 3E 520, Dubai, United Arab Emirates. Blue Star International FZCO is currently responsible for the development and growth of our Company's global products sales business and global projects business and primarily promotes the export of Blue Star's air conditioning and commercial refrigeration products and systems and its original equipment manufacturing business.

(d) Blue Star Systems and Solutions LLC

Blue Star Systems and Solutions LLC was incorporated as a free zone company with limited liability company on July 30, 2018, with the Dubai Airport Freezone. Its registered office is located at Dubai

International Airport Road, P.O. Box 293719, Makani No. 33032 94059, Land No. 19-0, DM No. 221-121, Deira, Dubai, United Arab Emirates. Blue Star Systems and Solutions LLC is currently engaged in the business of directly selling central air conditioning equipment, executing mid-sized heating, ventilation and air conditioning projects, and offers after-sales service in the mainland United Arab Emirates.

(e) BSL AC&R (Singapore) Pte. Ltd.

BSL AC&R (Singapore) Pte. Ltd. was incorporated under the Companies Act (Cap.50) as a private company limited by shares on August 29, 2020, with the Accounting and Corporate Regulatory Authority, Singapore. Its registered office is located at 101 Thomson Road, #14-02/03, United Square, Singapore (307591). BSL AC&R (Singapore) Pte. Ltd. is currently engaged in the business of directly selling central air conditioning equipment, execute mid-sized heating, ventilation and air conditioning projects and offer after-sales service.

(f) Blue Star North America Inc.

Blue Star North America Inc. was incorporated under the General Corporation Law of Delaware on September 22, 2022, with the State of Delaware. Its registered office is located at 1209 Orange Street, Corporation Trust Center, Wilmington, New Castle 19801. Blue Star North America Inc. is currently engaged in the business of sale and service of air conditioning, heating and refrigeration equipment.

(g) Blue Star Europe B.V.

Blue Star Europe B.V. was incorporated under the Dutch Law as a Besloten Vennootschap i.e. a private limited liability company on November 28, 2022, with the Netherlands Chamber of Commerce. Its registered office is located at De Boelelaan 7, 7th Floor, 1083HJ Amsterdam. Blue Star Europe B.V. is currently engaged in the business of sale and service of air conditioning, heating and refrigeration equipment.

(h) Blue Star Innovation Japan LLC

Blue Star Innovation Japan LLC was incorporated under the Maebashi District Legal Affairs Bureau Act on February 10, 2023, with the Maebashi District Legal Affairs Bureau. Its registered office is located at 18-21, Higashikoizumi 2-chome, Oizumi-town, Oura-Gun, Gunma, Japan. Blue Star Innovation Japan LLC is currently engaged in researchand developments (R&D) of refrigeration cycles, control algorithms, and control boards for residential and commercial air conditioners and cold/hot water chillers.

(i) Blue Star Qatar W.L.L

Blue Star Qatar W.L.L was incorporated as a Qatari company with limited liability under the stipulations of Commercial Companies Law No. (5) of 2002 on February 12, 2007, with the Ministry of Economy and Commerce, Qatar. Its registered office is located at P.O. Box 47242, Doha, State of Qatar. Blue Star Qatar W.L.L is currently engaged in the business of assembling works for A/C ducts and openings, installation of air conditioning systems, ventilation and air purification and maintaining them, electrical work (electrical equipment) such as extension cords and connectors and fixing it, air-conditioning installation works, trading in air-conditioners and coolers spare parts and components, sewerage and water withdrawal services and installation and maintenance of alarm and fire safety materials and equipment.

(j) Blue Star Air Conditioning & Refrigeration (U) Limited

Blue Star Air Conditioning & Refrigeration (U) Limited was incorporated under Section 18(3) of the Companies Act 2012 on June 27, 2023, with the Republic of Uganda. Its registered office is located in Uganda. Blue Star Air Conditioning & Refrigeration (U) Limited is currently engaged in the business of manufacturing, sale and distribution of all kinds of air conditioning and commercial refrigeration products and systems and fabrication and repair of air conditioning system.

As on the date of this Preliminary Placement Document, Blue Star Engineering & Electronics Limited is the material Subsidiary of our Company.

Joint Ventures

As of the date of this Preliminary Placement Document, we have two joint ventures, as set forth hereunder:

(i) Blue Star Oman Electro-Mechanical Company LLC; and
(ii) Blue Star M&E Engineering Sdn. Bhd.

Details of our Joint Ventures

Set forth hereunder are brief details of our Joint Ventures:

(a) Blue Star Oman Electro-Mechanical Company LLC

Blue Star Oman Electro-Mechanical Company LLC was incorporated as a limited liability company under Commercial Registration No. 1188289 on December 24, 2013, with the Ministry of Commerce and Industry, Oman. Its registered office is located at P. O. Box 1010, Postal Code 112, Sultanate of Oman. Blue Star Oman Electro-Mechanical Company LLC is engaged in the business of civil, mechanical, electrical and refrigeration engineers and as manufacturers, importers and exporters, merchants, jobbers and agents for manufacturers and merchants.

(b) Blue Star M&E Engineering Sdn. Bhd.

Blue Star M&E Engineering Sdn. Bhd. was incorporated as a private company limited by shares under the Companies Act, 1965 on February 28, 1992, with the Suruhanjaya Syarikat Malaysia, Companies Commission of Malaysia. Its registered office is located at 2.01, PJ Tower Amcorp Trade Centre No. 18, Jalan Persiaran Barat 46050, Petaling Jaya Selangor, Darul Ehsan. Blue Star M&E Engineering Sdn. Bhd. is currently engaged in the business of mechanical, electrical and plumbing contracting, which includes operation and maintenance of heating, ventilation and air conditioning systems in Malaysia.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the SEBI Listing Regulations and our Articles of Association. In accordance with the Articles of Association, our Company is required to have not less than three and not more than 15 Directors, provided that our Company may appoint more than 15 Directors after passing a special resolution in a general meeting of our Shareholders.

As on the date of this Preliminary Placement Document, our Board comprises of 10 Directors, comprising of two Executive Directors, eight Non-executive Directors of which five are Independent Directors, including one woman Independent Director.

The following table sets forth details regarding our Board of Directors as on the date of this Preliminary Placement Document:

S. No.	Name, age, date of birth, address, occupation, period of directorship, DIN and nationality	Designation and term
1.	**Shailesh Vishnubhai Haribhakti** **Age**: 67 years **Date of birth**: March 12, 1956 **Address**: 10 - 11 Sahil Apartment, 14 Altamount Road, Aiiravat Coop Housing Society Limited, Cumbala Hill, Mumbai 400 026, Maharashtra, India **Occupation**: Chartered Accountant **Period of directorship**: Since October 31, 2005 **DIN**: 00007347 **Nationality**: Indian	**Designation**: Chairman and Independent Director **Current term**: For a period of five years with effect from April 1, 2019
2.	**Vir Suneel Advani** **Age***:* 48 years **Date of birth**: August 20, 1975 **Address**: 232, Urvashi Apartment, Nepean Sea Road, Priyadarshini Park, Malabar Hill, Mumbai 400 006, Maharashtra, India **Occupation**: Industrialist **Period of directorship**: Since July 1, 2010 **DIN**: 01571278 **Nationality***:* Indian	**Designation***:* Vice Chairman and Managing Director **Current term***:* For a period of five years with effect from April 1, 2021 and not liable to retire by rotation
3.	**Thiagarajan Balasubramanian** **Age***:* 66 years **Date of birth**: May 25, 1957	**Designation***:* Managing Director **Current term***:* For a period of five years with effect from April 1, 2021 and not liable to retire by rotation

S. No.	Name, age, date of birth, address, occupation, period of directorship, DIN and nationality	Designation and term
	Address: 201, Lightbridge, Hiranandani Meadows, Gladys Alvares Road, Thane (West), Mumbai 400 601, Maharashtra, India **Occupation**: Professional **Period of directorship**: Since May 13, 2013 **DIN**: 01790498 **Nationality***:* Indian	
4.	**Dinesh Nanik Vaswani** **Age***:* 61 years **Date of birth**: July 17, 1962 **Address**: 4C Woodland, Dr. Gopalrao Deshmukh Marg, Pedder Road, Mumbai 400 026, Maharashtra, India **Occupation**: Investment Advisor **Period of directorship**: Since December 1, 2016 **DIN**: 00306990 **Nationality***:* American	**Designation***:* Non – Executive Director **Current term***:* Liable to retire by rotation
5.	**Rajiv Ramesh Lulla** **Age***:* 55 years **Date of birth**: April 24, 1968 **Address**: 3503A, Vivarea Sane Guruji Marg, Jacob Circle Mahalakshmi, Mumbai 400 011, Maharashtra, India **Occupation**: Professional **Period of directorship**: Since December 1, 2016 **DIN**: 06384402 **Nationality***:* Indian	**Designation***:* Non – Executive Director **Current term***:* Liable to retire by rotation
6.	**Sunaina Murthy** **Age***:* 49 years **Date of birth**: February 15, 1974 **Address**: 4105, The Imperial, 41st Floor, North Block, B. B. Nakashe Marg, A C Market, Near Tardeo Depot, Tulsiwadi Mumbai 400 034, Maharashtra, India **Occupation**: Biotechnology Consultant **Period of directorship**: Since April 1, 2019 **DIN**: 07865860	**Designation***:* Non – Executive Promoter Director **Current term***:* Liable to retire by rotation

S. No.	Name, age, date of birth, address, occupation, period of directorship, DIN and nationality	Designation and term
	Nationality*:* Indian	
7.	**Sam Baman Balsara** **Age***:* 72 years **Date of birth**: January 12, 1951 **Address**: 47, Malcolm Baug, S.V. Road, Jogeshwari (West), Mumbai 400 102, Maharashtra, India **Occupation**: Advertising Business **Period of directorship**: Since June 20, 2017 **DIN**: 00076942	**Designation***:* Independent Director **Current term***:* For a period with effect from June 20, 2022 to January 31, 2026
8.	**Anil Harish** **Age***:* 69 years **Date of birth**: March 19, 1954 **Address**: 13, C.C.I. Chamaers, Dinshaw Wacha Road, Churchgate, Marine Lines, Mumbai 400 020, Maharashtra, India **Occupation**: Advocate **Period of directorship**: Since November 22, 2017 **DIN**: 00001685 **Nationality***:* Indian	**Designation***:* Independent Director **Current term***:* For a period of five years with effect from November 22, 2022
9.	**Anita Ramachandran** **Age***:* 68 years **Date of birth**: April 28, 1955 **Address**: 2401/2402, Raheja Atlantis, G.K Marg, Lower Parel, Delisle Road, Mumbai 400 013, Maharashtra, India **Occupation**: Management Consultant **Period of directorship**: Since June 13, 2022 **DIN**: 00118188 **Nationality***:* Indian	**Designation***:* Independent Director **Current Term***:* For a period of five years with effect from June 13, 2022
10.	**Arvind Kumar Singhal** **Age***:* 65 years **Date of birth**: August 10, 1958 **Address**: 03 Padmini Enclave, Hauz Khas, New Delhi 110 016, Delhi, India	**Designation***:* Independent Director **Current Term***:* For a period of five years with effect from February 5, 2019

S. No.	Name, age, date of birth, address, occupation, period of directorship, DIN and nationality	Designation and term
	Occupation: Business **Period of directorship**: Since February 5, 2019 **DIN**: 00709084 **Nationality**: Indian	

Relationship between our Directors

Except for Vir Suneel Advani and Sunaina Murthy, being brother and sister, respectively, none of our Directors are related to each other or to any other Key Managerial Personnel or Senior Management.

Borrowing powers of our Board

Pursuant to our Articles of Association and Section 180(1)(c) and other applicable provisions of the Companies Act and pursuant to the special resolution passed by our Shareholders on June 5, 2020, our Board is entitled to borrow from time to time, any sum or sums of monies which together with the monies already borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹ 1,500 crores.

Terms of appointment of our Directors

a) **Terms of employment of our Executive Directors**

Vir Suneel Advani, Vice Chairman and Managing Director

Vir Suneel Advani was appointed as the Director of our Company pursuant to a resolution passed by our Board of Directors at their meeting held on May 12, 2010, and he was designated as the whole-time director pursuant to a resolution passed by our Board of Directors held on May 12, 2010 and Shareholders' at their annual general meeting held on July 26, 2010. Vir Suneel Advani was subsequently re-designated as a Managing Director of our Company pursuant to a resolution passed by our Board of Directors at their meeting held on January 29, 2016 and the Shareholders' in their meeting dated August 1, 2016. He was appointed as a Vice Chairman pursuant to a resolution passed by our Board of Directors dated March 5, 2019. He was re-appointed as the Vice Chairman and Managing Director for a period of five years with effect from April 1, 2021 pursuant to the resolutions passed by our Board on May 12, 2020 and our Shareholders on August 6, 2020. Vir Suneel Advani has entered into an employment agreement dated September 22, 2020 with our Company. The following are the details of remuneration that Vir Suneel Advani is currently entitled to, pursuant to the Board Resolution dated May 4, 2023:

S. No.	Category	Remuneration
1.	Salary and perquisites	₹ 4.50 crores per annum Perquisites and other benefits including (i) furnished accommodation or house rent in lieu thereof; (ii) gas, electricity, water and furnishings; (iii) medical reimbursement and leave travel concessions for self and family; (iv) club fees; (v) personal accident insurance; and (vi) such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of Company, subject to the condition that the total perquisites, including cash compensation, will be restricted to an amount equivalent to twice his annual salary.
2.	Commission	Performance linked incentive to the extent of ₹ 5.76 crores per annum

Thiagarajan Balasubramanian, Managing Director

Thiagarajan Balasubramanian was appointed as the Director of our Company pursuant to a resolution passed by our Board of Directors at their meeting held on May 13, 2013, and he was designated as the whole-time director pursuant to a resolution passed by our Board of Directors held on May 13, 2013 and Shareholders' at their annual general meeting held on July 22, 2013. Thiagarajan Balasubramanian was subsequently re-designated as a joint managing director of our Company pursuant to a resolution passed by our Board of Directors at their meeting held on January 29, 2016 and the Shareholders' in their meeting dated August 1, 2016. He was re-designated as the Managing Director for a period of five years with effect from April 1, 2021 pursuant to the resolutions passed by our Board on May 12, 2020 and our Shareholders on August 6, 2020. Thiagarajan Balasubramanian has entered into an employment agreement dated September 22, 2020 with our Company. The following are the details of remuneration that Thiagarajan Balasubramanian is currently entitled to, pursuant to the Board Resolution dated May 4, 2023:

S. No.	Category	Remuneration
1.	Salary and perquisites	₹ 4.50 crores per annum Perquisites and other benefits including (i) furnished accommodation or house rent in lieu thereof; (ii) gas, electricity, water and furnishings; (iii) medical reimbursement and leave travel concessions for self and family; (iv) club fees; (v) personal accident insurance; and (vi) such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of Company, subject to the condition that the total perquisites, including cash compensation, will be restricted to an amount equivalent to twice his annual salary.
2.	Commission	Performance linked incentive to the extent of ₹ 5.76 crores per annum

b) **Sitting fees and commission to Non-executive Directors and Independent Directors**

Pursuant to a resolution of our Board dated May 23, 2014, our Non-Executive Directors and Independent Directors are entitled to receive sitting fees of ₹ 75,000 for attending each meeting of our Board, Audit Committee, and Nomination and Remuneration Committee and ₹ 50,000 for attending each meeting of our other committees of our Board. Further, our Non-Executive Directors and Independent Directors may be paid commission and reimbursement of expenses as permitted under the Companies Act and the SEBI Listing Regulations.

Payment or benefit to Directors

Remuneration paid to Executive Directors

The details of the remuneration (including salaries, commission and perquisites) paid to our Executive Directors for the three months ended June 30, 2023, and Fiscals 2023, 2022 and 2021 are set forth in the table below:

(*₹ in crores*)

S. No.	Name of the Executive Director	Three months ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Vir Suneel Advani	2.44	8.50	6.15	5.00
2.	Thiagarajan Balasubramanian	2.44	8.50	5.93	5.04

Remuneration paid to Independent Directors and Non-Executive Directors

The details of the remuneration (which includes sitting fees and commission to the extent applicable) paid to the Independent Directors and Non-Executive Directors for the three months ended June 30, 2023, and Fiscals 2023, 2022 and 2021 are set forth in the table below:

(₹ *in crores)*

S. No.	Name of the Director	Three months ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Shailesh Vishnubhai Haribhakti	0.13	0.60	0.46	0.26
2.	Sam Baman Balsara	0.08	0.31	0.25	0.16
3.	Anil Harish	0.08	0.35	0.26	0.17
4.	Anita Ramachandran*	0.07	0.24	N.A.	N.A.
5.	Arvind Kumar Singhal	0.08	0.36	0.27	0.18
6.	Dinesh Nanik Vaswani	0.08	0.28	0.24	0.16
7.	Rajiv Ramesh Lulla	0.07	0.31	0.25	0.16
8.	Sunaina Murthy	0.07	0.30	0.25	0.17

**Anita Ramchandran was appointed as an Independent Director with effect from June 13, 2022.*

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares. The table below sets forth details of Equity Shares held by the Directors of the Company as of the date of filing this Preliminary Placement Document:

S. No.	Name of the Director	Number of Equity Shares held	Percentage of the pre-Issue issued and paid-up Equity Share capital
1.	Vir Suneel Advani	21,49,250	1.12%
2.	Thiagarajan Balasubramanian	1,45,600	0.08%
3.	Dinesh Nanik Vaswani	53,888	0.03%
4.	Sam Baman Balsara	21,132	0.01%
5.	Sunaina Murthy	21,45,050	1.11%

Interest of Directors

Our Directors may be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, or to the companies, firms, HUFs and trusts, in which they are interested as directors, members, partners, trustees and promoters, out of the present Issue in terms of this Preliminary Placement Document. For details of the Equity Shares held by our Directors, please refer to "– *Shareholding of Directors in our Company*" above.

Our Directors may also be interested to the extent of their remuneration, reimbursement of expenses, perquisites and other benefits to which they are entitled as per their terms of appointment. Our Non-Executive Directors and Independent Directors may also be deemed to be interested to the extent of sitting fees and commission payable to them for attending meetings of the Board or committees thereof as well as to the extent of remuneration and other reimbursement of expenses payable to them.

Except for Vir Suneel Advani, Dinesh Nanik Vaswani, Rajiv Ramesh Lulla and Sunaina Murthy, who are the Promoters of our Company, none of our Directors have any interest in the promotion of our Company.

Our Executive Directors may also be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any company which is promoted by them or in which they hold directorships or any partnership firm in which they are partners.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. No payments have been made to them in respect of any such contracts, agreements or arrangements, or are proposed to be made with them. Further, our Company has neither availed of any loans from, nor extended any loans to our Directors, which are currently outstanding.

Related Party Transactions

For details in relation to the related party transactions entered into by the Directors with our Company during the last three Fiscals immediately preceding the year of circulation of this Preliminary Placement Document, please see “*Related Party Transactions*” on page 43.

Corporate Governance

Our Board presently consists of 10 Directors. In compliance with the requirements of the SEBI Listing Regulations, there are five Independent Directors on our Board, including a woman Independent Director.

We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and other applicable SEBI Regulations in respect of corporate governance, including constitution of the Board and committees thereof. Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The statutory committees of our Board are:

(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Investor Grievance Cum Stakeholders’ Relationship Committee;
(d) Corporate Social Responsibility and Environmental, Social and Governance Committee; and
(e) Risk Management Committee

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

S. No.	Committee	Name and Designation in the Committee
1.	Audit Committee	(i) Anil Harish (Chairman); (ii) Shailesh Vishnubhai Haribhakti (Member); (iii) Arvind Kumar Singhal (Member); and (iv) Thiagarajan Balasubramanian (Member)
2.	Nomination and Remuneration Committee	(i) Sam Baman Balsara (Chairman); (ii) Shailesh Vishnubhai Haribhakti (Member); (iii) Dinesh N Vaswani (Member); and (iv) Anita Ramachandran (Member)
3.	Investor Grievance Cum Stakeholders’ Relationship Committee	(i) Arvind Kumar Singhal (Chairman); (ii) Rajiv Ramesh Lulla (Member); and (iii) Sunaina Murthy (Member)
4.	Corporate Social Responsibility and Environmental, Social and Governance Committee	(i) Thiagarajan Balasubramanian (Chairman); (ii) Anita Ramachandran (Member); and (iii) Sunaina Murthy (Member)
5.	Risk Management Committee	(i) Vir Suneel Advani (Chairman); (ii) Thiagarajan Balasubramanian (Member); (iii) Anil Harish (Member); and (iv) Rajiv Ramesh Lulla (Member)

Management Organisation Structure

Key Managerial Personnel

In addition to Vir Suneel Advani and Thiagarajan Balasubramanian, our Executive Directors, our other Key Managerial Personnel as on the date of this Preliminary Placement Document are as set forth below:

S. No.	Key Managerial Personnel	Designation
1.	Nikhil Ramkrishna Sohoni	Group Chief Financial Officer
2.	Rajesh Digambar Parte	Company Secretary and Compliance Officer

Senior Management

In addition to Nikhil Ramkrishna Sohoni, and Rajesh Digambar Parte, whose details are provided in "– *Key Managerial Personnel*" above, the details of our other members of the Senior Management as on the date of this Preliminary Placement Document are as set forth below:

S. No.	Senior Management	Designation
1.	P. Venkata Rao	President and chief operating officer of electro-mechanical projects & air conditioning solutions group
2.	Shashi Arora	President and chief operating officer of cooling and purification appliances group
3.	V S Ashok	Chief human resource officer

None of our Key Managerial Personnel or members of Senior Management are related to each other or to the Directors of our Company.

All our Key Managerial Personnel and members of Senior Management are permanent employees of our Company.

Shareholding of Key Managerial Personnel and Senior Management

Except as disclosed under "– *Shareholding of Directors in our Company*" on page 201 and except as disclosed below, none of the Key Managerial Personnel and Senior Management hold any Equity Shares as on the date of this Preliminary Placement Document.

S. No.	Name	Number of Equity Shares held	Percentage of the issued and paid-up Equity Share capital (in %)
1.	Rajesh Digambar Parte	126	Negligible
2.	V S Ashok	38,948	0.02%
3.	P. Venkata Rao	4,102	Negligible

Interests of Key Managerial Personnel and Senior Management

Other than the interest of our Executive Directors in our Company, as disclosed under "– *Interest of Directors*" on page 201, our Key Managerial Personnel and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business.

Except as provided in "*Related Party Transactions*" on page 43, our Key Managerial Personnel and Senior Management do not have any interest in our Company.

Other Confirmations

Except as otherwise stated above in "– *Interest of our Directors*", "– *Interest of our Key Managerial Personnel*" and "– *Interest of Senior Management*", none of our Directors, Promoters, Key Managerial Personnel or Senior Management has any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interest of other persons.

Neither our Company, nor the Directors or Promoters have been identified as wilful defaulter or fraudulent borrower.

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI. Further, none of our Promoters or Directors is a Fugitive Economic Offender.

None of the Directors, Promoters, Key Managerial Personnel or members of the Senior Management of our Company intend to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and our designated persons and requires our Company to implement a code of internal procedures and conduct for the fair disclosure of unpublished price sensitive information and the prevention of insider trading. In compliance with the same, our Company has adopted a code of conduct for prohibition of insider trading, as approved by our Board on May 29, 2015 and was amended on November 3, 2022, which lays down the procedure for preserving the confidentiality of unpublished price sensitive information and preventing misuse of such information. Our Company Secretary acts as the compliance officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The following tables present information regarding the ownership of Equity Shares by the Shareholders as of June 30, 2023:

Table I – Summary statement holding of specified securities:

Category of Shareholder	No. of Shareholders	No. of fully paid-up Equity Shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of voting rights	Total as a % of total voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	27	7,49,58,174	7,49,58,174	38.91%*	7,49,58,174	38.91%	7,49,58,174
(B) Public	58,519	11,76,69,602	11,76,69,602	61.09%	11,76,69,602	61.09%	11,64,90,468
(C1) Shares underlying DRs	-	-	-	-	-	-	-
(C2) Shares held by Employee Trust	-	-	-	-	-	-	-
(C) Non Promoter - Non Public	-	-	-	-	-	-	-
Grand Total	**58,546**	**19,26,27,776**	**19,26,27,776**	**100%**	**19,26,27,776**	**100%**	**19,14,48,642**

******An aggregate of 77,700 Equity Shares, accounting for 0.04% of the outstanding equity paid-up share capital of our Company and currently held by certain members of the Promoter Group, have been inadvertently classified as shares held under the public shareholding category. Our Company will take necessary steps to rectify the disclosure in the shareholding pattern that is required to be filed with the Stock Exchanges in accordance with Regulation 31 of the SEBI Listing Regulations. Upon such rectification, the aggregate shareholding under the Promoter and Promoter Group category shall be 38.95%. For further information, please see "Risk Factors – Our Company was incorporated in 1949 and some of the corporate records relating to changes in the share capital and allotments made by our Company are not traceable. Further, our Company has inadvertently disclosed the shareholding of certain members of our Promoter Group under the public shareholding category in the shareholding pattern filed with the Stock Exchanges." on page 53.*

Note: C=C1+C2

Grand Total=A+B+C

Table – II - Statement showing shareholding pattern of the Promoter and Promoter Group:

	Category and name of the shareholder s	Entity type i.e. Promoter or promoter group entity (except promoter)	No. of share holde rs	No. of fully paid- up equity shares held	Partly paid-up equity shared held	No. of shares underlying Depository Receipts	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (as a percentage of diluted share Capital)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
									No. of voting rights			Total as a % of Total voting rights			No.	As a % of total shares held	No.	As a % of total shares held	
									Class X	Class Y	Total								
A(1)	Indian																		
	Individual / HUF		**14**	**20099852**	**0**	**0**	**20099852**	**10.43**	**20099852**	**0**	**20099852**	**10.43**	**0**	**10.43**	**0**	**0**	**0**	**0**	**20099852**
1.	Rohina Lulla	Promoter Group	1	4349260	0	0	4349260	2.26	4349260	0	4349260	2.26	0	2.26	0	0	0	0	4349260
2.	Anissa Khanna	Promoter Group	1	4265646	0	0	4265646	2.21	4265646	0	4265646	2.21	0	2.21	0	0	0	0	4265646
3.	Suneel Mohan Advani	Promoter	1	2454992	0	0	2454992	1.27	2454992	0	2454992	1.27	0	1.27	0	0	0	0	2454992
4.	Nargis Suneel Advani	Promoter Group	1	2273872	0	0	2273872	1.18	2273872	0	2273872	1.18	0	1.18	0	0	0	0	2273872
5.	Vir S Advani	Promoter	1	2149250	0	0	2149250	1.12	2149250	0	2149250	1.12	0	1.12	0	0	0	0	2149250
6.	Sunaina Murthy	Promoter	1	2145050	0	0	2145050	1.11	2145050	0	2145050	1.11	0	1.11	0	0	0	0	2145050
7.	Suneeta Nanik Vaswani	Promoter Group	1	1908644	0	0	1908644	0.99	1908644	0	1908644	0.99	0	0.99	0	0	0	0	1908644
8.	Armaan Sandeep Murthy	Promoter Group	1	100000	0	0	100000	0.05	100000	0	100000	0.05	0	0.05	0	0	0	0	100000

	Category and name of the shareholder s	Entity type i.e. Promoter or promoter group entity (except promoter)	No. of share holders	No. of fully paid- up equity shares held	Partly paid-up equity shared held	No. of shares underlying Depository Receipts	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (as a percentage of diluted share Capital)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
									No. of voting rights			Total as a % of Total voting rights			No.	As a % of total shares held	No.	As a % of total shares held	
									Class X	Class Y	Total								
9.	Jay Talati Advani	Promoter Group	1	100000	0	0	100000	0.05	100000	0	100000	0.05	0	0.05	0	0	0	0	100000
10.	Sumer Sandeep Murthy	Promoter Group	1	100000	0	0	100000	0.05	100000	0	100000	0.05	0	0.05	0	0	0	0	100000
11.	Uday Vir Advani	Promoter Group	1	100000	0	0	100000	0.05	100000	0	100000	0.05	0	0.05	0	0	0	0	100000
12.	Anita Ashok Advani	Promoter Group	1	60000	0	0	60000	0.03	60000	0	60000	0.03	0	0.03	0	0	0	0	60000
13.	Dinesh Nanik Vaswani	Promoter	1	53888	0	0	53888	0.03	53888	0	53888	0.03	0	0.03	0	0	0	0	53888
14.	Dev Khanna	Promoter Group	1	39250	0	0	39250	0.02	39250	0	39250	0.02	0	0.02	0	0	0	0	39250
15.	Ashok M Advani	Promoter	-	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
16.	Rajiv Lulla	Promoter	-	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
17.	Nanik Ramchand Vaswani	Promoter Group	-	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
	Any other – Promoter Trust		**10**	**54535872**	**0**	**0**	**54535872**	**28.31**	**54535872**	**0**	**54535872**	**28.31**	**0**	**28.31**	0	0	0	0	54535872

	Category and name of the shareholder s	Entity type i.e. Promoter or promoter group entity (except promoter)	No. of share holde rs	No. of fully paid- up equity shares held	Partly paid- up equity shared held	No. of shares underl ying Deposi tory Receip ts	Total no. of shares held	Share holding % calcula ted as per SCRR, 1957	Number of voting rights held in each class of securities				No. of shares underlyi ng outstand ing converti ble securitie s (as a percenta ge of diluted share Capital)	Shareho lding, as a % assumin g full conversi on of converti ble securitie s (as a percent age of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerializ ed form
									No. of voting rights			Total as a % of Total votin g rights			No.	As a % of tota l shar es held	No.	As a % of total shares held	
									Class X	Clas s Y	Total								
1.	Vistra ITCL (India) Limited as a Trustee of Ashok M Advani Family Private Trust	Promoter Group	1	23911202	0	0	23911202	12.41	23911202	0	23911202	12.41	0	12.41	0	0	0	0	23911202
2.	Vistra ITCL (India) Limited as a Trustee of SMA Family Private Trust	Promoter Group	1	15699860	0	0	15699860	8.15	15699860	0	15699860	8.15	0	8.15	0	0	0	0	15699860
3.	Vistra ITCL (India) Limited as a Trustee of NSA Family Trust	Promoter Group	1	4600000	0	0	4600000	2.39	4600000	0	4600000	2.39	0	2.39	0	0	0	0	4600000
4.	Vistra ITCL (India) Limited as a Trustee of SNA Family Trust	Promoter Group	1	4600000	0	0	4600000	2.39	4600000	0	4600000	2.39	0	2.39	0	0	0	0	4600000

	Category and name of the shareholder s	Entity type i.e. Promoter or promoter group entity (except promoter)	No. of share holde rs	No. of fully paid- up equity shares held	Partly paid- up equity shared held	No. of shares underl ying Deposi tory Receip ts	Total no. of shares held	Share holding % calcula ted as per SCRR, 1957	Number of voting rights held in each class of securities				No. of shares underlyi ng outstand ing converti ble securitie s (as a percenta ge of diluted share Capital)	Shareho lding, as a % assumin g full conversi on of converti ble securitie s (as a percent age of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerializ ed form
									No. of voting rights			Total as a % of Total votin g rights							
									Class X	Clas s Y	Total				No.	As a % of tota l shar es held	No.	As a % of total shares held	
5.	Ashok Mohan Advani as a Trustee of Suneeta Padmi Trust	Promoter Group	1	1175344	0	0	1175344	0.61	1175344	0	1175344	0.61	0	0.61	0	0	0	0	1175344
6.	Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust	Promoter Group	1	1111284	0	0	1111284	0.58	1111284	0	1111284	0.58	0	0.58	0	0	0	0	1111284
7.	Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust 2	Promoter Group	1	1111280	0	0	1111280	0.58	1111280	0	1111280	0.58	0	0.58	0	0	0	0	1111280
8.	Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust	Promoter Group	1	1111280	0	0	1111280	0.58	1111280	0	1111280	0.58	0	0.58	0	0	0	0	1111280
9.	Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust 2	Promoter Group	1	1111278	0	0	1111278	0.58	1111278	0	1111278	0.58	0	0.58	0	0	0	0	1111278

	Category and name of the shareholder s	Entity type i.e. Promoter or promoter group entity (except promoter)	No. of share holders	No. of fully paid- up equity shares held	Partly paid- up equity shared held	No. of shares underlying Depository Receipts	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (as a percentage of diluted share Capital)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
									No. of voting rights			Total as a % of Total voting rights							
									Class X	Class Y	Total				No.	As a % of total shares held	No.	As a % of total shares held	
10.	J.T.Advani Advisory Private Limited	Promoter Group	1	104344	0	0	104344	0.05	104344	0	104344	0.05	0	0.05	0	0	0	0	104344
	Sub Total (A)(1)		**24**	**74635724**	**0**	**0**	**74635724**	**38.75**	**74635724**	**0**	**74635724**	**38.75**	**0**	**38.75**	**0**	**0**	**0**	**0**	**74635724**
A(2)	Foreign																		
	Individual			**322450**	**0**	**0**	**322450**	**0.17**	**322450**	**0**	**322450**	**0.17**	**0**	**0.17**	**0**	**0**	**0**	**0**	**322450**
1.	Sanjay N Vaswani	Promoter Group	1	243950	0	0	243950	0.13	243950	0	243950	0.13	0	0.13	0	0	0	0	243950
2.	Iman Rajiv Lulla	Promoter Group	1	39250	0	0	39250	0.02	39250	0	39250	0.02	0	0.02	0	0	0	0	39250
3.	Rana Rajiv Lulla	Promoter Group	1	39250	0	0	39250	0.02	39250	0	39250	0.02	0	0.02	0	0	0	0	39250
	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)		**3**	**322450**	**0**	**0**	**322450**	**0.17**	**322450**	**0**	**322450**	**0.17**	**0**	**0.17**	**0**	**0**	**0**	**0**	**322450**
	A = A1 + A2		**27**	**74958174**	**0**	**0**	**74958174**	**38.91**	**74958174**	**0**	**74958174**	**38.91**	**0**	**38.91**	**0**	**0**	**0**	**0**	**74958174**

Table III - Statement showing shareholding pattern of the public shareholder:

Category and Name of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
B(1) Institutions (Domestic)							
Mutual Funds	**23**	**45453124**	**45453124**	**23.60**	**45453124**	**23.60**	**45452732**
Nippon Life India Trustee Ltd-A/C Nippon India Small Cap Fund	1	2256152	2256152	1.17	2256152	1.17	2256152
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund	1	6830662	6830662	3.55	6830662	3.55	6830662
Kotak Small Cap Fund	1	11735154	11735154	6.09	11735154	6.09	11735154
SBI Small Cap Fund	1	14835250	14835250	7.70	14835250	7.70	14835250
Venture Capital Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Alternate Investment Funds	**15**	**873106**	**873106**	**0.45**	**873106**	**0.45**	**873106**
Insurance Companies	**6**	**841722**	**841722**	**0.44**	**841722**	**0.44**	**841722**
Banks	**7**	**30551**	**30551**	**0.02**	**30551**	**0.02**	**26186**
Provident/Pension Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Asset Reconstruction Companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sovereign Wealth Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NBFCs registered with RBI	**3**	**1110**	**1110**	**0.00**	**1110**	**0.00**	**1110**
Other financial institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Any other (specify)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sub Total B1	**54**	**47199613**	**47199613**	**24.50**	**47199613**	**24.50**	**47194856**
B(2) Institutions (Foreign)							
Foreign Direct Investment	-	-	-	-	-	-	-
Foreign Venture Capital investors	-	-	-	-	-	-	-
Sovereign Wealth Funds	-	-	-	-	-	-	-
Foreign Portfolio Investors Category I	127	19131035	19131035	9.93	19131035	9.93	19131035
T. Rowe Price International Discovery Fund	1	2426184	2426184	1.26	2426184	1.26	2426184
Foreign Portfolio Investors Category II	14	2168120	2168120	1.13	2168120	1.13	2168120
Overseas Depositories (holding DRs)	-	-	-	-	-	-	-
Any Other – Foreign Bank	1	20	20	0.00	20	0.00	20
Sub Total B2	**142**	**21299175**	**21299175**	**11.06**	**21299175**	**11.06**	**21299175**
B(3) Central Government / State Government(s) / President of India	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B(4) Non-Institutions							
Directors and their relatives (excluding independent directors and nominee directors)	4	223300	223300	0.12	223300	0.12	223300
Key Managerial Personnel	1	126	126	0.00	126	0.00	126

Category and Name of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	-	-	-	-	-	-	-
Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	3	2366410	2366410	1.23	2366410	1.23	2366410
Investor Education and Protection Fund (IEPF)	1	864142	864142	0.45	864142	0.45	864142
Resident Individuals holding nominal share capital up to Rs. 2 lacs	55433	27188446	27188446	14.11	27188446	14.11	26036417
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs.	36	12052871	12052871	6.26	12052871	6.26	12052871
Non-Resident Indians (NRIs)	1604	3170163	3170163	1.65	3170163	1.65	3160290
Foreign Nationals	2	1120	1120	0.00	1120	0.00	966
Foreign Companies	-	-	-	-	-	-	-
Bodies Corporate	371	1501397	1501397	0.78	1501397	0.78	1491330
Any Other (Specify)	868	1802839	1802839	0.94	1802839	0.94	1800585
Trusts	2	810	810	0.00	810	0.00	810
Unclaimed or Suspense or Escrow Account	1	1181881	1181881	0.61	1181881	0.61	1181881
Body Corp - Ltd Liability Partnership	23	28828	28828	0.01	28828	0.01	28828
HUF	831	564114	564114	0.29	564114	0.29	561860
Clearing Members	9	4086	4086	0.00	4086	0.00	4086
Director or Director's Relatives	2	23120	23120	0.01	23120	0.01	23120
Sub Total B4	**58323**	**49170814**	**49170814**	**25.53**	**49170814**	**25.53**	**47996437**
B = B1 + B2 + B3 + B4	**58519**	**117669602**	**117669602**	**61.09**	**117669602**	**61.09**	**116490468**

Table – IV - Statement showing shareholding pattern of the non Promoter – non public Shareholder

Category and Name of the Shareholders (I)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (IX)
C1) Custodian / DR Holder	0	0	0	0	0
C2) Employee Benefit Trust	0	0	0	0	0
C = C1 + C2	0	0	0	0	0

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Book Running Lead Managers and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 232 and 240, respectively.

Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act, our Company may issue equity shares to Eligible QIBs provided that certain conditions are met by our Company. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify that, (a) the allotment of the Equity Shares is proposed to be made pursuant to the QIP, and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of Issue, the contribution made by the Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the Issue or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on Stock Exchanges for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to seek approval of our Shareholders for the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer-cum-application form, serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;
- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer made, except as permitted under the Companies Act, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed under the Companies Act;

- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document), our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- in accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited;

- our Promoters and Directors have not been declared as Wilful Defaulters and Fraudulent Borrowers; and

- our Promoters and Directors are not Fugitive Economic Offenders.

At least 10.00% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise their Bids downwards after the Bid / Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of up to 5.00% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated August 3, 2023, and our Shareholders by way of a special resolution through postal ballot passed on September 15, 2023, have authorised our Board to decide the quantum of discount of up to 5% of the Floor Price at the time of determination of the Issue Price. The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as per the provisions under Regulation 176(4) of the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, being September 15, 2023, and also within 60 days from the date of receipt of Bid Amount from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and

Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or the Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250.00 crores; and
- five, where the issue size is greater than ₹ 250.00 crores.

No single Allottee shall be Allotted more than 50.00% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "– *Bid Process – Application Form*" on page 222.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on August 3, 2023, and our Shareholders by way of a special resolution through postal ballot passed on September 15, 2023.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any other applicable law of the United States and, unless so registered, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Bid / Issue Opening Date, our Company and the Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company

shall maintain complete records of Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time period as required under the Companies Act and the PAS Rules.

2. The list of Eligible QIBs to whom this Preliminary Placement Document is delivered shall be determined by our Company in consultation with the Book Running Lead Managers. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid / Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the application form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid / Issue Period to the Book Running Lead Managers.

5. Bidders will be required to indicate the following in the Application Form:

   - a representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction", as defined in, and in reliance on Regulation S, and it has agreed to certain other representations set forth in the "*Representations by Investors*" on page 7 and "*Purchaser Representations and Transfer Restrictions*" on page 240 and certain other representations set forth in the Application Form;

   - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - Equity Shares held by the Bidder in our Company prior to the Issue;

   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue; and

   - it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document.

NOTE**:** *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

6. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "BLUE STAR LIMITED-QIP ESCROW ACCOUNT" with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be only made in electronic mode from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid / Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 227.

7. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

8. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or before the Bid / Issue Closing Date, our Company shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Managers on behalf of our Company will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the Book Running Lead Managers.**

9. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it.

10. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

17. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for, through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 227.

Eligible QIBs

Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, will be considered as Eligible QIBs. However, with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;

- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- pension funds with minimum corpus of ₹ 25.00 crores registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹ 25.00 crores;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies; and
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) should not exceed 10.00% of post-Issue Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Further, in terms of the FEMA Rules, the total holding of each FPI or an investor group shall be below 10.00% of the post-issue total paid-up Equity Share capital of our Company on a fully diluted basis.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 100.00% under the automatic route. As of June 30, 2023, the aggregate FPI shareholding in our Company is 11.06% of our Company's paid-up Equity Share capital on a fully diluted basis. For further details, see "*Shareholding Pattern of our Company*" on page 205.

In case the holding of an FPI including its investor group increases to 10.00% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the circular issued by SEBI dated November 5, 2019 (circular no. IMD/FPI&C/CIR/P/2019/124), these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of Offshore Derivative Instruments having a common beneficial owner shall be considered together as a single subscriber of the Offshore Derivative Instruments. In the event an investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI and Offshore Derivative Instruments investments held in the underlying company.

Pursuant to the SEBI circular dated April 5, 2018 (circular no: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3.00% below the overall limit a red flag shall be activated. The designated depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars / public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 232 and 240, respectively.

Please note that participation by non-residents in the Issue is restricted to participation by FPIs under Schedule II of the FEMA Rules, in the Issue subject to limit of the individual holding of an FPI below 10.00% of the post-Issue paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 100.00% (sectoral limit of the sector in which our Company operates) of the paid-up capital of our Company. Other non-residents such as FVCIs are not permitted to participate in the Issue.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being our Promoters, or any person related to, the Promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made all the following representations and warranties, acknowledgements and undertakings, and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 7, 232 and 240, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or members of the Promoter Group or persons related to the Promoters;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. The Bidder confirms that in the event it is resident outside India, it is not an FVCI;

9. Each Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

10. Each Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date;

11. Each Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

12. Each Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers.

13. Each Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50.00% of the Issue. For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

    (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

14. Each Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

15. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

16. Each Eligible QIB acknowledges, represents and agrees that its total voting rights in our Company does not exceed 10.00% of the total issued share capital of our Company.

17. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) in our Company does not exceed 10.00% of the post-Issue paid-up capital of our Company on a fully diluted basis.

18. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

19. The Eligible QIB confirms that:

(a) It is outside the United States and is subscribing to the Equity Shares in an "offshore transaction", as defined in, and in reliance on Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; and

(b) It has agreed to the representations set forth in the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 232 and 240, respectively, and other representations made in the Application Form.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN (IF APPLICABLE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID / ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form, whether signed or not, and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the Book Running Lead Managers) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following address(s):

Name	Address	Contact Person	Website and Email	Phone
Axis Capital Limited	1st Floor, Axis House C-2, Wadia International Centre P.B. Marg, Worli Mumbai – 400 025 Maharashtra, India	Kunal Malkan	Website: www.axiscapital.co.in E-mail: bluestar.qip@axiscap.in Investor Grievance E-mail: complaints@axiscap.in	Tel: +91 22 4325 2183
HSBC Securities and Capital Markets (India) Private Limited	52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001, Maharashtra, India	Rishi Tiwari / Sumant Sharma	Website: https://www.business.hsbc.co.in/en-gb/regulations/hsbc-securities-and-capital-market	Tel: +91 22 6864 1289

Name	Address	Contact Person	Website and Email	Phone
			E-mail: bluestarqip@hsbc.co.in Investor Grievance E-mail: investorgrievance@hsbc.co.in	
ICICI Securities Limited	ICICI Venture House Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India	Harsh Thakkar / Namrata Ravasia	Website: www.icicisecurities.com E-mail: bluestar.qip@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com	Tel: +91 22 6807 7100

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the duly completed Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "BLUE STAR LIMITED-QIP ESCROW ACCOUNT" with the Escrow Agent, in terms of the Escrow Agreements. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bid / Issue Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "BLUE STAR LIMITED – QIP ESCROW ACCOUNT" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 227.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5.00% of the Floor Price in accordance with the approval of our Shareholders, accorded by way of a special resolution through postal ballot passed on September 15, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board or the Executive Management Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Build up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, Company in consultation with Book Running Lead Managers has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CONFIRMATION OF ALLOCATION NOTE OR CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the details of amount to be refunded, if any, probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Managers.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 4 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5.00% of the Equity Shares offered in the Issue, namely, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid / Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within three Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12.00% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

Our Company, at its sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by our Company.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number ("PAN")

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the Income Tax Act, 1961, as amended. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the General Index Registration number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "– *Bid Process*" and "– *Refunds*" on pages 222 and 227, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).
An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

Placement Agreement

The Book Running Lead Managers has entered into the Placement Agreement with our Company, pursuant to which the Book Running Lead Managers has agreed to manage the Issue and to act as placement agent in connection with the proposed Issue and, subject to certain conditions procure subscription for the Equity Shares to be issued pursuant to the Issue, on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Book Running Lead Managers and their respective affiliates may engage in transactions with and perform services for our Company and our Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries or affiliates, for which they would have received compensation and may in the future receive compensation.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. See "*Offshore Derivative Instruments*" and "*Representations by Investors*" on pages 13 and 7, respectively.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any other applicable law of the United States and, unless so registered, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.

Relationship with the Book Running Lead Managers

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of Offshore Derivative Instruments. Please see "*Offshore Derivative Instruments*" on page 13. From time to time, the Book Running Lead Managers, and their respective affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our Subsidiaries, affiliates and the Shareholders, as well as for their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their respective affiliates and associates. For further details, see "*Use of Proceeds*" on page 77.

Lock-up

Our Company agrees, subject to the exceptions set out below, not to: (a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any equity shares, or any securities convertible into or exercisable or exchangeable for equity share; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of equity shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of equity shares, or such other securities, in cash or otherwise, for a period from the date hereof up to 90 days after the Closing Date without the prior written consent of the BRLMs, however, the foregoing restriction shall not be applicable to the (i) the issuance of the Equity Shares pursuant to the Issue; and (ii) any transaction required by law or an order of a court of law or a statutory authority.

Lock-up by Promoters

The Company acknowledges that the Promoters have undertaken that they will not for a period ending 90 days after Closing Date under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly: (a) offer, issue, pledge, sell, encumber, contract to sell, lend, purchase any option, grant or sell any option, right, contract or warrant to purchase, make any short sale or otherwise transfer or dispose of any Equity Shares held by the Promoters or any other securities of the Company substantially similar to the Equity Shares ("**Lock-up Shares**"), including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Lock-up Shares, whether now owned or hereinafter acquired; (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Lock-up Shares or any securities that are convertible into, exercisable or exchangeable for Lock-up Shares, whether now owned or hereinafter acquired; or (c) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Lock-up Shares in any depository receipt facility.

Provided that, the foregoing restriction shall not apply with respect to (i) any sale, transfer or disposition of any of the Lock-up Shares by the Promoters with prior written consent of all the BRLMs to the extent such sale, transfer or disposition is required by Applicable law; and (ii) any bona fide pledge or non-disposal undertaking of any of the Lock-up Shares held by the Promoters as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the undersigned, the Company.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Purchaser Representations and Transfer Restrictions" on pages 4, 7 *and* 240*, respectively.*

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Purchaser Representations and Transfer Restrictions*" on page 240.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "**Corporations Act**");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("**Exempt Investors**"), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary

Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, the Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on our behalf. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a "**BVI Company**"), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This Preliminary Placement Document has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered document has been or will be prepared in respect of the Equity Shares for the purposes of the Securities and Investment Business Act, 2010 or the Public Issuers Code of the British Virgin Islands.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

People's Republic of China

This Preliminary Placement Document does not constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the placement agent for any such offer; or
(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Company or placement agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO.

No advertisement, invitation or document relating to the Equity Shares has been or will be issued for the purposes of the issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree is not a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made.

If an offeree is a Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made. To subscribe to the Equity Shares (the "**QII Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Preliminary Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Preliminary Placement Document is subject to Malaysian laws. This Preliminary Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

This Preliminary Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Preliminary Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Preliminary Placement Document, each investor represents and warrants that if they receive this Preliminary Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Preliminary Placement Document to any person who is not also a Habitual Investor.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Sultanate of Oman

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document will not take place inside Oman. The Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Preliminary Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Preliminary Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the "**SFA**")), (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i). a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii). a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering, our Company or the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

Saudi Arabia

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Preliminary Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

Dubai International Financial Centre

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/ or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial advisor. In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares, except that the Equity Shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or
(c) in any other circumstances falling within Section 86 of the FSMA provided that no such offer of the Equity Shares shall require the Issuer or any placement agent to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Other Jurisdictions

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 232.

Purchaser Representations and Transfer Restrictions for Purchasers outside the United States

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of us or the Placement Agent and their respective affiliates shall have any responsibility in this regard.

- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States, and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States, and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except in an "offshore transaction" in compliance with Rule 903 or Rule 904 of Regulation S, as applicable and in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction.

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any "directed selling efforts".

- You will base your investment decision on a copy of this Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Placement Agent) or any of their respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in this Preliminary Placement Document, as may be supplemented.

- You acknowledge and agree (or if you're a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that we, the Placement Agent, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Any offer, resale, pledge or other transfer of the Equity Shares made other than in compliance with the above stated restrictions, will not be recognized by us.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by the SEBI and the stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to the provisions of the SCRR, all listed companies (except public sector undertakings) are required to ensure a minimum public shareholding at 25.00%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25.00% at any time, such company is required to bring the public shareholding to 25.00% within a maximum period of 12 months from the date of such fall. However, every public sector listed company whose public shareholding falls below 25.00% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25.00%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time / price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"). The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Insider Trading Regulations prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles and the Companies Act. Bidders are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹ 57,50,00,000 divided into 28,36,00,000 Equity Shares, 5,20,000 cumulative compulsorily convertible preference shares having a face value of ₹ 10.00, 10,000 cumulative preference shares having a face value of ₹ 100.00 and 16,000 unclassified shares having a face value of ₹ 100.00. For further details please see "*Capital Structure*" on page 90.

Dividends

Under the Companies Act, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. In addition, as is permitted by the Articles of Association, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15.00% of the company's paid up share capital as per the most recent audited financial statement of the company.

Further, as per the Companies Act, 2013, bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/ interest payments on fixed deposits or debt securities issued by it. Bonus shares cannot be issued in lieu of dividend.

According to the Articles of Association, dividends may be paid to the members according to their respective rights but the amount of dividend shall not exceed the amount recommended by our Board of Directors.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid up bonus shares to its members out of (a) the free reserves of the company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalise its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus, and (e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to the SEBI ICDR Regulations.

Our Company may by a resolution passed in a general meeting of the Shareholders, upon a recommendation by the Board, resolve to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the statement of profit and loss and that such sum be available for distribution amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions. The aforesaid sum shall not be paid in cash but shall be applied on behalf of such Shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Company to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a securities premium account and a capital redemption reserve fund may, be applied in the paying up of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

Pursuant to the terms of our Articles of Association, our Company may, from time to time: (a) increase its share capital by such amount as it thinks expedient by issuing new shares; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; and (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person. Further, our Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law,— (a) its share capital; (b) any capital redemption reserve account; (c) any share premium account.

General meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM *suo motu* when it deems fit.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95.00% of the shareholders entitled to vote. Further, a general meeting, other than an annual general meeting may be called after giving a shorter notice if consent is received, by the majority in number of shareholders of the company who are entitled to vote and who represent not less than 95.00% of the paid up share capital of the company. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with, unless exempted by appropriate authority.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares is entitled to vote through e-voting process. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. The Chairman of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Pursuant to the terms of our Articles of Association, and subject to any rights or restrictions for the time being attached to any class or classes of shares, — (a) on a show of hands, every member holding equity shares present in person or proxy shall have one vote; and (b) on a poll or voting through electronic means, the voting rights of members shall be in proportion to their share in the paid-up equity share capital of our Company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles of Association provide that the number of Directors on the Board shall not be less than three and not more than 15. The Articles of Association also permit our Directors to appoint any other person as a director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number of 15, as fixed under the Articles of Association. However, any director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated, but shall be eligible for re-election at such meeting.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and any related SEBI guidelines issued in connection therewith.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO BLUE STAR LIMITED ("THE COMPANY") AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

September 18, 2023

To
The Board of Directors
Blue Star Limited
Kasturi Buildings
Mohan T Advani Chowk,
Jamshedji Tata Road,
Mumbai - 400 020

Dear Sirs,

Sub: Statement of possible Special Tax Benefits available to Blue Star Limited (the "Company") and its equity shareholders under the direct and indirect tax laws

We refer to the proposed qualified institutions placement of equity shares (the "**Offer**") of Blue Star Limited (the **"Company"**). We enclose herewith the statement (the "**Annexure**") showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws including [the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "**GST Act**"), the Customs Act, 1962 ("**Customs Act**") and the Customs Tariff Act, 1975 ("**Tariff Act**") (collectively the "**Taxation Laws**")] including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2024-2025 relevant to the financial year 2023-24 for inclusion in the Preliminary Placement Document (**"PPD"**) as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**").

Several of these benefits are dependent on the Company and/or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws including the Income-tax Act 1961. Hence, the ability of the Company and/or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive and the preparation of the contents stated is the responsibility of the Company's management. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultants, with respect to the specific tax implications arising out of their participation in the Offer particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

The contents of the enclosed Annexure are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express any opinion or provide any assurance whether:

- The Company and/or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the ICDR Regulations.

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its shareholders in the PPD for the proposed Offer which the Company intends to submit to the Securities and Exchange Board of India and the National Stock Exchange of India Limited and BSE Limited (the "**Stock Exchanges**") the Registrar of Companies, Maharashtra at Mumbai and any other regulatory or statutory authority, as applicable, provided that the below statement of limitation is included in the PPD.

LIMITATIONS

Our views expressed in the enclosed Annexure are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of taxation laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors and third parties who may or may not invest in the Offer relying on the statement. This statement has been prepared solely in connection with the proposed Offer of the Company under the ICDR Regulations.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 11736W/W-100018)

Ketan Vora
(Membership No. 100459)
UDIN: 23100459BGXJKQ7054
Place: Mumbai
Date: September 18, 2023

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO BLUE STAR LIMITED (THE "COMPANY") AND COMPANY'S SHAREHOLDERS ("SHAREHOLDERS")

The information provided below sets out the possible special direct and indirect tax benefits available to Blue Star Limited (the "Company") and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION IN A PARTICULAR SITUATION.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY

I. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961

The statement of tax benefits outlined below is as per the Income-tax Act, 1961 read with Income Tax Rules, circulars, notifications ("Income Tax Law"), as amended from time to time and applicable for financial year ('FY') 2023-24 relevant to assessment year ('AY') 2024-25. These special tax benefits are dependent on the Company fulfilling the conditions prescribed under the Income Tax Law. Hence, the ability of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

1. Lower corporate tax rate under Section 115BAA of the Income-tax Act, 1961 ("the Act"):

As per Section 115BAA of the Income-tax Act, 1961 ('the Act'), with effect from Financial Year 2019-20 (i.e. AY 2020-21), a domestic company has an option to pay income tax in respect of its total income at a concessional tax rate of 22% (plus surcharge of 10% and 4% cess) provided the company does not avail of specified exemptions/ incentives/ deductions or set-off of losses/ unabsorbed depreciation etc., claims depreciation in the prescribed manner and complies with the other conditions specified in section 115BAA of the Act.

In case a company opts for Section 115BAA of the Act, provisions of MAT under Section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available.

The option needs to be exercised qua a particular AY/FY in the prescribed manner on or before the due date of filing the tax return. The Option once exercised, shall apply to subsequent AYs and cannot be subsequently withdrawn for the same or any other FY. Further, if the conditions mentioned in section 115BAA of the Act are not satisfied in any AY, the option exercised shall become invalid in respect of such AY and subsequent

AYs, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised

The Company proposes to apply the provisions of Section 115BAA of the Act for assessment year 2024-25 (refer "Notes" below).

2. Deduction from Gross Total Income

Deduction in respect of employment of new employees – section 80JJAA of the Act:

As per section 80JJAA of the Act, while computing income under the head business and profession in case of an assessee to whom section 44AB (i.e. tax audit) applies, a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in the FY, shall be allowed for three AYs including the AY relevant to the FY in which such employment is provided. The Company is entitled to claim such deduction subject to fulfilment of conditions specified under section 80JJAA of the Act even under the concessional regime under section 115BAA of the Act.

Deduction in respect of inter-corporate dividends – section 80M of the Act:

With respect to a shareholder which is a domestic company as defined in section 2(22A) of the Act, section 80M inter alia provides that where the gross total income of a domestic company in any FY includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of the said section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the "due date". For the purposes of the section, "due date" means the date one month prior to the date for furnishing the income-tax return under section 139(1) of the Act.

The Company is entitled to claim such deduction subject to fulfilment of conditions specified under section 80M of the Act even under the concessional regime under section 115BAA.

II. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

Section 2(42A) of the Act provides that securities (other than units) listed in a recognized stock exchange in India that are held for not more than 12 months immediately preceding the date of its transfer, shall constitute short-term capital assets.

As per Section 111A of the Act, short term capital gains arising from the transfer of an equity share in a company transacted through a recognized stock exchange and chargeable to Securities Transaction Tax ('STT') shall be taxed at 15% (plus applicable surcharge and cess) (provided the short-term capital gains exceed the basic threshold limit of exemption, where applicable) subject to fulfilment of prescribed conditions under the Act.

Further, as per section 112A of the Act, long-term capital gains exceeding INR 1,00,000 arising from the transfer of equity shares in a company transacted through a recognized stock exchange on which STT has been paid on acquisition (except in certain situations) and on transfer, shall be chargeable to tax at the rate of 10% (plus applicable surcharge and cess) without applying the benefit under the first and second provisos to section 48 of the Act.

The condition of STT shall not apply to a transfer undertaken on a recognized stock exchange located in any IFSC and where the consideration for such transaction is received or receivable in foreign currency.

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholder, deduction under Section 80M of the Act would be available on fulfilling the conditions specified under the provision of the Act.

Further, as per section 194 of the Act, the Company is required to deduct tax at source from the amount of dividend paid to resident shareholders, except in the case of certain categories of shareholders as specified in the said section which inter alia include individual shareholders receiving dividend not exceeding INR 5,000 (in aggregate during a FY) by any mode other than cash. The shareholders would be entitled to take credit of the Tax Deducted at Source by the Company against the taxes payable by them on dividend income.

Section 195 of the Act would be applicable for taxability of non-resident shareholders in respect of receipt of dividend income in India.

Finance Act, 2023 has amended section 115BAC of the Act to provide that with effect from FY 2023-24 relevant to AY 2024-25, Individuals, HUF, Association of Persons (other than a co-operative society), Body of Individuals and Artificial Juridical Person will be taxed on its total income at the reduced tax rates ('New Tax Regime'). The income would however have to be computed without claiming prescribed deductions or exemptions.

Such person will however have the option to be taxed on its total income as per the tax rates under the old tax regime. The option is required to be exercised – (i) on or before the due date specified under section 139(1) of the Act for furnishing the income-tax return for such AY, in case of a person having income from business or profession and such option once exercised shall apply to subsequent AYs; or (ii) along with the income-tax return to be furnished under section 139(1) of the Act for every AY in case of a person not having income from business or profession.

A person having income from business or profession who has exercised the option of shifting out of the New Tax Regime shall not be able to exercise the option of opting back to the New Tax Regime till he has business income. However, a person not having income from business or profession shall be able to exercise this option every year.

Notes:

- The Company plans to opt to apply the provisions of Section 115BAA of the Act for assessment year 2024-25. In view of this, it may be noted that *inter alia* the below deductions / exemptions which were available to the Company and claimed in earlier assessment years, shall not be available from assessment year 2024-25 .
    - ✓ Benefit under Section 10AA of the Act in respect of unit in Special Economic Zone
    - ✓ Deduction under Section 35(2AB) of the Act being claim of capital expenditure for scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility recognized by Department of Scientific and Industrial Research
    - ✓ Additional Depreciation under Section 32(1)(iia) of the Act
    - ✓ Deduction under any provisions of Chapter VI-A other than the provisions of Section 80JJAA or Section 80M.

- This statement does not discuss any tax consequences arising in a country outside India pursuant to an investment in the shares of the Company. The shareholders in the country outside India are advised to consult their own professional advisors regarding the possible tax consequences that apply to them in such country outside India.

- In respect of non-resident shareholders, the taxation and tax rates discussed above may be further subject to any benefit available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile. Applicability of DTAA benefit shall be subject to furnishing of relevant documents/declarations viz. tax residency certificate, Form 10F, etc. by the non-resident shareholders.

- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which is subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY

The Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as "Indirect tax") including industrial policy and schemes introduced by Central Government or State Government.

I. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

A. Benefits under Package Scheme of Incentives, 2013 introduced by Government of Maharashtra

The Company has received Eligibility Certificate for availing the incentives provided under the Package Scheme of Incentives, 2013 (hereafter referred to as 'PSI 2013'), introduced by Government of Maharashtra. Under such scheme, the Company would be entitled to Industrial Policy Subsidy, amongst other, which would be equivalent to 80% of SGST paid on first sale in Maharashtra minus Input Tax Credit or zero, whichever is more, for the period September 01, 2018 to July 01, 2024.

II. SPECIAL INDIRECT TAX BENEFITS FOR SHAREHOLDERS OF THE COMPANY

There are no special indirect tax benefits available to the shareholders of the Company.

Notes:

- These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Regulations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
- The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.
- The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing equity shares.
- The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
  1. The Company or its shareholders will continue to obtain these benefits in future;
  2. The conditions prescribed for availing the benefits have been / would be met with; and
  3. The revenue authorities / courts will concur with the view expressed herein.
- The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time and that department may take a view contrary to that indicated above.

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes, criminal proceeding and civil proceedings, which are pending before various adjudicating forums.

*As on the date of this Preliminary Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations. The SEBI ICDR Regulations mandate legal proceedings to be disclosed in accordance with the materiality policy framed under the SEBI Listing Regulations. In accordance with Regulation 30 of the SEBI Listing Regulations, all outstanding civil proceedings involving (which includes cases filed by and against) our Company, Subsidiaries and Directors, where the amount involved exceeds 5% of average absolute value of profit or loss after tax in Fiscals 2021, 2022 and 2023 (₹ 223.12 crores), which is equivalent to ₹ 11.16 crores, or above ("**Materiality Threshold**" and such proceedings "**Material Civil Proceedings**").*

*However, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable (i) all outstanding criminal litigations involving our Company, Subsidiaries and Directors (complaints under Section 138 of Negotiable Instruments Act have been disclosed in a consolidated manner); (ii) all outstanding actions (including notices received) initiated by any regulatory and/or statutory authorities such as SEBI (other than any consumer cases) or Stock Exchanges, involving our Company, Subsidiaries and Directors; (iii) consolidated disclosure of all outstanding direct and indirect tax proceedings (including show cause notices) involving our Company, Subsidiaries and Directors; (iv) any other outstanding legal matter where the aggregate amount involved may not meet Materiality Threshold or is not quantifiable, but which, in the view of our Company, could have a material adverse effect on the business or operations of our Company ("**Other Material Proceedings**").*

In addition, certain consumer cases under various provisions of the Consumer Protection Act, 2019, involving our Company and Subsidiaries and pending before various consumer fora have been disclosed in a consolidated manner.

Further, as on the date of this Preliminary Placement Document, other than as disclosed in this section: (i) there is no litigation or legal action, pending or taken, by any ministry or department of the government or a statutory authority against our Promoters during the last three years and no directions have been issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years against our Company or our Subsidiaries, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years involving our Company or Subsidiaries; (iii) there are no defaults in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon; or (d) loan from any bank or financial institution and interest thereon by our Company; (iv) there are no material frauds committed against our Company in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; and (vii) neither of our Company, Promoters or Directors have been declared as a wilful defaulter or a fraudulent borrower.

It is clarified that for the purposes of the above, pre-litigation notices, including first information reports received by any of our Company, our Subsidiaries, and / or our Directors from third parties (excluding statutory / regulatory / governmental authorities or notices threatening criminal action) shall, not unless otherwise decided by our Board of Directors, be considered material until such time time that any of our Company, our Subsidiaries, and/ or our Directors, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

I. Litigation involving our Company

Criminal proceeding involving our Company

a) *Criminal proceeding against our Company*

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no criminal proceeding against our Company:

1. Bipin Kumar Singh, in his capacity as the proprietor of Blue Tech India (the "**Complainant**") filed a criminal complaint dated June 12, 2019 ("**Complaint**") before the Court of the Chief Judicial Magistrate, Muzaffarpur ("**CJM, Muzaffarpur**") against the Managing Director, Thiagarajan Balasubramanian and the erstwhile directors and employees of our Company (collectively, the "**Accused**"), alleging criminal breach of trust and non-delivery of the consignment containing 7,000 invertor air conditioners and 10,000 window air conditioners pursuant to a purchase order dated January 10, 2019, resulting in a loss amounting to ₹ 0.12 crores to the Complainant. Aggrieved by the Complaint, the Accused filed an application dated December 9, 2019 before the High Court of Judicature at Patna, seeking *to inter-alia*, set aside the Complaint. The matter is currently pending.

2. Raghunath Prasad, in his capacity as the sole proprietor of Ramsons Traders and one of the distributors of our Company (the "**Complainant**") filed a criminal complaint dated August 19, 2017 ("**Complaint**") before the Court of Additional Chief Judicial Magistrate at Asansol ("**Additional CJM, Asansol**") against our Company, Shailesh Vishnubhai Haribhakti, the Chairman and Independent Director of our Company, Vir Suneel Advani, the Vice Chairman and Managing Director of our Company, Thiagarajan Balasubramanian, the Managing Director of our Company and certain other erstwhile directors of our Company (collectively, the "**Accused**") alleging cheating and criminal conspiracy in avoiding payments in terms of the agreement dated December 12, 2008 (the "**Agreement**"), executed between the Complainant and the Accused for providing services of sales and distribution on a warranty basis for each unit of sale of our Company's product. It was alleged that the Accused breached the terms of the Agreement by terminating it without giving a prior notice of 30 days before such termination, thereby allegedly avoiding payment of ₹ 0.41 crores towards the services provided by the Complainant. The Additional CJM, Asansol took cognizance of the matter and transferred the matter to the 2nd Court of Judicial Magistrate, Asansol ("**CJM, Asansol**") for enquiry and disposal. Aggrieved by the Complaint, the Accused filed an application before the High Court of Calcutta, seeking to *inter-alia*, set aside the proceedings currently pending before the CJM, Asansol. Through its order dated September 14, 2023, the High Court of Calcutta, granted a stay on further proceedings of the Complaint. The matter is currently pending.

3. Blue Ice Construction (the "**Complainant**"), filed a criminal complaint dated October 30, 2017 ("**Complaint**") before the Court of the 3rd Metropolitan Magistrate, Calcutta ("**Metropolitan Magistrate, Calcutta**") against our Company, Vir Suneel Advani, the Vice Chairman and Manging Director of our Company and other erstwhile directors and employees of our Company (collectively, the "**Accused**"), alleging criminal breach of trust, cheating and non-delivery of the consignment containing 'three air cooled screw chillers' pursuant to a purchase order dated September 27, 2019, which has caused a loss aggregating to an amount of ₹ 0.07 crores to the Complainant. Aggrieved by the Complaint, the Accused filed an application before the High Court of Calcutta, seeking *inter-alia*, to set aside the proceeding currently pending before the Metropolitan Magistrate, Calcutta. The matter is currently pending.

4. The Assistant Commissioner Central Excise, Thane filed a criminal complaint dated June 17, 1996 ("**Complaint**") before the Court of Judicial Magistrate, First Class, Thane against our Company and late H.M. Jhangiana, in his capacity as the erstwhile director of our Company, alleging criminal conspiracy to evade excise duty during the period from August 1986 to August 1987, pursuant to the orders dated March 31, 1992 passed by the Collector of Central Excise, Thane ("**Collector**"). Subsequently, our Company filed an application dated March 19, 2020, before the Chief Judicial Magistrate, Thane praying, *inter-alia* to dispose the Complaint on the grounds that the penalty imposed against our

Company by the Collector was set aside by the Customs & Service Tax Appellate Tribunal, West Zonal through its order dated May 28, 2014. The matter is currently pending.

5. The officers of the Municipal Corporation of Greater Mumbai ("**Corporation**") conducted an inspection on December 4, 2010 at the shop premises of one of our dealers, Metro Air Conditioner ("**Dealer**"), located at Kurla, Mumbai ("**Premises**"). Pursuant to the inspection, the Corporation filed a criminal complaint dated February 4, 2011 ("**Complaint**") before the Metropolitan Magistrate, 42nd Court, Shindewadi, Dadar against the Dealer, our Company, Vir Suneel Advani, the Vice Chairman and Managing Director of our Company, Shailesh Vishnubhai Haribhakti, the Chairman and Independent Director of our Company, and certain other erstwhile directors and employees of our Company (collectively, the "**Respondents**"), alleging that no written permission of the Corporation was taken for installing the 'Blue Star Metro Air Conditioner' glow sign board at the Premises. Aggrieved, the Respondents filed a writ petition dated May 6, 2011 before the High Court of Judicature at Bombay against the Corporation, praying, *inter-alia* to set aside the Complaint. The matter is currently pending.

b) Criminal proceeding by our Company

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no criminal proceeding by our Company:

1. Our Company lodged a first information report dated September 4, 2020 against Nishant, a former employee of our Company with the police station at Sector-53, Gurugram, Haryana alleging, criminal breach of trust by causing wrongful loss of amount aggregating to ₹ 0.60 crores to our Company due to the unethical activities carried out during his period of service with our Company. The matter is currently pending.

2. Our Company lodged a first information report dated June 2, 2022 with the Additional Chief Metropolitan Magistrate Court, against the owner of Katera India Private Limited ("**Katera**") and the employees and directors of Katera (collectively, the "**Accused**"), alleging cheating and criminal breach of trust in avoiding payments aggregating to ₹ 8.76 crores in terms of the agreement dated June 7, 2018, executed between our Company and the Accused for provided services of mechanical, electrical and plumbing works to the proposed shopping mall located at Lucknow, for which Katera was the main contractor. The matter is currently pending.

Matters under Section 138 of the Negotiable Instruments Act, 1881

35 complaints, amounting to a total claim of ₹ 5.77 crores have been filed by our Company against certain persons ("**Accused**") under Section 138 of the Negotiable Instruments Act, 1881, before various fora. All these complaints have been filed in order to recover sums due to our Company, for which cheques issued in favour of our Company have been dishonored for various reasons including insufficiency of funds or closure of the account. These matters are currently pending at various stages of adjudication.

Regulatory matters involving our Company

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no regulatory matters involving our Company:

1. Assistant Labour Commissioner, Department of Labour ("**Department of Labour**") issued a notice dated January 4, 2011 ("**Notice**") in terms of the provisions of the Cess Act, 1996 ("**Cess Act**") and Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996 ("**BOCW Act**") directing our Company to furnish explanation within one week from the date of the Notice in relation to non-submission of returns under Section 4(1) of the Cess Act with respect to the construction of a shopping mall located at Raipur ("**Project**"). In response to the Notice, our Company through its letter dated January 12, 2012, inter-alia, submitted that (i) it is not engaged in the business of 'building or other construction work' as defined under Section 2(d) of the BOCW Act; and (ii) it is not involved in the construction of the Project. The Department of Labour through its order dated July 27,

2012 (“**Order**”) directed our Company to pay an amount of ₹ 0.10 crores along with an interest at 2% per month. Aggrieved by the Order, our Company filed a writ petition dated November 3, 2012 before the High Court of Chhattisgarh, Bilaspur. The matter is currently pending.

Material Civil Proceedings involving our Company

a) *Material Civil Proceedings against our Company*

As on the date of this Preliminary Placement Document, there are no Material Civil Proceedings against our Company.

b) *Material Civil Proceedings by our Company*

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no Material Civil Proceedings by our Company:

1. Our Company filed an application dated May 17, 2022 before the City Civil and Session Judge, Bengaluru (“**Civil Sessions Court**”) under Section 9 of the Arbitration and Conciliation Act, 1996 (“**Act**”) for grant of interim relief against Katera India Private Limited (“**Katera**”), alleging that Katera illegally invoked a performance guarantee of ₹ 8.86 crores and was further contemplating invoke a bank guarantee against retention money amounting to ₹ 3.75 crores, in terms of the agreement dated June 7, 2018, executed between our Company and Katera for providing services of mechanical, electrical and plumbing works to the proposed shopping mall located at Lucknow, for which Katera was the primary contractor. The Civil Sessions Court through its order dated May 18, 2022 granted a temporary injunction on invocation of bank guarantee of ₹ 3.75 crores. Additionally, a first information report was filed by our Company before the Chief Metropolitan Magistrate Court, Bangalore against Katera. For details, see “*– Litigation involving our Company – Criminal proceeding by our Company*” on page 259.

   Additionally, our Company filed a civil miscellaneous petition dated September 9, 2022 (“**Petition**”) under Section 11 of the Act before the High Court of Karnataka, alleging a total outstanding amount aggregating to ₹ 23.86 crores, due and payable by Katera and prayed for appointment of a sole arbitrator in terms of the Agreement. The matter is currently pending.

2. Our Company filed a statement of claim dated February 25, 2012 before the sole arbitrator Ramesh Saboo against Comed Chemicals Limited (“**Comed**”), alleging non-payment of amount aggregating to ₹ 0.61 crores (“**Claim Amount**”), pursuant to five purchase orders for carrying out heating, ventilation, and air conditioning work (collectively, “**Works**”) for Comed. Based on the aforementioned allegation, Comed refused to pay the Claim Amount and claimed a counter claim of ₹ 12.88 crores in relation to the Works. The sole arbitrator through his award dated May 6, 2013 (“**Award**”), directed Comed to pay the Claim Amount along with an interest at 12% per annum from December 4, 2008, until the date of realization.

   Aggrieved by the Award, Comed filed a civil (arbitration) miscellaneous application dated June 12, 2013, before the District Judge, Vadodara which was subsequently dismissed through an order dated November 19, 2014 (“**Impugned Order 1**”). Further, aggrieved by the Impugned Order 1, Comed filed an appeal dated January 27, 2015, before the High Court of Gujarat and through its order dated February 19, 2015 (“**Impugned Order 2**”), granted a stay on the Award and Impugned Order 1, subject to the deposit of the Claim Amount by Comed. The final order to the appeal before the High Court of Gujarat is currently pending.

   Subsequently, aggrieved by the Impugned Order 2, Comed filed a special leave petition before the Supreme Court of India. The Supreme Court of India through its orders dated April 24, 2015 and October 7, 2016, directed Comed to deposit an amount of ₹ 0.50 cores and allowed our Company to withdraw such deposited amount subject to furnishing of an immovable property as a security to the satisfaction of the executing court. Further, the District Court of Vadodara upon being satisfied with the immovable property provided as security by our Company, passed an order dated July 20, 2018, allowing our Company to withdraw ₹ 0.50 crores.

3. Our Company filed an application in 2015 under Section 11(6) of Arbitration and Conciliation Act, 1996 before High Court of Judicature of Telangana at Hyderabad ("**High Court of Telangana**") against Daaj Hotels and Resorts Private Limited ("**Daaj**"), alleging non-payment and inordinate delays causing a loss of amount aggregating to ₹ 8.68 crores ("**Claim Amount**"), pursuant to three contracts each dated May 29, 2005 ("**Contracts**") executed between Daaj and our Company for carrying out (i) heating, ventilation, and air conditioning works; (ii) plumbing and firefighting works; and (iii) electrical works (collectively, "**Works**") for construction of a hotel managed by Daaj in Hyderabad. Based on the aforementioned allegation, Daaj refused to pay the Claim Amount and claimed that our Company was liable to pay ₹ 12.63 crores towards penalties and damages in relation to the Works and Contracts. The High Court of Telangana through its order dated February 27, 2015, appointed a sole arbitrator Justice K.S. Appa Rao and upon reference of the dispute, the sole arbitrator through his award dated August 20, 2016 ("**Award**"), directed Daaj to pay the Claim Amount along with an interest at 18% per annum from April 11, 2015, untill the date of realization.

   Aggrieved by the Award, Daaj filed three petitions each dated October 13, 2016 under Section 34 of the Act, before the District Judge for Trial and Disposal of Commercial Disputes at Hyderabad which was subsequently dismissed through an order dated March 14, 2022 ("**Impugned Order**"). Following this, Daaj filed three petitions each dated July 29, 2022 before the High Court of Telangana seeking to set aside the Award and the Impugned Order. The appeals are currently pending.

   Additionally, Daaj filed interlocutory applications dated July 29, 2022 before the High Court of Telangana, seeking to grant a stay on the execution of the Award and the Impugned Order. Subsequently, the High Court of Telangana though its order dated September 20, 2022 and December 26, 2022, *inter-alia*, disposed the Interlocutory Applications and directed Daaj to deposit an amount of ₹ 4.34 crores, out of which our Company was entitled to withdraw an amount of ₹ 2.50 crores.

Consumer cases

89 consumer cases amounting to a total claim of ₹ 2.81 crores, have been filed by certain persons ("**Petitioners**") against our Company and other third parties before various consumer fora, alleging, amongst others, delivery of defective products and delivery of products post expiry of its warranty. In these matters, our Company has been made a party on account of being the delivery service provider. The Petitioners have, in many such matters, also claimed compensation from our Company. These matters are currently pending at various stages of adjudication.

Other Material Proceedings

As on the date of this Preliminary Placement Document there are no other pending proceedings involving our Company, which have been considered material by our Company.

II. Litigation involving our Subsidiaries

Criminal proceeding involving our Subsidiaries

a) Criminal proceeding against our Subsidiaries

As on the date of this Preliminary Placement Document, there are no criminal proceeding against our Subsidiaries.

b) Criminal proceeding by our Subsidiaries

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no criminal proceeding by our Subsidiaries.

Matters under Section 138 of the Negotiable Instruments Act, 1881

Two complaints, amounting to a total claim of ₹ 0.05 crores have been filed by one of our Subsidiaries, Blue Star Engineering & Electronics Limited against certain persons ("**Accused**") under Section 138 of the Negotiable Instruments Act, 1881, before various fora. All these complaints have been filed in order to recover sums due to Blue Star Engineering & Electronics Limited, for which cheques issued in favour of Blue Star Engineering & Electronics Limited have been dishonored for various reasons including insufficiency of funds or closure of the account. These matters are currently pending at various stages of adjudication.

Regulatory matters involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no regulatory matters involving our Subsidiaries.

Material Civil Proceedings involving our Subsidiaries

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no material civil proceedings involving our Subsidiaries:

a) Material Civil Proceedings against our Subsidiaries

As on the date of this Preliminary Placement Document, there are no Material Civil Proceedings against our Subsidiaries.

b) Material Civil Proceedings by our Subsidiaries

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no Material Civil Proceedings by our Subsidiaries:

1. One of our Subsidiaries, Blue Star, Qatar filed an application dated December 6, 2022 before the Investment and Trade Court, Doha, Qatar against Societe D Entreprise & De Gestion WLL (SEG Qatar), Sheik Hamad Suhaim Abdulla Al-Thani and Dukhan Bank (collectively, the "**Respondents**") alleging cheating in avoiding payments aggregating to QAR 10,352,518 (equivalent to ₹ 23.51 crores as on May 30, 2021) in terms of the agreement dated May 13, 2015 executed between Blue Star, Qatar and the Respondents for providing services of engineering, supply and installation of mechanical works including testing and commissioning and maintenance for construction of Boulevard mall project located at Qatar. The matter is currently pending.

2. One of our Subsidiaries, Blue Star, Qatar filed an application dated May 21, 2023 before the Investment and Trade Court, Doha, Qatar ("**Investment and Trade Court, Doha, Qatar Court**") against Societe D Entreprise & De Gestion WLL (SEG Qatar), Sheik Hamad Suhaim Abdulla Al-Thani and Dukhan Bank (collectively, the "**Respondents**") alleging cheating in avoiding payments aggregating to QAR 36,288,859 (equivalent to ₹ 82.27 crores as on February 2, 2023) in terms of the agreement dated April 2, 2012 executed between Blue Star, Qatar and the Respondents for providing services of mechanical, electrical and plumbing works to the student housing university located at Qatar. The matter is currently pending.

III. Litigation involving our Directors

Criminal proceeding involving our Directors

a) Criminal proceeding against our Directors

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no criminal proceeding against our Directors:

i. Shailesh Vishnubhai Haribhakti

1. The officers of the Municipal Corporation of Greater Mumbai filed a complaint before the Metropolitan Magistrate, 42nd Court, Shindewadi, Dadar against several persons, including our Chairman and Independent Director, Shailesh Vishnubhai Haribhakti. For further details, see "*– Litigation involving our Company – Criminal proceeding against our Company*" on page 258.

2. Raghunath Prasad, in his capacity as the sole proprietor of Ramsons Traders filed a petition before the Court of Additional Chief Judicial Magistrate at Asansol against several persons, including our Chairman and Independent Director, Shailesh Vishnubhai Haribhakti. For further details, see "*– Litigation involving our Company – Criminal proceeding against our Company*" on page 258.

ii. Vir Suneel Advani

1. Raghunath Prasad, in his capacity as the sole proprietor of Ramsons Traders filed a petition before the Court of Additional Chief Judicial Magistrate at Asansol against several persons, including our Vice Chairman and Managing Director, Vir Suneel Advani. For further details, see "*– Litigation involving our Company – Criminal proceeding against our Company*" on page 258.

2. Blue Ice Construction filed a criminal complaint before the Court of the 3rd Metropolitan Magistrate, Calcutta against several persons, including our Vice Chairman and Managing Director, Vir Suneel Advani. For further details, see "*– Litigation involving our Company – Criminal proceeding against our Company*" on page 258.

3. The officers of the Municipal Corporation of Greater Mumbai filed a complaint before the Metropolitan Magistrate, 42nd Court, Shindewadi, Dadar against several persons, including our Vice Chairman and Managing Director, Vir Suneel Advani. For further details, see "*– Litigation involving our Company – Criminal proceeding against our Company*" on page 258.

iii. Thiagarajan Balasubramanian

1. Bipin Kumar Singh, in his capacity as the proprietor of Blue Tech India filed a criminal complaint before the Court of the Chief Judicial Magistrate, Muzaffarnagar against several persons, including our Managing Director, Thiagarajan Balasubramanian. For further details, see "*– Litigation involving our Company – Criminal proceeding against our Company*" on page 258.

2. Raghunath Prasad, in his capacity as the sole proprietor of Ramsons Traders filed a petition before the Court of Additional Chief Judicial Magistrate at Asansol against several persons, including our Managing Director, Thiagarajan Balasubramanian. For further details, see "*– Litigation involving our Company – Criminal proceeding against our Company*" on page 258.

iv. Anil Harish

1. Several FIRs have been filed against Unitech Limited ("**Unitech**"), our Independent Director, Anil Harish, in his capacity as the non-executive director of Unitech and others, alleging cheating, criminal conspiracy, fraudulent misrepresentation, concealment of material facts on the grounds of non-delivery of flats pursuant to agreements entered by Unitech with the purchasers of such flats. The decisions with respect to such FIRs are currently pending. Additionally, criminal applications and writ petitions with respect to certain of these FIRs have been filed and are currently pending before various fora.

2. The Income Tax Officer has filed two complaints ("**Complaints**") under Sections 276B and 278B of the Income Tax Act, 1961 ("**Act**") before the Additional Chief Metropolitan Magistrate, 38th Court, Ballardpier, against Valecha Engineering Limited ("**Valecha**"), our Independent Director, Anil Harish, in his capacity as the chairman of Valecha and others (collectively, the "**Accused**"), alleging non-payment of tax deducted at source (TDS) by Valecha under Section 80E(9) of the Income Tax Act, 1961. Aggrieved by these Complaints, the Accused has filed a writ petition before the High Court of Bombay for quashing the Complaints. The matter is currently pending.

b) *Criminal proceeding by our Directors*

As on the date of this Preliminary Placement Document, there are no criminal proceeding by our Directors.

Regulatory matters involving our Directors

As on the date of this Preliminary Placement Document, there are no regulatory matters involving our Directors.

Material Civil Proceedings involving our Directors

a) *Material Civil Proceedings against our Directors*

As on the date of this Preliminary Placement Document, there are no Material Civil Proceedings against our Directors.

b) *Material Civil Proceedings by our Directors*

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no Material Civil Proceedings by our Directors.

IV. Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law and prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document.

As on the date of this Preliminary Placement Document, there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law and prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company and its Subsidiaries .

V. Prosecutions filed against (whether pending or not), fines imposed on, or compounding of offences by our Company and/or our Subsidiaries under the Companies Act in the last three years immediately preceding the year of issue of this Preliminary Placement Document.

Except as disclosed below, there are no prosecutions filed against (whether pending or not), fines imposed on, or compounding of offences by our Company and its Subsidiaries under the Companies Act in the last three years immediately preceding the year of issue of this Preliminary Placement Document:

1. The Office of Senior Inspector of Legal Metrology, Uttar Pradesh ("**Inspector**"), issued notices dated October 14, 2020 and November 3, 2020 to our Company, alleging violation of various provisions of the Standards Weights and Measurements Act, 2009, Packages Commodities Rules, 2011, Standards Weights and Measurements (Enforcement) Act, 2011 and Uttar Pradesh Weights and Measurements Practice Manual, 2011 in relation to the use of the word 'sq.ft' in our product description on our Company's website. In response to the notice, our Company compounded the matter by making a payment of ₹ 25,000 through a demand draft dated November 12, 2020 to the Inspector.

2. The Legal Metrology Officer, Bhiwandi ("**Inspector**"), issued a notice dated February 13, 2023 to our Company, alleging violation of various provisions of the Legal Metrology Act, 2009, the Legal Metrology (Packaged Commodities) Rules, 2011, the Maharashtra Legal Metrology (Enforcement) Rules, 2011 and the Legal Metrology (General) Rules, 2011 in relation to the disclosures on the packaging of our Company's various products. In response to the notice, our Company filed a compounding application dated February 16, 2023. Through its order dated February 23, 2023, the Inspector, *inter-alia*, directed our Company to pay a compounding fees of ₹ 30,000 ("**Compounding**

Fees"). Subsequently, our Company through an online GRAS ('Government Receipts Accounting System') portal made a payment of the Compounding Fees on March 14, 2023.

VI. Material Frauds committed against our Company in the last three years

As on the date of this Preliminary Placement Document, there have not been any acts of material frauds committed against our Company in the last three years preceding the year of this Preliminary Placement Document.

VII. Details of default in repayment by our Company of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon.

As on the date of this Preliminary Placement Document, there have been no default in repayments by our Company of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon.

VIII. Litigation or legal action pending or taken against our Promoter by any ministry or department of the government or any statutory authority in the last three years immediately preceding the year of issue of this Preliminary Placement Document and directions issued by such ministry or department of the government or statutory authority upon conclusion of such litigation or legal action.

As on the date of this Preliminary Placement Document, there is no litigation or legal action pending or taken against our Promoter by any ministry or department of the government or any statutory authority in the last three years immediately preceding the year of issue of this Preliminary Placement Document and directions issued by such ministry or department of the government or statutory authority upon conclusion of such litigation or legal action.

IX. Details of default in annual filings under the Companies Act, 2013 or rules made thereunder

As on the date of this Preliminary Placement Document, our Company has not defaulted in submitting the annual filings under the Companies Act or rules made thereunder.

X. Details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of our Company and its future operations

As on the date of this Preliminary Placement Document, there have been no significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of our Company and its future operations.

Tax proceedings

We have set out below claims relating to direct and indirect taxes involving our Company and our Subsidiaries in a consolidated manner, as on the date of this Preliminary Placement Document, giving details of number of cases and total amount involved in such claims:

Nature of case	Number of cases^	Amount involved (in ₹ crores)*^
Company		
Direct Tax	31	120.02
Indirect Tax	95	328.82
Total (A)	**126**	**448.84**
Subsidiaries		
Direct Tax	5	17.86
Indirect Tax	4	2.19

Nature of case	Number of cases^	Amount involved (in ₹ crores)*^
Total (B)	**9**	**20.05**
Total (A + B)	**135**	**468.89**

**To the extent quantifiable.*

^As certified by S K Patodia & Associates, Chartered Accountants, the independent chartered accountants appointed by the Company by way of their certificate dated September 18, 2023.

OUR STATUTORY AUDITORS

Our Company's Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

Deloitte Haskins & Sells LLP, Chartered Accountants have audited the Audited Consolidated Financial Statements which are included in this Preliminary Placement Document in "*Financial Statements*" on page 270.

Deloitte Haskins & Sells LLP, Chartered Accountants have performed a review of the Unaudited Consolidated Financial Results for the three months ended June 30, 2023 and have issued limited review report dated August 3, 2023 on the Unaudited Consolidated Financial Results, which is included in this Preliminary Placement Document in "*Financial Statements*" on page 270.

GENERAL INFORMATION

- Our Company was originally incorporated as 'Blue Star Engineering Company (Bombay) Limited', a private limited company under the Indian Companies Act, 1913, pursuant to a certificate of incorporation dated January 20, 1949 issued by the Registrar of Joint Stock Companies, Bombay. Further, the word 'Private' was added to the name of our Company with effect from April 1, 1956 in the name of 'Blue Star Engineering Company (Bombay) Private Limited'. Subsequently, the name of our Company was changed to 'Blue Star Private Limited' pursuant to a certificate of change of name dated June 23, 1969 issued by the Assistant Registrar of Companies, Maharashtra at Bombay. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of our Company held on June 23, 1969 and the name of our Company was changed to its present name 'Blue Star Limited', with a fresh certificate of incorporation issued by the Assistant Registrar of Companies, Maharashtra at Bombay on June 28, 1969.

- The Registered Office of our Company is located at Kasturi Building, Jamshedji Tata Road, Mumbai 400 020, Maharashtra, India.

- The Corporate Office of our Company is located at Band Box House, 4th Floor, 254 D, Dr Annie Besant Road, Worli, Mumbai 400 030, Maharashtra, India.

- The CIN of our Company is L28920MH1949PLC006870.

- The authorised share capital of our Company is ₹ 57,50,00,000 into 28,36,00,000 Equity Shares, 5,20,000 cumulative compulsorily convertible preference shares having a face value of ₹ 10.00, 10,000 cumulative preference shares having a face value of ₹ 100.00 and 16,000 unclassified shares having a face value of ₹ 100.00.

- The Issue was approved by the Board of Directors on August 3, 2023. Subsequently, our Shareholders approved the Issue through a special resolution through postal ballot passed on September 15, 2023.

- The Equity Shares are listed on BSE and NSE since September 18, 1969 and June 15, 2000, respectively.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, on September 18, 2023. We will apply for final listing and trading approvals of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the Net Proceeds. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 AM and 5:00 PM on any working day (except public holidays) at our Registered Office and Corporate Office.

- Our Company has obtained all material consents, approvals and authorisations required in connection with the Issue.

- No change in control in our Company will occur consequent to the Issue.

- Except as disclosed in this Preliminary Placement Document, there has been no material change in the financial or trading position of our Company since June 30, 2023, the date of the latest audited financial statements prepared in accordance with Ind AS included in this Preliminary Placement Document.

- Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 257.

- There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

- The Floor Price is ₹ 784.55 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution through postal ballot passed on September 15, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

- Rajesh Digambar Parte is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

  Rajesh Digambar Parte
  Band Box House, 4th Floor, 254 D
  Dr Annie Besant Road, Worli
  Mumbai 400 030
  Maharashtra, India
  Telephone: +91 22 6654 4000
  E-mail: secretarialdesk@bluestarindia.com

FINANCIAL STATEMENTS

Deloitte Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai-400 013
Maharashtra, India

Tel: +91 22 6185 4000
Fax: +91 22 6185 4101

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF BLUE STAR LIMITED

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **BLUE STAR LIMITED** (the "Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as the "Group"), and its share of net profit after tax and total comprehensive income of its joint ventures for the quarter ended June 30, 2023 (the "Statement") being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

   Parent: Blue Star Limited

   Subsidiaries:

   i) Blue Star Engineering and Electronics Limited
   ii) Blue Star Climatech Limited
   iii) Blue Star Qatar - WLL
   iv) Blue Star International FZCO
   v) Blue Star Systems and Solutions LLC
   vi) BSL AC&R (Singapore) PTE. LTD
   vii) Blue Star North America Inc.
   viii) Blue Star Europe B.V.
   ix) Blue Star Innovation Japan LLC

   Joint Ventures:

   i) Blue Star M & E Engineering (Sdn) Bhd.
   ii) Blue Star Oman Electro-Mechanical Co. LLC

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS MUMBAI

Deloitte
Haskins & Sells LLP

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial information | financial results of two subsidiaries included in the unaudited consolidated financial results, whose interim financial information | financial results reflect total revenues of ₹ 17.25 crore for the quarter ended June 30, 2023, total net profit after tax of ₹ 0.49 crore for the quarter ended June 30, 2023, total comprehensive income of ₹ 0.49 crore for the quarter ended June 30, 2023, as considered in the Statement. These interim financial information | financial results have been reviewed by other auditors whose reports have been furnished to us by management.

   These subsidiaries are located outside India whose interim financial information | financial results have been prepared in accordance with accounting principles generally accepted in their countries and which have been reviewed by their respective auditors under generally accepted standards on review engagements applicable in their respective countries. The Company's management has converted the interim financial information | financial results of these subsidiaries from accounting principles generally accepted in respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors, the conversion adjustments prepared by the Management of the Company and reviewed by us, and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of this matter.

7. The consolidated unaudited financial results includes the unaudited financial information | financial result of three subsidiaries which have not been reviewed by its auditors, whose financial information | financial result reflects total revenue of ₹ Nil for the quarter ended June 30, 2023, total net loss after tax of ₹ 3.77 crore for the quarter ended June 30, 2023, total comprehensive loss of ₹ 3.77 crore for the quarter ended June 30, 2023, as considered in the Statement.

   The consolidated unaudited financial results also includes (i) the Group's share of net profit after tax of ₹ 0.00* crore for the quarter ended June 30, 2023 and total comprehensive income of ₹ 0.00* crore for the quarter ended June 30, 2023, as considered in the Statement, in respect of a joint venture based on its interim financial information | financial results, and (ii) the Group's share of profit | loss after tax of ₹ Nil for the quarter ended June 30, 2023 and total comprehensive income of ₹ Nil for the quarter ended June 30, 2023, as considered in the statement, in respect of a joint venture whose carrying amount of investment is fully provided for by the Group. The financial information | financial results of these joint ventures have not been reviewed by their auditors, as informed to us by the Management.

   According to the information and explanations give to us by the Management, these interim financial information | financial results are not material to the Group.

* Indicated amount less than Rs. 1 Lakh

DELOITTE HASKINS & SELLS LLP MUMBAI CHARTERED ACCOUNTANTS

Deloitte
Haskins & Sells LLP

Our Conclusion on the Statement is not modified in respect of the above matters including our reliance on the interim financial information | financial results certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 23100459BGXJJT2296)

Place : Mumbai
Date : August 03, 2023

BLUE STAR LIMITED

Registered Office : Kasturi Buildings, Mohan T. Advani Chowk, Jamshedji Tata Road, Mumbai 400 020,
CIN No.: L28920MH1949PLC006870, Telephone No +91 22 6665 4000, Fax No. +91 22 6665 4152

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

₹ in Crores

Sr. No.	PARTICULARS	QUARTER ENDED (UNAUDITED)	QUARTER ENDED (UNAUDITED) (Refer Note 1)	QUARTER ENDED (UNAUDITED)	YEAR ENDED (AUDITED)
		30.06.2023	31.03.2023	30.06.2022	31.03.2023
1	**Income**				
	Revenue from operations	2,226.00	2,623.83	1,977.03	7,977.32
	Other income	9.40	6.65	10.51	30.87
	Total income	**2,235.40**	**2,630.48**	**1,987.54**	**8,008.19**
2	**Expenses**				
	a) Cost of materials consumed (including direct project and service cost)	1,247.26	1,596.75	1,164.41	5,020.14
	b) Purchase of stock-in-trade	462.71	499.38	340.23	1,346.86
	c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	22.23	(83.47)	56.76	(185.33)
	d) Employee benefits expense	161.17	169.73	134.85	591.44
	e) Finance cost	18.00	18.07	10.62	54.70
	f) Depreciation and amortisation expense	22.79	22.72	22.04	84.78
	g) Other expenses	187.63	262.27	157.47	711.43
	Total expenses	**2,121.79**	**2,485.45**	**1,886.38**	**7,624.02**
3	**Profit before share of profit / (loss) of joint ventures, exceptional items and tax (1-2)**	**113.61**	**145.03**	**101.16**	**384.17**
4	Share of profit/(loss) of joint ventures	#	1.27	(0.47)	0.40
5	**Profit before exceptional items and tax (3+4)**	**113.61**	**146.30**	**100.69**	**384.57**
6	Exceptional items (refer note 5)	-	170.81	-	170.81
7	**Profit before tax (5+6)**	**113.61**	**317.11**	**100.69**	**555.38**
8	Tax expense				
	i) Current tax	28.56	72.25	27.42	135.03
	ii) Deferred tax	1.68	19.57	(1.08)	19.66
	Total tax expense	**30.24**	**91.82**	**26.34**	**154.69**
9	**Profit for the period / year, (7-8)**	**83.37**	**225.29**	**74.35**	**400.69**
	Other comprehensive income/(loss)				
	A. (i) Items that will not be reclassified to profit/(loss)	(0.09)	(0.62)	0.58	(0.18)
	(ii) Income tax relating to items that will not be reclassified to profit/(loss)	0.02	0.16	(0.14)	0.06
	B. (i) Items that will be reclassified to profit/(loss)	(0.85)	(0.74)	4.08	9.04
	(ii) Income tax relating to items that will be reclassified to profit/(loss)	-	-	-	-
10	**Other comprehensive income/(loss)**	**(0.92)**	**(1.18)**	**4.52**	**8.92**
11	**Total comprehensive income for the period / year (9+10)**	**82.45**	**224.11**	**78.87**	**409.61**
12	**Profits for the period attributable to :**				
	- Owners of the Company	83.35	225.25	74.25	400.46
	- Non-controlling interest	0.02	0.04	0.10	0.23
13	**Other comprehensive income / (loss) for the period / year attributable to :**				
	- Owners of the Company	(0.93)	(1.17)	4.41	8.68
	- Non-controlling interest	0.01	(0.01)	0.11	0.24
14	**Total comprehensive income for the period / year attributable to :**				
	- Owners of the Company	82.42	224.08	78.66	409.14
	- Non-controlling interest	0.03	0.03	0.21	0.47
15	Paid up equity share capital (face value of the share - ₹. 2/- each)	38.52	19.26	19.26	19.26
16	Earnings per share (EPS) (in ₹.) (not annualised*)(refer note 4)				
	a) Basic	*4.33	*11.70	*3.86	20.80
	b) Diluted	*4.33	*11.70	*3.86	20.80
17	Net worth	1,412.49	1,330.05	1,095.75	1,330.05
18	Paid up debt capital / Outstanding debt	610.38	577.64	366.91	577.64
19	Capital Redemption Reserve	2.34	2.34	2.34	2.34
20	Reserve excluding revaluation reserves as per balance sheet of previous accounting year				1,311.39
21	Debt equity ratio	0.43	0.43	0.33	0.43
22	Debt service coverage ratio (DSCR) (not annualised*)	*0.63	*11.19	*0.59	1.96
23	Interest service coverage ratio (ISCR) (not annualised*)	*9.65	*11.19	*15.31	10.83
24	Current ratio	1.13	1.12	1.13	1.12
25	Long term debt to working capital	0.39	0.55	0.50	0.55
26	Bad debts to account receivable ratio	-	0.02	-	0.02
27	Current liability ratio	0.93	0.93	0.94	0.93
28	Total debt to total assets	0.12	0.11	0.08	0.11
29	Debtors turnover (No. of days)	57.66	46.05	51.36	62.65
30	Inventory turnover (No. of days)	72.71	62.55	65.36	76.10
31	Operating margin (%)	6.51%	6.83%	6.24%	6.18%
32	Net profit margin (%) (after exceptional income)	3.73%	8.56%	3.74%	5.00%

# Indicates amount less than ₹ 1 lakh.

DELOITTE HASKINS & SELLS LLP MUMBAI CHARTERED ACCOUNTANTS

BLUE STAR LTD. MUMBAI

NOTES:

1 The Audit Committee has reviewed and the Board of Directors have approved the above results at their respective meetings held on August 03, 2023. Figures for the quarter ended March 31, 2023 are balancing figures between audited figures in respect of the full financial year and the unaudited figures upto the third quarter ended December 31, 2022, which were subjected to limited review.

2 Financial Results of Blue Star Limited (Standalone Information) :

₹ in Crores

PARTICULARS	STANDALONE			
	QUARTER ENDED (UNAUDITED)			YEAR ENDED (AUDITED)
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
Revenue from operations	2,080.64	2,426.77	1,854.61	7,353.13
Profit before tax	103.45	302.50	91.20	504.60
Profit after tax	77.07	217.06	67.31	366.58
Total Comprehensive Income	77.01	216.54	67.73	366.42

3 Additional disclosure as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015.

i The Group had allotted unsecured redeemable non-convertible debentures (NCDs) on June 1, 2020. The Group has made full repayment of remaining NCDs of ₹ 175 crores on June 01, 2023.

ii **Ratio Definitions :**

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

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

ISCR = [Earnings before Interest and Tax] / Interest expenses

Net worth as per section 2(57) of the Companies Act, 2013

Current Ratio = Current Assets / Current Liabilities

Long term debt to working capital = [Non-Current Borrowings + Current Maturities of Non-Current Borrowings] / [Current Assets less Current Liabilities (Excluding current maturities of non-current borrowings)]

Bad debts to Account receivable ratio = Bad debts / Average gross account receivable

Current liability ratio = Current liabilities / Total liabilities

Total debt to total assets = Total debt (Non-current borrowings + current borrowings) / Total assets

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

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

Operating margin (%) = Operating EBITDA (Profit before tax - Other income + Finance charges + Depreciation) / Revenue from operations X 100

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

4 Pursuant to approval given by its shareholders vide postal ballot on June 08, 2023, the Company has issued 9,63,13,888 fully paid up bonus equity shares of Rs. 2/- each in the ratio of 1 (One) equity share of Rs. 2/- each for every 1 (One) existing equity share of Rs. 2/- each. Accordingly, the earnings per share has been adjusted for previous periods' / year and presented in accordance with Ind AS 33, Earnings Per Share.

5 Exceptional item for respective quarters and year ended are.

₹ in Crores

Exceptional Income	QUARTER ENDED (UNAUDITED)			YEAR ENDED (AUDITED)
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
Profit on sale of freehold land which was classified as assets held for sale.	-	170.81	-	170.81

6 Previous periods' / year's figures have been regrouped / rearranged wherever necessary.

Date : August 03, 2023
Place : Mumbai

www.bluestarindia.com

DELOITTE HASKINS & SELLS LLP MUMBAI CHARTERED ACCOUNTANTS

BLUE STAR LTD. MUMBAI

For BLUE STAR LIMITED

Vir S. Advani
Vice Chairman and Managing Director
(DIN : 01571278)

BLUE STAR LIMITED

SEGMENT WISE REVENUE, RESULTS & CAPITAL EMPLOYED FOR THE QUARTER ENDED JUNE 30, 2023

₹ in Crores

Sr. No.	PARTICULARS	Consolidated			
		QUARTER ENDED (UNAUDITED)	QUARTER ENDED (UNAUDITED)	QUARTER ENDED (UNAUDITED)	YEAR ENDED (AUDITED)
		30.06.2023	31.03.2023	30.06.2022	31.03.2023
I	**SEGMENT REVENUE**				
	a. Electro - mechanical projects and commercial air conditioning systems	949.12	1,252.62	796.76	4,015.63
	b. Unitary products	1,198.45	1,267.72	1,127.59	3,626.93
	c. Professional electronics and industrial systems	78.43	103.49	52.68	334.76
	TOTAL SEGMENT REVENUE	**2,226.00**	**2,623.83**	**1,977.03**	**7,977.32**
II	**SEGMENT RESULT**				
	PROFIT BEFORE INTEREST & TAX				
	a. Electro - mechanical projects and commercial air conditioning systems	66.62	99.21	45.17	276.78
	b. Unitary products	89.34	106.95	91.13	282.31
	c. Professional electronics and industrial systems	10.49	19.83	5.89	50.50
	TOTAL SEGMENT RESULT	**166.45**	**225.99**	**142.19**	**609.59**
	Less: i) Interest and other financial charges	18.00	18.07	10.62	54.70
	ii) Un-allocable expenditure	34.84	62.89	30.41	170.72
	TOTAL PROFIT BEFORE SHARE OF PROFIT/(LOSS) OF JOINT VENTURE, TAXATION AND EXCEPTIONAL ITEM	**113.61**	**145.03**	**101.16**	**384.17**
	Share in profit/(loss) of joint ventures	*	1.27	(0.47)	0.40
	Exceptional items	-	170.81	-	170.81
	PROFIT BEFORE TAX	**113.61**	**317.11**	**100.69**	**555.38**
III	**SEGMENT ASSETS**				
	a. Electro - mechanical projects and commercial air conditioning systems	2,141.38	2,197.05	1,862.78	2,197.05
	b. Unitary Products	1,830.40	2,153.34	1,516.83	2,153.34
	c. Professional Electronics and Industrial Systems	206.96	223.64	174.09	223.64
	d. Un-allocable corporate assets	866.08	825.03	779.12	825.03
	TOTAL SEGMENT ASSETS	**5,044.82**	**5,399.06**	**4,332.82**	**5,399.06**
IV	**SEGMENT LIABILITIES**				
	a. Electro - mechanical projects and commercial air conditioning systems	1,614.56	1,805.77	1,554.82	1,805.77
	b. Unitary Products	1,134.12	1,405.57	1,077.54	1,405.57
	c. Professional Electronics and Industrial Systems	154.85	182.04	162.05	182.04
	d. Un-allocable corporate liabilities	724.75	671.84	439.01	671.84
	TOTAL SEGMENT LIABILITIES	**3,628.28**	**4,065.22**	**3,233.42**	**4,065.22**
V	**CAPITAL EMPLOYED**				
	(Segment Assets - Segment Liabilities)				
	a. Electro - mechanical projects and commercial air conditioning systems	526.82	391.28	307.96	391.28
	b. Unitary products	696.28	747.77	439.29	747.77
	c. Professional electronics and industrial systems	52.11	41.60	12.04	41.60
	d. Un-allocable corporate assets less liabilities	141.33	153.19	340.11	153.19
	TOTAL CAPITAL EMPLOYED IN THE COMPANY	**1,416.54**	**1,333.84**	**1,099.40**	**1,333.84**

* **Indicates amount less than ₹ 1 lakh.**

Note :

1 Based on the "management approach" as defined in Ind AS 108-Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments.

2 Unitary product segment is seasonal in nature.

3 Previous periods' / year's figures have been regrouped / rearranged wherever necessary.

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS * MUMBAI

BLUE STAR LTD. MUMBAI

For BLUE STAR LIMITED

Date : August 03, 2023
Place : Mumbai

Vir S. Advani
Vice Chairman and Managing Director
(DIN : 01571278)

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai-400 013
Maharashtra, India

Tel: +91 22 6185 4000
Fax: +91 22 6185 4101

INDEPENDENT AUDITOR'S REPORT

To The Members of Blue Star Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blue Star Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries and a joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	Auditor's Response
1	Accounting for Fixed Price Contracts: Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations. (Refer Note 15, 23, 27 and 52)	Principal audit procedures performed: i. assessed the appropriateness of the accounting policy for recognizing revenue on fixed price contracts with the requirements of Ind AS 115. ii. evaluated the design and implementation of internal controls over recording of actual cost till date and estimation of total cost required to complete the performance obligations. iii. tested the operating effectiveness of the said internal controls for a selected sample of contracts. iv. verified the Company's measurement of the actual cost till date and the total estimated cost for completion of performance obligations for a selected sample of contracts. v. performed substantive tests on a sample of contracts to identify, if any, significant variations in actual costs till date and total costs required to complete the performance obligations and verified whether the revenue was recognised based on such costs after considering the effects of variations, if any, in the total costs required to complete the performance obligations. vi. identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.
2	Assessment of the carrying value of trade receivables and contract assets: The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment. (Refer Note 12 and 15)	Principal audit procedures performed: i. evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets. ii. tested the operating effectiveness of the said internal controls for selected samples. iii. scrutinised a sample of receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties to make payment based on passage of time and/ or information available with management. iv. verified subsequent receipts for selected samples, post balance sheet date. v. verified the management's estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.

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Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board's Report, Management Discussion and Analysis, Business Responsibility Report and the Dynamics of Blue Star's Growth (herein after referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and a joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, and a joint venture, is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of three subsidiaries, whose financial statements / financial information reflect total assets of Rs. 193.89 crore as at March 31, 2023, total revenues of Rs. 151.13 crore and net cash (outflows) amounting to Rs. 6.43 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 0.40 crore for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management.

These subsidiaries and joint venture are located outside India whose financial statements / financial and other information have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by the other auditors under generally accepted auditing standards applicable in such countries. The Parent's management has converted these financial statements from accounting principles generally accepted in respective countries to accounting principles generally accepted in India, where applicable. We have audited these conversion adjustments made by the Parent's management. Our report on the financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and the joint venture is based solely on the reports of the other auditors, the conversion adjustments prepared by the Management of the Parent and audited by us, and the procedures performed by us as stated under Auditor's Responsibilities section above.

(b) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of Rs. 4.48 crore as at March 31, 2023, total revenues of Rs. Nil and net cash inflows amounting to Rs. 4.01 crore for the year ended on that date, as considered in the consolidated financial statements.

These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

(c) The consolidated financial statements also include the Group's share of net profit of Rs. Nil for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of a joint venture, whose financial information has not been audited by us. The carrying amount of investment is fully provided for by the Group. In our opinion and according to the information and explanations given to us by the Board of Directors, having regards to the above, this entity is not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries and joint ventures referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary companies and a joint venture company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

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f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its joint ventures - Refer Note 38 to the consolidated financial statements;

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 24 to the consolidated financial statements;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us, to the best of their knowledge and belief, as disclosed in note 9 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the best of their knowledge and belief, as disclosed in note 19 to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 18 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent and its subsidiaries which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

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

Ketan Vora
(Partner)
(Membership No. 100459)
(UDIN: 23100459BGXJHD4235)

Place: Atlanta, USA
Date: May 4, 2023

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Blue Star Limited (hereinafter referred to as "the Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls
The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(Ketan Vora)
(Partner)
(Membership No.100459)
(UDIN: 23100459BGXJHD4235)

Place: Atlanta, USA
Date: May 04, 2023

Blue Star Limited
CIN : L28920MH1949PLC006870

Consolidated Balance Sheet as at March 31, 2023

Particulars	Notes	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
A ASSETS			
1. Non-current Assets			
(a) Property, plant and equipment	4	705.97	305.53
(b) Capital work-in-progress	4	60.93	145.09
(c) Investment property	5	10.32	11.07
(d) Right-of-use assets	6	83.64	74.53
(e) Intangible assets	7	58.96	41.67
(f) Intangible assets under development	7	22.39	7.20
(g) Financial assets			
(i) Investments	8	18.22	17.31
(ii) Loans	9	4.69	3.34
(iii) Other financial assets	10	20.18	15.78
(h) Income tax assets (net)	26	68.81	71.49
(i) Deferred tax assets (net)	26	7.94	27.57
(j) Other non-current assets	15	86.40	108.63
Total non-current assets		1,148.45	829.21
2. Current assets			
(a) Inventories	11	1,433.39	1,144.24
(b) Financial assets			
(i) Investments	8	129.88	145.03
(ii) Trade receivables	12	1,548.82	1,189.74
(iii) Cash and cash equivalents	13	243.33	265.65
(iv) Other bank balances	14	3.94	4.01
(v) Loans	9	1.92	3.18
(vi) Other Financial Assets	10	13.97	18.93
(c) Other current assets	15	873.73	706.75
Non current assets held for sale	4	1.63	5.90
Total current assets		4,250.61	3,483.43
Total Assets		5,399.06	4,312.64
B EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	16	19.26	19.26
(b) Other equity	17	1,311.39	998.32
Equity attributable to owners of the company		1,330.65	1,017.58
(c) Non controlling interests		3.19	2.96
Total Equity		1,333.84	1,020.54
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	161.74	241.57
(ii) Lease liabilities	21	63.41	51.91
(b) Provisions	24	11.41	10.06
(c) Government grants	25	7.57	6.96
(d) Other non-current liabilities	23	37.34	12.40
Total non-current liabilities		281.47	322.90
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	415.90	236.26
(ii) Lease liabilities	21	20.90	23.96
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	20	160.53	104.71
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	20	2,350.63	1,936.96
(iv) Other financial liabilities	22	49.06	35.04
(b) Provisions	24	65.00	60.82
(c) Government grants	25	1.08	2.74
(d) Current tax liabilities	26	14.83	9.86
(e) Other current liabilities	23	705.82	558.85
Total current liabilities		3,783.75	2,969.20
Total Equity and Liabilities		5,399.06	4,312.64

Summary of significant accounting policies — 3
The accompanying notes are an integral part of the financial statements. — 1 to 53

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

Ketan Vora
Partner

Membership No. : 100459

Atlanta, USA : May 04, 2023

For and on behalf of the Board of Directors of
BLUE STAR Limited

Shailesh Haribhakti
Chairman

DIN : 00007347

Vir S Advani
Vice Chairman and
Managing Director

DIN : 01571278

Rajesh Parte
Company Secretary

Nikhil Sohoni
Group Chief
Financial Officer

Mumbai : May 04, 2023

Haskins & Sells LLP

BLUE STAR LIMITED

Blue Star Limited
CIN : L28920MH1949PLC006870

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

Particulars	Notes	For the year ended March 31, 2023 ₹ Crores	For the year ended March 31, 2022 ₹ Crores
Revenue from operations	27	7,977.32	6,064.08
Other income	28	30.87	35.72
Total income (I)		8,008.19	6,099.80
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	5,020.14	3,680.48
Purchase of stock-in-trade	29	1,346.86	1,103.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(185.33)	(50.94)
Employee benefits expense	30	591.44	508.55
Finance costs	31	54.70	46.40
Depreciation and amortisation expense	32	84.78	85.98
Other expenses	33	711.43	475.88
Total expenses (II)		7,624.02	5,849.99
Profit before share of profit of joint ventures, exceptional items and tax (I-II)		384.17	249.81
Share of profit of joint ventures		0.40	1.09
Profit before exceptional items and tax		384.57	250.90
Exceptional items	34	170.81	-
Profit for the year		555.38	250.90
Tax expense			
i) Current tax	26	135.03	62.98
ii) Deferred tax	26	19.66	19.92
Total tax expenses		154.69	82.90
Profit for the year		400.69	168.00
Other comprehensive income			
(A) Item that will not to be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(0.18)	(0.13)
Income tax effect	26	0.06	-
(B) Item to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		9.04	3.35
Income tax effect	26	-	-
		8.92	3.22
Total comprehensive income for the year		409.61	171.22
Attributable to :			
Owners of the parent		409.14	170.84
Non-controlling interests		0.47	0.38
Of the Total Comprehensive Income above,			
Profit for the year attributable to :			
Owners of the parent		400.46	167.71
Non-controlling interests		0.23	0.29
Of the Total Comprehensive Income above,			
Other comprehensive income attributable to :			
Owners of the parent		8.68	3.13
Non-controlling interests		0.24	0.09
Earnings per share (face value of ₹ 2 per share)	35		
Basic (in ₹)		41.60	17.44
Diluted (in ₹)		41.60	17.44

Summary of significant accounting policies — 3
The accompanying notes are an integral part of the financial statements. — 1 to 53

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

Ketan Vora
Partner

Membership No. : 100459

Atlanta, USA : May 04, 2023

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

Shailesh Haribhakti
Chairman
DIN : 00007347

Vir S Advani
Vice Chairman and Managing Director
DIN : 01571278

Rajesh Parte
Company Secretary

Nikhil Sohoni
Group Chief Financial Officer

Mumbai : May 04, 2023

BLUE STAR LIMITED

Blue Star Limited
CIN : L28920MH1949PLC006870

Consolidated Statement of changes in equity for the year ended March 31, 2023

(A) Equity share capital

For the year ended March 31, 2023

₹ Crores

Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2023
19.26	-	-	-	19.20

For the year ended March 31, 2022

₹ Crores

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
19.20	-	-	-	19.26

(B) Other equity

For the year ended March 31, 2023

₹ Crores

Particulars	Reserves and surplus						Other comprehensive income		Total other equity
	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Remeasurement of defined benefit plan (refer note 17)	Foreign currency translation reserve (refer note 17)	
Balance as at April 1, 2022	210.15	2.34	0.60	43.43	152.21	592.64	(9.58)	6.53	998.32
Profit for the year	-	-	-	-	-	400.46	-	-	400.46
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	(0.12)	9.04	8.92
Total comprehensive income for the year						400.46	(0.12)	9.04	409.38
Dividend (refer note 18)	-	-	-	-	-	(96.31)	-	-	(96.31)
Balane as at March 31, 2023	210.15	2.34	0.60	43.43	152.21	896.79	(9.70)	15.57	1,311.39

For the year ended March 31, 2022

₹ Crores

Particulars	Reserves and surplus						Other comprehensive income		Total other equity
	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Remeasurement of defined benefit plan (refer note 17)	Foreign currency translation reserve (refer note 17)	
Balance as at April 1, 2021	210.15	2.34	0.60	43.43	152.21	463.46	(9.45)	3.18	865.92
Profit for the year	-	-	-	-	-	167.71	-		167.71
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	(0.13)	3.35	3.22
Total comprehensive income for the year	-	-	-	-	-	167.71	(0.13)	3.35	170.93
Dividend (refer note 18)						(38.53)	-	-	(38.53)
Balance as at March 31, 2022	210.15	2.34	0.60	43.43	152.21	592.64	(9.58)	6.53	998.32

Summary of significant accounting policies — Refer note 3
The accompanying notes are an integral part of the financial statements. — Refer note 1 to 53

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

Ketan Vora
Partner

Membership No. : 100459

Atlanta, USA : May 04, 2023

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

Shailesh Haribhakti
Chairman
DIN 00007347

Vir S Advani
Vice Chairman and Managing Director
DIN 01571278

Rajesh Parte
Company Secretary

Nikhil Sohoni
Group Chief Financial Officer

Mumbai : May 04, 2023

Blue Star Limited
CIN : L28920MH1949PLC006870

Consolidated statement of cash flows for the year ended March 31, 2023

Particulars	For the year ended March 31, 2023 ₹ Crores	For the year ended March 31, 2022 ₹ Crores
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	555.38	250.90
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	84.78	85.98
Finance cost	54.70	46.40
Rental income	(1.12)	(1.02)
Interest income	(5.47)	(14.42)
Gain on sale of mutual fund	(10.34)	(2.68)
Net unrealised foreign exchange (gain) / loss	1.54	0.05
Loss on sale of property, plant and equipment other than freehold land	6.95	0.65
Profit on sale of freehold land (exceptional item)	(170.81)	-
Deferred income arising from government grant	(3.27)	(3.11)
Share of profit of joint venture	(0.40)	(1.09)
Net (gain) / loss on financial assets measured at fair value through profit & Loss (FVTPL)	0.01	0.26
Bad debts written off and provision for doubtful debts	65.76	26.57
Provisions and liabilities written back	(30.14)	(25.54)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	547.57	362.95
Adjustment for movement in working capital :		
(Increase)/decrease in trade receivables	(406.03)	(394.63)
(Increase)/decrease in Inventories	(289.12)	(261.82)
(Increase)/decrease in other assets / financial assets	(177.46)	(177.44)
Increase/(decrease) in trade payables	488.56	456.17
Increase/(decrease) in other liabilities	169.75	128.31
Increase/(decrease) in government grants	2.22	1.65
Increase/(decrease) in provisions	4.55	11.20
Cash generated from operations	340.04	126.39
Income taxes paid	(92.66)	(38.99)
Net cash generated from operating activities (A)	247.38	87.40
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and other intangible assets [Including capital work-in-progress and intangible assets under developments]	(360.36)	(217.94)
Proceeds from sale of property, plant and equipment	7.41	-
Proceeds from sale of freehold land (exceptional item)	170.83	-
Direct taxes paid on sale of freehold land	(34.81)	-
Sale of current investment	25.48	136.70
Rent received	1.12	1.02
Interest received	8.67	11.21
Net cash used in investing activities (B)	(181.66)	(69.01)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment of) short term borrowings (net)	179.85	(43.63)
Proceeds from non-current borrowings	93.17	68.57
Repayment of non-current borrowings	(175.00)	(3.20)
Repayment of lease liabilities	(26.37)	(24.27)
Finance cost paid	(66.36)	(41.07)
Dividend paid to owners of the company	(96.37)	(38.77)
Net cash used in financing activities (C)	(91.08)	(82.37)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(25.36)	(63.98)
Cash and cash equivalents at the beginning of the year	265.65	327.93
Effects of exchange differences on restatement of foreign currency cash & cash equivalents.	3.04	1.70
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	243.33	265.65
CASH AND CASH EQUIVALENTS COMPRISES OF :		
Balances with banks :		
– In current accounts	144.36	154.15
– In fixed deposits	98.39	110.99
Cash on hand	0.58	0.51
Balance as per statement of cash flows	243.33	265.65

Note :
The above Statement of cash flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows

Summary of significant accounting policies — Refer note 3
The accompanying notes are an integral part of the financial statements. — Refer note 1 to 53

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

Ketan Vora
Partner

Membership No. : 100459

Atlanta, USA : May 04, 2023

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

Shailesh Haribhakti
Chairman
DIN : 00007347

Vir S Advani
Vice Chairman and Managing Director
DIN : 01571278

Rajesh Parte
Company Secretary

Nikhil Sohoni
Group Chief Financial Officer

Mumbai : May 04, 2023

Blue Star Limited
CIN : L28920MH1949PLC006870

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

1. CORPORATE INFORMATION

Founded in 1943 by Mr. Mohan T Advani, Blue Star Limited ("the parent") is a public listed company and India's leading air conditioning, commercial refrigeration, and MEP (Mechanical, Electrical, Plumbing, and Fire-fighting) contracting company. As an expert in cooling, Blue Star offers a plethora of cooling solutions and has also made inroads into water and air purification, engineering facilities management, commercial kitchen, and healthcare refrigeration. The Company's integrated business model of a Manufacturer; Engineering, Procurement, and Construction (EPC) services provider; and After-sales service provider enables it to offer comprehensive solutions for the residential, commercial, and infrastructure segments.

During the current financial year, one the wholly owned subsidiary company Blue Star Climatech Limited has commenced their commercial production from January 01, 2023.

Further to the above, three wholly owned Subsidiary Companies named "Blue Star North America INC", "Blue Star Europe BV" and "Blue Star Innovation Japan LLC" incorporated on September 22, 2022, November 28, 2022 and February 20, 2023 respectively.

The financial statements of the Group were approved by its Board of Directors on May 04, 2023.

2. STATEMENT OF COMPLIANCE

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and presentation

The Consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Basis of Consolidation

Subsidiaries:

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of Group entities are consolidated on a line–by–line basis. If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expense, cash flows, and unrealised gains/ losses relating to transactions between Group entities are eliminated on consolidation.

Investments in joint ventures:

The Group's interests in joint ventures are accounted for using the equity method, after initially recognising investment at cost, and the carrying amount is increased or decreased to recognise the Group's share in of profit or loss of the joint venture after the date of acquisition.

(c) Critical accounting judgments and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 36.

(d) Revenue recognition

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

i. Revenue from sale of products:

Revenue from the sale of products is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include, the establishment of the Group's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the products by the customer.

BLUE STAR LIMITED

Blue Star Limited
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Notes to Consolidated Financial Statements for the year ended March 31, 2023

ii. Revenue from construction contracts:

Contract revenues are recognised based on the stage of completion of the contracting activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contract is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on a straight line basis over the period of the performance obligation.

iv. Dividend and Interest Income:

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

v. Rental income:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

(e) Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(f) Employee benefits

Short term benefits:

Salaries, wages, short-term compensated absences, and other short term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

Retirement benefits

Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution. Defined benefit plan: The Group makes monthly contributions toward the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Group, based on an actuarial valuation. The present value of the defined benefit obligation of employees' provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The Group's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognized in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

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

Deloitte Haskins & Sells LLP

BLUE STAR LIMITED

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

Assets and liabilities of entities with a functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit or loss has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserves in the statement of changes in equity.

(g) Leases

As a lessee

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Group recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short term leases and low value leases. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter.

The lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non- financial assets.

The Group has opted for the exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

As a lessor
Lease income from operating leases where the Group is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term.

(h) Foreign currencies

The functional currency of the Group is the Indian rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

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

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

In case of foreign operations of the Group with a functional currency other than the functional currency of the Group, assets and liabilities have been translated using exchange rates prevailing on the balance sheet date and items of income and expense have been translated using average exchange rates during the period. Such translation adjustments have been reported as foreign currency translation reserves in the statement of changes in equity. On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

(i) Taxes
Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.
i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions, and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

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

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(j) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group and to assist users of financial statements in making projections of future financial performance.

(k) Property, plant and equipment

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

Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Group depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on straight line method basis over their estimated useful lives. The estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60 - 65
Roads	5
Temporary structure	3
Plant & machinery	15 - 20
Leasehold improvements	6 or the life based on lease period, whichever is lower
Infrastructure Development rights	30
Furniture and fixtures	10
Office equipment	5
Vehicles	5
Computer - desktop, laptops	3
Computer - servers and networks	6

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

The group has not revalued its Property plant and equipment (Including ROU), and Intangible assets.

Freehold land is not depreciated.

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

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

With effect from October 1, 2022, the Group has revised the method of depreciation on property, plant and equipment (PPE) from Written Down Value (WDV) method to Straight Line Method (SLM) based on technical assessment done by independent technical consultants with regards to estimated useful lives of the assets and pattern of economic benefits expected to be generated from these assets. This change in depreciation method has resulted in lower depreciation expense in the Statement of Profit and Loss by Rs 18.11 crore for the year ended March 31, 2023. It is impracticable to estimate the impact of above change on the future periods.

BLUE STAR LIMITED

(l) Intangible assets
Intangible assets acquired are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are derecognised on disposal, or when no further economic benefits are expected from use or disposal. Any gain or loss arising from derecognition is included in profit or loss.

The useful lives of intangible assets are as mentioned below:

Nature of intangible asset	Useful Life
Software	6 years
Technical knowhow	6 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

(m) Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the Schedule II to the Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising from disposal of investment properties is included in profit or loss.

(n) Impairment of non-financial assets
Property, plant and equipment, and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

(o) Financial instruments

Recognition and initial measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized by the Group when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognized in profit or loss.

Deloitte Haskins & Sells LLP

BLUE STAR LIMITED

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

(p) Inventories

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

(q) Provisions and contingencies

Provisions

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold / the project is completed. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise typically up to five years.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements. However, where an inflow of economic benefits is probable, the Group discloses the same in the financial statements.

(r) Segment reporting

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets, and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for on the basis of the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets, and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses / assets/ liabilities".

(s) Earnings per share

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

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the weighted average number of common and dilutive shares outstanding during the year including share-based payments, except where the result would be anti-dilutive.

(t) Borrowing Costs

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

Recent accounting pronouncements issued but not yet effective

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

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

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

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

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

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

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

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

Financial assets

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks that are unrestricted for withdrawal and usage.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Wherever the customer has raised issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the customer are treated as disputed amount.

Trade Receivables

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

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred to repurchase in the near term.
Whenever the vendor has raised the issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the vendor are treated as the disputed amount.
Financial liabilities are initially valued at fair value through profit or loss only if the criteria in Ind AS 109 are satisfied.

Other financial liabilities

Other financial liabilities (including borrowings, financial guarantee contracts and trade, and other payables) are after initial recognition, measured at amortised cost using the effective interest (EIR) method.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

Derivative financial instruments

The Group enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedged item.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

4. PROPERTY, PLANT AND EQUIPMENT

₹ Crores

Particulars	Land - freehold	Buildings	Plant and equipment	Leasehold Improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Cost									
As at April 1, 2021	15.35	103.43	275.55	7.13	14.99	7.65	27.15	30.64	481.89
Additions during the year	-	8.17	54.42	18.67	1.69	2.09	5.55	0.87	91.46
Disposals/transfers during the year	-	(3.93)	(5.55)	-	(1.17)	(0.96)	(1.23)	(0.24)	(13.08)
Foreign currency translation	-	0.06	0.08	0.03	0.05	0.02	0.20	0.08	0.52
As at March 31, 2022	15.35	107.73	324.50	25.83	15.56	8.80	31.67	31.35	560.79
As at April 1, 2022	15.35	107.73	324.50	25.83	15.56	8.80	31.67	31.35	560.79
Additions during the year	-	172.30	252.66	6.91	3.87	7.99	17.08	2.04	462.85
Disposals/transfers during the year	(0.02)	(5.74)	(14.75)	(0.70)	(3.41)	(2.16)	(5.19)	(1.27)	(33.24)
Reclassification during the year	-	0.64	1.16	(1.12)	-	(0.68)	-	-	0.00
Foreign currency translation	-	0.04	0.03	0.06	0.04	0.05	0.06	0.04	0.32
As at March 31, 2023	15.33	274.97	563.60	30.98	16.06	14.00	43.62	32.16	990.72
Accumulated Depreciation									-
As at April 1, 2021	-	37.26	117.11	4.45	8.98	4.89	14.16	25.81	212.66
Additions during the year	-	(0.09)	(3.17)	-	(0.62)	(0.56)	(0.88)	(0.21)	(5.53)
Disposals/transfers during the year	-	7.88	29.61	1.39	1.52	1.17	4.36	2.20	48.13
As at March 31. 2022	-	45.05	143.55	5.84	9.88	5.50	17.64	27.80	255.26
As at April 1, 2022	-	45.05	143.55	5.84	9.88	5.50	17.64	27.80	255.26
Disposals/transfers during the year	-	(0.46)	(10.99)	(0.56)	(3.34)	(2.10)	(4.05)	(1.23)	(22.73)
Provided during the year (refer note 3)	-	7.26	32.53	1.93	1.27	1.60	6.03	1.60	52.22
As at March 31, 2023	-	51.85	165.09	7.21	7.81	5.00	19.62	28.17	284.75
Net Book Value									
As at March 31, 2023	15.33	223.12	398.51	23.77	8.25	9.00	24.00	3.99	705.97
As at March 31. 2022	15.35	62.68	180.95	19.99	5.68	3.30	14.03	3.55	305.53

₹ Crores

Non-current assets held for sale	As at March 31, 2023	As at March 31, 2022
Opening : Non-current assets held for sale	5.90	0.08
Additions during the year	2.51	5.82
Discard and disposals made during the year	(6.78)	-
Less : Impairment allowance	-	-
Closing : Non-current assets held for sale	1.63	5.90

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

5. INVESTMENT PROPERTY

₹ Crores

Particulars	Buildings
Cost	
As at April 1, 2021	17.91
Additions during the year	-
Disposals/transfers during the year	-
As at March 31, 2022	17.91
Additions during the year	-
Disposals/transfers during the year	-
As at March 31, 2023	17.91
Depreciation	
As at April 1, 2021	5.96
Additions during the year	0.88
As at March 31, 2022	6.84
Additions during the year	0.75
As at March 31, 2023	7.59
Net Book Value	
As at March 31, 2023	10.32
As at March 31, 2022	11.07
Fair Value # (refer note 43)	
At March 31, 2023	34.88
At March 31, 2022	32.76

#Valuation is based on fair value assessment done by registered valuer as defined under rule 2 of Companies (Register Valuers and Valuation), Rules 2017

Assets given on operating lease

(i) The Group has entered into lease arrangements, for renting the following :

Category of assets	Area (sq. ft.)	Period
Building (Sahas)	2,050	5 years
Building (Sahas_ATG Business)	5,200	Up to December 2022

(ii) Disclosure in respect of assets given on operating lease included in following heads :

₹ Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Investment property	*	*

* Indicates amount less than ₹ 1 lakh.

Movement in Fair Valuation of Investment Property

Particulars	₹ Crores
As at March 31, 2022	32.76
Increase in Fair Valuation	2.12
As at March 31, 2023	**34.88**

Information regarding Income & Expenditure of Investment property

₹ Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rental income derived from investment property	1.12	1.02
Direct operating expenses (including repairs and maintenance) associated with rental income	-	-
Profit arising from investment property before depreciation and indirect expenses	1.12	1.02
Less - Depreciation	(0.75)	(0.88)
Profit arising from investment property before indirect expenses	0.37	0.14

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

Deloitte Haskins & Sells LLP

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

6. RIGHT-OF-USE ASSETS

₹ Crores

Particulars	Land - leasehold	Building	Total
Cost			
As at April 1, 2021	3.41	74.88	**78.29**
Additions during the year	-	45.43	**45.43**
Disposals/transfers during the year	-	(4.63)	**(4.63)**
As at March 31, 2022	**3.41**	**115.68**	**119.09**
As at April 1, 2022	3.41	115.68	**119.09**
Additions during the year	1.29	27.82	**29.11**
As at March 31, 2023	**4.70**	**143.50**	**148.20**
Accumulated Depreciation			
As at April 1, 2021	0.13	28.09	**28.22**
Disposals/transfers during the year	-	(1.90)	**(1.90)**
Provided during the year	0.03	18.21	**18.24**
As at March 31, 2022	**0.16**	**44.40**	**44.56**
As at April 1, 2022	0.16	44.40	**44.56**
Provided during the year	0.04	19.96	**20.00**
As at March 31, 2023	**0.20**	**64.36**	**64.56**
Net Book Value			
As at March 31, 2023	4.50	79.14	**83.64**
As at March 31, 2022	3.25	71.28	**74.53**

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

7. INTANGIBLE ASSETS ₹ Crores

Particulars	Technical knowhow	Software	Total
Cost			
As at April 1, 2021	61.16	88.62	**149.78**
Additions during the year	3.15	4.94	**8.09**
As at March 31, 2022	**64.31**	**93.56**	**157.87**
As at April 1, 2022	64.31	93.56	**157.87**
Additions during the year	20.43	12.29	**32.72**
Disposals/transfers during the year	-	(0.05)	**(0.05)**
As at March 31, 2023	**84.74**	**105.80**	**190.54**
Amortisation			
As at April 1, 2021	43.42	54.05	**97.47**
Provided during the year	7.28	11.45	**18.73**
As at March 31, 2022	**50.70**	**65.50**	**116.20**
As at April 1, 2022	50.70	65.50	**116.20**
Disposals/transfers during the year	-	(0.05)	**(0.05)**
Provided during the year	4.83	10.60	**15.43**
As at March 31, 2023	**55.53**	**76.05**	**131.58**
Net Book Value			
As at March 31, 2023	29.21	29.75	**58.96**
As at March 31, 2022	13.61	28.06	**41.67**

Deloitte Haskins & Sells LLP

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

8. INVESTMENT IN JOINT VENTURES

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
I. Non-current investments		
Investment in equity instruments		
Unquoted (accounted under equity method)		
Investment in joint ventures (refer note 39 & 41)		
367,500 (March 31, 2022 : 367,500) fully paid equity shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	18 22	17.31
255,000 (March 31, 2022 : 255,000) fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC (refer note a. below)	-	-
Total non-current investments	18.22	17.31
II. Current investments		
Unquoted investment in mutual funds		
Investment in mutual funds		
Growth Scheme		
38,154 Units (March 31, 2022: 1,30,681 Units) in HDFC Mutual Fund	13.20	45.01
Nil Units (March 31, 2022: 4,75,890 Units) in ICICI Prudential Mutual Fund	-	15 01
Nil Units (March 31, 2022: 45,018 Units) in SBI Mutual Fund	-	15 00
78,662 Units (March 31, 2022: Units Nil) in UTI Mutual Fund	24 14	-
3,04,193 Units (March 31, 2022: 11,20,197 Units) in Aditya Birla Mutual Fund	25.18	70.01
2,54,632 Units (March 31, 2022 : Units Nil) in Axis Mutual Fund	30 20	-
3,10,716 Units (March 31, 2022 : Units Nil) in Kotak Mutual Fund	37.16	-
Total current investments	129.88	145.03

Note a. Investment in Joint venture - Blue Star Oman Electro- Mechanical Co. LLC

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Investment in Joint Venture - Blue Star Oman Electro - Mechanical Co LLC.	4 34	4.34
Less : Impairment Loss (refer note 9.3 below)	(4.34)	(4.34)
Balance	-	-

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Loans to employees, considered good	4.69	3.34	1.92	3.18
Loan to joint venture (related party - refer note 39)	4.46	4.46	-	-
Less Allowance for doubtful loan (refer point no. 3 below)	(4.46)	(4.46)	-	-
Total loans	4.69	3.34	1.92	3.18

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

2. The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

3 The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture. The Company has made an application to the Reserve Bank of India for its approval for a write-off of loans and investment in this Joint Venture under the provisions of the Foreign Exchange Management Act.

10. Other financial assets

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Security deposits, considered good	14.59	8.59	13.97	18.82
Security deposits, credit impaired	-	-	1.45	0 96
Less: Allowance for doubtful deposits	-	-	(1.45)	(0.96)
Security deposits (net)	14.59	8.59	13.97	18.82
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	#	0.11
Non-current bank balances (including accrued interest thereon)*	5.59	7.19	-	-
Total other financial assets	20.18	15.78	13.97	18.93

# Indicates amount less than ₹ 1 lakh.
*Margin money deposits with a carrying amount of ₹ 5.59 Crores (As at March 31, 2022 ₹ 7.19 Crores) are subject to a first charge as security deposit with customers.

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

11. INVENTORIES

(Valued at lower of cost or net realisable value)

Particulars	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
Raw materials & components	536.91	434.93
[includes in transit. ₹ 78.29 Crores (March 31, 2022 : ₹ 44.25 Crores)]		
Work-in-progress	101.27	78.92
Finished goods	296.29	218.61
Stock-in-trade	427.45	342.15
Stores and spares	71.47	69.63
Total inventories	**1,433.39**	**1,144.24**

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹ 65.69 crores (March 31, 2022. ₹ 71.19 crores)

The above inventory values are net of provisions made of ₹ 18.88 Crores (March 31, 2022 ₹ 15.67 Crores) for slow moving, obsolete and defective inventory.

During the year, write down on value of inventory of ₹ 3.22 (March 31, 2022 ₹ 4.64 crores) recognised in statement of profit and loss.

12. TRADE RECEIVABLES

Particulars	Current	
	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
Trade receivables considered good - unsecured	1,624.23	1,253.90
Trade receivables - credit impaired	52.58	42.71
	1,676.81	1,296.61
Less:- Allowance for doubtful debts and credit loss	(127.99)	(106.87)
Total trade receivables	**1,548.82**	**1,189.74**

(i) Trade receivables are on non interest bearing credit terms and the credit period of the products are determined by the type of the products. In case of long term construction contracts, payment is generally due upon completion of milestone as per terms of contract. In certain contracts, short term advances are received as per payment terms in the contract, before the performance obligation is satisfied.

(ii) The Group applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables and contract assets. The Group follows the simplified approach for recognition of impairment allowance on trade receivables and contract assets. The application of the simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment allowance based on lifetime ECLs at each reporting date. ECL impairment loss allowance recognised during the period is recognised in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Ageing of Trade receivables

Particulars	As at March 31, 2023						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	651.91	675.62	88.87	94.92	4.34	107.27	1,622.93
Trade receivables - credit impaired	-	0.78	18.32	3.17	2.74	25.62	50.63
	651.91	676.40	107.19	98.09	7.08	132.89	1,673.56
Disputed							
Trade receivables considered good - unsecured	-	-	-	-	0.12	1.18	1.30
Trade receivables - credit impaired	-	-	-	-	-	1.95	1.95
	-	-	-	-	0.12	3.13	3.25
Total trade receivables	651.91	676.40	107.19	98.09	7.20	136.02	1,676.81
Allowance for doubtful debts and credit loss							(127.99)
Total trade receivables	651.91	676.40	107.19	98.09	7.20	136.02	1,548.82

Ageing of Trade receivables

Particulars	As at March 31, 2022						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	483.06	551.17	80.08	46.60	22.82	67.37	1,251.10
Trade receivables - credit impaired	-	0.10	0.17	0.46	3.28	33.54	37.55
	483.06	551.27	80.25	47.06	26.10	100.91	1,288.65
Disputed							
Trade receivables considered good - unsecured	-	0.02	0.18	0.24	0.18	2.18	2.80
Trade receivables - credit impaired	-	-	-	-	0.11	5.05	5.16
	-	0.02	0.18	0.24	0.29	7.23	7.96
Total trade receivables	483.06	551.29	80.43	47.30	26.39	108.14	1,296.61
Allowance for doubtful debts and credit loss							(106.87)
Total trade receivables							1,189.74

The movement for allowance for doubtful debts and credit loss during the year in respect of trade receivables containing significant credit risk are as follows:

Particulars	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
Opening balances as on 1st April	106.87	103.88
Impairment loss recognised	53.47	27.99
Less: Allowances provided earlier written off as bad debts	(32.35)	(25.00)
Closing balance as on 31st March	**127.99**	**106.87**

13. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
Cash and cash equivalents		
Balances with banks:		
– In current accounts	144.36	154.15
– In fixed deposits	98.39	110.99
Cash on hand	0.58	0.51
Total cash and cash equivalents	**243.33**	**265.65**

BLUE STAR LIMITED

14. OTHER BANK BALANCES

Particulars	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
Other bank balances		
- Unpaid dividend *	3.85	3.91
- Cash & bank balance not available for immediate use	0.09	0.10
Total other bank balances	3.94	4.01

* The Group can utilise these balances only towards settlement of unpaid dividend and fractional shares.

15. OTHER ASSETS

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Contract assets	-	-	602.58	464.70
Less: Allowance for doubtful contract assets	-	-	(26.22)	(20.60)
Net Contract assets	-	-	576.36	444.10
Retention	-	-	73.30	85.39
Capital advances	27.18	58.34	-	-
Balance with statutory authorities	52.79	38.13	95.49	90.04
Less: Allowance for doubtful deposits	(5.80)	(5.80)	-	-
Balance with statutory authorities (Net)	46.99	32.33	95.49	90.04
Vendor advances			65.39	45.27
Less: Allowance for doubtful Vendor Advance			(1.00)	(1.00)
Vendor advances (Net)	-	-	64.39	44.27
Prepaid expenses	12.23	17.96	59.84	36.34
Government grant receivable	-	-	4.35	6.61
Total other assets	86.40	108.63	873.73	706.75

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

Particulars	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
Opening balances as on 1st April	20.60	27.99
Impairment loss recognised / reversed	10.80	1.25
Less: Allowances provided earlier written off	(5.18)	(8.64)
Closing balances as on 31st March	26.22	20.60

Categorisation of financial assets :

Particulars	As at March 31, 2023 ₹ Crores	As at March 31, 2022 ₹ Crores
At Fair Value through profit or loss		
Investments (refer note 8)	129.88	145.03
Other financial assets (refer note 10)	*	0.11
Total at fair value	129.88	145.14
At Amortised Cost		
Trade receivables (refer note 12)	1,548.82	1,189.74
Cash and cash balances (refer note 13 and 14)	247.27	269.66
Loans (refer note 9)	6.61	6.52
Other financial assets (refer note 10)	34.15	34.60
Total financial assets at amortised cost	1,836.85	1,500.52

* Indicates amount less than ₹ 1 lakh.
The carrying amount of financial assets measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

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

16. EQUITY SHARE CAPITAL

Authorised share capital	7.8% Cumulative Convertible Preference Shares of ₹ 100 each		Equity Shares of ₹ 2 each		Unclassified Shares of ₹ 100 each		Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each	
	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2021	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2022	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2023	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52

Terms/Rights attached to Equity Shares

The Parent has one class of Equity Shares having par value of ₹ 2 per share. Each share holder is entitled to one vote per share. The Parent declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

Terms/Rights attached to 7.8 % Cumulative Convertible Preference Shares and Cumulative Compulsorily Convertible Preference Shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the shares of the parent in the event of increase in share capital or winding up of the parent up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

Issued share capital

Equity Shares of ₹ 2 each issued, subscribed & fully paid up	No.	₹ Crores
At April 1, 2021	9,63,13,888	19.26
Issue of share capital	-	-
At March 31, 2022	9,63,13,888	19.26
Issue of share capital	-	-
At March 31, 2023	9,63,13,888	19.26

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	Nos.	% holding in the class	Nos.	% holding in the class
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	1,19,55,601	12.41%	1,19,55,601	12.41%
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	77,19,930	8.02%	77,19,930	8.02%
SBI Small Cap Fund	76,24,216	7.92%	54,53,274	5.66%
Kotak Small Cap Fund	52,84,829	5.49%	47,95,817	4.98%

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

Shareholding pattern of promoters and changes in holding during the year

Share held by promoters at the end of the year		As at March 31, 2023			As at March 31, 2022		
Particulars		Numbers of shares	% of total shares	% Changes during the year	Numbers of shares	% of total shares	% Changes during the year
Suneel Mohan Advani	Promoter	12,27,496	1.27%	(56.59%)	28,27,496	2.94%	0.39%
Vir S Advani	Promoter	10,74,625	1.12%	0.00%	10,74,625	1.12%	0.00%
Sunaina Sandeep Murthy	Promoter	10,72,525	1.11%	1378.83%	72,525	0.08%	0.00%
Dinesh Nanik Vaswani	Promoter	26,944	0.03%	0.00%	26,944	0.03%	0.00%
Suneeta Nanik Vaswani	Promoter Group	9,54,322	0.99%	(5.36%)	10,08,322	1.05%	(5.08%)
Rohina Lulla	Promoter Group	11,68,594	1.21%	0.00%	11,68,594	1.21%	0.00%
Anissa Khanna	Promoter Group	11,26,787	1.17%	0.00%	11,26,787	1.17%	0.00%
Nargis Suneel Advani	Promoter Group	11,36,936	1.18%	111.75%	5,36,936	0.56%	0.00%
Sanjay N Vaswani	Promoter Group	1,21,975	0.13%	0.00%	1,21,975	0.13%	15.32%
Armaan Sandeep Murthy	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Jay Talati Advani	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Sumer Sandeep Murthy	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Uday Vir Advani	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Anita Ashok Advani	Promoter Group	30,000	0.03%	0.00%	30,000	0.03%	0.00%
Dev Khanna	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	Promoter Group	1,19,55,601	12.41%	0.00%	1,19,55,601	12.41%	0.00%
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	Promoter Group	77,19,930	8.02%	0.00%	77,19,930	8.02%	0.00%
Ashok Mohan Advani as a Trustee of Suneeta Padmi Trust and Anissa Rohina Trust	Promoter Group	25,99,744	2.70%	0.00%	25,99,744	2.70%	0.00%
Vistra Itcl (India) Limited as a Trustee of NSA Family Trust	Promoter Group	23,00,000	2.39%	0.00%	23,00,000	2.39%	0.00%
Vistra Itcl (India) Limited as a Trustee of SNA Family Trust	Promoter Group	23,00,000	2.39%	0.00%	23,00,000	2.39%	0.00%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust	Promoter Group	5,55,642	0.58%	2.49%	5,42,142	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust	Promoter Group	5,55,640	0.58%	2.49%	5,42,140	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust 2	Promoter Group	5,55,640	0.58%	2.49%	5,42,140	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust 2	Promoter Group	5,55,639	0.58%	2.49%	5,42,139	0.56%	2.55%
J.T. Advani Finance Private Limited	Promoter Group	52,172	0.05%	0.00%	52,172	0.05%	(17.41%)
Iman Rajiv Lulla	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%
Rana Rajiv Lulla	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%

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

17. OTHER EQUITY

₹ Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Security premium		
Opening balance	210.15	210.15
Addition during the year	-	-
Closing balance	**210.15**	**210.15**
Capital redemption reserve		
Opening balance	2.34	2.34
Addition during the year	-	-
Closing balance	**2.34**	**2.34**
Capital subsidy from government		
Opening balance	0.60	0.60
Addition during the year	-	-
Closing balance	**0.60**	**0.60**
Capital reserve		
Opening balance	43.43	43.43
Addition during the year	-	-
Closing balance	**43.43**	**43.43**
General reserve		
Opening balance	152.21	152.21
Addition during the year	-	-
Closing balance	**152.21**	**152.21**
Retained earning		
Opening balance	589.59	463.46
Add : Net Surplus in the Statement of Profit and Loss	400.46	167.71
Less : Dividend distributed during the year	(96.31)	(38.53)
Closing balance	**893.74**	**592.64**
Other comprehensive income		
(i) Remeasurement of defined benefit plan		
Opening balance	(9.58)	(9.45)
Addition during the year	(0.12)	(0.13)
Closing balance	**(9.70)**	**(9.58)**
(ii) Foreign currency translation reserve		
Opening balance	6.53	3.18
Addition during the year	9.04	3.35
Closing balance	**15.57**	**6.53**

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

Securities premium – Where the Parent issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium". The Parent may issue fully paid-up bonus shares to its members out of the securities premium and Parent can use this reserve for buy-back of shares.

Capital redemption reserve - Capital redemption reserve was created for buy-back of shares.

Capital subsidy received from government – The subsidy was received against the factory setup in the state of Himachal Pradesh for the year ended March 31, 2009 and year ended 2013.

General reserve - General Reserve is created out of the profits earned by the Group by way of transfer from surplus in the statement of profit and loss. The Group can use this reserve for payment of dividend and issue of bonus shares.

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

Exchange difference on translation of foreign operations through other comprehensive income - For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange differences which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies during the financial year.

Capital Reserve – This Reserve represents the difference between value of the net assets transferred to the Group in the course of business combinations and the consideration paid for such combinations.

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

18. DIVIDEND DISTRIBUTION MADE AND PROPOSED

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Cash dividends on equity shares declared and paid :		
Final dividend for the year ended March 31, 2022 : ₹ 10 per share (March 31, 2021 : ₹ 4 per share)	96.31	38.53
Total Dividend distribution	**96.31**	**38.53**

Note: The Directors have recommended a dividend of ₹ 12 per equity share of face value ₹ 2 each for FY22-23 (pre bonus) (FY 21-22, Final Dividend of ₹ 10 per equity share), which translates into final dividend of ₹ 6 per equity share of face value ₹ 2 each (post bonus) for FY 22-23 . Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

19. BORROWINGS

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
At amortised cost		
Non-current borrowings		
Secured		
Term loan from bank (note a)	161.74	68.57
Unsecured		
7.65% non convertible debentures	-	175.00
Less : Unamortised upfront fees on borrowing	-	(2.00)
Total non-current Borrowings	**161.74**	**241.57**
Current Borrowings		
Unsecured		
Current maturities of long term debt		
- 7.65% non convertible debentures (note e)	174.43	175.00
- Term loan from bank	-	2.49
Working capital demand loan (note b)	0.02	-
Commercial papers		
- From Bank (note d)	149.04	-
Packing credit loan account from banks (note b)	33.70	31.75
Cash credit / bank overdrafts	11.88	27.02
Secured		
Current maturity of long term debt		
- Term loan from bank (note a)	31.83	-
Working capital demand loan (note b & c)	15.00	-
Total current borrowings	**415.90**	**236.26**
Aggregate secured loans	176.74	68.57
Aggregate unsecured loans	400.90	409.26
Total borrowings	**577.64**	**477.83**

a. Secured term loan availed by one of the subsidiary Company is payable in twenty equated quarterly instalments carrying interest rate in the range of 7.85% to 7.92% p.a. linked to repo rate/ T bill (March 31, 2022 : 5.35% to 6%)

b. Outstanding working capital loans carry an interest rate ranging from 5.4% to 7.84% p.a. (March 31, 2022 : 2.75% - 2.8% p.a.).

c. The Group has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company and its subsidiaries with banks are in agreement with the books of accounts.

d. Commercial papers carry average interest rate 7.57% p.a. for the current year. These are repayable within range of 70 to 172 days from the date of drawdown.

e. The Group has outstanding 7.65% unsecured redeemable non-convertible debentures (Series I) which was allotted on June 1, 2020.

₹ in crores

Particulars	Repayment	
	Amount	Date
7.65% Non Convertible Debentures (Series - I) - Principal	175.00	01-Jun-23

During the year Rs. 175 crores of NCD (Series - II) was repaid.

f. The Group have not been declared as wilful defaulter by any bank, financial institutions or other lender.

g. The Group has utilised the funds borrowed from banks and financial institution for the purpose it was taken.

h. The Group has not received any fund from any person or entity, including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20. DISCLOSURE AS PER SECTION 22 OF MSME ACT

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	158.32	102.61
(ii) Interest due on above	0.11	0.12
(b) Amount of interest paid by the buyer in terms of section 16 of the Micro, Small & Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Micro, Small & Medium Enterprises Development Act, 2006	-	*
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.21	2.10
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small & Medium Enterprises Development Act, 2006.	2.21	2.10
	160.53	104.71

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Group.

Ageing of Trade payables

₹ Crores

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2023					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	298.11	-	*	-	-	298.11
Undisputed						-
Dues to micro enterprises and small enterprises	125.08	35.11	0.25	0.03	0.06	160.53
Dues of creditors other than micro and small enterprises	1,603.98	416.17	18.40	5.48	8.11	2,052.14
	2,027.17	451.28	18.65	5.51	8.17	2,510.78
Disputed						
Dues to micro enterprises and small enterprises	-	-	*	-	-	-
Dues of creditors other than micro and small enterprises	0.31	0.08	*	-	0.01	0.38
	0.31	0.08	*	-	0.01	0.38
Total payables	2,027.48	451.34	18.44	5.51	8.18	2,511.16

* Indicates amount less than ₹ 1 lakh.

Ageing of Trade payables

₹ Crores

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2022					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	331.94	-	*	-	-	331.94
Undisputed						*
Dues to micro enterprises and small enterprises	84.25	20.17	0.18	0.06	0.03	104.69
Dues of creditors other than micro and small enterprises	1,263.32	311.57	10.36	4.17	15.60	1,605.02
	1,679.51	331.74	10.54	4.23	15.63	2,041.65
Disputed						
Dues to micro enterprises and small enterprises	0.02	-	*	*	-	0.02
Dues of creditors other than micro and small enterprises	*	-	-	*	-	-
	0.02	*	-	*	*	0.02
Total payables	1,679.53	331.74	10.54	4.23	15.63	2,041.67

21. LEASE LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Opening balance	75.87	55.33
Additions during the year	26.85	38.44
Add: Interest for the year	7.96	6.37
Paid during the year	(26.37)	(24.27)
Closing balance	84.31	75.87
Non-current lease liabilities	63.41	51.91
Current lease liabilities	20.90	23.96
Total lease liabilities	84.31	75.87

Note : For additional information refer note 50.

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22. OTHER FINANCIAL LIABILITIES

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Financial liabilities at amortized cost		
Other deposits	7.99	5.45
Interest accrued but not due on borrowings	11.64	23.27
Unpaid Dividend (refer note a below)	3.85	3.91
Creditors - capital expenditure	25.58	2.41
Total other financial liabilities	**49.06**	**35.04**

a) Unpaid Dividend

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
2014-2015 (Final)	-	0.48
2015-2016 (Interim)	0.50	0.50
2015-2016 (Final)	0.05	0.06
2016-2017 (Final)	0.69	0.70
2017-2018 (Final)	0.68	0.69
2018-2019 (Final)	0.61	0.63
2019-2020 (Interim)	0.62	0.64
2020-2021 (Final)	0.21	0.21
2021-2022 (Final)	0.49	-
Total Unpaid Dividend	**3.85**	**3.91**

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Categorisation of financial liabilities carried at amortised cost

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Borrowings (refer note 19)	577.64	477.83
Trade payables	2,511.16	2,041.67
Other deposits (refer note 22)	7.99	5.45
Unpaid dividend (refer note 22)	3.85	3.91
Creditors- capital expenditure (refer note 22)	25.58	2.41
Interest accrued but not due on borrowings (refer note 22)	11.64	23.27
Total financial liabilities carried at amortized cost	**3,137.86**	**2,554.54**

Borrowings and Interest Accrued but not due on Borrowings have a fair value of ₹ 588.91 Crores (March 31, 2022 ₹ 500.46 Crores). The carrying amount of all other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value

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

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
	₹ Crores	₹ Crores	₹ Crores
At the beginning of the year	241.57	236.26	75.87
Cash flows during the year (net)	93.17	4.85	(26.37)
Current maturity of non current borrowings	(174.43)	174.43	-
Amortisation of upfront fees on borrowing	1.43	-	-
Variation in foreign exchange	-	0.36	-
At the end of the year (excluding interest liability on borrowings)	**161.74**	**415.90**	**49.50**
Non cash changes due to :			
-Acquisitions under finance lease	-	-	26.85
-Interest on finance lease	-	-	7.96
-Interest on borrowings (clubbed under other financial liabilities)	11.64	-	-
At the end of the year (including interest liability on borrowings)	**173.38**	**415.90**	**84.31**

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

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
	₹ Crores	₹ Crores	₹ Crores
At the beginning of the year	349.26	105.54	55.33
Cash flows during the year (net)	68.57	(46.83)	(24.27)
Current maturity of non current borrowings	(177.49)	177.49	-
Amortisation of upfront fees on borrowing	1.14	-	-
Variation in foreign exchange	0.09	0.06	-
At the end of the year (excluding interest liability on borrowings)	**241.57**	**236.26**	**31.06**
Non cash changes due to :			
-Acquisitions under finance lease	-	-	38.44
-Interest on finance lease	-	-	6.37
-Interest on borrowings (clubbed under other financial liabilities)	11.63	11.64	-
At the end of the year (including interest liability on borrowings)	**253.20**	**247.90**	**75.87**

23. OTHER LIABILITIES

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Contract liabilities from construction contracts	-	-	80.19	74.89
Contract liabilities from annual maintenance contract services	18.43	12.40	97.65	81.06
Advances from customers	-	-	454.15	343.04
Dues to statutory bodies	18.91	-	64.98	53.40
Others	-	-	8.85	6.47
Total other liabilities	**37.34**	**12.40**	**705.82**	**558.85**

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

24. PROVISIONS

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Provision for employee benefits				
Provision for gratuity (refer note 37)	-	-	3.10	0.28
Compensated absences	-	-	18.31	22.84
Provision for other employment benefits	-	-	5.48	5.24
Additional gratuity (refer note 37)	0.45	0.45	-	-
	0.45	0.45	26.89	28.36
Other provisions				
Provision for customer warranties	10.96	9.61	25.38	17.93
Provision for foreseeable loss	-	-	2.31	3.02
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	9.33	10.42
	10.96	9.61	38.11	32.45
Total provisions	11.41	10.06	65.00	60.82

* The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture.

Provision for warranties

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
At the beginning of the year	27.54	25.18
Add :- Additional provisions made during the year	26.49	14.77
Less :- Amount used during the year	(17.44)	(12.52)
Add:- Effect of change in provision on account of discounting during the year	(0.25)	0.11
At the end of the year	36.34	27.54
Current portion	25.38	17.93
Non-current portion	10.96	9.61

Provision for service warranties relates mainly for goods sold during the year ended March 31, 2023 and March 31, 2022. The provision has been based upon historical warranty data. The above values are for standard manufacturing warranty and which are usually expected to be settled between 0 to 10 years from the date of sale of product based on component type offered by the Group.

Foreseeable Loss
A provision for foreseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Other Provision for the year ended March 31 2023 (₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	3.02	1.09	10.42
Add : Additional provisions made during the year	3.82	-	-
Less : Utilized during the year	(4.53)	-	(1.09)
At the end of the year	2.31	1.09	9.33

Other Provision for the year ended March 31 2022 (₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.37	1.09	10.43
Add : Additional provisions made during the year	21.00	-	-
Less : Utilized during the year	(20.35)	-	(0.01)
At the end of the year	3.02	1.09	10.42

25. GOVERNMENT GRANTS

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
At the beginning of the year	9.70	11.16
Additions during the year	2.22	1.65
Amortised during the year	(3.27)	(3.11)
At the end of the year	8.65	9.70
Current portion	1.08	2.74
Non-current portion	7.57	6.96

Government grants are towards the purchase of certain items of property, plant and equipment.

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26. INCOME TAX

(a) Current tax asset

Particulars	As at 31st March, 2023 ₹ Crores	As at 31st March, 2022 ₹ Crores
Opening Balance	61.63	85.61
Less: Current tax payable for the year	(134.97)	(62.98)
Add: Taxes paid	127.32	39.00
Closing Balance	**53.98**	**61.63**

The closing balance of current tax asset is net of provision of tax. The current tax payable for FY23 includes tax on Thane Freehold land sale that was paid during the year.

(b) Deferred tax assets

The breakup of Deferred tax asset is as follows.

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deferred Tax Asset - [A]		
Provision for loss allowance	28.21	31.44
Provisions made disallowed and allowed only on payment basis	8.26	7.37
Unabsorbed Depreciation	2.51	-
Others (ROU, ICDS adjustments, etc.)	4.52	-
Deferred Tax Liability - [B]		
Accelerated depreciation for tax purposes	(35.56)	(6.38)
Others (ROU and ICDS adjustments)	-	(4.86)
Net Deferred Tax Asset - [A-B]	**7.94**	**27.57**

Movement in Deferred Tax Assets

Particulars	Charge/ (Credit) to Statement of Profit & Loss	
	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Deferred Tax Asset -		
Provision for loss allowance	3.22	7.17
Provisions made disallowed and allowed only on payment basis	(0.89)	(2.30)
Unabsorbed Depreciation	(2.51)	-
Deferred Tax Liability -		
Accelerated depreciation for tax purposes	24.76	3.44
Others (ROU, ICDS adjustments, etc.)	(4.92)	11.61
Total	**19.66**	**19.92**

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

Particulars	For the year ended March 31, 2023 ₹ Crores	For the year ended March 31, 2022 ₹ Crores
Accounting profit before income tax	555.38	250.90
Income tax at India's statutory income tax rate of 25.168% (March 31, 2022: 34.944%)	139.78	87.67
Expenses not allowed for tax purpose	6.24	2.34
Additional allowances for tax purpose	(1.19)	(0.10)
Savings due to tax paid at lower rate	1.91	(5.32)
Tax saving on account of lower tax rate on long term capital gain on sale of freehold land (Exceptional item)	(11.47)	-
Others	19.42	(1.69)
Income tax at effective tax rate	**154.69**	**82.90**

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

Particulars	For the year ended March 31, 2023 ₹ Crores	For the year ended March 31, 2022 ₹ Crores
i) Current tax		
Current tax on profit for the year	135.03	62.98
Total current tax expense	**135.03**	**62.98**
ii) Deferred tax		
(Decrease)/Increase in deferred tax liabilities	19.41	15.05
Decrease/(Increase) in deferred tax assets	0.25	4.87
Total deferred tax expense/(benefit)	**19.66**	**19.92**
Income tax expense	**154.69**	**82.90**

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

Particulars	For the year ended March 31, 2023 ₹ Crores	For the year ended March 31, 2022 ₹ Crores
i) Current tax		
Remeasurement gain/(loss) on defined benefit plans	(0.06)	-
	-	-
Total current tax expense	**(0.06)**	-
ii) Deferred tax		
Fair value of equity investment	-	-
Effective portion of gain/(loss) on cash flow hedges	-	-
Total deferred tax expense/(benefit)	-	-
Income tax expense	**(0.06)**	-

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

27. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Revenue from operations		
Sale of products	5,402.88	3,895.37
Revenue from construction contracts	1,826.18	1,538.60
Sale of services	669.42	565.56
Other operating revenue		
- Commission income	1.80	3.07
- Provisions and liabilities no longer required	30.14	25.54
- Others	46.90	35.94
Total revenue from operations	**7,977.32**	**6,064.08**

28. OTHER INCOME

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Interest income		
- Bank deposits	4.51	12.70
- Others	1.07	1.57
Rental income	1.12	1.02
Gain on sale of mutual fund	10.34	2.68
Amortisation of government grant	3.27	3.11
Others	10.56	14.64
Total other income	**30.87**	**35.72**

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

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Cost of material consumed	3,071.52	2,292.11
Project cost (including bought outs)	1,539.51	1,052.20
AMC subcontracting cost	409.11	336.17
Total cost of raw material consumed (including direct project and service cost)	**5,020.14**	**3,680.48**

Purchase of stock-in-trade	**1,346.86**	**1,103.64**

Inventories at the end of the year		
Traded goods	427.45	342.15
Work-in-progress	101.27	78.92
Finished goods	296.29	218.61
	825.01	**639.68**
Inventories at the beginning of the year		
Traded goods	342.15	326.76
Work-in-progress	78.92	62.32
Finished goods	218.61	199.66
	639.68	**588.74**
Total changes in inventories of finished goods, work-in-progress and stock-in-trade	**(185.33)**	**(50.94)**

30. EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Salaries, wages and bonus	527.51	460.80
Contribution to provident and other funds	18.25	15.55
Gratuity expense (refer note 37)	4.60	3.90
Staff welfare expenses	41.08	28.30
Total employee benefit expense	**591.44**	**508.55**

31. FINANCE COSTS

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
-Interest and finance charges on financial liabilities carried at amortised cost.		
(a) Interest on non convertible debenture	16.84	28.39
(b) Interest on other borrowings	21.46	4.81
(c) Interest on lease liabilities	7.96	6.37
(d) Other interest expenses.	0.72	0.70
- Bank charges	7.72	6.13
Total finance costs	**54.70**	**46.40**

32. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Depreciation on property, plant and equipment (refer note 4)	48.61	48.13
Depreciation on right-of-use of asset (refer note 6)	20.00	18.24
Amortization expenses on intangible assets (refer note 7)	15.42	18.73
Depreciation on investment properties (refer note 5)	0.75	0.88
Total depreciation and amortisation expense	**84.78**	**85.98**

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

33. OTHER EXPENSES

Particulars		For the year ended March 31, 2023 ₹ Crores	For the year ended March 31, 2022 ₹ Crores
Stores and spares consumed		25.20	14.39
Power and fuel		27.50	17.54
Rent		59.81	47.96
Repairs and maintenance			
Buildings		4.41	3.39
Plant and machinery		8.46	4.66
Others		26.17	18.47
Insurance		6.30	5.28
Rates and taxes		1.90	1.88
Advertising Expenses		71.23	55.53
Sales Promotion Expenses		46.46	26.89
Freight and forwarding charges		107.31	84.43
Legal and professional fees		75.11	58.74
Travelling and conveyance		55.77	25.90
Commission and Sale Incentives		26.78	18.34
Warranty Cost		34.33	19.62
Printing and stationery		4.68	2.61
Payment to auditors		3.26	2.02
Corporate social responsibility expenses		4.13	3.67
Donations (refer details A below)		0.51	0.36
Loss on sale / discard of property, plant and equipment		6.95	0.65
Foreign Exchange differences (Net) (including fair value impact on		5.14	4.94
Bad debts / advances written off	34.63		
Less :- Provision for bad debts	(32.35)	2.28	0.71
Allowances for doubtful and advances		53.47	25.86
Allowances for doubtful retentions		10.01	-
Miscellaneous expenses		44.26	32.06
Total other expenses		**711.43**	**475.88**

A. Political Contribution

Group has made political contribution of ₹ Nil during FY 2022-23 (FY 2021-22 : ₹ 0.25 crores)

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

34. EXCEPTIONAL ITEMS

Particulars	For the year ended March 31, 2023 ₹ Crores	For the year ended March 31, 2022 ₹ Crores
Exceptional Income*	170.81	-
Exceptional Items (Net)	**170.81**	**-**

*Profit on sale of freehold land which was classified as asset held for sale in the previous year.

35. EARNING PER SHARE (EPS)

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to equity holders of the Company (₹ in Crores)	**400.69**	**168.00**
Weighted average number of Equity shares outstanding	9,63,13,888	9,63,13,888
Earning Per Share (₹) - Basic and Diluted in rupees (Face Value - ₹ 2 per share)	**41.60**	**17.44**

Note : The Board of Directors at its meeting held on May 4, 2023 has approved issue of bonus equity shares, in the proportion of 1:1, i.e. 1 (one) bonus equity share for every 1 (one) fully paid-up equity shares held as on record date, subject to the approval of the Shareholders of the Parent. On completion of the said bonus issue, the Earning Per Share (EPS) for all the periods presented will be adjusted retrospectively.

36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Group's consolidated financial statements requires Management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on the Group's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Group's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognized.

Contract variations

Contract variations are recognized as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Group. This requires exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Group provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Group, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Group's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

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Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) is based on assumptions of risk of default and expected loss rates. The Group makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not collectible.

Income Taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. In assessing the realizability of deferred tax assets arising from unused tax credits, the management considers convincing evidence about availability of sufficient taxable income against which such unused tax credits can be utilized. The amount of the deferred income tax assets considered realizable, however, could be reduced if estimates of future taxable income during the carry forward period are reduced.

COVID 19 - Recoverability of assets

The Group continues to monitor the economic effects of COVID-19 on its business. Based on the current evaluation by the management, the carrying amount of the assets are considered recoverable.

Code on Social Security, 2020

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

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

37. EMPLOYEE BENEFITS DISCLOSURE

I. Defined Benefit Plans

a. Gratuity

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method The Group contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Group recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive Income. The effect of any plan amendments are recognised as net profit in the profit or loss. The Group expects to contribute ₹ 5.46 crore to gratuity fund in FY 2023-24 (FY 2022-23 - ₹ 2.91 crore)

Change in present value of defined benefit obligation

Particulars	Gratuity (Funded)		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Defined benefit obligation at the beginning of the year	48.08	44.29	0.45	0.45
Current service cost *	4.62	4.14	0.02	0.02
Interest cost	3.07	2.74	0.03	-
Benefit payments from plan assets	(5.04)	(3.29)	(0.02)	(0.01)
Remeasurements				
a. Due to change in financial assumptions	(2.00)	(0.86)	(0.02)	(0.01)
b. Due to experience adjustments	2.21	1.06	(0.01)	-
Defined benefit obligation at the end of the year	50.94	48.08	0.45	0.45

Change in fair value of plan assets

Particulars	Gratuity (Funded)		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Fair value of plan assets at the beginning of the year	47.80	47.47	-	-
Expected return on plan assets	3.15	2.98	-	-
Contribution by employer	1.95	0.64	-	-
Actual benefits paid	(5.06)	(3.29)	-	-
Fair value of plan assets at the end of the year	47.84	47.80	-	-

Components of defined benefit cost recognized in Profit or Loss

Particulars	Gratuity		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Current service cost	4.62	4.14	0.02	0.02
Interest Cost	2.86	2.74	0.03	-
Expected return on plan assets	(2.93)	(2.98)	-	-
Defined benefit cost recognized in Profit or Loss	4.55	3.90	0.05	0.02
Components of defined benefit cost recognized in Other Comprehensive Income				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	(2.00)	(0.86)	(0.02)	(0.01)
c. Due to change in experience adjustments	2.21	1.01	(0.01)	-
Remeasurements recognized in other comprehensive income (OCI)	0.21	0.15	(0.03)	(0.01)

* Includes ₹. 0.10 Crores in March 31, 2023 towards impact of changes in Remuneration structure.

Net Assets/ Liability recognized in the statement of financial position

Particulars	Gratuity Funded		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Defined benefit obligation	50.94	48.08	0.45	0.45
Fair value of plan assets	47.84	47.80	-	-
Net defined benefit liability / (asset)	3.10	0.28	0.45	0.45

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

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Cash and cash equivalents	2.55	-
Insurance company products	42.49	44.97
Others	2.80	2.83
Total	47.84	47.80

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

Actuarial Assumptions	Gratuity (Funded)		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	6.60%	6.60%	6.60%	6.25%
Disability rate	5% of IALM 2012-14	5% of IALM-2012-14	5% of IALM 2012-14	5% of IALM-2012-14
Normal retirement age	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others
Mortality rate	100% of IALM 2012-14	100% of IALM-2012-14	100% of IALM 2012-14	100% of IALM-2012-14
Salary escalation rate (Management-Staff-Directors)	10%,7%,3%	10%,7%,3%	10%,7%,3%	7%,3%,10%
Attrition rate	14%	14%	14%	14%

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

Assumptions	Gratuity		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Decrease in discount Rate (0.5%)	50.65	47.81	2.96	0.48
Increase in discount Rate (0.5%)	48.09	39.19	2.80	0.46
Decrease in salary Growth Rate (0.5%)	48.07	39.19	2.26	-
Increase in salary Growth Rate (0.5%)	50.65	47.81	2.45	-
Decrease in attrition Rate (1%)	46.10	46.61	0.44	0.45
Increase in attrition Rate (1%)	46.17	40.23	0.48	0.47
Decrease in Mortality Rate (10%)	46.14	46.53	0.47	0.47
Increase in Mortality Rate (10%)	46.14	46.53	0.47	0.47

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2022-23.

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

b. Provident Fund

In accordance to Ind AS 19, that provident Fund set up by employers which requires interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2023. The Group's contribution to the Employee's Provident Fund aggregates to ₹ 10.48 Crores (31 March, 2022: ₹ 9.53 Crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the Company has made for an estimated amount, provision on a prospective basis

III. General Description of significant defined plans:

a. Gratuity Plan

Gratuity is payable to all eligible employees on separation/ retirement based on 15 days last drawn salary for each completed years' of service after continuous service for five years.

b. Additional Gratuity

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

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38. COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Claims against the Group not acknowledged as debts	1.35	0.05
Sales Tax matters	53.54	61.76
Excise Duty matters	4.90	4.90
Service Tax matters	121.63	159.00
Income Tax matters	137.89	125.99
GST matters	1.78	0.07

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:-
At March 31, 2023, Group had commitments (net of advances) of ₹ 138.16 Crores (March 31, 2022: ₹ 130.43 Crores)

c. The Company has an obligation to complete the Extended Producer Responsibility (EPR) targets, only if it is a participant in the market during the financial year in accordance with the E-Waste (Management) Rules, 2016, as amended. The Company has fulfilled its obligation for the current financial year. The Company will have an e-waste obligation for future years, only if it participates in the market in those years.

d. Uncertain tax position

The uncertain tax position as on March 31, 2023 is ₹ 5.81 crores (March 31, 2022 : ₹. 5.60 crores).

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39. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Joint Ventures	Country of Incorporations	% of equity interest	
		As at March 31, 2023	As at March 31, 2022
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49.00*	49.00*
Blue Star Oman Electro-Mechanical Co. LLC	Oman	51.00	51.00

*Refer Note 41

Key Management Personnel

Mr. Vir S Advani, Vice Chairman and Managing Director
Mr. B Thiagarajan, Managing Director
Mr. Neeraj Basur, Group Chief Financial Officer (Until May 31, 2022)
Mr. Nikhil Sohoni, Group Chief Financial Officer (Since July 01, 2022)
Mr. Rajesh Parte, Company Secretary

Non-Executive and Independent Directors

Mr. Shailesh Haribhakti
Mr. Rajiv R Lulla
Mr. Dinesh Vaswani
Mr. Sam Balsara
Mr. Anil Harish
Mrs. Rumjhum Chatterjee (Until April 25, 2022)
Mr. Arvind K Singhal
Ms. Sunaina Murthy
Ms. Anita Ramchandran (Since June 13, 2022)

Relative of Director

Mr. Ashok M. Advani
Mr. Suneel M. Advani

Enterprises in which a Director is/was a member/director during the year with whom company had transactions and/ or balances

Moms Outdoor Media Solutions Private Limited
Madison Communications Private Limited
Somany Ceramics Limited
IBS Fintech India Private Limited
Platinum Communications Private Limited
Cerebrus Consultants Private Limited
Blue Star Helpline Trust

Transactions during the period with Related Parties are as under: ₹ Crores

Name of Related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		-		0.56
Consultancy services rendered	-		-	
Redemption of preference shares	-		-	
Blue Star Helpline trust.		1.19		1.19
Reimbursement of expenses	-		1.19	
Blue Star Oman Electro-Mechanical Co. LLC (refer note 41)		4.46		4.46

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

₹ Crores

Name of Related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Enterprises in which Director is a member/director				
Sale of Goods and Services				
Madison Communications Private Limited	0.11	-	0.07	-
Moms Outdoor Media Solutions Private Limited	-	-	0.01	(0.01)
Somany Ceramics Limited	-	-	0.03	-
Platinum communication Private Limited	0.02	-	-	-
Services Received				
Moms Outdoor Media Solutions Private Limited	2.93	(0.06)	2.08	
Madison Communications Private Limited	39.99	(0.85)	33.50	(0.70)
IBS Fintech India Private Limited	0.13	-	0.16	-
Cerebrus Consultants Private Limited	0.26	(0.03)	-	-
Relative of Director				
Fees for Professional Services	0.25	-	0.19	-
Compensation of key managerial personnel		(11.17)		(6.88)
Short term employee benefits	19.17		14.83	
Sitting fees to Non Executive and Independent Directors	0.71		0.52	
Commission to Non Executive and Independent Directors	2.03		1.71	
Retirement benefits	0.89		0.77	
Total compensation paid to key management personnel	**22.80**		**17.83**	-

Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

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

40. SEGMENT INFORMATON

A. Primary segment reporting (by business segment)

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

a. Electro Mechanical Projects and Commercial Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.

b. Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.

c. Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

Segment revenues, results and other information:

I. SEGMENT REVENUE	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	4,015.63	3,204.49
ii. Unitary Products	3,626.93	2,612.24
iii. Professional Electronics and Industrial Systems	334.76	247.35
TOTAL SEGMENT REVENUE	**7,977.32**	**6,064.08**

II. SEGMENT RESULT	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	276.78	194.82
ii. Unitary Products	282.31	155.86
iii. Professional Electronics and Industrial Systems	50.50	42.49
TOTAL SEGMENT RESULT	**609.59**	**393.17**
Less: i) Finance Cost	(54.70)	(46.40)
ii) Other un-allocable Expenditure Net of un-allocable Income	(170.72)	(96.96)
PROFIT BEFORE SHARE OF PROFIT/(LOSS) OF JOINT VENTURE, TAXATION AND EXCEPTIONAL ITEM	**384.17**	**249.81**
Share of profit of joint ventures	0.40	1.09
Exceptional Items	170.81	-
PROFIT BEFORE TAX	**555.38**	**250.90**

III. OTHER INFORMATION:

A. SEGMENT ASSETS	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	2,197.05	1,860.72
ii. Unitary Products	2,153.34	1,655.44
iii. Professional Electronics and Industrial Systems	223.64	156.42
TOTAL SEGMENT ASSETS	**4,574.03**	**3,672.58**
Add: Un-allocable Corporate Assets	825.03	640.06
TOTAL ASSETS	**5,399.06**	**4,312.64**

BLUE STAR LIMITED

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

B. SEGMENT LIABILITIES	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,805.77	1,527.92
ii. Unitary Products	1,405.57	999.10
iii. Professional Electronics and Industrial Systems	182.04	142.22
TOTAL SEGMENT LIABILITIES	**3,393.38**	**2,669.24**
Add: Un-allocable Corporate Liabilities	671.84	622.86
TOTAL LIABILITIES	**4,065.22**	**3,292.10**

C. NON CURRENT ASSETS (MOVEMENT)	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	48.04	20.14
ii. Unitary Products	213.18	108.76
iii. Professional Electronics and Industrial Systems	5.16	0.29
iv. Un-allocable	68.10	83.72
TOTAL	**334.48**	**212.91**

D. DEPRECIATION / AMORTISATION	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	24.80	28.33
ii. Unitary Products	30.45	31.04
iii. Professional Electronics and Industrial Systems	3.09	4.21
iv. Un-allocable	26.44	22.40
TOTAL	**84.78**	**85.98**

E. NON CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	61.87	26.36
ii. Unitary Products	0.83	0.02
iii. Professional Electronics and Industrial Systems	1.36	1.47
iv. Un-allocable	2.45	0.60
TOTAL	**66.51**	**28.45**

F. Interest Income	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	0.31	0.59
ii. Unitary Products	0.10	0.11
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	5.17	13.57
TOTAL	**5.58**	**14.27**

B. Secondary segment information:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Revenue (Sales, Services & Commission) by Geographical Market		
India	7,343.79	5,419.95
Outside India	633.53	644.13
Total	**7,977.32**	**6,064.08**

Carrying amount of Non Current Assets		
India	996.91	664.40
Outside India	49.91	46.63
Total	**1,046.82**	**711.03**

Deloitte Haskins & Sells

BLUE STAR LIMITED

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

41. INTEREST IN JOINT VENTURE

The Blue Star Group comprises of the following entities

Joint venture	Country of Incorporation	% Shareholding	
		As at March 31, 2023	As at March 31, 2022
Foreign Joint Ventures- Jointly Controlled Entities			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49%	49%
Carrying amount of Investment (₹ Crores)		18.22	17.31

Blue Star M & E Engineering (Sdn) Bhd
Summarised Balance sheet as at March 31, 2023 and March 31, 2022:

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Current assets	50.21	46.72
Non-Current Assets	14.40	12.16
Current Liabilities	29.77	26.28
Non-current Liabilities	3.27	2.82
EQUITY	**31.57**	**29.78**
The above amount of the assets and liabilities include the following		
- Cash and Cash equivalents	4.54	8.29
- Current financial liabilities (excluding trade and other payables and provisions)	0.26	1.58
- Non Current financial liabilities (excluding trade and other payables and provisions)	0.37	0.60

Summarised statement of Profit & Loss for the year ended March 31,2023 and March 31, 2022:

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Revenue	46.65	42.27
Other Income	0.32	2.23
Cost of raw material and components consumed	38.76	34.44
Depreciation and amortization	0.49	0.49
Finance cost	0.21	0.26
Employee Benefit	5.09	4.78
Other Expenses	1.44	1.37
Profit before Tax	**0.98**	**3.16**
Income Tax Expense	0.16	0.92
Profit for the year	**0.82**	**2.24**
Group's share of profit for the year	**0.40**	**1.09**

Movement of investment in Joint Venture

₹ Crores

Particular	As at March 31, 2023	As at March 31, 2022
Investment in Joint venture	17.31	15.91
Profit for the period	0.40	1.09
Dividend received	-	-
Foreign currency translation reserve	0.51	0.31
Investment in Joint venture	**18.22**	**17.31**

Notes:

1. The Company has 51% share holding in Blue Star Oman Electro-Mechanical Co. LLC however the profit/loss sharing is on 50-50 basis and is accounted as joint venture. Since the Company has decided to exit Oman JV in FY19 and has made full provision of its investments, the above details are not applicable.

47. DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Group has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Group does not use foreign exchange forward and options contract for trading or speculative purposes
Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Profit or Loss

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

a. Derivative Instruments : Forward contract outstanding as at Balance sheet date

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in Foreign Currency (In Lakh)	₹ Crores	Amount in Foreign Currency (In Lakh)	₹ Crores
Particulars of Derivatives				
Forward cover to Purchase				
- USD	103.06	84.70	13.12	9.95
- CNY/RMB (including commitments)	807.22	96.44	81.53	9.73
Forward cover to Sell				
- USD	5.00	4.11	26.00	19.71
Forward cover against future capital commitments - PO based hedging:				
- USD	-	-	11.80	8.94

b. Derivative Instruments : Option contract outstanding as at balance sheet date

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in Foreign Currency (In Lakh)	₹ Crores	Amount in Foreign Currency (In Lakh)	₹ Crores
Particulars of Derivatives				
Option cover to Purchase				
- USD	-	-	88.40	67.00
- CNY	-	-	120.69	14.41

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

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in Foreign Currency (In Lakh)	₹ Crores	Amount in Foreign Currency (In Lakh)	₹ Crores
Bank Balances				
AED	1.69	0.38	2.14	0.44
CAD	-	-	1.92	1.16
EUR	0.99	0.89	5.04	4.25
CNY/RMB	1.02	0.12	0.21	0.03
USD	24.25	19.93	8.07	6.12
Receivables				
AED	16.81	3.76	11.60	2.39
CAD	0.04	0.03	0.47	0.28
EUR	13.01	11.63	0.90	0.76
GBP	0.38	0.39	0.08	0.08
JPY	22.22	0.14	22.75	0.14
MYR	1.59	0.30	7.92	1.43
USD	132.65	109.00	103.69	78.58
SGD	0.59	0.36	-	-
Payables				
AED	0.52	0.12	0.49	0.10
CNY/RMB	265.28	31.69	223.12	26.63
EUR	14.65	13.28	1.66	1.39
JPY	604.71	3.72	117.47	0.73
MYR	0.03	0.01	0.03	0.01
GBP	0.11	0.12	-	-
CHF	0.55	0.49	-	-
USD	113.06	92.90	90.29	68.43
CAD	0.05	0.03	-	-
OMR	-	-	0.01	0.03
SGD	-	-	0.12	0.06
Loan taken				
USD	-	-	3.28	2.49

a. The above table does not include foreign currency exposure covered by derivative contracts as stated in (a) and (b) above although not specifically designated in hedge relationships.
b. The un-hedged foreign currency exposures have been given in respect of currencies other than functional currency of the respective enterprises

43. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities
Quantitative disclosures fair value measurement hierarchy as at As at March 31, 2023

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
Assets for which fair values are disclosed:					
Investment Property (refer note 5)	As at March 31, 2023	34.89	-	-	34.58
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	As at March 31, 2023	129.88	-	129.88	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	As at March 31, 2023	*	-	*	-

* Indicates amount less than ₹ 1 lakh.
There have been no transfers between Level 1, Level 2 and Level 3 during the year

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

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
Assets for which fair values are disclosed:					
Investment Property (refer note 5)	As at March 31, 2022	32.76	-	-	32.76
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	As at March 31, 2022	145.03	-	145.03	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	As at March 31, 2022	0.11	-	0.11	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Fair value hierarchy of financial assets and liabilities measured at fair value
Valuation technique and key inputs used to determine fair value
1. Level - 1 :
Inputs are quoted prices in active market for identical assets or liabilities that the entity can access at the measurement date

2. Level - 2 :
Mutual Fund - Inputs are inputs other than quoted price in the active market within level 1, that are observable for the asset or liability, either directly or indirectly
Derivative Instrument - Mark to market on forward covers is based on forward exchange rates at the end of reporting period.

3. Level - 3 :
Investment Property - Based on valuation report of independent values

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

44. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilising foreign exchange forward contracts.

Foreign Currency Sensitivity

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

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
US Dollars	+5%	1.80	0.69	1.35	0.45
	-5%	(1.80)	(0.69)	(1.35)	(0.45)
CNY/RMB	+5%	(1.58)	(1.33)	(1.18)	(0.86)
	-5%	1.58	1.33	1.18	0.86
AED	+5%	0.20	0.14	0.15	0.09
	-5%	(0.20)	(0.14)	(0.15)	(0.09)
EUR	+5%	(0.04)	0.18	(0.03)	0.12
	-5%	0.04	(0.18)	0.03	(0.12)
MYR	+5%	0.01	0.07	0.01	0.05
	-5%	(0.01)	(0.07)	(0.01)	(0.05)
JPY	+5%	(0.18)	-	(0.13)	-
	-5%	0.18	-	0.13	-
CHF	+5%	0.02	-	0.01	-
	-5%	(0.02)	-	(0.01)	-

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group does not have any exposure to the future cash flows resulting from change in interest rate as the Group's net obligations and asset carries fixed interest rate.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		less than 1 year	more than 1 year	
		₹ Crores	₹ Crores	₹ Crores
Trade receivables as on March 31, 2023	651.91	764.49	207.83	1,624.23
Trade receivables as on March 31, 2022	483.06	631.45	139.39	1,253.90

Refer Note 12 for details on the impairment of trade receivables.

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Group's maximum exposure for financial guarantees is given in Note 38

Liquidity Risk

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

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

Particulars	As of March 31, 2023		
	Less than 1 year	More than 1 year	Total
	₹ Crores	₹ Crores	₹ Crores
Interest bearing borrowings	415.90	161.74	577.64
Interest on borrowing	13.97	-	13.97
Trade payables	2,511.18	-	2,511.18
Lease liabilities	20.90	89.26	110.16
Other financial liabilities	37.42	-	37.42
Total	2,999.35	251.00	3,250.35

Particulars	As of March 31, 2022		
	Less than 1 year	More than 1 year	Total
	₹ Crores	₹ Crores	₹ Crores
Interest bearing borrowings	236.26	241.57	477.83
Interest on borrowings	28.67	24.90	53.57
Trade payables	2,041.67	-	2,041.67
Lease liabilities	23.96	78.42	102.38
Other financial liabilities	11.77	-	11.77
Total	2,342.33	344.89	2,687.22

45. CAPITAL MANAGEMENT

The Group's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Group. The Group determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Group's adjusted net debt and equity position is as follows:

Gearing Ratio:

Particulars	As at March 31, 2023	As at March 31, 2022
	₹ Crores	₹ Crores
Borrowings	577.64	477.83
Less: Cash and cash equivalents	(243.33)	(265.65)
Net debt	**334.31**	**212.18**
Equity	1,333.84	1,020.54
Gearing ratio	**25.06%**	**20.79%**

Net Debt = Borrowings - Cash and cash equivalents
Gearing ratio = (Net Debt / Equity) x 100

46. ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

i. The Group neither holds any benami property nor any proceedings have been initiated or pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii. The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

iii. The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

iv. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

47. CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE:

₹ Crores

Particulars			As at March 31, 2023
	Within 12 months	After 12 months	Total
Assets			
Inventories	1,433.39	-	1,433.39
Trade receivables	1,548.82	-	1,548.82
Loans	1.92	-	1.92
Other financial assets	13.97	-	13.97
Other current assets	864.73	9.00	873.73
Non current assets held for sale	1.63	-	1.63
Liabilities			
Trade Payables	2,511.16	-	2,511.16
Lease Liabilities	20.90	-	20.90
Other financial liabilities	49.06	-	49.06
Other current liabilities	705.82	-	705.82
Provisions	65.00	-	65.00

₹ Crores

Particulars			As at March 31, 2022
	Within 12 months	After 12 months	Total
Assets			
Inventories	1,144.24	-	1,144.24
Trade receivables	1,189.74	-	1,189.74
Loans	3.18	-	3.18
Other financial assets	18.93	-	18.93
Other current assets	636.09	70.66	706.75
Non current assets held for sale	5.90		5.90
Liabilities			
Trade payables	2,041.67	-	2,041.67
Lease liabilities	23.96	-	23.96
Other financial liabilities	35.04	-	35.04
Other current liabilities	558.85	-	558.85
Provisions	60.82	-	60.82

48. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 29 IN RESPECT OF SPPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES,OTHER EXPENSES AND FINANCE COST VIDE NOTE 30, 33 AND 31 IS AS FOLLOWS

₹ Crores

Nature of expenses	Note 29	Note 30	Note 33	Note 31	Total
Salary & wages	-	527.51	-	-	527.51
	-	(460.80)	-	-	(460.80)
Staff welfare expenses	0.64	41.08	-	-	41.72
	(0.49)	(28.30)	-	-	(28.79)
Rent	0.95	-	59.81	-	60.76
	(0.65)	-	(47.96)	-	(48.61)
Power & fuel	2.30	-	27.50	-	29.80
	(0.93)	-	(17.54)	-	(18.47)
Insurance	5.26	-	6.30	-	11.56
	(2.22)	-	(5.28)	-	(7.50)
Travelling & Conveyance	2.38	-	55.77	-	58.15
	(1.20)	-	(25.90)	-	(27.10)
Printing & Stationery	0.76	-	4.68	-	5.44
	(0.75)	-	(2.61)	-	(3.36)
Freight and Forwarding Charges	1.31	-	107.31	-	108.62
	(1.05)	-	(84.43)	-	(85.48)
Legal & Professional fees	20.92	-	75.11	-	96.03
	(15.28)	-	(58.74)	-	(74.02)
Bank Charges	2.48	-	-	7.72	10.20
	(1.13)	-	-	(6.13)	(7.26)
Communication charges	0.06				0.06
	(0.03)				(0.03)

Figures in brackets are for previous year

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

49. (a) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Employee benefits expense	6.12	21.94
Cost of raw material and components consumed	5.56	4.68
Legal & Professional fees	2.16	1.13
Depreciation	5.68	11.96
Others	10.25	10.09
Total revenue expenditure directly related to research & development	**29.77**	**49.80**

(b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	₹ Crores	₹ Crores
Tangible Assets		
Building sheds and road	2.91	-
Plant & Equipment	7.79	13.80
Furniture & fixtures	0.03	-
Office equipments	0.35	-
Vehicles	0.85	0.41
Computers	0.46	-
Intangible Assets (including intangible assets under development)		
Technical knowhow	31.31	3.15
Software	0.42	0.05
Total	**44.12**	**17.41**

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

50. LEASE

Disclosure as per the requirement of Ind AS 116

Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

₹ Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Right-of-use assets	83.64	74.53
Lease Liabilities		
Current	20.90	23.96
Non-current	63.41	51.91

Amounts recognised in the statement of profit and loss

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

₹ Crores

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation charge of right-of-use assets	32	20.00	18.24
Interest expense (included in finance costs)	31	7.96	6.37
Expense relating to short term lease not included in lease liabilities not	33	1.32	2.67
Expense relating to variable lease payments not included in lease liabilities	33	58.49	45.29

Amount recognised in the statement of cash flows

₹ Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total cash outflow for leases	(26.37)	(24.27)

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

₹ Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Not later than 1 year	20.90	23.96
Later than 1 year and not later than 5 years	75.65	63.60
Later than 5 years	13.61	14.82
Total undiscounted lease liabilities	**110.16**	**102.38**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Variable lease payments

Some property leases contain variable payment terms that are linked to space used for warehouse whenever required by the Group. Variable lease payments that depends on variable space requirement are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in some of the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets in the Group's operation. The majority of extension and termination options held are exercisable by both the Group and by the respective lessor. Further the Group expects not to use that options.

BLUE STAR LIMITED

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

51. STATUTORY GROUP INFORMATION

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount (₹ Crores)	As % of consolidated profit or loss	Amount (₹ Crores)	As % of consolidated other comprehensive Income	Amount (₹ Crores)	As % of consolidated Total comprehensive Income	Amount (₹ Crores)
Parent - Blue Star Limited (Standalone)								
Balance at March 31, 2023	96%	1,278.43	91%	366.58	(2%)	(0.16)	89%	366.42
Balance at March 31, 2022	99%	1,008.31	76%	127.74	0%	-	75%	127.74
Subsidiaries								
Indian								
1. Blue Star Engineering and Electronics Limited								
Balance at March 31, 2023	17%	223.51	10%	40.27	0%	0.03	10%	40.30
Balance at March 31, 2022	18%	183.19	19%	31.52	(4%)	(0.14)	18%	31.38
2. Blue Star Climatech Limited								
Balance at March 31, 2023	7%	87.58	(2%)	(6.87)	0%	0.01	(2%)	(6.86)
Balance at March 31, 2022	2%	24.44	(1%)	(2.16)	-	-	(1%)	(2.16)
Foreign								
1. Blue Star Qatar - WLL								
Balance at March 31, 2023	5%	62.11	1%	4.58	0%	-	1%	4.58
Balance at March 31, 2022	5%	53.17	3%	5.73	0%	-	3%	5.73
2. Blue Star International FZCO								
Balance at March 31, 2023	4%	53.23	3%	12.68	0%	-	3%	12.68
Balance at March 31, 2022	4%	37.17	8%	13.61	0%	-	8%	13.61
3. Blue Systems & Solutions LLC								
Balance at March 31, 2023	(2%)	(22.39)	(2%)	(7.69)	0%	-	(2%)	(7.69)
Balance at March 31, 2022	(1%)	(13.42)	(3%)	(4.99)	0%	-	(3%)	(4.99)
4. BSL AC&R (SINGAPORE) PTE. LTD								
Balance at March 31, 2023	2%	22.44	0%	0.07	0%	-	0%	0.07
Balance at March 31, 2022	2%	20.63	0%	(0.07)	0%	-	0%	(0.07)
5. BLUE STAR NORTH AMERICA INC								
Balance at March 31, 2023	(1%)	5.18	(2%)	(2.95)	0%	-	(1%)	(2.95)
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
6. BLUE STAR EUROPE BV								
Balance at March 31, 2023	0%	4.48	0%	-	0%	-	0%	-
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
6. BLUE STAR INNOVATION JAPAN LLC								
Balance at March 31, 2023	0%	-	0%	-	0%	-	0%	-
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
Joint Ventures								
(As per proportionate consolidation / investment as per the equity method)								
1. Blue Star M & E Engineering (Sdn) Bhd								
Balance at March 31, 2023	2%	31.56	0%	0.40	0%	-	0%	0.40
Balance at March 31, 2022	1%	14.59	1%	1.09	0%	-	1%	1.09
2. Blue Star Oman Electro-Mechanical Co. LLC								
Balance at March 31, 2023	0%	-	0%	-	0%	-	0%	-
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
Consolidated adjustments/ Eliminations								
Balance at March 31, 2023		(376.25)		(6.38)		9.04		3.06
Balance at March 31, 2022		(307.54)		(5.94)		3.36		(1.40)
Total								
Balance at March 31, 2023	**100%**	**1,333.84**	**100%**	**400.69**	**100%**	**8.92**	**100%**	**409.61**
Balance at March 31, 2022	**100%**	**1,020.54**	**100%**	**168.00**	**100%**	**3.22**	**100%**	**171.22**

52. DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

1. Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2023 by offerings and contract-type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

₹ Crores

Timing of transfer of goods and services	For the year ended March 31, 2023			For the year ended March 31, 2022		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,679.01	2,336.62	4,015.63	1,275.31	1,929.18	3,204.49
Unitary Products	3,582.57	44.35	3,626.92	2,566.78	45.46	2,612.24
Professional Electronics and Industrial Systems	285.03	49.74	334.77	210.35	37.00	247.35
Total	5,546.61	2,430.71	7,977.32	4,033.94	2,011.64	6,064.08

2. Reconciliation of contracted price with the revenue recognized in profit or loss

₹ Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products at transaction price & Construction and Service Contracts at contracted price	8,104.28	6,160.71
Reductions towards variable consideration components *	(126.96)	(96.63)
Revenue recognized in profit & loss	7,977.32	6,064.08

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

3. Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to Rs. Nil (March 31, 2022 Rs. Nil).

4.The aggregate value of Order Book as at March 31, 2023, is ₹ 5,042 crore (March 31, 2022 ₹ 3,253 Crore). Out of this, the Company expects to recognize revenue of around 61% within the next one year and the remaining thereafter.

5. Changes in contract assets and contract liabilities during the reporting period:

₹ Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance - Contract assets (net of impairment)	444.10	331.11
Opening balance - Contract liabilities*	(168.35)	(155.16)
Revenue recognised during the year	(2,430.71)	(2,011.64)
Less: Progress billing during the year	2,535.05	2,111.44
Closing Balance	380.09	275.75
Closing balance contract assets (net of impairment)	576.36	444.10
Closing balance contract liabilities including income received in advance	(196.27)	(168.35)
The Company has recognised revenue out of opening contract liabilities	168.35	155.16

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

53 PREVIOUS YEAR COMPARATIVES

Figures for the previous year have been regrouped/reclassified to conform to the figures of the current year.

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

Shailesh Haribhakti	**Vir S Advani**
Chairman	Vice Chairman and Managing Director
DIN : 00007347	DIN : 01571278
Rajesh Parte	**Nikhil Sohoni**
Company Secretary	Group Chief Financial Officer

Mumbai . May 04, 2023

BLUE STAR LIMITED

Deloitte Haskins & Sells LLP

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Haskins & Sells LLP

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To The Members of Blue Star Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blue Star Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Sr. No</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>1</td><td>Accounting for Fixed Price Contracts:
Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations.
(Refer Note 15, 23, 27 and 51)</td><td>Principal audit procedures performed:
i. assessed the appropriateness of the accounting policy for recognizing revenue on fixed price contracts with the requirements of Ind AS 115.
ii. evaluated the design and implementation of internal controls over recording of actual cost till date and estimation of total cost required to complete the performance obligations.
iii. tested the operating effectiveness of the said internal controls for a selected sample of contracts.
iv. verified the Company's measurement of the actual cost till date and the total estimated cost for completion of performance obligations for a selected sample of contracts.
v. performed substantive tests on a sample of contracts to identify, if any, significant variations in actual costs till date and total costs required to complete the performance obligations and verified whether the revenue was recognised based on such costs after considering the effects of variations, if any, in the total costs required to complete the performance obligations.
vi. identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.</td></tr>
<tr><td>2</td><td>Assessment of the carrying value of trade receivables and contract assets:
The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment.
(Refer Note 12 and 15)</td><td>Principal audit procedures performed:
i. evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets.
ii. tested the operating effectiveness of the said internal controls for selected samples.
iii. scrutinised a sample of receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties to make payment based on passage of time and/ or information available with management.
iv. verified subsequent receipts for selected samples, post balance sheet date.
v. verified the management's estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.</td></tr>
</table>

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board's Report, Management Discussion and Analysis, Business Responsibility Report and the Dynamics of Blue Star's Growth (herein after referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and a joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and a joint venture, is traced from their financial statements audited by the other auditors.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of Rs. 211.77 crore as at March 31, 2022, total revenues of Rs. 285.36 crore and net cash outflows amounting to Rs. 15.36 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 1.09 crore for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management.

   These subsidiaries and joint venture are located outside India whose financial statements / financial and other information have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by the other auditors under generally accepted auditing standards applicable in such countries. The Parent's management has converted these financial statements from accounting principles generally accepted in respective countries to accounting principles generally accepted in India, where applicable. We have audited these conversion adjustments made by the Parent's management. Our report on the financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and the joint venture is based solely on the reports of the other auditors, the conversion adjustments prepared by the Management of the Parent and audited by us, and the procedures performed by us as stated under Auditor's Responsibilities section above.

b) The consolidated financial statements also include the Group's share of net profit of Rs. Nil for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements / financial information have not been audited by us. The carrying amount of investment in the said joint venture is fully written off. In our opinion and according to the information and explanations given to us by the Board of Directors, having regard to the above, this entity is not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements / financial information of the subsidiaries and a joint venture referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of subsidiaries companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures.

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

iv. (a) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in Note 9 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Parent Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in Note 19 to the consolidated financial statements, no funds have been received by the Parent Company or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, performed by us nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Parent Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 18 to the financial statements, the Board of Directors of the Parent Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of proposed dividend is in accordance with section 123 of the Act, as applicable.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us, we report that there are no qualifications or adverse remarks in the CARO reports of the said companies included in the consolidated financial statements.

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

Samir R. Shah
(Partner)
(Membership No. 101708)
(UDIN: 22101708AJK[illegible])

Place: Mumbai
Date: May [illegible], 2022

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th-32nd Floor
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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Blue Star Limited ("the Company") as of March 31, 2022 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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Deloitte
Haskins & Sells LLP

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Samir R. Shah
(Partner)
(Membership No. 101708)
(UDIN: 22101708AIKTBC8105)

Deloitte
Haskins & Sells LLP

Chartered Accountants
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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

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

(b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once every 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered title deeds provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment, capital work-in progress and non-current assets held for sale) are held in the name of the Company as at the balance sheet date.

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

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

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

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of [illegible] in aggregate, at points of time during the year [illegible]

(iii) The Company has made investments in, provided guarantee and granted unsecured loans to companies and other parties, during the year, in respect of which:

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

Rs in crores

Particulars	Loans	Guarantees
A. Aggregate amount granted / provided during the year:		
- Subsidiaries	5	76.20
- Others (Employees)	1.86	-
B. Balance outstanding as at balance sheet date in respect of above cases:		
- Subsidiaries	5	76.20
- Others (Employees)	6.16	-

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

(c) In respect of loans granted, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation other than loan of Rs 4.46 crores to a joint venture which has been fully provided for in earlier years - refer note 9 to the financial statements.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date other than the loan fully provided for is earlier years referred above.

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

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

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

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

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, [illegible]

(vii) In respect of statutory dues:

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

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. Crore)	Amount unpaid (Rs. Crore)
Income Tax Act 1961	Income Tax	High Court	PY 1997-98, PY 1999-2000, PY 2001-02, PY 2002-03, PY 2003-04	4.61	4.61
		Income Tax Appellate Tribunal (ITAT)	PY 2005-06, PY 2006-07	4.94	4.20
		Commissioner of Income Tax Appeals	PY 2007-08, PY 2008-09, PY 2013-14 to PY 2017-18	63.45	63.45
Local Sales Tax Act, Central Sales Tax Act and VAT Act	VAT, CST, Sales Tax, Entry Tax	Supreme Court	FY 2001-02 to FY 2010-11	7.85	7.85
		High court	FY 2004-05, FY 2006-07	5.57	5.57
		Tribunal and Appellate Board	FY 2001-02, FY 2002-03, FY 2006-07 to FY 2015-16	22.69	15.33
		Commissioner Appeals, Commercial Tax Officer and Assessing Officer (CWG)	FY 2000-01 to FY 2002-03, FY 2004-05, FY2008-09 to FY 2017-18	40.30	36.15
Service tax under Finance Act 1994	Service tax	CESTAT	FY 2002-03 to FY 2013-14	244.10	237.67
		Commissioner (Appeals)	FY 2003-04, FY 2005-06 to FY 2009-10, FY 2012-13, FY 2014-15 and FY 2015-16	2.96	2.93
		High court	FY 2004-2005	6.85	6.85
Customs Act,1962 and Central Excise Act,1944	Excise Duty and Customs	CESTAT	FY 1988-89, FY 1994-95 to FY 1995-96 and FY 2007-08 to FY 2015-16	0.73	0.69
		Commissioner (Appeals) and Superintendent	FY 1987-88 to FY 1989-90, and FY 2006-07 to FY 2015-16	4.18	4.15

[illegible]

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

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

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

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures companies.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

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

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

(c) We have taken into consideration the whistle blower complaints received by the Company during the year and provided to us, when performing our audit.

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

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2022.

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

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

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

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

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

(xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the Company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Hence, reporting under this clause is not applicable for the year.

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

Samir R. Shah

Samir R. Shah
(Partner)
(Membership No. 101708)
(UDIN: 22101708AIKTBC8105)

Place: Mumbai
Date: May 5, 2022

Deloitte
Haskins & Sells LLP

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TO THE MEMBERS OF BLUE STAR LIMITED
INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SRS/EL/2021-22/10 dated September 30, 2021.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Blue Star Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2022.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Samir R. Shah
(Partner)
(Membership No. 101708)
(UDIN: 22101708AIPWAG5838)

Place: Mumbai
Date: May 5, 2022

Blue Star Limited
Consolidated Balance Sheet as at March 31, 2022

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
		₹ Crores	₹ Crores
A ASSETS			
1. Non-Current Assets			
(a) Property, plant and equipment	4	305.53	269.23
(b) Right-of-use assets	5	74.53	50.07
(c) Capital work-in-progress		145.09	68.11
(d) Investment property	6	11.07	11.55
(e) Intangible assets	7	41.67	52.31
(f) Intangible assets under development		7.20	3.42
(g) Investment in joint ventures	8	17.31	15.91
(h) Financial assets			
(i) Loans	9	3.34	6.49
(ii) Other financial assets	10	15.78	21.94
(i) Income tax assets (net)		71.49	86.20
(j) Deferred tax assets (net)	26	27.57	47.49
(k) Other non current assets	15	108.63	56.77
Total non-current assets		**829.21**	**689.90**
2. Current assets			
(a) Inventories	11	1,144.24	882.42
(b) Financial assets			
(i) Investments	6	145.03	279.06
(ii) Loans	9	3.18	8.21
(iii) Trade receivables	12	1,189.74	810.96
(iv) Cash and cash equivalents	13	255.65	327.93
(v) Other bank balances	14	4.01	4.23
(vi) Other Financial Assets	10	18.93	12.16
(c) Other current assets	15	706.75	534.47
Assets held for sale	4	5.90	0.08
Total current assets		**3,483.43**	**2,859.55**
Total Assets		**4,312.64**	**3,549.45**
B EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	16	19.26	19.26
(b) Other equity	17	998.32	865.92
Total equity		**1,017.58**	**885.18**
(c) Non controlling interest		2.96	2.68
Total equity		**1,020.54**	**887.86**
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	241.57	349.26
(ii) Lease liabilities	21	51.91	31.23
(b) Provisions	24	10.06	10.82
(c) Government grants	25	6.96	8.83
(d) Other non current liabilities	23	12.40	-
Total - Non-current liabilities		**322.90**	**400.14**
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	236.26	106.54
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	20	104.71	66.97
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,936.96	1,537.92
(iii) Lease liabilities	21	23.96	24.10
(iv) Other financial liabilities	22	35.04	33.61
(b) Provisions	24	60.82	48.37
(c) Government grants	25	2.74	2.33
(c) Income tax liabilities (net)		9.86	0.59
(e) Other current liabilities	23	558.85	442.02
Total current liabilities		**2,969.20**	**2,261.45**
Total Equity and Liabilities		**4,312.64**	**3,549.45**

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Membership No. 101708

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

Shailesh Haribhakti
Chairman
DIN: 00007347

Vir S Advani
Vice Chairman and Managing Director
DIN: 01571278

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[illegible]

[illegible]

Blue Star Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Notes	For the year ended 31st March, 2022 ₹ Crores	For the year ended 31st March, 2021 ₹ Crores
Revenue from operations	27	6,045.58	4,263.59
Other income	28	35.72	62.35
Total Income (I)		**6,081.30**	**4,325.94**
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	3,661.98	2,360.45
Purchase of stock-in-trade	29	1,103.64	680.09
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	29	(50.94)	30.81
Employee benefits expense	30	508.55	381.81
Depreciation and amortisation expense	31	85.98	92.29
Finance costs	33	46.40	64.72
Other expenses	32	475.88	370.62
Total Expenses (II)		**5,831.49**	**4,180.79**
Profit before share of profit of a joint venture (I-II)		**249.81**	**145.15**
Share of profit of an joint venture		1.09	2.60
Profit before Tax		**250.90**	**147.75**
Tax Expense			
i) current tax	26	62.98	27.75
ii) deferred tax	26	19.92	19.34
Total tax expenses		**82.90**	**47.09**
Profit after tax		**168.00**	**100.66**
Other comprehensive income			
(A) Item that will not to be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(0.13)	5.94
Income tax effect	26	-	(1.85)
(B) Item to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		3.35	(1.62)
Income tax effect	26	-	-
		3.22	2.47
Total Comprehensive Income for the year		171.22	103.13
Attributable to :			
Owners of the parent		170.84	102.90
Non-controlling interests		0.38	0.23
Of the Total Comprehensive Income above,			
Profit for the year attributable to :			
Owners of the parent		167.71	100.35
Non-controlling interests		0.29	0.31
Of the Total Comprehensive Income above,			
Other comprehensive income attributable to :			
Owners of the parent		3.12	2.55
Non-controlling interests		0.09	(0.08)
Earnings per share (face value of ₹ 2 per share)	34		
Basic (in ₹)		17.44	10.42
Diluted (in ₹)		17.44	10.42

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Membership No. 101708

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

Shailesh Haribhakti
Chairman

DIN 00007347

Vir S Advani
Vice Chairman and
Managing Director
DIN 01571278

Rajesh Parte
Company Secretary

Neeraj Basur
Group Chief
Financial Officer

Mumbai May 05, 2022

Blue Star Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2022

(A) Equity share capital

For the year ended March 31, 2022

₹ Crores

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
19.26	-	-	-	19.26

For the year ended March 31, 2021

₹ Crores

Balance as at April 1, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2021
19.26	-	-	-	19.26

(B) Other equity
For the year ended March 31, 2022

₹ Crores

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income		Total other equity
							Remeasurement of Defined benefit plan	Foreign currency translation reserve	
As at April 1, 2021	210.15	2.34	0.60	43.43	152.21	463.46	(9.45)	3.18	865.92
Profit for the year	-	-	-	-	-	167.71	-	-	167.71
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(0.13)	3.35	3.22
Total comprehensive income for the year	-	-	-	-	-	167.71	(0.13)	3.35	170.93
Dividend (refer note 18)	-	-	-	-	-	(38.53)	-	-	(38.53)
As at March 31, 2022	**210.15**	**2.34**	**0.60**	**43.43**	**152.21**	**592.64**	**(9.58)**	**6.53**	**998.32**

For the year ended March 31, 2021

₹ Crores

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income		Total other equity
							Remeasurement of Defined benefit plan	Foreign currency translation reserve	
As at April 1, 2020	210.15	2.34	0.60	43.43	152.21	363.11	(13.53)	4.80	763.11
Profit for the year	-	-	-	-	-	100.35	-	-	100.35
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	4.08	(1.63)	2.45
Total comprehensive income for the year	-	-	-	-	-	100.35	4.08	(1.62)	102.81
As at March 31, 2021	**210.15**	**2.34**	**0.60**	**43.43**	**152.21**	**463.46**	**(9.45)**	**3.18**	**865.92**

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner
Membership No. 101708

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

Shailesh Haribhakti
Chairman
DIN : 00007347

Vir S Advani
Vice Chairman and Managing Director
DIN : 01571278

Rajesh Parte
Company Secretary

Neeraj Basur
Group Chief Financial Officer

Mumbai, May 05, 2022

Blue Star Limited
Consolidated Cash Flows statement for year ended 31st March, 2022

Particulars	For the year ended	
	31st March, 2022	31st March, 2021
	₹ Crores	₹ Crores
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	**249.81**	**145.15**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation/ amortisation expenses	85.98	92.29
Finance cost	46.40	64.72
Rental income	(1.02)	(6.36)
Interest income	(14.42)	(10.22)
Income from mutual fund	(2.68)	(5.13)
Net unrealized foreign exchange loss / (gain)	0.35	(7.66)
Loss/(profit) on sale of fixed assets	0.65	(32.17)
Deferred income arising from government grant	(3.11)	(2.51)
Net loss on financial assets measured at fair value through profit & loss (FVTPL)	0.26	2.00
Bad debts written off and provision for doubtful debts	26.57	34.28
Liabilities written back	(25.54)	(19.48)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**362.95**	**254.91**
Adjustments for :		
(Increase)/decrease in trade receivables	(394.63)	(12.84)
(Increase)/decrease in inventories	(261.82)	(12.60)
(Increase)/decrease in financial assets - loans	8.20	(7.34)
(Increase)/decrease in other assets	(181.24)	103.22
Increase/(decrease) in trade payables	456.17	53.30
Increase/(decrease) in current liabilities	128.31	(4.35)
Increase/(decrease) in government grants	1.65	0.77
Increase/(decrease) in provisions	11.20	(15.03)
Cash generated from operations	130.79	360.03
Direct taxes paid (net of refunds)	(38.99)	(10.22)
Net cash flow from/ (used in) operating activities (A)	**91.80**	**349.81**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment, including Capital work-in-progress and capital advances	(217.94)	(63.52)
Sale of property, plant and equipment	-	80.88
Purchase of current investments	-	(279.06)
Sale of current investment	134.02	-
Proceeds from redemption of preference share of Joint Venture	-	3.48
Rent received	1.02	6.36
Interest received	11.21	7.16
Income from mutual fund	2.68	5.13
Net cash flow from/ (used in) investing activities (B)	**(69.01)**	**(239.57)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (repayment) from short term borrowings	(43.63)	(298.89)
Proceeds from long term borrowings	68.57	350.00
Repayment of long term borrowings	(3.20)	(53.24)
Repayment of lease liabilities	(28.67)	(26.68)
Finance cost paid	(41.07)	(39.52)
Dividend paid on equity shares	(38.77)	(1.24)
Net cash flow from/ (used in) in financing activities (C)	**(86.77)**	**(69.57)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**(63.98)**	**40.67**
Cash and cash equivalents at the beginning of the year	327.93	286.15
Effects of Exchange Difference on restatement of Foreign Currency Cash & Cash Equivalent	1.70	1.11
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**265.65**	**327.93**

The accompanying notes are an integral part of the financial statements. 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Membership No. 101708

[illegible]

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

Shailesh Haribhakti
Chairman

DIN : 00007347

[illegible]
Company Secretary

Vir S Advani
Vice Chairman and
Managing Director

DIN : 01571278

Neeraj Basur
Group Chief Financial
Officer

1 CORPORATE INFORMATION

Founded in 1943 by Mr. Mohan T Advani, Blue Star Limited ('the parent') is a public listed company and India's leading air conditioning, commercial refrigeration, and MEP (Mechanical, Electrical, Plumbing, and Fire-fighting) contracting company. As an expert in cooling, Blue Star offers a plethora of cooling solutions and has also made inroads into water and air purification, engineering facilities management, commercial kitchen, and healthcare refrigeration. The Company's integrated business model of a Manufacturer, Engineering, Procurement, and Construction (EPC) services provider and After-sales service provider enables it to offer comprehensive solutions for the residential, commercial, and infrastructure segments.

The financial statements of the Group were approved by its Board of Directors on May 05, 2022

2 STATEMENT OF COMPLAINCE

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and presentation

The Consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Basis of Consolidation

Subsidiaries:

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of Group entities are consolidated on a line–by–line basis. If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expense, cash flows, and unrealised gains/ losses relating to transactions between Group entities are eliminated on consolidation

Investments in joint ventures:

The Group's interests in joint ventures are accounted for using the equity method, after initially recognising investment at cost, and the carrying amount is increased or decreased to recognise the Group's share in of profit or loss of the joint venture after the date of acquisition.

(c) Critical accounting judgments and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 35

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is net off-trade discounts, rebates, and other similar allowances. Revenue excludes indirect taxes which are collected on behalf of the Government

i. Revenue from sale of goods:

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include the establishment of the Group's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer

ii. Revenue from construction contracts:

Contract revenues are recognised based on the stage of completion of the contracting activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contract is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Incremental costs of obtaining a contract (such as professional fees, and commission paid to acquire the contract) are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on a straight line basis over the period of the performance obligation.

iv. Dividend and Interest income:

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

v. Rental income:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

(e) Government grant
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(f) Employee benefits

Short term benefits:
Salaries, wages, short-term compensated absences, and other short term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

Retirement benefits

Defined contribution plan
Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution Defined benefit plan The Group makes monthly contributions toward the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Group, based on an actuarial valuation. The present value of the defined benefit obligation of employees' provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The Group's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognized in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

- [illegible] cost – recognized in profit or loss
- [illegible] interest on the net liability or asset – recognized in profit or loss
- [illegible] net liability or asset – recognized in [illegible]

Other long-term employee benefits:
Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date

Assets and liabilities of entities with a functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit or loss has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserves in the statement of changes in equity.

(g) Leases

As a lessee

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Group recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short term leases and low value leases. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter.

The lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non- financial assets.

The Group has opted for the exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term.

(h) Foreign currencies

The functional currency of the Group is the Indian rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile

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

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

In case of foreign operations of the Group with a functional currency other than the functional currency of the Group, assets and liabilities have been translated using exchange rates prevailing on the balance sheet date and items of income and expense have been translated using average exchange rates during the period. Such translation adjustments have been reported as foreign currency translation reserves in the statement of changes in equity. On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

(i) Taxes

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or in equity in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts

i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions, and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognised as a deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(j) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, natu, re or incidence that their separate disclosure is considered necessary to explain the performance of the Group and to assist users of financial statements in making projections of future financial performance.

(k) Property, plant and equipment

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

Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Group depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on written down value basis over their estimated useful lives. The estimated useful lives of the assets are as follows:

Nature of tangible asset	**Useful life (years)**
Factory buildings	30
Other buildings	60 - 85
Roads	5
Temporary structure	3
Plant & machinery	15 - 20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - desktop, laptops	3
Computer - servers and networks	6
Leasehold improvements	6 or the life based on lease period, whichever is lower

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

The group has not revalued its Property plant and equipment (Including ROU), and Intangible assets

Freehold land is not depreciated

Any gain or loss arising from the derecognition / disposal of an asset is included in profit or loss
The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted

(l) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are derecognised on disposal, or when no further economic benefits are expected from use or disposal. Any gain or loss arising from derecognition is included in profit or loss

The useful lives of intangible assets are as mentioned below

Nature of intangible asset	Useful Life
Software	6 years
[illegible]	5 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually

(m) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the Schedule II to the Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising from disposal of investment properties is included in profit or loss.

(n) Impairment of non-financial assets

Property, plant and equipment, and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

(o) Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized by the Group when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognized in profit or loss

Financial assets

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase to be cash equivalents Cash and cash equivalents consist of balances with banks that are unrestricted for withdrawal and usage

For the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Wherever the customer has raised issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the customer are treated as disputed amount

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at [illegible]

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred to repurchase in the near term.

Whenever the vendor has raised the issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the vendor are treated as the disputed amount.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Other financial liabilities

Other financial liabilities (including borrowings, financial guarantee contracts and trade, and other payables) are after initial recognition, measured at amortised cost using the effective interest (EIR) method.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

Derivative financial instruments

The Group enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedged item.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and

Level 3 inputs are unobservable inputs for the asset or liability.

(p) Inventories

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

(q) Provisions and contingencies

Provisions

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold / the project is completed. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise typically up to five years

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements. However, where an inflow of economic benefits is probable, the Group discloses the same in the financial statements.

(r) Segment reporting

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance

Segment revenue, segment expenses, segment assets, and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for on the basis of the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis

Revenue, expenses, assets, and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses / assets/ liabilities"

(s) Earnings per share

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

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year

Diluted earnings per share is computed using the weighted average number of common and dilutive shares outstanding during the year including share-based payments, except where the result would be anti-dilutive

(t) Borrowing Costs

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

Consolidated Financial Statements for the year ended March 31, 2022

... AND EQUIPMENT

₹ Crores

[illegible]	Land - freehold	Buildings	Plant and equipment	Leasehold Improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
[illegible]									
[illegible]	15.35	93.89	250.17	7.13	16.00	8.38	26.53	29.12	446.57
[illegible]	-	9.56	30.60	-	0.08	1.38	4.15	1.54	47.31
[illegible]	-	-	(5.14)	-	(1.05)	(2.11)	(3.40)	-	(11.70)
... currency translation	-	(0.02)	(0.08)	-	(0.04)	-	(0.13)	(0.02)	(0.29)
... 31, 2021	15.35	103.43	275.55	7.13	14.99	7.65	27.15	30.64	481.89
... 2021	15.35	103.43	275.55	7.13	14.99	7.65	27.15	30.64	481.89
[illegible]	-	8.17	54.42	18.67	1.69	2.09	5.55	0.87	91.46
[illegible]	-	(3.93)	(5.55)	-	(1.17)	(0.96)	(1.23)	(0.24)	(13.08)
... currency translation	-	0.06	0.08	0.03	0.05	0.02	0.20	0.08	0.52
... 31, 2022	15.35	107.73	324.50	25.83	15.56	8.80	31.67	31.35	560.79
... Depreciation									
... 2020	-	29.78	92.13	4.21	7.51	5.17	11.91	21.63	172.34
[illegible]	-	-	(3.89)	-	(0.63)	(1.42)	(2.70)	-	(8.64)
... during the year	-	7.48	28.87	0.24	2.10	1.14	4.95	4.18	48.97
... 31, 2021	-	37.26	117.11	4.45	8.98	4.89	14.16	25.81	212.66
[illegible]	-	37.26	117.11	4.45	8.98	4.89	14.16	25.81	212.66
[illegible]	-	(0.09)	(3.17)	-	(0.62)	(0.56)	(0.88)	(0.21)	(5.53)
... during the year	-	7.88	29.61	1.39	1.52	1.17	4.36	2.20	48.13
... 2022	-	45.05	143.55	5.84	9.88	5.50	17.64	27.80	255.26
... Value									
... 2022	15.35	62.68	180.95	19.99	5.68	3.30	14.03	3.55	305.53
... 2021	15.35	66.17	158.44	2.68	6.01	2.76	12.99	4.83	269.23

... Held for Sale	31st March, 2022	31st March, 2021
... held for Sale	0.08	0.08
[illegible]	5.82	-
... held for Sale	5.90	0.08

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2022

5. RIGHT OF USE ASSETS

₹ Crores

Particulars	Land - leasehold	Building	Total
Cost			
As at April 1, 2020	3.41	68.29	**71.70**
Additions	-	15.79	**15.79**
Disposals	-	(9.20)	**(9.20)**
At March 31, 2021	**3.41**	**74.88**	**78.29**
At April 1, 2021	3.41	74.88	78.29
Additions	-	45.43	**45.43**
Disposals	-	(4.63)	**(4.63)**
At March 31, 2022	**3.41**	**115.68**	**119.09**
Accumulated Depreciation			
As at April 1, 2020	0.10	16.15	**16.25**
Disposals	-	(9.20)	**(9.20)**
Provided during the year	0.03	21.14	**21.17**
At March 31, 2021	**0.13**	**28.09**	**28.22**
At April 1, 2021	0.13	28.09	28.22
Disposals	-	(1.90)	**(1.90)**
Provided during the year	0.03	18.21	**18.24**
At March 31, 2022	**0.16**	**44.40**	**44.56**
Net Book Value			
At March 31, 2022	3.25	71.28	**74.53**
At March 31, 2021	3.28	46.79	**50.07**

6. INVESTMENT PROPERTY

Particulars	₹ Crores
Cost	
At April 1, 2020	84.69
Additions	-
Disposal	(66.78)
At March 31, 2021	17.91
Additions	-
Disposal	-
At March 31, 2022	17.91
Depreciation	
At April 1, 2020	21.98
Additions	3.76
Disposal	(19.78)
At March 31, 2021	5.96
Additions	0.88
Disposal	-
At March 31, 2022	6.84
Net Book Value	
At March 31, 2022	11.07
At March 31, 2021	11.95
Fair Value * (refer note 42)	
At March 31, 2022	32.76
At March 31, 2021	33.10

*Valuation is based on fair value assessment done by registered valuer as defined under rule 2 of Companies (Register Valuers and Valuation), Rules 2017

Movement in Fair Valuation of Investment Property	₹ Crores
At March 31, 2021	**33.10**
Decrease in Fair Valuation	(0.34)
At March 31, 2022	**32.76**

Information regarding Income & Expenditure of Investment property

₹ Crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Rental income derived from investment property	1.02	6.98
Direct operating expenses (including repairs and maintenance) associated with rental income	(0.33)	(0.84)
Profit arising from investment property before depreciation and indirect expenses	0.69	6.14
Less - Depreciation	(0.88)	(3.76)
Profit arising from investment property before indirect expenses	(0.19)	2.38

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

7. INTANGIBLE ASSETS

₹ Crores

Particulars	Technical knowhow	Software	Total
Cost			
At April 1, 2020	51.36	80.12	**131.48**
Additions	9.80	9.83	**19.63**
Disposals	-	(1.33)	**(1.33)**
At March 31, 2021	**61.16**	**88.62**	**149.78**
At April 1, 2021	61.16	88.62	**149.78**
Additions	3.15	4.94	**8.09**
At March 31, 2022	**64.31**	**93.56**	**157.87**
Amortisation			
At April 1, 2020	34.24	45.85	**80.09**
Disposals	-	(1.02)	**(1.02)**
Provided during the year	9.18	9.22	**18.40**
At March 31, 2021	**43.42**	**54.05**	**97.47**
At April 1, 2021	43.42	54.05	**97.47**
Provided during the year	7.28	11.45	**18.73**
At March 31, 2022	**50.70**	**65.50**	**116.20**
Net Book Value			
At March 31, 2022	13.61	28.06	**41.67**
At March 31, 2021	17.74	34.57	**52.31**

8. INVESTMENT IN JOINT VENTURES

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
I. Non current investments		
Investment in equity instruments		
Unquoted (accounted under equity method)		
Investment in joint ventures (refer note 38 & 40)		
367,500 (31 March 2021 : 367,500) fully paid equity shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	17.31	15.91
255,000 (31 March 2021 : 255,000) Fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC (refer note a below)	-	-
Total non current investments	**17.31**	**15.91**
II. Current investments		
Unquoted Investment in mutual funds		
Investment in mutual funds		
Growth Scheme		
1,30,881 Units (March 31, 2021: 27,259 Units) in HDFC Mutual Fund	45.01	67.57
4,75,990 Units (March 31, 2021: 16,80,961 Units) in ICICI Prudential Mutual Fund	15.01	51.23
45,018 Units (March 31, 2021: 1,87,603 Units) in SBI Mutual Fund	15.00	74.19
Nil Units (March 31, 2021: 65,531 Units) in UTI Mutual Fund	-	22.09
11,20,197 Units (March 31, 2021: 14,96,607 Units) in Aditya Birla Mutual Fund	70.01	63.98
Total Current Investments	**145.03**	**279.06**

Note a. Investment in Joint venture - Blue Star Oman Electro- Mechanical Co. LLC

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Investment in Joint Venture - Blue Star Oman Electro - Mechanical Co LLC	4.34	4.34
Less : Impairment Loss	(4.34)	(4.34)
Balance	-	-

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

Particulars	Non-current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Loans to employees	3.34	6.49	3.18	8.21
Loan to joint venture	4.46	4.46	-	-
Less: Allowance for doubtful loan (Refer Point No 3 below)	(4.46)	(4.46)	-	-
Total loans	**3.34**	**6.49**	**3.18**	**8.21**

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

2. Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

3. The Company holds 51% shareholding in Blue Star Oman Electro Mechanical Co LLC. However, the profit/loss sharing is on 50:50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture. The Company has made an application to the Reserve Bank of India for its approval for a write off of loans and investment in this Joint Venture under the provisions of the Foreign Exchange Management Act

10. Other financial assets

Particulars	Non-current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Security deposits, considered good	8.59	[illegible]	[illegible]	11.90
Security deposits, credit impaired			0.96	0.96
Less: Allowance for doubtful deposits	-	-	(0.96)	(0.96)
	8.59	15.93	[illegible]	11.90
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
[illegible]	-		[illegible]	0.26
[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	12.16

[illegible]

11. INVENTORIES

[illegible]

Particulars	As at 31st March, 2022 ₹ Crores	As at 31st March, 2021 ₹ Crores
Raw materials & components (Includes in transit ₹ 44.[illegible] Crores (March 31, 2021 ₹ 47.[illegible] Crores))	434.62	220.92
Work-in-progress	73.62	60.37
Finished goods	213.01	159.5[illegible]
Stock-in-trade	342.15	276.7[illegible]
Stores and Spares	49.03	57.45
Total Inventories	1,144.24	882.[illegible]

[illegible] ₹ 71.20 crores (March 31, 2021 ₹ 45.[illegible] crores)

[illegible] ₹ 2[illegible] Crores (March 31, 2021 ₹ [illegible].03 Crores) for slow moving, obsolete and defective inventories.

12. TRADE RECEIVABLES

Particulars	Current	
	As at 31st March, 2022 ₹ Crores	As at 31st March, 2021 ₹ Crores
Trade receivables considered good - unsecured	1,253.90	861.57
Trade receivables - credit impaired	42.71	53.29
	1,296.61	914.86
Less: Allowance for doubtful debts and credit loss	(106.87)	(103.88)
Total trade receivables	1,189.74	810.98

Ageing of trade receivables

₹ Crores

Particulars	As at 31st March, 2022						
	Outstanding for following periods from due date of Payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	483.06	551.17	80.08	46.60	22.82	67.37	1,251.10
Trade receivables - credit impaired	-	0.10	0.17	0.46	2.28	33.54	37.55
	483.06	551.27	80.25	47.06	25.10	100.91	1,288.65
Disputed							
Trade receivables considered good - unsecured	-	0.02	0.18	0.24	0.18	2.18	2.80
Trade receivables - credit impaired	-	-	-	-	0.11	5.05	5.16
	-	0.02	0.18	0.24	0.29	7.23	7.96
Total trade receivables	483.06	551.29	80.43	47.30	25.39	108.14	1,296.61
Allowance for doubtful debts and credit loss							(106.87)
Total trade receivables							1,189.74

Ageing of trade receivables

₹ Crores

Particulars	As at 31st March, 2021						
	Outstanding for following periods from due date of Payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	229.62	420.66	59.71	65.80	26.68	56.7[illegible]	859.18
Trade receivables - credit impaired	-	0.49	1.43	1.12	3.98	42.20	49.22
	229.62	421.15	61.14	66.92	30.66	98.91	908.40
Disputed							
Trade receivables considered good - unsecured	-	0.18	0.03	0.43	0.59	1.06	2.39
Trade receivables - credit impaired	-	-	-	0.02	0.24	3.81	4.07
	-	0.18	0.03	0.45	0.83	4.87	6.46
Total trade receivables	229.62	421.33	61.17	67.37	31.59	103.78	914.86
Allowance for doubtful debts and credit loss							(103.88)
Total trade receivables							810.98

The movement for allowance for doubtful debts and credit loss during the year in respect of trade receivables containing significant credit risk are as follows:

Particulars	31st March, 2022 ₹ Crores	31st March, 2021 ₹ Crores
Opening balances as on 1st April	103.88	96.97
Impairment loss recognised	27.99	36.91
Less: Allowances provided earlier written off as bad debts	(25.00)	(29.00)
Closing balance as on 31st March	106.87	103.88

13 CASH AND CASH EQUIVALENT

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Cash and cash equivalents		
Balances with banks		
– In current accounts	154.15	95.51
– In term deposits	110.99	230.63
Cash on hand	0.51	0.56
Total cash and cash equivalents	265.65	327.93

14 OTHER BANK BALANCES

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Other bank balances		
- Unpaid dividend *	3.91	4.14
- Cash & bank balance not available for immediate use	0.10	0.09
Total other bank balances	4.01	4.23

* The Group can utilise these balances only towards settlement of unpaid dividend and fractional shares

15 OTHER ASSETS

Particulars	Non-current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Contract assets		-	464.70	359.10
Less: Allowance for doubtful contract assets		-	(20.60)	(27.99)
Net Contract assets	-	-	444.10	331.11
Retention	-	-	85.39	78.99
Capital advances	56.24	18.90	-	-
Balance with statutory authorities	38.13	37.37	90.04	50.75
Less: Allowance for doubtful deposits	(5.80)	-	-	-
	32.33	37.37	90.04	50.75
Vendor advances			45.27	36.69
Less: Allowance for doubtful Vendor Advance			(1.00)	(1.00)
Vendor advances (Net)		-	44.27	35.69
Prepaid expenses	17.96	0.50	36.34	32.06
Government grant receivable	-	-	6.61	5.34
Gratuity paid in advance (refer note 36)		-		0.53
Total Other Assets	108.63	56.77	706.75	534.47

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Opening balances as on 1st April	27.99	24.47
Impairment loss recognised / reversed	1.25	8.79
Less: Allowances provided earlier written off	(8.64)	(5.27)
Closing balances as on 31st March	20.60	27.99

Categorisation of financial assets :

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
At Fair value through profit or loss		
Investments (refer note 8)	145.03	279.06
Other financial assets (refer note 10)	0.11	0.26
Total at fair value	145.14	279.32
At Amortised Cost		
Trade receivables (refer note 12)	1,189.74	810.98
Cash & cash equivalents (refer note 13 and 14)	269.66	332.16
Loans (refer note 9)	6.52	14.70
Other financial assets (refer note 10)	34.60	33.84
Total at amortized cost	1,500.52	1,191.68

The carrying amount of financial assets measured at amortised cost in the financial statements are a reasonable approximation of their fair values.

[illegible] EQUITY SHARE CAPITAL

[illegible] Share Capital	7.8% Cumulative convertible preference shares of ₹ 100 each		Equity shares of ₹ 2 each		Unclassified shares of ₹ 100 each		Cumulative compulsorily convertible preference shares of ₹ 10 each	
	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2020	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2021	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2022	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52

[illegible] attached to Equity Shares

[illegible] one class of Equity Shares having par value of ₹ 2 per share. Each share holder is entitled to one vote per share. The Parent declares and pays dividend in Indian rupees. The dividend proposed by the [illegible] is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

[illegible] liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of [illegible] equity shares held by the shareholders.

[illegible] attached to 7.8 % Cumulative Convertible Preference Shares and Cumulative Compulsorily Convertible Preference Shares

[illegible] the preference share is convertible at the option of the shareholders into Equity shares.

[illegible] shares shall rank for the dividend in priority to the equity shares of the Parent Company in the event of increase in share capital or winding up of the Parent Company up to amount of dividend or any [illegible] payment. Preference share holders will not have any further right to participate in the profits or assets of the company.

Issued share capital

Equity Shares of ₹ 2 each issued, subscribed & fully paid up	No.	₹ Crores
At April 1, 2020	9,63,13,888	19.26
[illegible] of share capital	-	-
At March 31, 2021	9,63,13,888	19.26
[illegible] of share capital	-	-
At March 31, 2022	9,63,13,888	19.26

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Nos.	% holding in the class	Nos.	% holding in the class
[illegible] Limited as a Trustee of Ashok M Advani Family Private Trust	1,19,55,601	12.41%	1,19,55,601	12.41%
[illegible] Limited as a Trustee of SMA Family Private Trust	77,19,930	8.02%	77,19,930	8.02%
[illegible]	54,53,274	5.66%	54,13,075	5.62%

[illegible] pattern of promoters and changes in holding during the year

[illegible] held by promoters at the end of the year		As at March 31, 2022		As at March 31, 2021		% Changes during the year
Name of Promoters		Numbers of shares	% of total shares	Numbers of shares	% of total shares	
[illegible] Advani	Promoter	28,27,496	2.94%	28,16,496	2.92%	0.39%
[illegible]	Promoter	10,74,625	1.12%	10,74,625	1.12%	-
[illegible] Murthy	Promoter	72,525	0.08%	72,525	0.08%	-
[illegible] Vaswani	Promoter	26,944	0.03%	26,944	0.03%	-
[illegible] M Advani	Promoter	-	-	-	-	-
[illegible]	Promoter	-	-	-	-	-
[illegible] Vaswani	Promoter Group	10,08,322	1.05%	10,62,322	1.10%	(5.08%)
[illegible]	Promoter Group	11,68,594	1.21%	11,68,594	1.21%	-
[illegible]	Promoter Group	11,26,787	1.17%	11,26,787	1.17%	-
[illegible] Advani	Promoter Group	5,36,936	0.56%	5,36,936	0.56%	-
[illegible] Advani	Promoter Group	1,21,975	0.13%	1,05,775	0.11%	15.32%
[illegible] Murthy	Promoter Group	50,000	0.05%	50,000	0.05%	-
[illegible]	Promoter Group	50,000	0.05%	50,000	0.05%	-
[illegible] Murthy	Promoter Group	50,000	0.05%	50,000	0.05%	-
[illegible]	Promoter Group	50,000	0.05%	50,000	0.05%	-
[illegible] Advani	Promoter Group	30,000	0.03%	30,000	0.03%	-
[illegible]	Promoter Group	19,625	0.02%	19,625	0.02%	-
[illegible] Vaswani	Promoter Group	-	-	-	-	-
[illegible] Limited as a Trustee of Ashok M Advani Family Private Trust	Promoter Group	1,19,55,601	12.41%	1,19,55,601	12.41%	-
[illegible] (India) Limited as a Trustee of SMA Family Private Trust	Promoter Group	77,19,930	8.02%	77,19,930	8.02%	-
[illegible] as a Trustee of Suneeta Padmi Trust and Anissa Rohina Trust	Promoter Group	25,99,744	2.70%	25,99,744	2.70%	-
[illegible] (India) Limited as a Trustee of NSA Family Trust	Promoter Group	23,00,000	2.39%	23,00,000	2.39%	-
[illegible] (India) Limited as a Trustee of SNA Family Trust	Promoter Group	23,00,000	2.39%	23,00,000	2.39%	-
[illegible] Nanik Vaswani as a Trustee of Nanik Family Trust	Promoter Group	5,42,142	0.56%	5,28,642	0.55%	2.55%
[illegible] Nanik Vaswani as a Trustee of Suneeta Family Trust	Promoter Group	5,42,140	0.56%	5,28,640	0.55%	2.55%
[illegible] Nanik Vaswani as a Trustee of Suneeta Family Trust 2	Promoter Group	5,42,140	0.56%	5,28,640	0.55%	2.55%
[illegible] Nanik Vaswani as a Trustee of Nanik Family Trust 2	Promoter Group	5,42,139	0.56%	5,28,639	0.55%	2.55%
[illegible] Advani Finance Private Limited	Promoter Group	52,172	0.05%	63,172	0.07%	(17.41%)
[illegible] Lulla	Promoter Group	19,625	0.02%	19,625	0.02%	-
[illegible] Lulla	Promoter Group	19,625	0.02%	19,625	0.02%	-

C.M

Other Equity

Securities premium – Where the Parent issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to 'Securities Premium Reserve'. The Parent may issue fully paid-up bonus shares to its members out of the securities premium reserve and Parent can use this reserve for buy-back of shares.

Capital redemption reserve - Capital redemption reserve was created for buy-back of shares.

Capital subsidy received from government – The subsidy was received against the factory setup in the state of Himachal Pradesh for the year ended March 31, 2009 and year ended 2013.

General reserve - General Reserve is created out of the profits earned by the Group by way of transfer from surplus in the statement of profit and loss. The Group can use this reserve for payment of dividend and issue of bonus shares.

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

Exchange difference on translation of foreign operations through other comprehensive income - For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange differences which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies during the financial year.

Capital Reserve – This Reserve represents the difference between value of the net assets transferred to the Group in the course of business combinations and the consideration paid for such combinations.

CM

18 DIVIDEND DISTRIBUTION MADE AND PROPOSED

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Cash dividends on equity shares declared and paid :		
Final dividend for the year ended March 31, 2021 : ₹ 4 per share (March 31, 2020 : ₹ Nil)	38.53	-
Total Dividend Distribution	**38.53**	-

Note: The Directors have recommended a dividend of ₹ 10 per equity share of face value ₹ 2 each for FY 21-22 (FY 20-21, Final Dividend of ₹ 4 per equity share). Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

19 BORROWINGS

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
At amortised cost		
Non-current borrowings		
Secured		
Term loan from bank (note a & b)	68.57	2.40
Unsecured		
7.65% non convertible debentures (note d)	175.00	350.00
Less : Unamortised upfront fees on borrowing	(2.00)	(3.14)
Total non-current Borrowings	**241.57**	**349.26**
Current Borrowings		
Unsecured		
Current maturities of long term debt	177.49	3.20
Packing credit loan account from banks (note c)	31.75	40.53
Short term loan	-	55.00
Cash credit / bank overdrafts (note c)	27.02	4.06
Secured		
Packing credit loan account from banks (Note c)	-	2.75
Total current borrowings	**236.26**	**105.54**
Aggregate secured loans	-	2.75
Aggregate unsecured loans	477.83	452.05
Total borrowings	**477.83**	**454.80**

a. Secured term loan availed by one of the subsidiary companies for Capex funding is payable in twenty equated quarterly instalments carrying interest rate in the range of 5.35% to 6%

b. Term Loan is secured against Plant and Machinery and other assets of the new project for which funding is taken

c. Outstanding working capital loans carry an interest rate ranging from 2.75% to 2.8% (March 31, 2021 : 2.3% - 6.8% p.a.).

d. The Parent Company has allotted 7.65% unsecured redeemable non-convertible debentures (Series I & Series II) on June 1, 2020.

(₹ in crores)

Particulars	Repayment	
	Amount	Date
7.65% Non Convertible Debentures (Series - I) - Principal	175.00	01-Jun-23
7.65% Non Convertible Debentures (Series - II) - Principal	175.00	31-May-22

e. The group have not been declared as wilful defaulter by any bank, financial institutions or other lender.

f The group has utilised the funds borrowed from banks and financial institution for the purpose it was taken.

g. The group has not received any fund from any person or entity, including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20 DISCLOSURE AS PER SECTION 22 OF MSME ACT

Particulars	As at 31st March, 2022 ₹ Crores	As at 31st March, 2021 ₹ Crores
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	102.61	64.99
(ii) Interest due on above	0.12	0.06
(b) Amount of interest paid by the buyer in terms of section 16 of the Micro, Small & Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Micro, Small & Medium Enterprises Development Act, 2006.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year*	2.10	1.98
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small & Medium Enterprises Development Act, 2006.	2.10	1.98
	104.71	65.97

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Group

* Interest on overdue balances of Micro and Small Enterprises is fully provided. Interest provided is unclaimed by the vendor

Ageing of payables

₹ Crores

Particulars	As at 31st March, 2022 Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	331.94	-	-	-	-	331.94
Undisputed						-
Dues to micro enterprises and small enterprises	84.25	20.17	0.18	0.06	0.03	104.69
Dues of creditors other than micro and small enterprises	1,263.32	311.57	10.36	4.17	15.60	1,605.02
	1,679.51	331.74	10.54	4.23	15.63	2,041.65
Disputed						
Dues to micro enterprises and small enterprises	0.02	-	-	-	-	0.02
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
	0.02	-	-	-	-	0.02
Total payables	1,679.53	331.74	10.54	4.23	15.63	2,041.67

Ageing of payables

₹ Crores

Particulars	As at 31st March, 2021 Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	242.97	-	-	-	-	242.97
Undisputed						-
Dues to micro enterprises and small enterprises	50.27	16.49	0.15	0.01	0.03	66.95
Dues of creditors other than micro and small enterprises	1,010.68	254.40	12.56	6.30	11.01	1,294.95
	1,303.92	270.89	12.71	6.31	11.04	1,504.87
Disputed						
Dues to micro enterprises and small enterprises	-	0.02	-	-	-	0.02
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
	-	0.02	-	-	-	0.02
Total payables	1,303.92	270.91	12.71	6.31	11.04	1,504.89

21 LEASE LIABILITY

Particulars	As at 31st March, 2022 ₹ Crores	As at 31st March, 2021 ₹ Crores
Opening balance	55.33	59.76
Addition during the year	38.44	17.71
Add: interest for the year	5.31	5.19
Paid during the year	(24.27)	(27.33)
Closing balance	75.37	55.33
Non current lease liability	51.31	31.23
Current lease liability	24.06	24.10
Total lease liability	75.37	55.33

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2022

22. OTHER FINANCIAL LIABILITIES

Particulars	Current	
	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Financial liabilities at amortized cost		
Other deposits	5.45	4.09
Interest accrued but not due on borrowings	23.27	23.30
Unpaid dividend (refer note a below)	3.91	4.14
Creditors - capital expenditure	2.41	2.08
Total other financial liabilities	**35.04**	**33.61**

a) Unpaid Dividend

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund

Categorisation of financial liabilities carried at amortised cost

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Borrowings (refer note 19)	477.83	454.80
Trade payables	2,041.67	1,604.89
Other deposits (refer note 22)	5.45	4.09
Unpaid dividend (refer note 22)	3.91	4.14
Creditors- capital expenditure (refer note 22)	2.41	2.08
Interest accrued but not due on borrowings (refer note 22)	23.27	23.30
Total financial liabilities carried at amortized cost	**2,554.54**	**2,093.30**

Borrowings and interest accrued but not due on Borrowings have a fair value of ₹ 500.46 Crores (March 31, 2021: ₹ 476.83 Crores). The carrying amount of all other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value

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

Particulars	Non current borrowings	Current borrowings	Lease liabilities
	₹ Crores	₹ Crores	₹ Crores
At the beginning of the year	349.26	105.54	55.33
Cash flows during the year (net)	68.57	(46.83)	(24.27)
Current maturity of long term borrowings	(177.49)	177.49	
Amortisation of upfront fees on borrowing	1.14	-	-
Variation in foreign exchange	0.09	0.06	-
At the end of the year (excluding interest liability on borrowings)	**241.57**	**236.26**	**31.06**
Non cash changes due to			
-Acquisitions under finance lease	-	-	44.81
-Interest on borrowings (clubbed under other financial liabilities)	11.63	11.64	-
At the end of the year (including interest liability on borrowings)	**253.20**	**247.90**	**75.87**

Reconciliation between the opening and closing balances for liabilities arising from financing activities for the year ended 31st March 2021 :

Particulars	Non current borrowings	Current borrowings	Lease liabilities
	₹ Crores	₹ Crores	₹ Crores
At the beginning of the year	47.71	401.23	59.78
Current maturities of long term borrowings at the beginning of year	11.44		-
Cash flows during the year (net)	296.76	(298.89)	(28.35)
Current maturities of long term borrowings at the end of year	(3.20)	-	-
Transaction cost on borrowings	(3.14)	-	-
Variation in exchange rates	(0.31)	-	-
At the end of the year (excluding interest liability on borrowings)	**349.26**	**102.34**	**31.43**
Non cash changes due to :			
-Acquisitions under lease	-	-	23.90
-Interest on borrowings (clubbed under other financial liabilities)	23.30		-
At the end of the year (including interest liability on borrowings)	**372.56**	**102.34**	**55.33**

23. OTHER CURRENT LIABILITIES

Particulars	Non-current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Contract liabilities from construction contracts		-	74.89	84.40
Contract liabilities from annual maintenance contract services	12.40	-	81.06	70.76
Advances from customers	-		343.04	241.82
Dues to statutory bodies		-	53.40	35.02
Others			6.46	9.12
Total other current liabilities	12.40		558.85	442.32

Blue Star Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2022

24 PROVISIONS

Particulars	Non current		Current	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Provision for employee benefits				
Provision for gratuity (refer note 36)	-	-	0.28	-
Compensated absences	-	-	22.84	17.42
Provision for other employment benefits	-	-	5.24	2.25
Additional gratuity (refer note 36)	0.45	0.45	-	-
	0.45	**0.45**	**28.36**	**19.67**
Other provisions				
Provision for customer warranties	9.61	10.37	17.93	14.81
Provision for foreseeable loss	-	-	3.02	2.37
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	10.42	10.43
	9.61	**10.37**	**32.46**	**28.70**
Total provisions	**10.06**	**10.82**	**60.82**	**48.37**

* The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture.

Provision for warranties

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
At the beginning of the year	25.18	28.17
Add :- Additional provisions made during the year	14.77	11.06
Less :- Amount used during the year	(12.52)	(14.31)
Add:- Effect of change in provision on account of discounting during the year	0.11	0.26
At the end of the year	**27.54**	**25.18**
Current portion	17.93	14.81
Non-current portion	9.61	10.37

Foreseeable Loss

A provision for foreseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits

Other Provision for the year ended March 31, 2022 (₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.37	1.09	10.43
Add :- Additional provisions made during the year	21.00	-	-
Less : Utilised during the year	(20.35)	-	(0.01)
At the end of the year	**3.02**	**1.09**	**10.42**

Other Provision for the year ended March 31, 2021 (₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.11	1.09	23.97
Add : Additional provisions made during the year	2.10	-	-
Less : Utilised during the year	(1.84)		(13.54)
At the end of the year	**2.37**	**1.09**	**10.43**

25 GOVERNMENT GRANTS

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
At 1st April	[illegible]	12.90
Additions during the year	[illegible]	0.77
Amortised during the year	[illegible]	(2.51)
At 31st March	[illegible]	11.16
[illegible]		[illegible]
[illegible]		[illegible]

[illegible]

26. INCOME TAX

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for For the year ended 31st March, 2022 and For the year ended 31st March, 2021

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Accounting profit before tax	249.81	145.15
Other Comprehensive Income before tax	-	4.32
Profit Before Tax	**249.81**	**149.47**
Income Tax expense calculated at 34.944% (Previous Year 34.944%)	**87.30**	**52.23**
Expenses not allowed for tax purpose	2.34	3.24
Additional allowances for tax purpose	(0.10)	(5.52)
Savings due to tax paid at lower rate (see footnote)	(5.32)	(4.23)
Other	(1.32)	3.22
Tax Expenses	**82.90**	**48.94**
Income tax expense reported in the statement of profit and loss	82.90	47.09
Income tax effect on other comprehensive expense/(income)	-	1.85
Total current tax expense	**82.90**	**48.94**

Deferred tax

Deferred tax relates to the following

Particulars	Balance Sheet	
	As at 31st March, 2022	**As at 31st March, 2021**
	₹ Crores	**₹ Crores**
Provision for loss allowance	31.44	38.59
Provisions made disallowed and allowed only on payment basis	7.37	4.94
Accelerated Depreciation for tax purposes	(6.38)	(2.95)
Others (including Transition impact of Ind AS 116 of ₹ 2.30 crores)	(4.86)	(11.54)
Total (excluding MAT credit entitlement)	**27.57**	**29.04**
MAT Credit Entitlement	-	18.45
Total deferred tax	**27.57**	**47.49**

Reflected in the balance sheet as follows

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Deferred tax assets	33.95	50.44
Deferred tax liabilities	(6.38)	(2.95)
Deferred tax Asset, net	27.57	**47.49**

Savings due to tax paid at lower rate includes impact on account of BSEEL (a group entity) having opted to pay the tax under section 115BAA of the Income Tax Act,1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17%, (b) the deferred tax assets and deferred tax liabilities as on April 1, 2020 have been restated at the rate of 25.17% and (c) the unutilised credit for minimum alternate tax as on April 1, 2020 has been written-off.

27. Revenue from operations

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Revenue from operations		
Sale of products	3,895.37	2,770.89
Sale of services	565.56	500.61
Revenue from construction contracts	1,538.60	963.54
Other operating revenue		
Commission income	3.07	2.35
Provisions and liabilities no longer required	25.54	19.48
Others	17.44	6.72
Total revenue from operations	**6,045.58**	**4,263.59**

28. Other income

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Interest income		
Bank deposits	12.70	9.07
Others	1.57	1.15
Rental income	1.02	6.36
Profit on redemption of Mutual Fund Investment	2.68	5.13
Others	17.75	7.69
Profit on sale of investment property	-	32.95
Total other income	**35.72**	**62.35**

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Cost of material consumed	2,273.61	1,343.63
Project cost (including bought outs)	1,052.20	729.69
AMC subcontracting cost	336.17	287.13
Total Cost of Raw Material and Components Consumed and Project related cost	**3,661.98**	**2,360.45**
Purchase of stock-in-trade	**1,103.64**	**880.09**
Inventories at the end of the year		
Traded goods	342.15	326.76
Work-in-progress	78.92	62.32
Finished goods	218.61	199.66
	639.68	**588.74**
Inventories at the beginning of the year		
Traded goods	326.76	299.50
Work-in-progress	62.32	58.83
Finished goods	199.66	261.22
	588.74	**619.55**
(Increase) / Decrease in inventories	**(50.94)**	**30.81**

30. EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Salaries, wages and bonus	460.80	339.51
Contribution to provident and other funds	15.55	13.48
Gratuity expense (refer note 36)	3.90	5.21
Staff welfare expenses	28.30	23.61
Total employee benefit expense	**508.55**	**381.81**

31. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Depreciation on Property, plant and equipment (refer note 4)	48.13	48.96
Depreciation on right of use asset (refer note 5)	18.24	21.17
Amortisation expenses on intangible assets (refer note 7)	18.73	18.40
Depreciation on investment properties (refer note 6)	0.88	3.76
Total depreciation and amortisation expense	85.98	92.29

32. OTHER EXPENSE

Particulars		For the year ended 31st March, 2022	For the year ended 31st March, 2021
		₹ Crores	₹ Crores
Stores and spares consumed		14.39	10.61
Power and fuel		17.54	13.85
Rent		47.96	33.97
Repairs and maintenance			
Buildings		3.39	4.19
Plant and machinery		4.66	3.21
Others		18.47	12.99
Insurance		5.28	5.06
Rates and taxes		1.88	2.75
Advertising Expenses		55.53	45.83
Sales Promotion Expenses		26.89	23.81
Freight and forwarding charges		84.43	67.64
Legal and professional fees		58.74	37.66
Travelling and conveyance		25.90	16.43
Commission and Sale Incentives		18.34	16.86
Warranty Cost		19.62	13.55
Printing and stationery		2.61	1.97
Payment to auditors (Refer details A below)		2.02	1.64
Corporate social responsibility expenses		3.67	3.81
Donations		0.36	0.04
Loss on sale of Property, Plant and equipment (net)		0.65	-
Foreign Exchange differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)		4.94	4.18
Bad debts / advances written off	25.71	-	-
Less:- Provision for bad debts	(25.00)	0.71	0.10
Allowances for doubtful debts and advances		25.86	34.18
Miscellaneous expenses		32.04	16.29
Total other expenses		**475.88**	**370.62**

A. Payment to auditors

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
As auditor:		
Audit fee	1.45	1.02
Limited review	0.27	0.24
Tax Audit	0.08	0.09
In other capacity		
Other services	0.20	0.21
Reimbursement of expenses	0.02	0.08
	2.02	**1.64**

33. FINANCE COSTS

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Interest	33.90	[illegible]
[illegible]	6.13	[illegible]
[illegible]	6.37	[illegible]
[illegible]	46.40	[illegible]

34 EARNING PER SHARE (EPS)

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

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit attributable to equity holders of the Company (₹ in Crores)	168.00	102.94
Weighted average number of Equity shares outstanding	9.63	9.63
Earning Per Share (₹) - Basic and Diluted in rupees (Face Value - ₹ 2 per share)	17.44	10.42

BLUE STAR LIMITED

35 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Group's consolidated financial statements requires Management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on the Group's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Group's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognized.

Contract variations

Contract variations are recognized as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Group. This requires exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Group provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Group, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Group's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) is based on assumptions of risk of default and expected loss rates. The Group makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not collectible.

Income Taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. In assessing the realizability of deferred tax assets arising from unused tax credits, the management considers convincing evidence about availability of sufficient taxable income against which such unused tax credits can be utilized. The amount of the deferred income tax assets considered realizable, however, could be reduced if estimates of future taxable income during the carry forward period are reduced.

COVID 19 - Recoverability of assets

The Group continues to monitor the economic effects of COVID-19 on its business. Based on the current evaluation by the management, the carrying amount of the assets are considered recoverable.

Code on Social Security, 2020

[illegible]

36 EMPLOYEE BENEFITS DISCLOSURE

I. Defined Benefit Plans

a. Gratuity

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Group contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Group recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised as net profit in the profit or loss. The Company expects to contribute ₹ 2.91 crore to gratuity fund in FY 2022-23 (FY 2021-22 - ₹ 1.9 crore)

Change in present value of defined benefit obligation

Particulars	Gratuity		Additional Gratuity	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Defined benefit obligation at the beginning of the year	44.29	44.24	0.45	0.45
Current service cost*	4.14	5.21	0.02	0.02
Interest cost	2.74	2.82	-	0.03
Benefit payments from plan assets	(3.29)	(5.70)	(0.01)	(0.05)
Acquisition adjustment	-	-	-	-
Remeasurements				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	(0.86)	0.33	(0.01)	-
c. Due to experience adjustments	1.06	(2.61)	-	-
Defined benefit obligation at the end of the year	**48.08**	**44.29**	**0.45**	**0.45**

Change in fair value of plan assets

Particulars	Gratuity		Additional Gratuity	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Fair value of plan assets at the beginning of the year	47.47	44.46	-	-
Expected return on plan assets	2.98	2.84	-	-
Contribution by employer	0.64	2.21	-	-
Actual benefits paid	(3.29)	(5.70)	-	-
Return on assets	-	3.66	-	-
Acquisition adjustment	-	-	-	-
Fair value of plan assets at the end of the year	**47.80**	**47.47**	-	-

Components of defined benefit cost recognised in Profit or Loss

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Current service cost	4.14	5.21	0.02	0.02
Interest Cost	2.74	2.82	-	0.03
Expected return on plan assets	(2.98)	(2.84)		-
Defined benefit cost recognized in Profit or Loss	**3.90**	**5.19**	**0.02**	**0.05**
Components of defined benefit cost recognised in Other Comprehensive Income				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	(0.86)	0.33	(0.01)	-
c. Due to change in experience adjustments	1.01	(2.61)	-	-
d. (Return) on plan assets (excl. amount recognised in net interest)	-	(3.66)	-	-
Remeasurements recognised in other comprehensive income (OCI)	**0.15**	**(5.94)**	**(0.01)**	-

*Includes ₹ 1.40 Crores in March 31, 2021 towards impact of changes in Remuneration structure

Net Assets/ Liability recognised in the statement of financial position

Particulars	Gratuity		Additional Gratuity	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Defined benefit obligation	48.08	44.29	0.45	0.45
Fair value of plan assets	47.80	47.47		-
Net defined benefit liability / (asset)	**0.28**	**(3.18)**	**0.45**	**0.45**

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
[illegible]	-	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	47.80	[illegible]

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

Actuarial Assumptions	Gratuity		Additional Gratuity	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Discount rate	6.80%	6.25%	6.25%	6.25%
Disability rate	5% of IALM 2012-14	5% of IALM-2012-14	5% of IALM 2012-14	5% of IALM-2012-14
Normal retirement age	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others
Mortality rate	100% of IALM 2012-14	100% of IALM-2012-14	100% of IALM 2012-14	100% of IALM-2012-14
Salary escalation rate (Management-Staff-Directors)	10%,7%,3%	10%,7%,3%	-	-
Attrition rate	14%	14%	14%	14%

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

Assumptions	Gratuity		Additional Gratuity	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Decrease in discount Rate(0.5%)	47.81	44.47	0.48	0.48
Increase in discount Rate(0.5%)	39.19	42.08	0.46	0.46
Decrease in salary Growth Rate (0.5%)	39.19	42.08	-	-
Increase in salary Growth Rate (0.5%)	47.81	44.46	-	
Decrease in attrition Rate (1%)	46.61	43.39	0.45	0.45
Increase in attrition Rate (1%)	40.23	43.12	0.47	0.46
Decrease in Mortality Rate (10%)	46.53	43.24	0.47	0.47
Increase in Mortality Rate (10%)	46.53	43.24	0.47	0.47

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2021-22.

The average duration of the defined benefit plan obligation at the end of the reporting year 2021-22 is 6 years

b. Provident Fund

In accordance to Ind AS 19, that provident Fund set up by employers which requires interest shortfall to be met by the employer should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2022. The group's contribution to the Employee's Provident Fund aggregates to ₹ 9.53 Crores (31 March, 2021 ₹ 6.85 Crores)

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the group has made for an estimated amount provision on a prospective basis

II. General Description of significant defined plans:

a. Gratuity Plan

Gratuity is payable to all eligible employees on separation/ retirement based on 15 days last drawn salary for each completed years' of service after continuous service for five years

b. Additional Gratuity

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

37 COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Claims against the Group not acknowledged as debts	0.05	0.34
Sales Tax matters	61.76	96.68
Excise Duty matters	4.90	4.90
Service Tax matters	159.00	159.00
Income Tax matters	125.99	126.80
GST matters	0.07	0.07

b. Commitments

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

At March 31, 2022 Group had commitments (net of advances) of ₹ 130.43 Crores (March 31, 2021: ₹ 61.56 Crores)

c. Uncertain tax position

The uncertain tax position as on March 31, 2022 is ₹ 5.6 crores (March 31, 2021 : ₹ 11.84 crores).

38 DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Joint Ventures	Country of Incorporations	% of equity interest: As at 31st March, 2022	% of equity interest: As at 31st March, 2021
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49.00*	49.00*
Blue Star Oman Electro-Mechanical Co. LLC	Oman	51.00	51.00

*Refer Note 40

Key Management Personnel

Mr. Vir S Advani, Vice Chairman and Managing Director
Mr. B Thiagarajan, Managing Director
Mr. Vijay Devadiga, Company Secretary (Until 4th June, 2021)
Mr. Neeraj Basur, Group Chief Financial Officer, Company Secretary (Between 5th June 2021 to 28th October, 2021)
Mr. Rajesh Parte, Company Secretary (From 29th October, 2021)

Non Executive and Independent Directors

Mr. Shailesh Haribhakti
Mr Dinesh Vaswani
Mr. Sam Balsara
Mr Anil Harish
Mrs Rumjhum Chatterjee
Mr Arvind K Singhal
Ms. Sunaina Murthy

Relative of Director

Mr. Ashok M. Advani
Mr. Suneel M. Advani

Enterprises in which a Director is/was a member/director/trustee during the year with whom company had transactions and/ or balanaces

Moms Outdoor Media Solutions Pvt Ltd
Madison Communications Pvt Ltd
Somany Ceramics Ltd.
IBS Fintech India Pvt. Ltd.
Blue Star Helpline Trust

Transactions during the period with Related Parties are as under: ₹ Crores

	For the year ended 31st March, 2022	As at 31st March, 2022	For the year ended 31st March, 2021	As at 31st March, 2021
Name of Related party	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		0.56		1.21
Consultancy services rendered	-		1.58	
Redemption of preference shares	-		3.45	-
Blue Star Helpline Trust.		1.19		
Reimbursement of expenses	1.19		-	
Blue Star Oman Electro-Mechanical Co. LLC*		4.46		4.46

₹ Crores

	For the year ended 31st March, 2022	As at 31st March, 2022	For the year ended 31st March, 2021	As at 31st March, 2021
Enterprises in which Director is a member/director	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Sale of Goods and Services				
Madison Communications Pvt. Ltd	0.07	-	0.06	0.01
Moms Outdoor Media Solutions Pvt. Ltd.	0.01	(0.01)	0.01	(0.01)
Somany Ceramics Ltd	0.03	-	0.02	-
Services Received				
Moms Outdoor Media Solutions Pvt Ltd	2.08	-	0.02	0.01
Madison Communications Pvt Ltd	33.50	(0.70)	15.91	(0.71)
IBS Fintech India Pvt. Ltd	0.16	-	0.35	-
Relative of Director				
Fees for Professional Services	0.19	-	0.11	(0.01)
Compensation of key managerial personnel		(6.88)		(5.20)
Short term employee benefits	14.83		11.95	
Sitting fees to Non Executive and Independent Directors	0.52		0.71	
Commission to Non Executive and Independent Directors	1.71		0.72	
Retirement benefits	0.77		0.74	
Total compensation paid to key management personnel	17.83		14.12	

* fully provided for Allowance for doubtful loan

Note: [illegible]

39 SEGMENT INFORMATON

A. Primary segment reporting (by business segment)

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

a. Electro Mechanical Projects and Commercial Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.

b. Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.

c. Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

Segment revenues, results and other information:

I. SEGMENT REVENUE	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	3,194.46	2,218.72
ii. Unitary Products	2,603.77	1,868.28
iii. Professional Electronics and Industrial Systems	247.35	176.59
TOTAL SEGMENT REVENUE	**6,045.58**	**4,263.59**

II. SEGMENT RESULT	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	194.82	106.49
ii. Unitary Products	155.86	108.82
iii. Professional Electronics and Industrial Systems	42.49	33.81
TOTAL SEGMENT RESULT	**393.17**	**249.12**
Less: i) Finance Cost	(46.40)	(64.72)
ii) Other un-allocable Expenditure Net of un-allocable Income	(96.96)	(39.25)
PROFIT BEFORE TAXATION	**249.81**	**145.15**

III. OTHER INFORMATION:

A. SEGMENT ASSETS	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,860.72	1,664.85
ii. Unitary Products	1,655.44	986.97
iii Professional Electronics and Industrial Systems	156.42	62.36
TOTAL SEGMENT ASSETS	**3,672.58**	**2,714.18**
Add: Un-allocable Corporate Assets	640.06	835.27
TOTAL ASSETS	**4,312.64**	**3,549.45**

B. SEGMENT LIABILITIES	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
i Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,527.92	1,240.69
ii. Unitary Products	999.10	757.71
iii Professional Electronics and Industrial Systems	142.22	78.50
TOTAL SEGMENT LIABILITIES	**2,669.24**	**2,076.90**
Add: Un-allocable Corporate Liabilities	622.85	584.69
TOTAL LIABILITIES	**3,292.09**	2,661.59

C. NON CURRENT ASSETS (MOVEMENT)	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	20.14	53.42
ii. Unitary Products	108.76	30.20
iii. Professional Electronics and Industrial Systems	0.29	0.27
iv. Un-allocable	83.72	15.40
TOTAL	212.91	99.29

D. DEPRECIATION / AMORTISATION	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	28.33	29.96
ii. Unitary Products	31.04	22.34
iii. Professional Electronics and Industrial Systems	4.21	0.24
iv. Un-allocable	22.40	39.75
TOTAL	85.98	92.29

E. NON CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	26.36	32.12
ii. Unitary Products	0.02	0.45
iii. Professional Electronics and Industrial Systems	1.47	1.71
iv. Un-allocable	0.60	1.19
TOTAL	28.45	35.47

F. INTEREST INCOME	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	0.59	0.35
ii. Unitary Products	0.11	0.01
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	13.57	9.86
TOTAL	14.27	10.22

B. Secondary segment information:

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Revenue (Sales, Services & Commission) by Geographical Market		
India	5,401.45	3,854.49
Outside India	644.13	409.10
Total	6,045.58	4,263.59
Carrying amount of Non Current Assets		
India	664.40	512.27
Outside India	46.63	7.28
Total	711.03	519.55

40. INTEREST IN JOINT VENTURE

The Blue Star Group comprises of the following entities

Joint venture	Country of Incorporation	% Shareholding	
		As at 31st March, 2022	As at 31st March, 2021
Foreign Joint Ventures- Jointly Controlled Entities			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49%	49%
Carrying amount of Investment (₹ Crores)		17.31	15.91

Blue Star M & E Engineering (Sdn) Bhd
Summarised Balance sheet as at March 31, 2022 and March 31, 2021:

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Current assets	46.72	58.65
Non-Current Assets	12.16	17.76
Current Liabilities	26.28	43.81
Non-current Liabilities	2.82	5.75
EQUITY	**29.78**	**26.85**
The above amount of the assets and liabilities include the following		
- Cash and Cash equivalents	8.29	3.30
- Current financial liabilities (excluding trade and other payables and provisions)	1.58	20.83
- Non Current financial liabilities (excluding trade and other payables and provisions)	46.72	0.96

Summarised statement of Profit & Loss for the year ended March 31,2022 and March 31, 2021:

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Revenue	42.27	83.36
Other Income	2.23	2.71
Cost of raw material and components consumed	34.44	67.09
Depreciation and amortisation	0.49	0.50
Finance cost	0.26	0.23
Employee Benefit	4.78	5.02
Other Expenses	1.37	6.78
Profit before tax	**3.16**	**6.45**
Income Tax Expense	0.92	1.13
Profit for the year	**2.24**	**5.32**
Group's share of profit for the year	**1.09**	**2.60**

Movement of investment in Joint Venture

₹ Crores

Particular	As at 31st March, 2022	As at 31st March, 2021
Investment in Joint venture	15.91	16.87
Profit for the period	1.09	2.60
Redemption of preference shares	-	(3.45)
Foreign currency translation reserve	0.31	(0.11)
Investment in Joint venture	17.31	**15.91**

Notes:

1 The Company has 51% share holding in Blue Star Oman Electro Mechanical Co. LLC however the profit/loss sharing is on 50-50 basis and is accounted as joint venture. Since the Company has decided to exit Oman JV in FY19 and has made full provision of its investments, the above details are not applicable

41 DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Group has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Group does not use foreign exchange forward and options contract for trading or speculative purposes.
Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Profit or Loss.

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

a. Derivative instruments: Forward contract outstanding as at balance sheet date

	2021-2022		2020-2021	
Foreign currency	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional Value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional Value)
Particulars of Derivatives				
Forward cover to Purchase				
USD	13.12	9.95	127.30	93.07
- CNY (including commitments)	81.53	9.73	221.64	24.69
Forward cover to Sell				
- USD	26.00	19.71	15.00	10.97
Forward cover against future capital commitments - PO based hedging:				
- USD	11.80	8.94	-	-

b. Derivative instruments: Option contract outstanding as at balance sheet date

	2021-2022		2020-2021	
Foreign currency	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional Value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional Value)
Particulars of Derivatives				
Option cover to Purchase				
- USD	88.40	67.00	30.00	21.93
- CNY	120.68	14.41	-	-

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

Particulars	2021-2022		2020-2021	
Foreign Currency	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional Value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional Value)
Bank Balances				
AED	2.14	0.44	3.58	0.77
CAD	1.92	1.16	0.39	0.23
EUR	5.04	4.25	1.93	1.66
RMB	0.21	0.03	-	-
USD	8.07	6.12	6.79	4.96
Receivables				
AED	11.60	2.38	0.64	0.13
CAD	0.47	0.28	-	-
EUR	0.90	0.76	2.19	1.87
GBP	0.08	0.08	0.08	0.08
JPY	22.75	0.14	22.75	0.15
MYR	7.92	1.43	6.86	1.21
USD	103.68	78.58	26.93	19.69
Payables				
AED	0.45	0.10	0.49	0.10
CNY	13.18	1.57	20.13	2.24
EUR	1.66	1.39	6.76	5.79
JPY	117.47	0.73	49.52	0.33
MYR	0.03	0.01	-	-
OMR	0.01	0.03		-
RMB	209.94	25.06	125.93	14.03
SGD	0.12	0.06		
USD	90.29	68.43	73.07	53.42
CAD	-	-	0.15	0.09
Loan taken				
USD	3.28	2.49	7.66	5.60

a. The above table does not include foreign currency exposure covered by derivative contracts as stated in (a) and (b) above although not specifically designated in hedge relationships.
b. The un-hedged foreign currency exposures have been given in respect of currencies other than functional currency of the respective enterprises.

42 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quantitative disclosures of fair value measurement heirarchy as at As at 31st March, 2022

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
Assets for which fair values are disclosed:					
Investment Property (refer note 6)	As at 31st March, 2022	32.76	-	-	32.76
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	As at 31st March, 2022	145.03		145.03	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	As at 31st March, 2022	0.11		0.11	

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

Quantitative disclosures of fair value measurement heirarchy as at As at 31st March, 2021

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
Assets for which fair values are disclosed:					
Investment Property (refer note 6)	As at 31st March, 2021	33.20	-		33.20
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	As at 31st March, 2021	279.06		279.06	
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	As at 31st March, 2021	0.26	-	0.26	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year
Fair value hierarchy of financial assets and liabilities measured at fair value
Valuation technique and key inputs used to determine fair value.

1. Level - 2:
Mutual Fund - Quoted price in the active market
Derivative Instrument - Mark to market on forward covers is based on forward exchange rates at the end of reporting period

2. Level - 3:
Investment Property - Based on valuation report of independent valuer

43 FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilising foreign exchange forward contracts.

Foreign Currency Sensitivity

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

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended 31st March, 2022	For the year ended 31st March, 2021	For the year ended 31st March, 2022	For the year ended 31st March, 2021
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
US Dollars	+5%	0.69	(1.44)	0.45	(0.94)
	-5%	(0.69)	1.44	(0.45)	0.94
CNY	+5%	(0.08)	(0.11)	(0.05)	(0.07)
	-5%	0.08	0.11	0.05	0.07
AED	+5%	0.14	0.04	0.09	0.03
	-5%	(0.14)	(0.04)	(0.09)	(0.03)
EUR	+5%	0.18	(0.11)	0.12	(0.07)
	-5%	(0.18)	0.11	(0.12)	0.07
RMB	+5%	(1.25)	(0.70)	(0.82)	(0.46)
	-5%	1.25	0.70	0.82	0.46
MYR	+5%	0.07	0.06	0.05	0.04
	-5%	(0.07)	(0.06)	(0.05)	(0.04)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Group does not have any exposure to the future cash flows resulting from change in interest rate as the Group's net obligations and asset carries fixed interest rate..

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		less than 1 year	more than 1 year	
		₹ Crores	₹ Crores	₹ Crores
Trade Receivables as on March 31, 2022	480.06	631.72	74.96	1,186.74
Trade Receivables as on March 31, 2021	229.62	482.50	98.86	810.98

Refer Note 12 for details on the impairment of trade receivables

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2022

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process.

Liquidity Risk

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

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

Particulars	As of 31st March, 2022		
	Less than 1 year	More than 1 year	Total
	₹ Crores	₹ Crores	₹ Crores
Interest bearing borrowings	236.26	241.57	477.83
Interest on borrowing	28.67	24.90	53.57
Trade Payables	2,041.67	-	2,041.67
Lease Liabilities	23.96	78.42	102.38
Other financial liabilities	11.76	-	11.76
Total	2,342.31	344.89	2,687.21

Particulars	As of 31st March, 2021		
	Less than 1 year	More than 1 year	Total
	₹ Crores	₹ Crores	₹ Crores
Interest bearing borrowings	105.54	352.40	457.94
Interest on borrowings	26.82	53.56	80.38
Trade Payables	1,604.89	-	1,604.89
Lease Liabilities	24.10	50.24	74.34
Other financial liabilities	10.31	-	10.31
Total	1,771.66	456.20	2,227.86

44 CAPITAL MANAGEMENT

The Group's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Group determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Group's adjusted net debt and equity position is as follows

Gearing Ratio:

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Borrowings	477.83	454.80
Less: Cash and cash equivalents	(265.65)	(327.93)
Net debt	212.18	126.87
Equity	1,020.54	887.86
Gearing ratio	20.79%	14.29%

Net Debt = Borrowings - Cash and cash equivalents
Gearing ratio = (Net Debt / Equity) x 100

45 ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

i. The Group neither holds any benami property nor any proceedings have been initiated or pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii. The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956

iii. The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017

iv. The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

46 CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE:

₹ Crores

Particulars			As at 31st March, 2022
	Within 12 months	After 12 months	Total
Assets			
Inventories	1144.24		1144.24
Trade receivables	1189.74	-	1189.74
Loans	3.18	-	3.18
Other financial assets	15.78	-	15.78
Other current assets	636.09	70.66	706.75
Assets held for sale	5.90	-	5.90
Liabilities			
Trade Payables	2,041.67	-	2,041.67
Lease Liabilities	23.96	-	23.96
Other financial liabilities	35.03	-	35.03
Other Current Liabilities	558.85	-	558.85
Provisions	60.82		60.82

₹ Crores

Particulars			As at 31st March, 2021
	Within 12 months	After 12 months	Total
Assets			
Inventories	882.42	-	882.42
Trade receivables	810.98	-	810.98
Loans	8.21	-	8.21
Other financial assets	12.16	-	12.16
Other current assets	518.93	15.54	534.47
Assets held for sale	0.08	-	0.08
Liabilities			
Trade payables	1,604.89	-	1,604.89
Lease liabilities	24.10	-	24.10
Other financial liabilities	33.61	-	33.61
Other current liabilities	442.02	-	442.02
Provisions	48.37	-	48.37

47. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 29 IN RESPECT OF SPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES,OTHER EXPENSES AND FINANCE COST VIDE NOTE 30 ,32 AND 33 IS AS FOLLOWS

₹ Crores

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Salary & wages		460.80	-	-	460.80
		(380.90)	-	-	(380.90)
Rent	0.65	-	47.96	-	48.61
	(0.70)		(33.97)	-	(34.67)
Power & fuel	0.93		17.54		18.47
	(1.29)		[illegible]		[illegible]
Insurance	2.22		5.28	-	7.49
	(2.12)		(5.06)	-	(7.18)
Travelling & Conveyance	1.20	-	25.90	-	27.10
	(0.55)		(16.43)	-	(16.98)
Printing & Stationery	0.75		2.61	-	3.36
	(0.44)		(1.97)	-	(2.41)
Freight and Forwarding Charges	1.05		84.43	-	85.49
	(0.55)		[illegible]	-	(63.14)
Legal & Professional fees	15.28		[illegible]		74.02
	[illegible]		(27.68)		(24.66)
Bank charges	1.13			6.13	7.26
	[illegible]			[illegible]	[illegible]
[illegible]	[illegible]				[illegible]
	[illegible]				[illegible]

[illegible]

48 (a) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT :

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
	₹ Crores	₹ Crores
Employee benefits expense	21.94	15.27
Cost of raw material and components consumed	4.68	3.52
Legal & Professional fees	1.13	1.34
Depreciation	11.96	13.43
Others	10.09	3.27
Total	**49.80**	**36.83**

(b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

Particulars	As at 31st March, 2022	As at 31st March, 2021
	₹ Crores	₹ Crores
Tangible Assets		
Building sheds and road	-	6.77
Plant & Equipment	13.80	4.06
Office equipments	-	0.98
Vehicles	0.41	0.12
Computers	-	0.26
Intangible Assets (including under development)		
Technical knowhow	3.15	9.80
Software	0.05	0.28
Total	**17.41**	**22.27**

BLUE STAR LIMITED

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49 LEASE

Disclosure as per the requirement of Ind AS 116

Amounts recognised in balance sheet
The balance sheet shows the following amounts relating to leases:

₹ Crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Right-of-use assets	74.53	50.07
Lease Liabilities		
Current	23.96	24.10
Non-current	51.91	31.23

Amounts recognised in the statement of profit and loss
The statement of profit or loss shows the following amounts relating to leases:

₹ Crores

Particulars	Note	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Depreciation charge of right-of-use assets	31	18.24	21.17
Interest expense (included in finance costs)	33	6.37	6.19
Expense relating to short term lease not included in lease liabilities	32	2.67	2.07
Expense relating to variable lease payments not included in lease liabilities	32	45.29	31.90

The total cash outflow for leases for the year ended March 31, 2022 was ₹ 74.81 cr (March 31, 2021 : ₹ 60.78 cr).

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:
Contractual undiscounted cash flow

₹ Crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Not later than 1 year	23.96	24.10
Later than 1 year and not later than 5 years	63.80	43.34
Later than 5 years	14.62	6.90
Total undiscounted lease liabilities	**102.38**	**74.34**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due

Variable lease payments

Some property leases contain variable payment terms that are linked to space used for warehouse whenever required by the Group. Variable lease payments that depends on variable space requirement are recognised in profit or loss in the period in which the condition that triggers those payments occurs

Extension and termination options

Extension and termination options are included in some of the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets in the Group's operation. The majority of extension and termination options held are exercisable by both the Group and by the respective lessor Further the Group expects not to use that options

50. STATUTORY GROUP INFORMATION

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount (₹ Crores)	As % of consolidated profit or loss	Amount (₹ Crores)	As % of consolidated other comprehensive Income	Amount (₹ Crores)	As % of consolidated Total comprehensive Income	Amount (₹ Crores)
Parent Blue Star Limited (Standalone)								
Balance at March 31, 2022	99%	1,008.31	75%	127.74	0%	*	75%	127.74
Balance at March 31, 2021	104%	919.09	66%	65.93	141%	3.47	67%	69.40
Subsidiaries								
Indian								
1. Blue Star Engineering and Electronics Limited								
Balance at March 31, 2022	18%	183.19	19%	31.52	(4%)	(0.14)	18%	31.38
Balance at March 31, 2021	17%	151.81	23%	23.00	26%	0.63	23%	23.63
2. Blue Star Climatech Limited								
Balance at March 31, 2022	2%	24.44	(1%)	(2.16)	-	-	(1%)	(2.16)
Balance at March 31, 2021	-	-	-	-	-	-	-	-
Foreign								
1. Blue Star Qatar - WLL								
Balance at March 31, 2022	5%	53.17	3%	5.73	0%	-	3%	5.73
Balance at March 31, 2021	5%	48.13	6%	6.12	0%	-	6%	6.12
2. Blue Star International FZCO								
Balance at March 31, 2022	4%	37.17	8%	13.61	0%	-	8%	13.61
Balance at March 31, 2021	3%	22.42	13%	12.74	0%	-	12%	12.74
3. Blue Systems & Solutions LLC								
Balance at March 31, 2022	(1%)	(13.42)	(3%)	(4.99)	0%	-	(3%)	(4.99)
Balance at March 31, 2021	(1%)	(8.04)	(4%)	(3.68)	0%	-	(4%)	(3.66)
4. BSL AC&R (SINGAPORE) PTE. LTD.								
Balance at March 31, 2022	2%	20.63	0%	(0.07)	0%	-	0%	(0.07)
Balance at March 31, 2021	3%	23.10	0%	(0.42)	0%	-	0%	(0.42)
Joint Ventures (As per proportionate consolidation / investment as per the equity method)								
1. Blue Star M & E Engineering (Sdn) Bhd								
Balance at March 31, 2022	1%	14.50	1%	1.09	0%	-	1%	1.09
Balance at March 31, 2021	1%	13.15	3%	2.60	0%	-	3%	2.60
2. Blue Star Oman Electro-Mechanical Co. LLC								
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	
Balance at March 31, 2021	0%	-	0%	-	0%	-	0%	
Consolidated adjustments/ Eliminations								
Balance at March 31, 2022		(307.54)		(4.76)		3.36		(1.40)
Balance at March 31, 2021		(281.80)		(5.94)		(1.64)		(7.58)
Total								
Balance at March 31, 2022	100%	1,020.54	100%	167.71	100%	3.22	100%	170.93
Balance at March 31, 2021	100%	887.86	100%	100.35	100%	2.46	100%	102.81

* Indicates amount less than ₹ 1 Lakh

31 DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

1 Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2022 by offerings and contract-type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

Revenue by type of contract	For the year ended 31st March, 2022			For the year ended 31st March, 2021		
Particulars	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,265.28	1,929.18	3,194.46	900.33	1,318.39	2,218.72
Unitary Products	2,558.31	45.46	2,603.77	1,830.41	37.87	1,868.28
Professional Electronics and Industrial Systems	210.35	37.00	247.35	139.71	36.88	176.59
Total	4,033.94	2,011.64	6,045.58	2,870.45	1,393.14	4,263.59

2 Reconciliation of contracted price with the revenue recognized in profit and loss:

₹ Crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Sale of products at transaction price & Construction and Service Contracts at contracted price	6,095.65	4,337.67
Reductions towards variable consideration components *	(96.13)	(102.61)
Revenue recognised in profit and loss	5,999.52	4,235.06

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

3. Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹ Nil crore (March 31, 2021 ₹ Nil crore).

4. The aggregate value of Order Book as at March 31, 2022, is ₹ 3,253 crore (March 31, 2021 ₹ 2,952 Crore). Out of this, the group expects to recognise revenue of around 65% within the next one year and the remaining thereafter.

5. Changes in contract assets and contract liabilities during the reporting period

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance - Contract assets (net of impairment)	331.11	381.79
Opening balance - Contract liabilities*	(155.16)	(151.76)
Revenue recognised during the year	(2,011.64)	(1,393.14)
Less: Progress billing during the year	2,123.84	1,339.06
Closing Balance	288.15	175.95
Closing balance - contract assets (net of impairment)	444.10	331.11
Closing balance - contract liabilities including income received in advance	(155.95)	(155.16)
*The Group has recognised revenue out of opening contract liabilities	155.16	151.76

52 Previous Year Comparatives

Figures for the previous year have been regrouped/reclassified to conform to the figures of the current year.

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

Shailesh Haribhakti	Vir S Advani
Chairman	Vice Chairman and Managing Director
DIN : 00007347	DIN : 01571278
Rajesh Parte	Neeraj Basur
Company Secretary	Group Chief Financial Officer

Mumbai: May 05, 2022

Deloitte
Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

To The Members of Blue Star Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blue Star Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries and a joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Regd. Office: One International Center, Tower 3, 27th-32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai-400 013, Maharashtra, India.
(LLP Identification No. AAB-8737)

SRS

Sr. No	Key Audit Matter	Auditor's Response
1	Accounting for Fixed Price Contracts: Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations. (Refer Note 15, 23, 27 and 51)	Principal audit procedures performed: i. assessed the appropriateness of the accounting policy for recognizing revenue on fixed price contracts with the requirements of Ind AS 115. ii. evaluated the design and implementation of internal controls over recording of actual cost till date and estimation of total cost required to complete the performance obligations. iii. tested the operating effectiveness of the said internal controls for a selected sample of contracts. iv. verified the Company's measurement of the actual cost till date and the total estimated cost for completion of performance obligations for a selected sample of contracts. v. performed substantive tests on a sample of contracts to identify, if any, significant variations in actual costs till date and total costs required to complete the performance obligations and verified whether the revenue was recognised based on such costs after considering the effects of variations, if any, in the total costs required to complete the performance obligations. vi. identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.
2	Assessment of the carrying value of trade receivables and contract assets: The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment. (Refer Note 12 and 15)	Principal audit procedures performed: i. evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets. ii. tested the operating effectiveness of the said internal controls for selected samples. iii. scrutinised a sample of receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties to make payment based on passage of time and/ or information available with management. iv. verified subsequent receipts for selected samples, post balance sheet date. v. verified the management's estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board's Report, Management Discussion and Analysis, Business Responsibility Report and the Dynamics of Blue Star's Growth (herein after referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and a joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and a joint venture, is traced from their financial statements audited by the other auditors.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

SRS

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of Rs. 150.13 crore as at March 31, 2021, total revenues of Rs. 142.50 crore and net cash outflows amounting to Rs. 20.21 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 2.60 crore for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management.

   These subsidiaries and joint venture are located outside India whose financial statements / financial and other information have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by the other auditors under generally accepted auditing standards applicable in such countries. The Parent's management has converted these financial statements from accounting principles generally accepted in respective countries to accounting principles generally accepted in India, where applicable. We have audited these conversion adjustments made by the Parent's management. Our report on the financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and the joint venture is based solely on the reports of the other auditors, the conversion adjustments prepared by the Management of the Parent and audited by us, and the procedures performed by us as stated under Auditor's Responsibilities section above.

b) The consolidated financial statements also include the Group's share of net profit of Rs. Nil for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the said joint venture, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

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Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements / financial information of the subsidiaries and a joint venture referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent taken on record by the Board of Directors of the Parent and the report of the statutory auditor of a subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and a subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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CHARTERED ACCOUNTANTS

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iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

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

Samir R. Shah
(Partner)
(Membership No. 101708)
(UDIN: 21101708AAAABS9353)

Place: Mumbai
Date: May 6, 2021

Deloitte
Haskins & Sells LLP

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Blue Star Limited (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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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 to the best of our information and according to the explanations given to us, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Samir R. Shah
Partner
(Membership No. 101708)
(UDIN: 21101708AAAABS9353)

Place: Mumbai
Date: May 6, 2021

Blue Star Limited
Consolidated Balance Sheet as at March 31, 2021

Particulars	Notes	As at 31st March, 2021 ₹ Crores	As at 31st March, 2020 ₹ Crores
A ASSETS			
1. Non-Current Assets			
Property plant and equipment	4	269.23	274.24
Right-of-use assets	5	50.07	55.45
Capital work-in-progress		68.11	56.35
Investment property	6	11.95	62.71
Intangible assets	7	52.31	51.39
Intangible assets under development		3.42	11.01
Investment in joint ventures	8	15.91	16.87
Financial Assets			
- Loans	9	22.42	19.28
- Other financial assets	10	6.01	4.62
Income tax assets		86.20	91.46
Deferred tax assets (net)	26	47.49	81.75
Other non-current assets	15	56.77	62.92
Total Non-Current Assets		689.90	788.05
2. Current Assets			
Inventories	11	882.42	869.82
Financial assets			
- Investments	8	279.06	-
- Loans	9	20.12	14.63
- Trade receivables	12	810.98	837.67
- Cash and cash equivalents	13	327.93	286.15
- Other bank balances	14	4.23	7.79
- Other Financial Assets	10	0.26	-
Other current assets	15	534.47	635.07
Assets held for sale	4	0.08	0.08
Total Current Assets		2,859.55	2,651.21
Total Assets		3,549.45	3,439.26
B EQUITY AND LIABILITIES			
1. Equity			
Equity share capital	16	19.26	19.26
Other equity	17	865.92	763.11
Total Equity		885.18	782.37
Non controlling interest		2.68	2.31
Total Equity		887.86	784.68
2. Non-Current Liabilities			
Financial Liabilities			
- Borrowings	19	349.26	47.71
- Lease liabilities	21	31.23	38.54
Provisions	24	10.82	13.26
Government grants	25	8.83	9.38
Total - Non-Current Liabilities		400.14	108.89
3. Current Liabilities			
Financial liabilities			
- Borrowings	19	102.34	401.23
- Trade payables			
A. Total outstanding dues of micro enterprises and small enterprises	20	66.97	44.08
B. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,537.92	1,538.29
- Lease liabilities	21	24.10	21.24
- Other financial liabilities	22	36.81	33.37
Provisions	24	48.37	64.98
Goverment grants	25	2.33	3.52
Income tax liabilities (net)		0.59	1.43
Other current liabilities	23	442.02	437.56
Total Current Liabilities		2,261.45	2,545.69
Total Equity and Liabilities		3,549.45	3,439.26

The accompanying notes are an integral part of the financial statements. 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner
Membership No. 101708

Mumbai: May 06, 2021

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

Shailesh Haribhakti
Chairman
DIN : 00007347

B Thiagarajan
Managing Director
DIN : 01790498

Vijay Devadiga
Company Secretary

Neeraj Basur
Group Chief
Financial Officer

BLUE STAR LIMITED

Blue Star Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Notes	For the year ended 31st March, 2021 ₹ Crores	31st March, 2020 ₹ Crores
Revenue from operations	27	4,263.59	5,360.19
Other income	28	62.35	44.70
Total Income (I)		**4,325.94**	**5,404.89**
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	2,360.45	3,108.84
Purchase of stock-in-trade	29	880.09	917.22
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	30.81	(7.95)
Employee benefits expense	30	381.81	484.51
Depreciation and amortisation expense	31	92.29	87.99
Finance costs	33	64.72	29.47
Other expenses	32	370.62	574.79
Total Expenses (II)		**4,180.79**	**5,194.87**
Profit before exceptional items and tax (I) – (II)		**145.15**	**210.02**
Exceptional items	35	-	(4.03)
Profit before Tax		**145.15**	**205.99**
Tax Expense			
i) Current tax	26	27.75	37.27
ii) Deferred tax	26	19.34	28.05
Total tax expenses		**47.09**	**65.32**
Net profit after tax		**98.06**	**140.67**
Share in profit/(loss) of joint ventures		2.60	3.03
Non-controlling interests		(0.31)	(0.45)
Profit for the year		**100.35**	**143.25**
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		5.94	(2.94)
Income tax effect	26	(1.85)	0.93
		4.09	**(2.01)**
Other Comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		(1.62)	4.47
Income tax effect	26	-	-
		(1.62)	**4.47**
Total Comprehensive Income for the year attributable to the owners of the company		**102.82**	**145.71**
Total Comprehensive income for the year attributable to Non-controlling interest		0.31	0.45
Earnings per share (face value of ₹ 2 per share)	35		
Basic (in ₹)		10.42	14.87
Diluted (in ₹)		10.42	14.87

The accompanying notes are an integral part of the financial statements. 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner
Membership No. 101708

Mumbai: May 06, 2021

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

Shailesh Haribhakti
Chairman
DIN : 00007347

B Thiagarajan
Managing Director
DIN : 01790498

Vijay Devadiga
Company Secretary

Neeraj Basur
Group Chief
Financial Officer

BLUE STAR LIMITED

Blue Star Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(A) Equity share capital

For the year ended March 31, 2021

₹ Crores

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
19.26	-	19.26

For the year ended March 31, 2020

₹ Crores

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
19.26	-	19.26

(B) Other equity
For the year ended March 31, 2021

₹ Crores

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income: Foreign currency translation reserve	Total other equity
Balance as at April 1, 2020	210.15	2.34	0.60	43.43	152.21	349.58	4.80	763.11
Profit for the year	-	-	-	-	-	100.35	-	100.35
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	4.08	(1.62)	2.46
Total comprehensive income for the year	-	-	-	-	-	104.43	(1.62)	102.81
As at March 31, 2021	210.15	2.34	0.60	43.43	152.21	454.01	3.18	865.92

For the year ended March 31, 2020

₹ Crores

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income: Foreign currency translation reserve	Total other equity
Balance as at April 1, 2019	210.15	2.34	0.60	43.43	152.21	444.74	0.33	853.80
Transition impact due to Ind AS 116 (net of tax)	-	-	-	-	-	(4.20)	-	(4.20)
Profit for the year	-	-	-	-	-	143.25	-	143.25
Other Comprehensive Income (net of tax)	-	-	-	-	-	(2.01)	4.47	2.46
Total comprehensive income for the year	-	-	-	-	-	141.24	4.47	145.71
Dividend and Dividend Distribution Tax thereon (refer note 18)	-	-	-	-	-	(232.20)	-	(232.20)
As at March 31, 2020	210.15	2.34	0.60	43.43	152.21	349.58	4.80	763.11

The accompanying notes are an integral part of the financial statements. 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner
Membership No. 101708

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

Shailesh Haribhakti
Chairman
DIN : 00007347

B Thiagarajan
Managing Director
DIN : 01790498

Vijay Devadiga
Company Secretary

Neeraj Basur
Group Chief Financial Officer

Mumbai: May 06, 2021

Blue Star Limited
Consolidated Cash Flow statement for year ended 31st March, 2021

Particulars	For the year ended 31st March, 2021 ₹ Crores	For the year ended 31st March, 2020 ₹ Crores
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	145.15	205.99
Adjustments to reconcile profit before tax to net cash flows		
Depreciation/ amortisation	92.29	87.99
Amortisation of Government Grant	(2.51)	(20.29)
Fair Value (Gain) / loss on financial instruments	2.00	(5.69)
Loss/(Profit) on sale of Property, plant and equipment	(32.17)	0.19
Bad debts written off and provision for doubtful debts	34.28	48.00
Unrealised foreign exchange loss / (gain)	(7.66)	11.45
Liabilities written back	(19.48)	(11.65)
Finance Cost*	64.72	29.47
Rental Income	(6.36)	(7.47)
Interest (income)	(10.22)	(7.99)
Income form mutual fund	(5.13)	(1.81)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	254.91	328.20
Increase/ (Decrease) in working capital :		
Trade payables	53.30	50.99
Provisions	(14.26)	(6.31)
Other current liabilities	(4.35)	(7.35)
Trade receivables	(12.84)	229.38
Inventories	(12.60)	(0.50)
Loans	(8.62)	(2.75)
Other assets	104.50	(56.31)
Cash generated from operations	360.03	535.35
Direct taxes paid (net of refunds)	(10.22)	(85.39)
Net cash flow from/ (used in) Operating Activities (A)	349.81	449.95
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and equipments, including Capital work-in-progress and capital advances	(63.52)	(86.04)
Purchase of Investments	(279.06)	-
Payment for obligation towards guarantee given for Joint Venture	-	(19.24)
Proceeds from of reedemption of preference share of Joint Venture	3.48	-
Proceeds from sale of Property, Plant and Equipment	80.88	4.63
Rent received	6.36	7.47
Interest received	7.16	7.44
Dividends received from Joint Venture	-	3.17
Income from mutual fund	5.13	1.81
Net cash flow from/ (used in) Investing Activities (B)	(239.57)	(80.75)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment towards) short term borrowings	(298.89)	65.92
Proceeds from long term borrowings	350.00	50.00
Repayment of long term borrowings	(53.24)	(3.11)
Repayment of lease liabilities	(26.68)	(18.51)
Interest and bank charges	(39.52)	(31.06)
Dividend paid on equity shares (including Dividend Distribution Tax)	(1.24)	(230.14)
Net cash flow from/ (used in) in Financing Activities (C)	(69.57)	(166.90)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	40.67	202.29
Cash and Cash Equivalents at the beginning of the year	286.15	83.86
Effects of Exchange Difference on restatement of Foreign Currency Cash & Cash Equivalent	1.11	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 13)	327.93	286.15

* Finance cost includes ₹. 1.18 crores (March 31, 2020 : ₹. 1.34 crores) capitalised in property, plant and equipment.

The accompanying notes are an integral part of the financial statements. 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner
Membership No. 101708

Mumbai: May 06, 2021

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

Shailesh Haribhakti
Chairman
DIN : 00007347

B Thiagarajan
Managing Director
DIN : 01790498

Vijay Devadiga
Company Secretary

Neeraj Basur
Group Chief Financial Officer

Blue Star Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2021

1 **CORPORATE INFORMATION**

Founded in 1943 by Mr Mohan T Advani, Blue Star Limited ("the parent") is a public listed company and India's leading air conditioning, commercial refrigeration, and MEP (Mechanical, Electrical, Plumbing, and Fire-fighting) contracting company. As an expert in cooling, Blue Star offers a plethora of cooling solutions and has also made inroads into water and air purification, engineering facilities management, commercial kitchen, and healthcare refrigeration. The Company's integrated business model of a Manufacturer; Engineering, Procurement, and Construction (EPC) services provider; and After-sales service provider enables it to offer comprehensive solutions for the residential, commercial, and infrastructure segments.

The financial statements of the Group were approved by its Board of Directors on May 06, 2021.

2 **STATEMENT OF COMPLIANCE**

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

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of preparation and presentation

The Consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Basis of consolidation

Subsidiaries:

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of Group entities are consolidated on a line – by – line basis. If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expense, cash flows, and unrealized gains/ losses relating to transactions between Group entities are eliminated on consolidation.

Investments in joint ventures:

The Group's interests in joint ventures are accounted for using the equity method, after initially recognizing investment at cost, and the carrying amount is increased or decreased to recognize the Group's share in of profit or loss of the joint venture after the date of acquisition.

(c) Critical accounting judgments and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgments that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities, and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 36.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is net off trade discounts, rebates and other similar allowances. Revenue excludes indirect taxes which are collected on behalf of Government.

i. Revenue from sale of goods:

Revenue from sale of goods is recognized at the point in time when control is transferred to the customer. Indicators that control has been transferred include the establishment of the Group's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks, and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer.

ii. Revenue from construction contracts:

Contract revenues are recognized based on the stage of completion of the contracting activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contract is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Incremental costs of obtaining a contract (such as professional fees, commission paid to acquire the contract) are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or the contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognized on a straight line basis over the period of the performance obligation.

iv. Dividend and Interest income:

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

v. Rental income:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

(e) Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

(f) Employee benefits

Short term benefits:

Salaries, wages, short-term compensated absences, and other short-term benefits, accruing to employees are recognized at undiscounted amounts in the period in which the employee renders the related service.

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Retirement benefits
Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan:
The Group makes monthly contributions towards the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Group, based on an actuarial valuation.The present value of defined benefit obligation of employees' provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.

The Group's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognized in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

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

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

Assets and liabilities of entities with a functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit or loss has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

(g) Borrowing Cost

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

(h) Leases

As a lessee
At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Group recognizes a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short-term leases and low-value leases. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortized on a straight-line basis over the asset's useful life or the lease period whichever is shorter.
Lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option.
Impairment of ROU assets is in accordance with the policy for impairment of non-financial assets.

The Group has opted for the exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

As a lessor
Lease income from operating leases where the Group is a lessor is recognized in the statement of profit and loss on a straight-line basis over the lease term.

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(i) Foreign currencies

The functional currency of the Group is the Indian rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

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

Foreign currency denominated non - monetary assets and liabilities that are measured at historical cost are not retranslated.
In case of foreign operations of the Group with a functional currency other than the functional currency of the Group, assets and liabilities have been translated using exchange rates prevailing on the balance sheet date and items of income and expense have been translated using average exchange rates during the period. Such translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

(j) Taxes

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or in equity, in which case the related current and deferred tax are also recognized in other comprehensive income or equity, as applicable.

Current and Deferred Taxes are measured at the taxes rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts.

i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions, and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii. Deferred tax

Deferred tax is recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognized as a deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

(k) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non recurring and are of such size, nature, or incidence that their separate disclosure is considered necessary to explain the performance of the Group and to assist users of financial statements in making projections of future financial performance.

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(l) Property, plant and equipment

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

Costs comprise of all cost incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Group depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on a written-down value basis over their estimated useful lives. Estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60 - 85
Roads	5
Temporary structure	3
Plant & machinery	15 - 20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - desktop, laptops	3
Computer - servers and networks	6
Leasehold improvements	6 or the life based on lease period, whichever is lower

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

Freehold land is not depreciated.

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

The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

(m) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised on a straight- line basis over their estimated useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are derecognised on disposal, or when no further economic benefits are expected from use or disposal. Any gain or loss arising on derecognition is included in profit or loss.

The useful lives of intangible assets are as mentioned below:

Nature of intangible asset	Useful life
Software	6 years
Technical knowhow	6 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

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(n) Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under schedule II to the Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising on derecognition is included in profit or loss.

(o) Impairment of non-financial assets
Property, plant and equipment and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

(p) Financial instruments

Recognition and initial measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized by the Group when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognized in profit or loss.

Financial assets

Cash and cash equivalents
The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks that are unrestricted for withdrawal and usage.

For the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Financial assets at amortised cost
Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved both by collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss
Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities are designated upon initial recognition at fair value through profit or loss only if the criteria in Ind AS 109 are satisfied.

Other financial liabilities
Other financial liabilities (including borrowings, financial guarantee contracts and trade, and other payables) are after initial recognition, measured at amortized cost using the effective interest (EIR) method.

Equity instruments
An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net off direct issue cost.

Derivative financial instruments
The Group enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments or highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedged item.

Derecognition of financial instruments
The Group derecognizes a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk, and volatility.
In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in their entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

(q) Inventories

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

(r) Provisions and contingencies

Provisions

A provision is recognized when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold / the project is completed. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and management's estimate regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise being typically up to five years.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements. However, where an inflow of economic benefits is probable, the Group discloses the same in the financial statements.

(s) Segment reporting

Segments are identified based on how the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets, and segment liabilities have been identified to segments based on their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for based on the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets, and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses/assets/ liabilities".

(t) Earnings per share

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

Basic earnings per share are calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed using the weighted average number of common and dilutive shares outstanding during the year including share-based payments, except where the result would be anti-dilutive.

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4. PROPERTY PLANT AND EQUIPMENT

₹ Crores

Particulars	Land - leasehold	Land - freehold	Buildings	Plant and equipment	Leasehold Improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Cost										
At April 1, 2019	3.41	15.15	92.48	216.60	6.77	15.74	7.08	24.25	23.87	405.35
Additions	-	0.20	1.49	36.33	0.31	0.23	1.42	5.86	5.23	51.07
Disposals	-	-	(0.11)	(2.96)	-	(0.07)	(0.18)	(3.93)	(0.10)	(7.35)
Reclassified to ROU (refer note 5)	(3.41)	-	-	-	-	-	-	-	-	(3.41)
Foreign currency translation	-	-	0.03	0.20	0.05	0.10	0.06	0.35	0.12	0.91
At March 31, 2020	-	**15.35**	**93.89**	**250.17**	**7.13**	**16.00**	**8.38**	**26.53**	**29.12**	**446.57**
At April 1, 2020	-	15.35	93.89	250.17	7.13	16.00	8.38	26.53	29.12	446.57
Additions	-	-	9.56	30.60	-	0.08	1.38	4.15	1.54	47.31
Disposals	-	-	-	(5.14)	-	(1.05)	(2.11)	(3.40)	-	(11.70)
Foreign currency translation	-	-	(0.02)	(0.08)	-	(0.04)	-	(0.13)	(0.02)	(0.29)
At March 31, 2021	-	**15.35**	**103.43**	**275.55**	**7.13**	**14.99**	**7.65**	**27.15**	**30.64**	**481.89**
Accumulated Depreciation										
At April 1, 2019	0.07	-	24.56	64.17	2.43	4.60	3.05	9.15	15.86	123.89
Disposals	-	-	(0.11)	(1.97)	-	(0.07)	(0.14)	(2.86)	(0.10)	(5.25)
Foreign currency translation	-	-	-	0.12	0.06	0.06	0.04	0.25	0.08	0.61
Provided during the year	-	-	5.33	29.81	1.72	2.92	2.22	5.37	5.79	53.16
Reclassified to ROU (refer note 5)	(0.07)	-	-	-	-	-	-	-	-	(0.07)
At March 31, 2020	-	-	**29.78**	**92.13**	**4.21**	**7.51**	**5.17**	**11.90**	**21.63**	**172.33**
At April 1, 2020	-	-	29.78	92.13	4.21	7.51	5.17	11.91	21.63	172.34
Disposals	-	-	-	(3.89)	-	(0.63)	(1.42)	(2.70)	-	(8.64)
Provided during the year	-	-	7.48	28.87	0.24	2.10	1.14	4.95	4.18	48.96
At March 31, 2021	-	-	**37.26**	**117.11**	**4.45**	**8.98**	**4.89**	**14.16**	**25.81**	**212.66**
Net Book Value	-									
At March 31, 2021	-	15.35	66.17	158.44	2.68	6.01	2.76	12.99	4.83	**269.23**
At March 31, 2020	-	15.35	64.11	158.04	2.92	8.49	3.21	14.62	7.49	**274.24**

₹ Crores

Asset Held for Sale	31st March, 2021	31st March, 2020
Asset held for Sale - Plant and Equipment	0.08	0.14
Disposal/reclassified to Plant and Equipment	-	(0.06)
Asset held for Sale - Plant and Equipment	**0.08**	**0.08**

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

5. RIGHT OF USE ASSETS

₹ Crores

Particulars	Land - leasehold	Building	Total
Cost			
As at date of transition April 1, 2019	3.41	51.15	54.56
Additions	-	17.14	17.14
Disposals	-	-	-
At March 31, 2020	**3.41**	**68.29**	**71.70**
At April 1, 2020	3.41	68.29	71.70
Additions	-	15.79	15.79
Disposals	-	(9.20)	(9.20)
At March 31, 2021	**3.41**	**74.88**	**78.29**
Accumulated amortisation			
As at date of transition April 1, 2019	0.07	-	0.07
Disposals	-	-	-
Provided during the year	0.03	16.15	16.18
At March 31, 2020	**0.10**	**16.15**	**16.25**
At April 1, 2020	0.10	16.15	16.25
Disposals	-	(9.20)	(9.20)
Provided during the year	0.03	21.14	21.17
At March 31, 2021	**0.13**	**28.09**	**28.22**
Net Book Value			
At March 31, 2021	3.28	46.79	**50.07**
At March 31, 2020	3.31	52.14	**55.45**

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6. INVESTMENT PROPERTY

Particulars	₹ Crores
Cost	
At April 1, 2019	86.54
Additions	-
Disposal	(1.85)
At March 31, 2020	84.69
Additions	-
Disposal	(66.78)
At March 31, 2021	17.91
Depreciation	
At April 1, 2019	18.12
Additions	4.13
Disposal	(0.27)
At March 31, 2020	21.98
Additions	3.76
Disposal	(19.78)
At March 31, 2021	5.96
Net Book Value	
At March 31, 2021	11.95
At March 31, 2020	62.71
Fair Value * (refer note 43)	
At March 31, 2021	26.13
At March 31, 2020	88.18

* Valuation is based on fair value assessment done by accredited independent valuer.

Movement in Fair Valuation of Investment Property

	₹ Crores
At March 31, 2020	**88.18**
Reduction due to disposal of investment property	(61.41)
Decrease in Fair Valuation	(0.64)
At March 31, 2021	**26.13**

Information regarding Income & Expenditure of Investment property

₹ Crores

Particulars	31st March, 2021	March 31, 2020
Rental income derived from investment property	6.98	7.47
Direct operating expenses (including repairs and maintenance) associated with rental income	(0.84)	(0.89)
Profit arising from investment property before depreciation and indirect expenses	6.14	6.58
Less - Depreciation	(3.76)	(4.13)
Profit arising from investment property before indirect expenses	2.38	2.45

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has no plans for major repairs, maintenance and enhancements.

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

7. INTANGIBLE ASSETS

₹ Crores

Particulars	Technical knowhow	Software	Total
Cost			
At April 1, 2019	51.16	64.95	116.11
Additions	0.20	15.39	15.59
Disposals	-	(0.22)	(0.22)
At March 31, 2020	**51.36**	**80.12**	**131.48**
At April 1, 2020	51.36	80.12	131.48
Additions	9.80	9.83	19.63
Disposals	-	(1.33)	(1.33)
At March 31, 2021	**61.16**	**88.62**	**149.78**
Amortisation			
At April 1, 2019	26.92	38.87	65.79
Disposals	-	(0.22)	(0.22)
Provided during the year	7.32	7.20	14.52
At March 31, 2020	**34.24**	**45.85**	**80.09**
At April 1, 2020	34.24	45.85	80.09
Disposals	-	(1.02)	(1.02)
Provided during the year	9.18	9.22	18.40
At March 31, 2021	**43.42**	**54.05**	**97.47**
Net Book Value			
At March 31, 2021	17.74	34.57	52.31
At March 31, 2020	17.12	34.27	51.39

The Company evaluated the method of estimating the future economic benefits of software installed in various systems and accordingly applied straight line method for amortisation from April 1, 2019 instead of written down method. Due to change in amortisation method, the profit has increased by ₹ 6.95 crores in March 31,2020.

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021

8. INVESTMENT IN JOINT VENTURES

Particulars	As at 31st March, 2021 ₹ Crores	As at 31st March, 2020 ₹ Crores
I. Non current investments		
Investment in equity instruments		
Unquoted (accounted under equity method)		
Investment in joint ventures (refer note 39 & 41)		
367,500 (March 31,2020 : 367,500) fully paid equity shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	15.91	13.39
255,000 (March 31,2020 : 255,000) fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC (refer note a. below)	-	-
Other investment in joint venture		
Nil (March 31,2020 : 49) Redeemable convertible preference shares of MR 40000 each in Blue Star M & E Engineering (Sdn) Bhd	-	3.48
Total non current investments	15.91	16.87
II. Current investments		
Unquoted investments in mutual funds		
Growth Scheme		
27,259 Units (March 31,2020: Units NIL,) in HDFC Mutual Fund	67.67	-
16,80,961 Units (March 31,2020: Units NIL) in ICICI Prudential Mutual Fund	51.23	-
1,87,803 Units (March 31,2020: Units NIL) In SBI Mutual Fund	74.19	-
65,531 Units (March 31,2020: Units NIL) in UTI Mutual Fund	22.09	-
14,96,607 Units (March 31,2020: Units NIL) in Aditya Birla Mutual Fund	63.88	-
Total Current Investments	279.06	-

* Investment in preference shares are redeemed during the year at par value.

Note a. Investment in Joint venture - Blue Star Oman Electro- Mechanical Co. LLC

Particulars	As at 31st March, 2021 ₹ Crores	As at 31st March, 2020 ₹ Crores
Investment in Joint Venture - Blue Star Oman Electro - Mechanical Co. LLC.	4.34	4.34
Less : Impairment Loss	(4.34)	(4.34)
Balance	-	-

BLUE STAR LIMITED

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Security deposit considered good	15.93	14.08	11.91	12.46
Security deposit, credit impaired	-	-	0.96	0.96
Less: Allowance for doubtful deposits	-	-	(0.96)	(0.96)
Security deposit	15.93	14.08	11.91	12.46
Loans to employees	6.49	5.20	8.21	2.17
Loan to joint venture	4.46	4.46	-	-
Less: Allowance for doubtful loan	(4.46)	(4.46)	-	-
Total loans	22.42	19.28	20.12	14.63

10. Other financial assets

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	0.26	-
Non-current bank balances (including accrued interest thereon)*	6.01	4.62	-	-
Total other financial assets	6.01	4.62	0.26	-

*Margin money deposits with a carrying amount of ₹ 6.01 Crores (March 31, 2020 ₹4.62 Crores) are subject to a first charge as security deposit with customers.

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

BLUE STAR LIMITED

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021

11. INVENTORIES

(Valued at lower of cost and net realisable value)

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Raw materials & components	235.92	190.94
(includes in transit: ₹ 24.16 Crores (March 31, 2020 : ₹ 47.30 Crores))		
Work-in-progress	62.32	58.83
Finished goods	199.66	261.22
Stock-in-trade	326.76	299.49
Stores and Spares	57.76	59.34
Total Inventories	**882.42**	**869.82**

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹ 49.38 crores (March 31, 2020: ₹ 102.89 crores)

The above inventory values are net of provisions made of ₹ 11.03 Crores (March 31, 2020 ₹ 6.94 Crores) for slow moving, obsolete and defective inventory.

12. TRADE RECEIVABLES

Particulars	Current	
	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Trade receivables considered good - unsecured	810.98	837.67
Trade receivables which have significant increase in credit risk	50.59	43.42
Trade receivables - credit impaired	53.29	56.54
	914.86	937.63
Less:- Allowance for doubtful debts	(103.88)	(99.97)
Total trade receivables	**810.98**	**837.67**

The movement for allowance for doubtful debts during the year in respect of trade receivables containing significant credit risk are as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Opening balances as on 1st April	99.97	103.37
Impairment loss recognised	28.91	42.60
Less: Allowances provided earlier written off as bad debts	(25.00)	(46.00)
Closing balance as on 31st March	**103.88**	**99.97**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

BLUE STAR LIMITED

13. CASH AND CASH EQUIVALENT

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Cash and cash equivalents		
Balances with banks:		
- in current accounts	96.51	112.55
- in fixed deposits	230.83	172.97
Cash on hand	0.59	0.63
Total cash and cash equivalents	**327.93**	**286.15**

14. OTHER BANK BALANCES

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Other bank balances		
- Unpaid dividend *	4.14	5.38
- Cash & bank balance not available for immediate use	0.09	2.41
Total other bank balances	**4.23**	**7.79**

* The Group can utilise these balances only towards settlement of unpaid dividend and fractional shares.

15 OTHER ASSETS

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Contract assets	-	-	359.10	406.26
Less: Allowance for doubtful contract assets	-	-	(27.99)	(24.47)
Net Contract assets	-	-	331.11	381.79
Retention	-	-	78.99	89.93
Capital advances	18.90	23.60	-	-
Balance with statutory authorities	37.37	38.72	50.75	66.64
Vendor advances	-	-	36.69	52.11
Less: Allowance for doubtful Vendor Advance	-	-	(1.00)	(1.00)
Vendor advances (net)	-	-	35.69	51.11
Prepaid expenses	0.50	0.60	32.06	34.86
Government grant receivable	-	-	5.34	8.32
Gratuity paid in advance (refer note 37)	-	-	0.53	0.22
Other assets	-	-	-	2.20
Total Other Assets	**56.77**	**62.92**	**534.47**	**635.07**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Opening balances as on 1st April	24.47	19.88
Impairment loss recognised	8.79	4.59
Less: Allowances provided earlier written off	(5.27)	-
Closing balances as on 31st March	**27.99**	**24.47**

Categorisation of Financial Assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
At Fair Value through profit or loss		
Investments (refer note 8)	279.06	-
Other financial assets (refer note 10)	0.26	-
Total at Fair Value	**279.32**	**-**
At Amortised cost		
Trade receivables (refer note 12)	810.98	837.67
Cash and cash Equivalents (refer note 13)	327.93	286.15
Bank Balances (refer note 14)	4.23	7.79
Loans (refer note 9)	42.54	33.91
Other financial assets (refer note 10)	6.01	4.62
Total at Amortised cost	**1,191.69**	**1,170.14**

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

BLUE STAR LIMITED

16 EQUITY SHARE CAPITAL

Authorised Share Capital	7.8% cumulative convertible preference shares of ₹ 100 each		Equity shares of ₹ 2 each		Unclassified shares of ₹ 100 each		Cumulative compulsorily convertible preference shares of ₹ 10 each	
	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2019	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2020	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2021	10,000	0.10	28,36,00,000	56.72	16,000	0.16	5,20,000	0.52

Terms/Rights attached to Equity Shares

The Parent has one class of Equity Shares having par value of ₹ 2 per share. Each share holder is entitled to one vote per share. The Parent declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

Terms/Rights attached to 7.8 % cumulative convertible preference shares and cumulative compulsorily convertible preference shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the equity shares of the Parent Company in the event of increase in share capital or winding up of the Parent Company up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the Company.

Issued share capital

Equity Shares of ₹ 2 each issued, subscribed & fully paid up	No.	₹ Crores
At April 1, 2019	9,63,13,888	19.26
Issue of share capital	-	-
At March 31, 2020	9,63,13,888	19.26
Issue of share capital	-	-
At March 31, 2021	9,63,13,888	19.26

BLUE STAR LIMITED

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Nos.	% holding in the class	Nos.	% holding in the class
Vistra ITCL (India) Limited as a Trustee of Ashok M Advani Family Private Trust	1,19,55,601	12.41%	1,19,55,601	12.41%
Vistra ITCL (India) Limited as a Trustee of SMA Family Private Trust	77,19,930	8.02%	77,19,930	8.02%
SBI Small Cap Fund	54,13,075	5.62%	39,06,842	4.06%

17 OTHER EQUITY

Securities premium – Where the Parent issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Parent may issue fully paid-up bonus shares to its members out of the securities premium reserve and Parent can use this reserve for buy-back of shares.

Capital redemption reserve - Capital redemption reserve was created for buy-back of shares.

Capital subsidy received from government – The subsidy was received against the factory setup in the state of Himachal Pradesh for the year ended March 31, 2009 and year ended 2013.

General reserve - General reserve is created out of the profits earned by the Group by way of transfer from surplus in the statement of profit and loss. The Group can use this reserve for payment of dividend and issue of bonus shares.

Retained earnings- The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013. Thus the amounts reported above are not distributable in entirely.It includes impact of actuarial gains and losses on the funded obligation due to change in financial assumptions, change in demographic assumption, experience adjustments, etc. recognised through other comprehensive income.

Exchange diference on translation of foreign operations through other comprehensive income : For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange differences which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies during the financial year.

Capital Reserve : This Reserve represents the difference between value of the net assets transferred to the Group in the course of business combinations and the consideration paid for such combinations.

BLUE STAR LIMITED

18 DIVIDEND DISTRIBUTION MADE AND PROPOSED

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Cash dividends on equity shares declared and paid :		
Dividend paid (Previous year: Final dividend for the year ended March31, 2019 Rs.10 per share and interim dividend for the year ended March 31 ,2020 Rs. 10 per share).	-	192.62
Dividend distribution tax	-	39.58
Total Dividend Distribution	-	232.20

Note: The Directors have recommended a dividend of ₹ 4 per equity share of face value ₹ 2 each for FY20-21 (FY19-20, Interim and Final Dividend of ₹ 10 per equity share). Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

19 BORROWINGS

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
At amortised cost		
Non-current borrowings		
Term loan from bank (unsecured) (note a)	5.60	9.14
Term loan from bank (secured) (note b)	-	50.01
7.65% non convertible debentures (unsecured) (note f)	350.00	-
Less: unamortised upfront fees on borrowings	(3.14)	-
Less: current maturities of long term debt clubbed under other financial liabilities (note 22)	(3.20)	(11.44)
Total non-current borrowings	349.26	47.71
Current borrowings		
Unsecured		
Working capital demand loan (note c)	-	278.50
Commercial papers		
- From others (note e)	-	49.22
Packing credit loan account from banks (note c)	40.53	16.30
Short term loan	55.00	-
Cash credit / bank overdrafts (note c)	4.06	13.40
Secured		
Packing credit loan account from banks (note c & d)	2.75	27.80
Cash credit / bank overdrafts (note c & d)	-	16.01
Total current borrowings	102.34	401.23
Aggregate secured loans	2.75	93.82
Aggregate unsecured loans	448.85	355.12
Total borrowings	451.60	448.94

a. Unsecured term loan availed by one of the subsidiary company is payable in sixteen equated quarterly instalments @ 3M Libor plus 1.60% p.a (March 31, 2020 : 3M Libor plus 1.60% p.a)
b. Term loan was secured against Plant and Machinery and carried interest @ 3 months Treasury bill plus 1.90% p.a
c. Outstanding loans carry an interest rate ranging from 2.3% - 6.8% p.a. (March 31, 2020 : 7.40% - 9.8% p.a.).
d. Outstanding secured loans are secured by hypothecation of inventory and trade receivables.
e. Commercial papers carried average interest rate of 6.65% p.a. for the current year (March 31, 2020 : 8% p.a.).These were repayable within 80 days from the date of drawdown.
f. The Company has allotted 7.65% unsecured redeemable non-convertible debentures (Series I & Series II) on June 1, 2020.

Repayment schedule of Non - Convertible Debentures : ₹ in Crores

PARTICULARS	Repayment	
	Amount	Date
7.65% Non Convertible Debentures (Series - I) - Principal	175.00	01-Jun-23
7.65% Non Convertible Debentures (Series - II) - Principal	175.00	01-Jun-23

BLUE STAR LIMITED

20 DISCLOSURE AS PER SECTION 22 OF MSME ACT

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	64.99	41.93
(ii) Interest due on above	0.06	0.23
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year but without adding the interest specified under this Act).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.98	2.15
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act, 2006	1.98	2.15
	66.97	**44.08**

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Group.

21 LEASE LIABILITY

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Opening balance	59.78	-
Addition during the year	17.71	74.60
Add: interest for the year	6.19	5.89
Paid during the year	(28.35)	(20.71)
Closing balance	**55.33**	**59.78**
Non-current lease liability	31.23	38.54
Current lease liability	24.10	21.24
Total lease liability	**55.33**	**59.78**

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021

22. OTHER FINANCIAL LIABILITIES

Particulars	Non-current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Financial liabilities at amortised cost				
Other deposits	-	-	4.09	6.85
Interest accrued but not due on borrowings	-	-	23.30	-
Unpaid dividend*	-	-	4.14	5.38
Current maturities of long term borrowings	-	-	3.20	11.44
Creditors - capital expenditure	-	-	2.08	2.43
Leave encashment payable to employees	-	-	-	7.27
Total other financial liabilities	-	-	36.81	33.37

***Unpaid Dividend**
There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Categorisation of financial liabilities carried at amortised cost

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Borrowings (refer note 19 and 22)	454.80	460.38
Trade payables	1,604.89	1,582.36
Other deposits (refer note 22)	4.09	6.85
Unpaid dividend (refer note 22)	4.14	5.38
Creditors- capital expenditure (refer note 22)	2.08	2.43
Interest accrued but not due on borrowings (refer note 22)	23.30	-
Leave encashment	-	7.27
Total financial liabilities carried at amortized cost	2,093.30	2,064.68

Borrowings and Interest Accrued but not due on Borrowings have a fair value of ₹ 476.83 Crores (March 31, 2020 ₹ 460.38 Crores).The carrying amount of all other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

Reconciliation between opening and closing balances of liabilities arising from financing activities for the year ended 31st March 2021

₹ Crores

Particulars	Non current borrowings	Current borrowings	Lease liabilities
As the beginning of the year	47.71	401.23	59.78
Current maturities of long term borrowings at the beginning of year	11.44		
Cashflows during the year (net)	296.76	(298.89)	(28.35)
Current maturities of long term borrowings at the end of year	(3.20)	-	-
Transaction costs on borrowings	(3.14)	-	-
Variations in exchange rates	(0.31)	-	-
At the end of the year	349.26	102.34	31.43
Non Cash changes due to:			
-Acquisitions under Lease	-	-	23.90
-Interest on borrowings (clubbed under other financial liabilities	23.30	-	-
At the end of the year	372.55	102.34	55.33

23. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Contract liabilities from construction contracts	84.40	90.59
Contract liabilities from annual maintenance contract services	70.76	61.18
Advances from customers	241.82	265.49
Dues to statutory bodies	35.92	17.94
Others	9.12	2.36
Total other current liabilities	442.02	437.56

BLUE STAR LIMITED

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021

24 PROVISIONS

Particulars	Non current		Current	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Provision for employee benefits				
Compensated absences	-	-	17.42	18.31
Provision for other employment benefits	-	0.10	2.25	4.04
Additional gratuity (refer note 37)	0.45	0.45	-	-
	0.45	0.55	19.67	22.35
Other provisions				
Provision for customer warranties	10.37	12.71	14.81	15.46
Provision for foreseeable loss	-	-	2.37	2.11
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	10.43	23.97
	10.37	12.71	28.70	42.63
Total provisions	10.82	13.26	48.37	64.98

*The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC.However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During the earlier year, the Company decided to exit from this joint venture.

Provision for warranties

Particulars	As at 31st March, 2021
	₹ Crores
At the beginning of the year	28.17
Add :- Additional provisions made during the year	11.06
Less :- Amount used during the year	(14.31)
Add:- Effect of change in provision on account of discounting during the year	0.26
At the end of the year	25.18
Current portion	14.81
Non-current portion	10.37

A provision for foreseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Other Provision for the year ended March 31, 2021 ₹ Crores

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.11	1.09	23.97
Add :- Additional provisions made during the year	2.10	-	-
Less : Utilized during the year	(1.84)	-	(13.54)
At the end of the year	2.37	1.09	10.43

25 GOVERNMENT GRANTS

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
At 1st April	12.90	10.53
Additions during the year	0.77	22.67
Amortised during the year	(2.51)	(20.30)
At 31st March	11.16	12.90
Current	2.33	3.52
Non-current	8.83	9.38

Government grants are towards the purchase of certain items of property, plant and equipment.

BLUE STAR LIMITED

26. INCOME TAX

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2021 and 31st March, 2020

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Accounting profit before tax	145.15	205.99
Other Comprehensive Income before tax	4.32	1.53
Profit before tax	**149.47**	**207.52**
Income Tax expense calculated at 34.944% (Previous Year 34.944%)	52.23	72.52
Expenses not allowed for tax purpose	3.24	8.45
Additional allowances for tax purpose	(5.52)	(10.24)
Savings due to tax paid at lower rate (see footnote)	(4.23)	(7.48)
Other	3.23	1.14
Tax Expenses	**48.94**	**64.39**
Income tax expense reported in the statement of profit and loss	47.09	65.32
Income tax effect on other comprehensive expense/(income)	(1.85)	0.93
Total Current Tax Expense	**48.94**	**64.39**

Deferred tax

Deferred tax relates to the following

Particulars	Balance Sheet	
	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Provision for loss allowance	38.59	36.39
Provisions made disallowed and allowed only on payment basis	4.94	9.65
Accelerated Depreciation for tax purposes	(2.95)	(10.26)
Others (including Transition impact of Ind AS 116 of ₹ 2.30 crores during the PY)	(11.54)	(4.65)
Total (excluding MAT credit entitlement)	**29.04**	**31.13**
MAT Credit Entitlement	18.45	50.62
Total Deferred Tax	**47.49**	**81.75**

Reflected in the balance sheet as follows

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Deferred tax assets	50.44	92.01
Deferred tax liabilities	(2.95)	(10.26)
Deferred Tax Asset, net	**47.49**	**81.75**

Footnote:
Savings due to tax paid at lower rate includes impact on account of BSEEL (a group entity) having opted to pay the tax under section 115BAA of the Income Tax Act,1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17%, (b) the deferred tax assets and deferred tax liabilities as on April 1, 2020 have been restated at the rate of 25.17% and (c) the unutilised credit for minimum alternate tax as on April 1, 2020 has been written-off.

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Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021

27. Revenue from operations

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Revenue from operations		
Sale of products	2,770.89	3,410.76
Sale of services	500.61	528.10
Revenue from construction contracts	963.54	1,397.55
Other operating revenue		
-Commission income	2.35	4.11
-Provisions and liabilities no longer required	19.48	11.65
-Others	6.72	8.02
Total revenue from operations	**4,263.59**	**5,360.19**

28. Other income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Interest income		
-Bank deposits	9.07	3.34
-Others	1.15	4.65
Rental income	6.36	7.47
Income on Mutual Fund Investment	5.13	1.81
Profit on sale of investment property	32.95	-
Others	7.69	27.43
Total other income	**62.35**	**44.70**

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Cost of material consumed	1,343.63	1,828.56
Project cost (including bought outs)	729.69	973.06
AMC subcontracting cost	287.13	307.22
Total Cost of Raw Material and Components Consumed and Project related cost	**2,360.45**	**3,108.84**

Purchase of stock-in-trade	**880.09**	**917.22**

Inventories at the end of the year		
Traded goods	327.19	299.49
Work-in-progress	62.32	58.83
Finished goods	199.22	261.22
	588.73	**619.54**
Inventories at the beginning of the year		
Traded goods	299.49	327.91
Work-in-progress	58.83	47.09
Finished goods	261.22	236.59
	619.54	**611.59**
(Increase) / Decrease in inventories	**30.81**	**(7.95)**

30. EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Salaries, wages and bonus	339.51	434.65
Contribution to provident and other funds	13.48	14.51
Gratuity expense (refer note 37)	5.21	3.95
Staff welfare expenses	23.61	31.40
Total employee benefit expense	**381.81**	**484.51**

31. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Depreciation on Property, plant and equipment (refer note 4)	48.96	53.16
Depreciation on right of use asset (refer note 5)	21.17	16.18
Amortisation expenses on intangible assets (refer note 7)	18.40	14.52
Depreciation on investment properties (refer note 6)	3.76	4.13
Total depreciation and amortisation expense	**92.29**	**87.99**

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32. OTHER EXPENSE

Particulars		For the year ended 31st March, 2021	For the year ended 31st March, 2020
		₹ Crores	₹ Crores
Stores and spares consumed		10.61	13.76
Power and fuel		13.85	17.59
Rent		33.97	47.95
Repairs and maintenance			
-Buildings		4.19	5.25
-Plant and machinery		3.21	4.06
-Others		12.99	15.00
Insurance		5.06	4.00
Rates and taxes		2.75	2.29
Advertising Expenses		45.83	57.99
Sales Promotion Expenses		23.81	66.08
Freight and forwarding charges		67.64	84.01
Legal and professional fees		37.66	59.90
Travelling and conveyance		16.43	48.71
Commission and Sale Incentives		16.86	26.59
Warranty Cost		13.55	25.59
Printing and stationery		1.97	4.34
Payment to auditors (Refer details A below)		1.64	1.59
Corporate social responsibility expenses		3.81	3.49
Donations		0.04	0.43
Loss on sale of Property, Plant and equipment (net)		-	0.19
Foreign Exchange differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)		4.18	9.70
Bad debts / advances written off	25.10		
Less:- Provision for bad debts	(25.00)	0.10	0.02
Allowances for doubtful debts and advances		34.18	47.98
Miscellaneous expenses		16.29	28.28
Total other expenses		**370.62**	**574.79**

A. Payment to auditors

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
As auditor:		
Audit fee	1.02	1.02
Limited review	0.24	0.24
Tax Audit	0.09	0.08
In other capacity		
Other services	0.21	0.21
Reimbursement of expenses	0.08	0.04
	1.64	**1.59**

33. FINANCE COSTS

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Interest	53.95	17.92
Bank charges	4.58	5.66
Interest on Lease Liabilities	6.19	5.89
Total finance costs	**64.72**	**29.47**

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

34 EXCEPTIONAL ITEMS

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Exceptional expenses		
Platinum jubilee expenses*	-	(4.03)
Exceptional Items (Net)	-	**(4.03)**

* Exceptional item for F.Y 20 comprises one time costs of events and programmes held to mark momentous milestone of platinum jubilee year of the Company.

35 EARNING PER SHARE (EPS)

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

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Profit attributable to equity holders of the Company	**100.35**	**143.25**
Weighted average number of Equity shares	9.63	9.63
Basic and diluted Earning per share in rupees (Face Value ₹ 2 per share) (in ₹)	10.42	14.87

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36 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates, and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates, and associated assumptions are evaluated based on the Group's historical experience, existing market conditions, as well as forward-looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Group's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future cost projections against budgets, based on which, proportionate revenue (or anticipated losses), if any, are recognized.

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and is probable that the economic benefits associated will flow to the Group. This requires the exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Group provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Group, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Group's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold that are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant, and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs and anticipated technological changes.. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using several underlying assumptions, including the discount rate,mortality rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Group capitalises intangible assets under development for a project in accordance with the accounting policy. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied, and the expected period of benefits.

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Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) is based on assumptions of risk of default and expected loss rates. The Group makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.
Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not to be collectible.

Income Taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. In assessing the realizability of deferred tax assets arising from unused tax credits, the management considers convincing evidence about availability of sufficient taxable income against which such unused tax credits can be utilized. The amount of the deferred income tax assets considered realizable, however, could be reduced if estimates of future taxable income during the carry forward period are reduced.

COVID 19 - Recoverability of assets

The Group continues to monitor the economic effects of COVID-19, including the recoverability of assets based on current indicators of future economic conditions and has taken steps to improve operational and financial efficiencies. The ultimate impact of the pandemic may be different from that presently estimated and would be recognized in the financial statements, if and when material changes to economic conditions arise.

Code on Social Security, 2020

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

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37 EMPLOYEE BENEFITS DISCLOSURE

I. Defined Benefit Plans

a. Gratuity

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Group contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profit in the profit or loss. The Group expects to contribute ₹ 1.9 crore to gratuity fund in 2021-22 (FY 2019-20 - ₹ 3.78 crore)

Change in present value of defined benefit obligation

Particulars	Gratuity		Additional Gratuity	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Defined benefit obligation at the beginning of the year	44.24	37.79	0.45	0.38
Current service cost*	5.21	3.86	0.02	0.02
Interest cost	2.82	2.77	0.03	0.03
Benefit payments from plan assets	(5.70)	(3.49)	(0.05)	(0.02)
Acquisition adjustment	-	0.53	-	-
Remeasurements	-	-	-	-
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	0.33	2.07	-	0.02
c. Due to experience adjustments	(2.61)	0.71	-	0.02
Defined benefit obligation at the end of the year	**44.29**	**44.24**	**0.45**	**0.45**

Change in fair value of plan assets

Particulars	Gratuity		Additional Gratuity	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Fair value of plan assets at the beginning of the year	44.46	37.33	-	-
Expected return on plan assets	2.84	2.73	-	-
Contribution by employer	2.21	7.48	-	-
Actual benefits paid	(5.70)	(3.49)	-	-
Return on assets	3.66	(0.12)	-	-
Acquisition adjustment	-	0.53	-	-
Fair value of plan assets at the end of the year	**47.47**	**44.46**	-	-

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Components of defined benefit cost recognized in Profit or Loss

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Current service cost	5.21	3.86	0.02	0.02
Interest Cost	2.82	2.77	0.03	0.03
Expected return on plan assets	(2.84)	(2.73)		-
Defined benefit cost recognized in Profit or Loss	**5.19**	**3.90**	**0.05**	**0.05**
Components of defined benefit cost recognized in Other Comprehensive Income				
a. Due to change in demographic assumptions		0.00	0.00	0.00
b. Due to change in financial assumptions	0.33	2.07	0.00	0.02
c. Due to change in experience adjustments	(2.61)	0.71	0.00	0.02
d. (Return) on plan assets (excl. amount recognised in net interest)	(3.66)	0.12	-	-
Remeasurements recognized in other comprehensive income (OCI)	**(5.94)**	**2.90**	**0.00**	**0.04**

*Includes ₹. 1.40 Crores (March 31, 2020 : Nil) provided towards impact of changes in Remuneration structure.

Net Assets/ Liability recognized in the statement of financial position

Particulars	Gratuity		Additional Gratuity	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Defined benefit obligation	44.29	44.24	0.45	0.45
Fair value of plan assets	47.47	44.46	-	-
Net defined benefit liability / (asset)	(3.18)	(0.22)	0.45	0.45

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Cash and cash equivalents	1.14	0.94
Insurance Group products	38.10	32.64
Others	8.23	10.88
Total	47.47	44.46

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

Actuarial Assumptions	Gratuity		Additional Gratuity	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Discount rate	6.25%	6.40%	6.25%	6.40%
Disability rate	5% of IALM-2012-14	5% of IALM-2012-14	5% of IALM-2012-14	5% of IALM-2012-14
Normal retirement age	65 years for Directors and 60 for others	65 years for Directors and 60 for others	65 years for Directors and 60 for others	65 years for Directors and 60 for others
Mortality rate	100% of IALM-2012-14	100% of IALM-2012-14	100% of IALM-2012-14	100% of IALM-2012-14
Salary escalation rate (Management-Staff-Directors)	7%,3%,10%	7%,3%,10%	-	-
Attrition rate	14% throughout	14% throughout	14% throughout	14% throughout

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

Assumptions	Gratuity		Additional Gratuity	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Decrease in discount Rate (0.5%)	44.47	45.49	0.48	0.46
Increase in discount Rate (0.5%)	42.08	43.07	0.46	0.44
Decrease in salary Growth Rate (0.5%)	42.08	43.07	-	-
Increase in salary Growth Rate (0.5%)	44.46	45.47	-	-
Decrease in attrition Rate (1% of attrition rates)	43.39	44.33	0.45	0.44
Increase in attrition Rate (1% of attrition rates)	43.12	44.19	0.46	0.44
Decrease in Mortality Rate (10% of mortality rates)	43.24	44.25	0.47	0.45
Increase in Mortality Rate (10% of mortality rates)	43.24	44.24	0.47	0.45

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2020-21.

The average duration of the defined benefit plan obligation at the end of the reporting year 2020-21 is 6 years.

b. Provident Fund

In accordance to Ind AS 19, that provident Fund set up by employers which requires interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2021. The Group's contribution to the Employee's Provident Fund aggregates to ₹ 6.85 Crores (March 31, 2020: ₹ 7.18 Crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the Group has made for an estimated amount, provision on a prospective basis.

III. General Description of significant defined plans:

a. Gratuity Plan

Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years' of service after continuous service for five years.

b. Additional Gratuity

Additional Gratuity is payable as per the specific rules of the Group i.e. ₹ 5,000 for staff and ₹ 10,000 for managers subject to qualifying service of 15 years.

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38 COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Claims against the Group not acknowledged as debts	0.34	0.15
Sales Tax matters	96.68	113.25
Excise Duty matters	4.90	6.03
Service Tax matters	159.00	159.00
Income Tax matters	126.80	108.94
GST matters	0.07	0.07

b. Commitments

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

At March 31, 2021, Group had commitments (net of advances) of ₹ 61.56 Crores (March 31, 2020: ₹ 126.94 Crores)

c. The Group has an obligation to complete the Extended Producer Responsibility (EPR) targets, only if it is a participant in the market during the financial year in accordance with the E-Waste (Management) Rules, 2016, as amended. The Group has fulfilled its obligation for the current financial year. The Group will have an e-waste obligation for future years, only if it participates in the market in those years.

d. Uncertain tax positions

The uncertain tax positions as on March 31, 2021 is ₹. 11.84 crores (March 31, 2020 : ₹. 11.84 crores).

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39 DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Joint Ventures	Country of Incorporation	% of equity interest	
		As at As at 31st March, 2021	As at As at 31st March, 2020
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49.00*	49.00*
Blue Star Oman Electro-Mechanical Co. LLC	Oman	51.00	51.00

*Refer Note 41

Key Management Personnel

Mr. Vir S Advani, Vice Chairman and Managing Director
Mr. B Thiagarajan, Managing Director
Mr. Vijay Devadiga, Company Secretary
Mr. Neeraj Basur, Group Chief Financial Officer

Non Executive and Independent Directors

Mr. Shailesh Haribhakti
Mr. Rajiv R Lulla
Mr. Dinesh N Vaswani
Mr. Sam Balsara
Mr. Anil Harish
Mrs. Rumjhum Chatterjee
Mr. Arvind K Singhal
Mrs. Sunaina Murthy
Mr. Gurdeep Singh (till July 31, 2019)
Ms. Shobana Kamineni (till May 29, 2019)

Relative of Director

Mr. Ashok M. Advani
Mr. Suneel M. Advani

Enterprises in which a Director is/was a member/director during the year with whom Company had transactions and/ or balanaces

Moms Outdoor Media Solutions Pvt Ltd
Madison Communications Pvt Ltd
Somany Ceramics Ltd.
IBS Fintech India Pvt. Ltd.

Transactions during the year and balances with Related Parties are as under:

₹ Crores

Name of Related party	31st March, 2021		31st March, 2020	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		1.21		1.91
Consultancy services rendered	1.58	-	1.75	-
Redemption of preference shares	3.45	-	-	-
Blue Star Oman Electro-Mechanical Co. LLC		4.46		4.46

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₹ Crores

	31st March, 2021		31st March, 2020	
Enterprises in which Director is a member / director	**Transactions**	**Balance O/S DR/(CR)**	**Transactions**	**Balance O/S DR/(CR)**
Sale of Goods and Services				
Madison Communications Pvt. Ltd.	0.06	0.01	0.10	-
Moms Outdoor Media Solutions Pvt. Ltd.	0.01	(0.01)	0.01	(0.01)
Somany Ceramics Ltd.	0.02	0.00	0.02	0.01
Services Received				
Moms Outdoor Media Solutions Pvt Ltd	0.20	0.01	7.83	0.01
Madison Communications Pvt Ltd	15.91	(0.71)	29.78	(1.43)
IBS Fintech India Pvt. Ltd.	0.35	-	0.53	(0.10)
Relative of Director				
Fees for Professional Services	0.11	(0.01)	0.43	(0.05)
Compensation of key managerial personnel		**(6.20)**		**(4.18)**
Short term employee benefits	11.95		12.61	
Sitting fees to Non Executive and Independent Directors	0.71		0.55	
Commission to Non Executive and Independent Directors	0.72		0.90	
Retirement benefits	0.74		0.73	
Total compensation paid to key management personnel	**14.12**		**14.79**	

Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

Corporate Guarantees to Related Parties

The Parent had given corporate guarantees to a joint venture in the ordinary course of business to meet the working capital requirements of the joint venture.

Name of Related party	**31st March, 2021**	**31st March, 2020**
Blue Star Oman Electro-Mechanical Co. LLC		
Payment made towards invocation of Corporate Guarantee	-	19.24

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40 SEGMENT INFORMATON

A. Primary segment reporting (by business segment)

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

a. Electro-Mechanical Projects and Commercial Air-conditioning Systems include central air-conditioning projects, Electrical Contracting business, and Packaged air-conditioning businesses including manufacturing and after-sales service.

b. Unitary Products include cooling appliances, cold storage products, including manufacturing and after-sales service.

c. Professional Electronics and Industrial Systems include trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products, and systems.

Segment revenues, results and other information:

I.

SEGMENT REVENUE	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	2,218.72	2,826.67
ii. Unitary Products	1,868.28	2,300.61
iii. Professional Electronics and Industrial Systems	176.59	232.91
TOTAL SEGMENT REVENUE	**4,263.59**	**5,360.19**
Add: Other Income	62.35	44.70
TOTAL INCOME	**4,325.94**	**5,404.89**

II.

SEGMENT RESULT	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	106.49	120.26
ii. Unitary Products	108.82	162.27
iii. Professional Electronics and Industrial Systems	33.81	54.34
TOTAL SEGMENT RESULT	**249.12**	**336.87**
Less: i) Finance Cost	(64.72)	(29.47)
ii) Other un-allocable Expenditure Net of un-allocable Income	(39.25)	(97.38)
TOTAL PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM	**145.15**	**210.02**
Exceptional Items	-	(4.03)
PROFIT BEFORE TAXATION	**145.15**	**205.99**

III. OTHER INFORMATION:

A. SEGMENT ASSETS	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,664.85	1,737.05
ii. Unitary Products	986.97	1,001.45
iii. Professional Electronics and Industrial Systems	62.36	76.29
TOTAL SEGMENT ASSETS	**2,714.18**	**2,814.79**
Add: Un-allocable Corporate Assets	835.27	624.47
TOTAL ASSETS	**3,549.45**	**3,439.26**

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B. SEGMENT LIABILITIES	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,240.69	1,288.63
ii. Unitary Products	757.71	697.00
iii. Professional Electronics and Industrial Systems	78.50	83.52
TOTAL SEGMENT LIABILITIES	**2,076.90**	**2,069.15**
Add: Un-allocable Corporate Liabilities	584.69	585.43
TOTAL LIABILITIES	**2,661.59**	**2,654.58**

C. NON CURRENT ASSETS (MOVEMENT)	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	53.42	65.02
ii. Unitary Products	30.20	28.63
iii. Professional Electronics and Industrial Systems	0.27	0.50
iv. Un-allocable	15.40	74.79
TOTAL	**99.29**	**168.94**

D. DEPRECIATION / AMORTISATION	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	29.96	25.97
ii. Unitary Products	22.34	24.04
iii. Professional Electronics and Industrial Systems	0.24	0.36
iv. Un-allocable	39.75	37.62
TOTAL	**92.29**	**87.99**

E. NON CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	32.12	43.68
ii. Unitary Products	0.45	3.07
iii. Professional Electronics and Industrial Systems	1.71	1.23
iv. Un-allocable	1.19	0.22
TOTAL	**35.47**	**48.20**

B. Secondary segment information:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Revenue (Sales, Services & Commission) by Geographical Market		
India	3,854.49	4,842.62
Outside India	409.10	517.57
Total	**4,263.59**	**5,360.19**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Carrying amount of Non Current Assets		
India	512.27	582.38
Outside India	7.28	8.56
Total	**519.55**	**590.94**

BLUE STAR LIMITED

41. INTEREST IN JOINT VENTURE

The Blue Star Group comprises of the following entity

Joint venture	Country of Incorporation	% Shareholding	
		As at 31st March, 2021	As at 31st March, 2020
Foreign Joint Ventures- Jointly Controlled Entities			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49%	49%
Carrying amount of Investment (₹ Crores)		15.91	16.87

Blue Star M & E Engineering (Sdn) Bhd

Summarized Balance sheet as at March 31, 2021 and March 31,2020

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Current assets	58.65	86.88
Non-Current Assets	17.76	19.70
Current Liabilities	43.81	70.28
Non-current Liabilities	5.75	7.86
EQUITY	26.85	28.44
The above amount of the assets and liabilities include the following		
- Cash and Cash equivalents	3.30	4.89
- Current financial liabilities (excluding trade and other payables and provisions	20.83	20.57
- Non Current financial liabilities (excluding trade and other payables and provisions	0.96	1.33

Summarised statement of Profit & Loss for the year ended March 31,2021 and March 31,2020

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹ Crores	₹ Crores
Revenue	83.36	113.17
Other Income	2.71	2.13
Cost of raw material and components consumed	67.09	96.40
Depreciation and amortization	0.50	0.54
Finance cost	0.23	0.18
Employee Benefit	5.02	6.16
Other Expenses	6.78	2.14
Profit before Tax	6.45	9.88
Income Tax Expense	1.13	4.31
Profit for the year	5.32	5.57
Group's share of profit for the year	2.60	2.73

Movement of Investment in Joint Venture

₹ Crores

Particular	As at 31st March, 2021	As at 31st March, 2020
Investment in Joint venture	16.87	14.63
Profit for the period	2.60	2.73
Dividend received	-	(3.17)
Redemption of preference shares	(3.45)	-
Foreign currency translation reserve	(0.11)	2.68
Investment In Joint venture	15.91	16.87

Note:

The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC.However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During the earlier year, the Company decided to exit from this joint venture

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021

42 DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Group has a forex risk management policy that ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Group does not use foreign exchange forward and options contract for trading or speculative purposes.

Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognized in the Profit or Loss.

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which are factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

a. Derivative Instruments: Forward contract outstanding as at balance sheet date

	As at March 31,2021		As at March 31,2020	
Foreign currency	Amount In Foreign Currency (in Lakh)	₹ Crores (Notional value)	Amount In Foreign Currency (in Lakh)	₹ Crores (Notional value)
Particulars of Derivatives				
Forward cover to Purchase				
-USD	127.30	93.07	73.40	55.54
-CNY (including commitments)	221.64	24.69	726.48	77.33
-EUR	-	-	0.86	0.71
Forward cover to Sell				
-USD	15.00	10.97	-	-

b. Derivative Instruments: Option contract outstanding as at balance sheet date

	As at March 31,2021		As at March 31,2020	
Foreign currency	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)
Particulars of Derivatives				
Option cover to Purchase				
- USD	30.00	21.93	59.48	45.01
- CNY	-	-	353.73	37.65

c. Particulars foreign currency exposure as at the Balance Sheet date

Particulars	As at March 31,2021		As at March 31,2020	
Foreign Currency	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)
Bank Balances				
EUR	1.93	1.66	4.03	3.34
USD	6.79	4.96	11.09	8.39
CAD	0.39	0.23	0.22	0.12
AED	3.88	0.77	0.23	0.05
Receivables				
EUR	2.19	1.87	5.72	4.74
MYR	6.86	1.21	10.10	1.77
USD	26.93	19.69	50.50	38.21
JPY	22.75	0.15	83.60	0.58
CAD	-	-	2.26	1.20
GBP	0.08	0.08	0.09	0.08
Payables				
EUR	6.76	5.79	8.89	7.36
JPY	49.62	0.33	0.14	0.00
CNY	20.13	2.24	34.04	3.62
USD	73.07	53.42	113.94	86.21
AED	0.49	0.10	23.12	4.76
CAD	0.15	0.09	0.01	-
GBP	0.01	0.01	(0.01)	(0.01)

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

BLUE STAR LIMITED

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

43 Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement heirarchy as at As at 31st March, 2021

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable Inputs (Level 2)	Significant unobservable inputs (Level 3)
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
Assets for which fair values are disclosed:					
Investment Property (refer note 6)	As at 31st March, 2021	26.13	-	-	26.13
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	As at 31st March, 2021	279.06	-	279.06	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	As at 31st March, 2021	0.26	-	0.26	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Quantitative disclosures fair value measurement heirarchy as at As at 31st March, 2020

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
Assets for which fair values are disclosed:					
Investment Property (refer note 6)	As at 31st March, 2020	88.18	-	-	88.18
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	As at 31st March, 2020	-	-	-	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 15)	As at 31st March, 2020	2.20	-	2.20	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Fair value hierarchy of financial assets and liabilities measured at fair value:
Valuation technique and key inputs used to determine fair value:

1. Level - 2 :
Mutual Fund - Quoted price in the active market
Derivative Instrument - Mark to maket on forward covers is based on forward exchange rates at the end of reporting period.

2. Level - 3 :
Investment Property - Based on valuation report of independent valuer.

BLUE STAR LIMITED

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

44 FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange-related risk exposures.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables, loans, and derivative financial instruments.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilizing foreign exchange forward contracts.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD,CNYand EURO to the functional currency of the Group, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
		₹ Crores	₹ Crores	₹ Crores	₹ Crores
US Dollars	+5%	(1.44)	(7.01)	(0.94)	(4.56)
	-5%	1.44	7.01	0.94	4.56
CNY	+5%	(0.11)	(5.93)	(0.07)	(3.86)
	-5%	0.11	5.93	0.07	3.86
EURO	+5%	(0.11)	0.04	(0.07)	0.03
	-5%	0.11	(0.04)	0.07	(0.03)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company does not have any exposure to the future cash flows resulting from change in interest rate as the Company's net obligations and asset carries fixed interest rate.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions, and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit terms in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Particulars	Neither past due nor Impaired	Past due but not impaired		Total
		less than 1 year	more than 1 year	
	₹ Crores	₹ Crores	₹ Crores	₹ Crores
Trade Receivables as on March 31, 2021	230.61	439.05	141.32	810.98
Trade Receivables as on March 31, 2020	107.64	587.44	142.59	837.67

Refer Note 12 for details on the allowance for expected credit loss on trade receivables.

BLUE STAR LIMITED

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2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process.

Liquidity Risk

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

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

Particulars	As at 31st March, 2021		
	Less than 1 year	More than 1 year	Total
	₹ Crores	₹ Crores	₹ Crores
Interest bearing borrowings	102.34	352.40	454.74
Interest on borrowings	26.82	53.56	80.38
Trade Payables	1,604.89	-	1,604.89
Lease Liabilities	24.10	50.24	74.34
Other financial liabilities	13.51	-	13.51
Total	**1,771.67**	**456.20**	**2,227.87**

Particulars	As at 31st March, 2020		
	Less than 1 year	More than 1 year	Total
	₹ Crores	₹ Crores	₹ Crores
Interest bearing borrowings	401.23	59.15	460.38
Trade Payables	1,582.37	-	1,582.37
Lease Liabilities	21.24	55.43	76.67
Other financial liabilities	33.37	-	33.37
Total	**2,038.21**	**114.58**	**2,152.79**

BLUE STAR LIMITED

Blue Star Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2021

45 CAPITAL MANAGEMENT

The Group's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Group. The Group determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through an optimum mix of borrowed and owned funds.

The Group's adjusted net debt and equity position is as follows:

Gearing Ratio:

Particulars	**As at 31st March, 2021**	**As at 31st March, 2020**
	₹ Crores	**₹ Crores**
Borrowings	454.80	460.38
Less: Cash and cash equivalents	327.93	286.15
Net debt	**126.87**	**174.23**
Equity	887.86	784.68
Total capital	**887.86**	**784.68**
Capital and net debt	**1,014.73**	**958.91**
Gearing ratio	12.50%	18.17%

46 CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE:

₹ Crores

Particulars			**As at 31st March, 2021**
	Within 12 months	**After 12 months**	**Total**
Assets			
Inventories	882.42	-	882.42
Trade receivables	810.98	-	810.98
Loans	20.12	-	20.12
Other financial assets	0.26	-	0.26
Other current assets	518.93	15.54	534.47
Assets held for sale	0.08	-	0.08
Liabilities			
Trade Payables	1,604.89	-	1,604.89
Lease Liabilities	24.10	-	24.10
Other financial liabilities	36.81	-	36.81
Other current liabilities	442.02	-	442.02
Provisions	48.37	-	48.37

₹ Crores

Particulars			**As at 31st March, 2020**
	Within 12 months	**After 12 months**	**Total**
Assets			
Inventories	869.32	-	869.32
Trade receivables	837.67	-	837.67
Loans	14.63	-	14.63
Other current assets	581.38	53.69	635.07
Assets held for sale	0.08	-	0.08
Liabilities			
Trade payables	1,582.36	-	1,582.36
Lease liabilities	21.24	-	21.24
Other financial liabilities	33.37	-	33.37
Other current liabilities	437.46	-	437.46
Provisions	64.98	-	64.98

BLUE STAR LIMITED

47. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 29 IN RESPECT OF SPPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES,OTHER EXPENSES AND FINANCE COST VIDE NOTE 30 ,32 AND 33 IS AS FOLLOWS

₹ Crores

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Salary & wages	41.39	339.51	-	-	380.90
	(7.90)	(434.65)	-	-	(442.55)
Rent	0.70	-	33.97	-	34.67
	(0.89)	-	(47.95)	-	(48.84)
Power & fuel	1.26	-	13.85	-	15.11
	(1.88)	-	(17.59)	-	(19.47)
Insurance	2.12	-	5.06	-	7.18
	(6.06)	-	(4.00)	-	(10.06)
Travelling & Conveyance	0.55	-	16.43	-	16.98
	(1.09)	-	(48.71)	-	(49.80)
Printing & Stationery	0.44	-	1.97	-	2.41
	(0.49)	-	(4.34)	-	(4.83)
Freight and Forwarding Charges	0.50	-	67.64	-	68.14
	(1.45)	-	(84.01)	-	(85.46)
Legal & Professional fees	7.00	-	37.66	-	44.66
	(17.85)	-	(59.90)	-	(77.75)
Bank charges	1.04	-	-	4.58	5.62
	(1.93)	-	-	(5.66)	(7.59)
Communication charges	0.03	-	-	-	0.03
	0.00	-	-	-	0.00

Figures in brackets are for previous year

BLUE STAR LIMITED

48 (a) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT :

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Employee benefit expense	15.27	21.47
Cost of raw material and components consumed	3.52	4.66
Legal & Professional fees	1.34	2.51
Depreciation	13.43	10.66
Others	3.27	6.61
Total	36.83	45.91

(b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

Particulars	As at 31st March, 2021	As at 31st March, 2020
	₹ Crores	₹ Crores
Tangible Assets		
Building sheds and road	6.77	6.95
Plant & Equipment	4.06	10.79
Office equipments	0.98	0.65
Vehicles	0.12	0.39
Computers	0.26	0.35
Intangible Assets		
Technical knowhow	9.80	3.04
Software	0.28	0.41
Total	22.27	22.58

BLUE STAR LIMITED

49 LEASE

a) <u>Disclosure as per the requirement of IndAs 116</u>

Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

₹ Crores

	As at 31st March, 2021	As at 31st March, 2020
Right-of-use assets	50.07	55.45
Lease Liabilities		
Current	24.10	21.24
Non-current	31.23	38.54

Amounts recognised in the consolidated statement of profit and loss

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

₹ Crores

	Note	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation charge of right-of-use	31	21.17	16.18
Interest expense (included in finance costs)	33	6.19	5.89
Expense relating to short term lease not included in lease liabilities	32	2.07	1.77
Expense relating to variable lease payments not included in lease liabilities	32	31.90	46.18

The total cash outflow for leases for the year ended March 31, 2021 was ₹ 60.78 cr (March 31, 2020: 70.72 cr)

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

₹ Crores

Undicounted lease liabilities	As at 31st March, 2021	As at 31st March, 2020
Not later than 1 year	24.10	20.47
Later than 1 year and not later than 5 years	43.34	42.76
Later than 5 years	6.90	12.67
Total undiscounted lease liabilities	**74.34**	**75.90**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Variable lease payments

Some property leases contain variable payment terms that are linked to space used for warehouse whenever required by the Group. Variable lease payments that depends on variable space requirement are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in some of the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets in the Group's operation. The majority of extension and termination options held are exercisable by both the Group and by the respective lessor. Further the Group expects not to use that options.

50 STATUTORY GROUP INFORMATION

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount (₹ Crores)	As % of consolidated profit or loss	Amount (₹ Crores)	As % of consolidated other comprehensive Income	Amount (₹ Crores)	As % of consolidated Total comprehensive Income	Amount (₹ Crores)
Parent - Blue Star Limited (Standalone)								
Balance at March 31, 2021	104%	919.09	66%	65.93	141%	3.47	67%	69.40
Balance at March 31, 2020	108%	849.69	84%	120.87	(0.70)	(1.73)	82%	119.14
Subsidiaries								
Indian								
1. Blue Star Engineering and Electronics Limited								
Balance at March 31, 2021	17%	151.81	23%	23.00	26%	0.63	23%	23.63
Balance at March 31, 2020	16%	128.18	29%	41.84	(11%)	(0.28)	29%	41.56
Foreign								
1. Blue Star Qatar - WLL								
Balance at March 31, 2021	5%	48.13	6%	6.12	0%	-	6%	6.12
Balance at March 31, 2020	6%	46.09	6%	9.02	0%	-	6%	9.02
2. Blue Star International FZCO								
Balance at March 31, 2021	3%	22.42	13%	12.74	0%	-	12%	12.74
Balance at March 31, 2020	1%	10.31	4%	5.70	0%	-	4%	5.70
3. Blue Systems & Solutions LLC								
Balance at March 31, 2021	(1%)	(8.04)	(4%)	(3.68)	0%	-	(4%)	(3.68)
Balance at March 31, 2020	(1%)	(4.56)	(3%)	(4.86)	0%	-	(3%)	(4.86)
4. BSL AC&R (SINGAPORE) PTE. LTD.								
Balance at March 31, 2021	3%	23.10	0%	(0.42)	0%	-	0%	(0.42)
Balance at March 31, 2020								

Particulars	Net Assets i.e. total assets		Share in profit or loss		Share in Other		Share in Total comprehensive	
	As % of consolidated net assets	Amount (₹ Crores)	As % of consolidated profit or loss	Amount (₹ Crores)	As % of consolidated other comprehensive Income	Amount (₹ Crores)	As % of consolidated Total comprehensive Income	Amount (₹ Crores)
Joint Ventures								
(As per proportionate consolidation / investment as per the equity method)								
1. Blue Star M & E Engineering (Sdn) Bhd								
Balance at March 31, 2021	1%	13.15	3%	2.60	0%	-	3%	2.60
Balance at March 31, 2020	2%	13.94	2%	2.73	0%	-	2%	2.73
2. Blue Star Oman Electro-Mechanical Co. LLC								
Balance at March 31, 2021	0%	0.00	0%	0.00	0%	0.00	0%	0.00
Balance at March 31, 2020	0%	0.00	0%	0.00	0%	0.00	0%	0.00
Consolidated adjustments/ Eliminations								
Balance at March 31, 2021		(258.69)		(5.93)		(1.63)		(7.98)
Balance at March 31, 2020		(258.97)		(32.05)		4.47		(27.58)
Total								
Balance at March 31, 2021	100%	887.86	100%	100.35	100%	2.47	100%	102.82
Balance at March 31, 2020	100%	784.68	100%	143.25	100%	2.46	100%	145.71

BLUE STAR LIMITED

51 DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

1 Disaggregation of revenue:

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 by offerings and contract-type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

₹ Crores

Revenue by type of contract	For the year ended 31st March, 2021			For the year ended 31st March, 2020		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro -Mechanical Projects and Commercial Air Conditioning Systems	900.33	1,318.39	2,218.72	1,033.82	1,792.85	2,826.67
Unitary Products	1,830.41	37.87	1,868.28	2,264.07	36.54	2,300.61
Professional Electronics and Industrial Systems	139.71	36.88	176.59	203.74	29.16	232.91
Total	**2,870.45**	**1,393.14**	**4,263.60**	**3,501.63**	**1,858.55**	**5,360.19**

2 Reconciliation of contracted price with the revenue recognized in consolidated profit or loss:

₹ Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products at transaction price & Construction and Service Contracts at contracted price	4,337.65	5,446.85
Reductions towards variable consideration components *	(102.61)	(110.45)
Revenue recognised in consolidated statement of profit or loss	4,235.04	5,336.40

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

3. Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to Rs. Nil (March 31, 2020 Rs. Nil).

4.The aggregate value of Order Book as at March 31, 2021, is ₹ 2952 crore (March 31, 2020 ₹ 2,947 Crore). Out of this, the Group expects to recognize revenue of around 59% within the next one year and the remaining thereafter.

5. Changes in contract assets and contract liabilities during the reporting period:

₹ Crores

Particulars	AS at 31st March, 2021	AS at 31st March, 2020
Opening balance - Contract assets (net of impairment)	381.79	336.68
Opening balance - Contract liabilities*	(151.76)	(122.39)
Revenue recognised during the year	(1,393.14)	(1,858.55)
Less: Progress billing during the year	1,339.08	1,874.29
Closing Balance	**175.96**	**230.03**
Closing balance contract assets (net of impairment)	331.11	381.79
Closing balance contract liabilities including income received in advance	(155.15)	(151.76)
***The Group has recognised revenue out of opening contract liabilities**	**151.76**	**122.39**

52 Previous Year Comparatives

Figures for the previous year have been regrouped/reclassified to conform to the figures of the current year.

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

Shailesh Haribhakti Chairman DIN : 00007347	B Thiagarajan Managing Director DIN : 01790498
Vijay Devadiga Company Secretary	Neeraj Basur Group Chief Financial Officer

Mumbai: May 06, 2021

BLUE STAR LIMITED

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
1.	[●]	[●]
2.	[●]	[●]

^*Based on beneficiary position as on [●], 2023.*

**The details of the proposed Allottees have been intentionally left blank and will be filled in before issuing of the Placement Document to such proposed Allottees.*

The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company’s business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

For and on behalf of the Board, signed by:

Vir Suneel Advani
Vice Chairman and Managing Director
DIN: 01571278

Date: September 18, 2023
Place: Mumbai

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act and the rules made thereunder;

(ii) the compliance with the Companies Act and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

For and on behalf of the Board, signed by:

Vir Suneel Advani
Vice Chairman and Managing Director
DIN: 01571278

Date: September 18, 2023
Place: Mumbai

I am authorized by the Board of our Company, through resolution dated August 3, 2023 to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Vir Suneel Advani
Vice Chairman and Managing Director
DIN: 01571278

Date: September 18, 2023
Place: Mumbai

BLUE STAR LIMITED

Registered Office: Kasturi Building, Jamshedji Tata Road, Mumbai 400 020, Maharashtra, India
Corporate Office: Band Box House, 4th Floor, 254 D, Dr Annie Besant Road, Worli, Mumbai 400 030, Maharashtra, India
Website: www.bluestarindia.com
Telephone: +91 22 6654 4000; **E-mail:** secretarialdesk@bluestarindia.com
Corporate Identity Number: L28920MH1949PLC006870

Company Secretary and Compliance Officer: Rajesh Digambar Parte
Band Box House, 4th Floor, 254 D, Dr Annie Besant Road, Worli, Mumbai 400 030, Maharashtra, India
Telephone: +91 22 6654 4000; **E-mail**: secretarialdesk@bluestarindia.com

BOOK RUNNING LEAD MANAGERS

Axis Capital Limited
1st Floor, Axis House, C-2, Wadia International Centre, P.B. Marg
Worli, Mumbai 400 025, Maharashtra, India

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road, Fort
Mumbai 400 001, Maharashtra, India

ICICI Securities Limited
ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025, Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

Deloitte Haskins & Sells LLP, Chartered Accountants
One International Center Tower, 27th-32nd Floor,
Senapati Bapat Marg, Elphinstone Road (West),
Mumbai 400 013, Maharashtra, India

LEGAL COUNSEL TO OUR COMPANY
As to Indian law

Khaitan & Co
Max Towers, 7th & 8th Floors, Sector 16B
Noida, Gautam Budh Nagar 201 301
Uttar Pradesh, India

Khaitan & Co
10th and 13th Floors, Tower 1C
One World Centre 841, Senapati Bapat Marg
Mumbai 400 013, Maharashtra, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS
As to Indian law

AZB & Partners
AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013, Maharashtra, India

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS

Linklaters Singapore Pte. Ltd.
One George Street
#17-01 Singapore 049145

SAMPLE APPLICATION FORM

(Note: The format of the Application Form included herein below is for reference and for the purposes of compliance with applicable law only, and no Bids in this Issue should be made through the sample Application Form. The Company, in consultation with the BRLMs, will identify Eligible QIBs and circulate serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in this Issue should be made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format below.)

<table>
<tr><td rowspan="2">BLUE STAR LIMITED</td><td>APPLICATION FORM</td></tr>
<tr><td>Name of the Bidder:

Form. No.</td></tr>
<tr><td>Our Company was originally incorporated as ‘Blue Star Engineering Company (Bombay) Limited’, a private limited company under the Indian Companies Act, 1913, pursuant to a certificate of incorporation dated January 20, 1949 issued by the Registrar of Joint Stock Companies, Bombay. Further, the word ‘Private’ was added to the name of our Company with effect from April 1, 1956 in the name of ‘Blue Star Engineering Company (Bombay) Private Limited’. Subsequently, the name of our Company was changed to ‘Blue Star Private Limited’ pursuant to a certificate of change of name dated June 23, 1969 issued by the Assistant Registrar of Companies, Maharashtra at Bombay. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of our Company held on June 23, 1969 and the name of our Company was changed to its present name ‘Blue Star Limited’, with a fresh certificate of incorporation issued by the Assistant Registrar of Companies, Maharashtra at Bombay on June 28, 1969
Registered Office: Kasturi Building, Jamshedji Tata Road, Mumbai 400 020, Maharashtra, India;
Corporate Office: Band Box House, 4th Floor, 254 D, Dr Annie Besant Road, Worli, Mumbai 400 030, Maharashtra, India; CIN: L28920MH1949PLC006870; Website: www.bluestarindia.com; Telephone: +91 22 6654 4000; Email: secretarialdesk@bluestarindia.com LEI: 335800CWJUVEKQ1TE879; ISIN: INE472A01039</td><td>Date:</td></tr>
</table>

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (THE “EQUITY SHARES”) FOR CASH, AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE “ISSUE PRICE”), INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE, AGGREGATING UP TO ₹ 1,000 CRORES IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”) AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE “COMPANIES ACT”), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE “PAS RULES”), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY BLUE STAR LIMITED (THE “COMPANY” OR THE “ISSUER”, AND SUCH ISSUE, THE “ISSUE”). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 784.55 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF UPTO 5% ON THE FLOOR PRICE, IN TERMS OF REGULATION 176(1) OF THE SEBI ICDR REGULATIONS AND AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers (“QIBs”) as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (“FEMA Rules”), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly. the Equity Shares offered in the Issue are being offered and sold only outside the United States in “offshore transactions”, as defined in and in reliance on Regulation S under the U.S. Securities Act (“Regulation S”) and the applicable laws of the jurisdictions where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled “*Selling Restrictions*” and “*Purchaser Representations and Transfer Restrictions*” in the accompanying preliminary placement document dated September 18, 2023 (the “PPD”).

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH FEMA RULES. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED UNDER THE FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE

IN THE ISSUE.

To,

The Board of Directors
Blue Star Limited
Kasturi Building, Jamshedji Tata Road
Mumbai 400 020, Maharashtra, India

Dear Sirs,

On the basis of the serially numbered PPD of the Company, and subject to the terms and conditions mentioned in the other sections of the PPD and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are an Eligible QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an eligible FPI participating through Schedule II of the FEMA Rules. We are not a promoter (as defined in SEBI ICDR Regulations) of the Company, or any person related to the Promoters, directly or indirectly and the Bid does not directly or indirectly represent the Promoters or members of the Promoter Group, or persons or entities related to the Promoters. Further, we confirm that we do not have any right under the shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters, veto rights or right to appoint any nominee director on the board of the Company. In addition, we confirm that we are eligible to invest in the Equity Shares under the SEBI ICDR Regulations and other applicable laws. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. We confirm that we are not an FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

STATUS (Insert '✓' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Fund**
SI-NBFC	Systemically Important Non-Banking Financial Companies	**OTH**	Others _____________ (Please specify)
Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD.			
**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*			
*** Sponsor and Manager should be Indian owned and controlled.*			

We confirm that the Bid size / aggregate number of Equity Shares applied for by us, and which may be Allotted to us thereon will not exceed the relevant regulatory or approved limits under applicable laws. We confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us, if applicable, in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of Equity Shares bid for under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We note that the Company or any duly authorized committee thereof, is entitled, in consultation with Axis Capital Limited, HSBC Securities and Capital Markets (India) Private Limited and ICICI Securities Limited, the book running lead managers in relation to the Issue (the "**BRLMs**") in their absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the confirmation of allocation note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be Allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for, has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to or on Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name, and in case we are joint holders, from the bank account of the person whose name appears first in the Application Form. We acknowledge and agree that we have not/shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us.

We further understand, agree and consent that: (i) our names, address, PAN, phone number, bank account details, email-id, and the number of Equity Shares Allotted, along with other relevant information as may be required will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware that our names will be included in

the Placement Document as "proposed allottees", if applicable, along with the number of Equity Shares proposed to be Allotted to us, and the percentage of our post-Issue shareholding in the Company pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Mumbai as required in terms of the PAS Rules. We are also aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5.00% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of National Stock Exchange of India Limited and the BSE Limited (together referred to as the **"Stock Exchanges"**), and we consent to such disclosure. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and restriction on transferability. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and restriction on transferability, as may be applicable to us.
By signing and/or submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections *"Notice to Investors", "Representations by Investors", "Issue Procedure", "Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* in the PPD are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "*Risk Factors"* therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment and in compliance with the restrictions included in the section "*Purchaser Representations and Transfer Restrictions*" in the PPD; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) we, together with other persons that belong to our same group or are under common control, have not applied for more than 50.00% of the Issue and the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50.00% of the Issue. For the purposes of this representation: the expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN, upon its issuance, and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are located outside the United States and purchasing Equity Shares in an "offshore transaction", as defined in, and in reliance on, Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. We confirm that we have read the representations, warranties and agreements contained in the sections entitled "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" in the PPD.

BIDDER DETAILS (In Block Letters)

NAME OF BIDDER*	
NATIONALITY	
REGISTERED ADDRESS	
CITY AND CODE	
COUNTRY	
MOBILE NO.	
PHONE NO.	**FAX NO.**
EMAIL ID	
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO. ____________________
FOR MF	SEBI MF REGISTRATION NO.
FOR AIFs***	SEBI AIF REGISTRATION NO.
FOR VCFs***	SEBI VCF REGISTRATION NO.
FOR SI-NBFC	RBI REGISTRATION DETAILS
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS ____________________

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.*

*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLMs has relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS									
Depository Name	National Securities Depository Limited								Central Depository Services (India) Limited
Depository Participant Name									
DP – ID	I	N							
Beneficiary Account Number									(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank account details as mentioned below, from which the Bid Amount has been remitted for the Equity Shares applied for in the Issue will be considered.

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 3 p.m. (IST), [●], being the Issue Closing Date

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	BLUE STAR LIMITED – QIP ESCROW ACCOUNT	**Account Type**	Current Account
Name of Bank	Axis Bank Limited	**Address of the Branch of the Bank**	Axis Bank Limited , Ground Floor, Center Point , Babasaheb Ambedkar Marg , Parel , Mumbai, Maharashtra, 400012
Account Number	923020051136422	**IFSC Code**	UTIB0001046
Legal Entity Identifier Code	335800CWJUVEKQ1TE879	**Email and Telephone Number**	parel.branchhead@axisbank.com +91 9769310461
SWIFT Code	AXISINBB124		

You are responsible for the accuracy of the bank account details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by you. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

The Bid Amount should be transferred pursuant to the Application Form only by way of electronic fund transfers, towards the Escrow Account**.** Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. prior to or on the Issue Closing Date. All payments must be made in favor of "“BLUE STAR LIMITED – QIP ESCROW ACCOUNT”. The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES BID FOR		PRICE PER EQUITY SHARE (RUPEES)	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In figures)	(In words)		

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Email:			

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code	
Date of Application	
Signature of Authorized Signatory (may be signed either physically or digitally)	

ENCLOSURES TO BE SUBMITTED*
☐ Copy of the PAN Card or PAN allotment letter**
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
☐ Copy of notification as a public financial institution
☐ Copy of the IRDAI registration certificate
☐ Certified true copy of power of attorney
☐ Others, please specify________________

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*

***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.

Note 2: The Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLMs.

Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in PPD.

The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.

(Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)