

INDEPENDENT AUDITOR'S REPORT

To The Members of **BLUE STAR ENGINEERING & ELECTRONICS LIMITED** Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **BLUE STAR ENGINEERING & ELECTRONICS LIMITED ("the Company")**, which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing 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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the financial statements and our auditor's report thereon
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

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higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We have not audited the comparative financial information as at and for the year ended 31st March, 2018 included in the accompanying financial statements. The predecessor auditors have expressed an unmodified opinion dated 2nd May, 2018 on their audit of the comparative financial information. Comparative financial information as at 1st April, 2017, included in the balance sheet has been extracted from the financial statements as at 31st March, 2017, which were audited by the predecessor auditor who had expressed an unmodified report dated 4th May, 2017.

2

Report on Other Legal and Regulatory Requirements

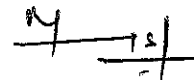
1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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 Company 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the accounting standards, for material foreseeable losses on long-term contract.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2

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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Mukesh Jain
(Partner)
(Membership No. 108262)

Mumbai, April 22, 2019

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 ENGINEERING & ELECTRONICS LIMITED ("the Company")** as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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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 Company's internal financial controls system over financial reporting.

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

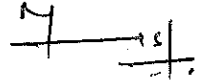
In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 on Audit of Internal Financial

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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)



Mukesh Jain
(Partner)
(Membership No. 108262)

Mumbai, April 22, 2019

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)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed and any other relevant document provided to us which evidences title, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

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- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits as on the Balance Sheet date.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Family Pension Fund Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty or other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Family Pension Fund Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty or other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

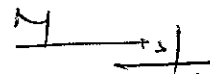
Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ lakh)	Amount unpaid (₹ lakh)
Maharashtra Value Added Tax Act, 2002	Value Added Tax, interest and penalty on the same	Appellate Tribunal	FY 2011-12	165.70	150.60
			FY 2012-13	903.58	892.86
			FY 2013-14	369.14	368.13

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to Banks. The Company has not borrowed any amounts from financial institutions and government and has not issued debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Mukesh Jain
(Partner)
(Membership No. 108262)

Mumbai, April 22, 2019

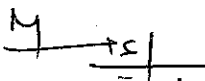
Blue Star Engineering & Electronics Limited
Balance Sheet as at 31st March, 2019

Particulars	Note No.	As at	As at	As at
		31st March, 2019	31st March, 2018	1st April, 2017
		₹ Lakh	₹ Lakh	₹ Lakh
A ASSETS				
1. Non-Current Assets				
Property, Plant & Equipment	3	957.05	1,316.96	384.36
Investment Properties	4	5,111.53	5,396.53	5,959.33
Intangible Assets	5	0.81	1.35	1.72
Intangible Assets under development		16.96	4.05	-
Financial Assets				
-Trade Receivable	8	-	-	-
-Loans	6(a)	70.27	82.27	51.03
-Other Financial Assets	6(b)	-	-	-
Income Tax Assets (Net)		0.00	-	153.03
Deferred Tax Assets (Net)	18	3,073.42	666.97	496.50
Other non-current assets	10	258.37	180.36	139.16
Total Non Current Assets		9,488.41	7,648.49	7,185.13
2. Current assets				
Inventories	7	1,154.66	1,500.08	2,612.25
Financial Assets				
-Loans	6(a)	3,035.49	53.86	14.48
-Trade Receivables	8	4,097.69	5,714.57	4,338.54
-Cash & cash Equivalents	9	2,821.32	1,182.40	397.85
-Other Financial Assets	6(b)	346.17	635.68	116.40
Other Current Assets	10	933.60	1,451.31	1,934.60
Total Current Assets		12,388.93	10,537.90	9,414.12
TOTAL ASSETS		21,877.34	18,186.39	16,599.25
B EQUITY AND LIABILITIES				
1. Equity				
Share Capital	11	1,058.50	1,058.50	1,058.50
Other Equity	12	11,113.63	6,054.67	3,715.75
Total Equity		12,172.13	7,113.17	4,774.25
2. Non-Current Liabilities				
Financial Liabilities				
-Borrowings	13	-	1,489.63	1,982.25
-Other Financial Liabilities	15	-	-	86.28
Long term Provisions	17	55.55	35.78	39.37
Total - Non-current liabilities		55.55	1,525.41	2,107.90
3. Current Liabilities				
Financial Liabilities				
-Borrowings	13	-	1,133.85	2,981.98
-Trade Payables				
a. Total Outstanding dues of Micro Enterprises and Small Enterprises		-	-	-
b. Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	14.A	4,595.69	4,825.72	3,577.22
-Other Payables	14.B	-	3.80	-
-Other financial liabilities	15	320.26	806.51	716.17
Provisions	17	621.12	373.02	212.57
Other Current Liabilities	16	4,112.59	2,404.91	2,229.16
Total - Current liabilities		9,649.66	9,547.81	9,717.10
TOTAL - EQUITY AND LIABILITIES		21,877.34	18,186.39	16,599.25

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

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



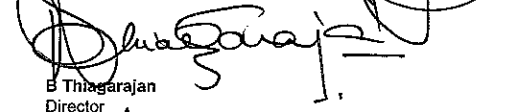
Mukesh Jain
Partner

Place : Mumbai
Date: April 22, 2019

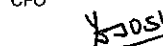
For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited


Vir S Advani
Chairman

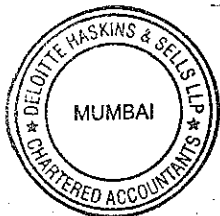

Prem Koliath
CEO


B Thibagarajan
Director


Sivakumar Ramani
CFO


Yogesh Joshi
Company Secretary

Place : Mumbai
Date: April 22, 2019



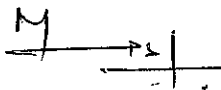
Blue Star Engineering & Electronics Limited
Statement of Profit and Loss for the year ended 31st March, 2019

Particulars	Notes No.	For the year ended	
		31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Revenue from operations	19	22,634.25	20,337.21
Other Income	20	374.23	256.58
Total Income (I)		23,008.48	20,593.79
Expenses			
Cost of material consumed and Project cost	21	1,816.44	538.43
Cost of Services		1,032.89	1,023.16
Purchase of Stock- in- trade	21	10,829.95	10,998.55
Changes in Inventories	21	345.75	1,111.86
Employee benefits expense	22	3,198.39	2,863.82
Depreciation and amortization expense	23	669.31	664.59
Finance costs	24	177.84	462.81
Other expenses	25	1,542.05	522.94
Total Expenses (II)		19,612.62	18,186.16
Profit before tax (I) – (II)		3,395.86	2,407.63
Tax Expense			
i) Current tax	18	742.16	170.47
ii) Deferred Tax	18	(2,448.46)	(170.47)
Total tax expense (III)		(1,706.30)	-
Profit for the year (IV)		5,102.16	2,407.63
Other comprehensive income			
Re-measurement on defined benefit plans (net of tax)		(43.20)	(68.71)
Other comprehensive loss for the year, net of tax		(43.20)	(68.71)
Total comprehensive income for the year		5058.96	2338.92
Earnings per share [Nominal Value of share Rs 2]	26		
Basic and Diluted EPS		9.64	4.55

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

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



Mukesh Jain
Partner

Place : Mumbai
Date: April 22, 2019

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

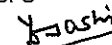

Vir S Advani
Chairman

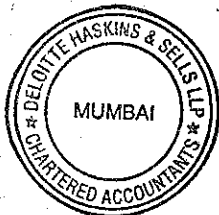

Prem Kalathi
CEO

Place : Mumbai
Date: April 22, 2019


B Madhavan
Director


Sivakumar Ramani
CFO


Yogesh Joshi
Company Secretary



Blue Star Engineering & Electronics Limited
Statement of Changes in Equity for the year ended 31st March,2019

(A) Equity Share Capital

₹ Lakh

Particulars	For the year ended 31st March, 2019	For the year ended 31st March,2018
Opening	1,058.50	1,058.50
Issued during the year	-	-
Closing	1,058.50	1,058.50

(B) Other Equity

₹ Lakh

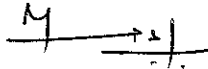
Particulars				Total Other Equity
	Securities Premium Reserve (refer note 12)	Capital Reserve (refer note 12)	Retained Earnings	
Balance as at 1st April , 2018	2,088.87	7,762.48	(3,796.68)	6,054.67
Profit for the year	-	-	5,102.16	5,102.16
Other Comprehensive Loss for the year	-	-	(43.20)	(43.20)
Balance as at 31st March, 2019	2,088.87	7,762.48	1,262.28	11,113.63

₹ Lakh

Particulars				Total Other Equity
	Securities Premium Reserve (refer note 12)	Capital Reserve (refer note 12)	Retained Earnings	
Balance as at 1st April, 2017	2,088.87	7,762.48	(6,135.60)	3,715.75
Profit for the year	-	-	2,407.63	2,407.63
Other Comprehensive Loss for the year	-	-	(68.71)	(68.71)
Balance as at 31st March,2018	2,088.87	7,762.48	(3,796.68)	6,054.67

The accompany notes are an integral part of the financial statements

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




Mukesh Jain
 Partner

Place : Mumbai
 Date: April 22, 2019

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


 Vir S Advani
 Chairman


 Prem Kallath
 CEO

Place : Mumbai
 Date: April 22, 2019


 B Thagarajan
 Director


 Sivakumar Ramani
 CFO


 Yogesh Joshi
 Company Secretary



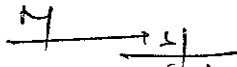
Blue Star Engineering & Electronics Limited
Statement of Cash Flows for the year ended 31st March, 2019

	As at 31st March, 2019 ₹ Lakhs	As at 31st March, 2018 ₹ Lakhs
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,395.86	2,407.45
	3,395.86	2,407.45
Adjustments to reconcile profit before tax to net cash flows:		
Remeasurement on defined benefit plans	(43.20)	(68.71)
Depreciation and amortization expense	669.31	664.58
Fair Value changes of financial Instrument	(11.01)	3.35
Interest income on financial assets	-	(4.28)
Loss on sale of fixed assets	0.40	0.23
Bad debts / advances written off	-	577.84
Loss on sale of PPE (net)	94.61	(1,168.43)
Unrealized foreign exchange loss / (gain)	12.67	34.50
Debtors Credit Balances written back	-	(28.08)
Provisions and liabilities no longer required, written back	(280.28)	(173.44)
Interest expense	177.84	462.82
Interest income	(44.04)	(41.28)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,972.16	2,666.55
Increase/ (Decrease) in working capital :		
Trade Payables	66.49	1,427.86
Long-term / Short-term Provisions	267.87	155.87
Other Current Liabilities	1,717.82	184.13
Trade receivables	1,559.11	(1,548.51)
Inventories	345.75	1,111.84
Loans	317.65	(24.21)
Other assets	395.17	(75.78)
Cash generated from operations	8,642.02	3,897.75
Direct taxes paid (net)	(655.62)	23.84
Net cash flow from operating activities (A)	7,986.40	3,921.59
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Peoperty, Plant & Equipment, including CWIP and capital advances	(45.47)	(336.18)
Proceeds from sale of Property, Plant & Equipment	2.03	-
Amount advanced to related party	(3,000.00)	-
Net cash used in investing activities (B)	(3,043.44)	(336.18)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (Repayment) from Short-Borrowings, net	(1,140.26)	(1,842.51)
Repayment from Long-Borrowings	(1,985.94)	(495.47)
Interest paid	(177.84)	(462.82)
Net cash used in in financing activities (C)	(3,304.04)	(2,800.80)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	1,638.92	784.61
Cash and cash equivalents at the beginning of the year	1,182.40	397.79
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note 9)	2,821.32	1,182.40
COMPONENTS OF CASH AND CASH EQUIVALENTS (Refer Note 9)		

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

1 to 40

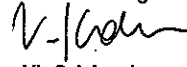
In terms of our report attached
For DELOITTE HASKINS & SELLS LLP



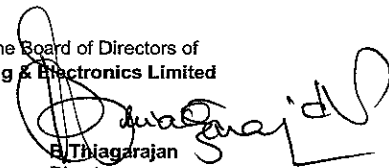
Mukesh Jain
 Partner

Place : Mumbai
 Date: April 22, 2019

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



Vir S Advani
 Chairman



R Thiagarajan
 Director



Prem Nath
 CEO



Sivakumar Ramani
 CFO



Yogesh Joshi
 Company Secretary

Place : Mumbai
 Date: April 22, 2019



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

1 Corporate Information

Blue Star Engineering & Electronics Limited ("the Company") is a public company incorporated in the year 2010 (with effect from 27th February 2015, the name of the Company has changed from Blue Star Electro Mechanical Limited to Blue Star Engineering & Electronics Limited). The registered office of the company is located at Kasturi Buildings, Jamshedji Tata Road, Mohan T Advani Chowk, Mumbai – 400020

The financial statements of the Company have been approved by its Board of Directors on April 22, 2019.

2A Statement of compliance

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

2B Summary Of Significant Accounting Policies

(a) Basis of preparation and presentation

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

(b) Critical accounting judgments and key sources of estimation uncertainty

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 27.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is net off trade discounts, rebates and other similar allowances. Revenue excludes indirect taxes which are collected on behalf of Government.

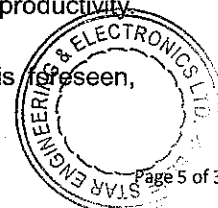
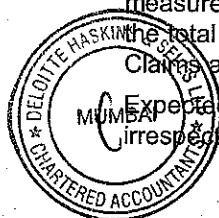
i. Revenue from sale of traded goods:

Revenue from sale of traded goods is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include, the establishment of the Company's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer.

ii. Contract Revenue:

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

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



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

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

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

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on straight line basis over the period of the performance obligation. Commission income is recognized as and when the terms of the contracts are fulfilled. Repairs & service and installation revenue are recognised based on work certified by customer.

iv. Interest income:

Interest income is recognised using the effective interest method.

v. Rental income:

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

(d) Employee benefits

Short term benefits:

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

Retirement benefits

Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution. The Company makes monthly contributions towards the employees' provident fund.

Defined benefit plan:

The Company's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognized in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

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

Other long-term employee benefits:

Compensated absences which 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.

(e) Leases

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessee, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in profit or loss, unless the lease agreement explicitly states that increase in account of inflation.



(f) Foreign currencies

The functional currency of the Company is the Indian rupee (₹).
Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit or loss.
Foreign currency denominated non - monetary assets and liabilities that are measured at historical cost are not retranslated.

(g) Taxes

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

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

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

i. Current income tax

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

ii. Deferred tax

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

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

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

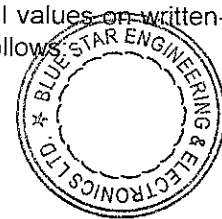
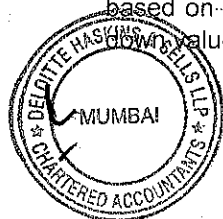
Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(h) Property, Plant and Equipment (PPE)

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses.

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

When significant components of plant and equipment are replaced separately, the Company depreciates them based on the useful lives of the components. All other assets are depreciated to their residual values on written-value basis over their estimated useful lives. Estimated useful lives of the assets are as follows:



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

Nature of tangible asset	Useful life (years) As per Schedule II
Buildings	85
Plant and Machinery	5
Furniture & fixtures	10
Office equipment	5
Vehicles	8
Computers	6

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

Any gain or loss arising on derecognition / disposal of an asset is included in the statement of profit or loss. The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

(i) Intangible assets

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

The useful lives of intangible assets are as mentioned below:

Nature of Intangible	Asset Method of Amortisation
Software	Written down value of assets over a period of 6 years

(j) Investment Properties

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

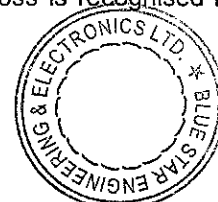
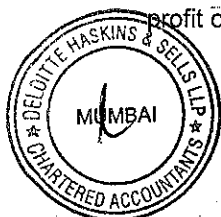
The Company depreciates the building component of investment property over 60 to 85 years on written down value basis from the date of original purchase.

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

(k) Impairment of non-financial assets

Property, plant and equipment and intangible assets 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.



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

(I) Financial instruments

Recognition and initial measurement

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

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

Financial assets

Cash and cash equivalents

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

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income (FVTOCI)

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

Financial assets at fair value through profit or loss (FVTPL)

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

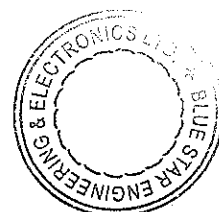
Financial liabilities and equity instruments

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.

Other financial liabilities

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



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

Derivative financial instruments

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

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

Derecognition of financial instruments

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

Fair value measurement

When the fair values of financial assets or financial liabilities recorded and disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility risk.

(m) Inventories

Inventories are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

The Company has Demo Inventory policy which requires to provide its potential customers with the demonstration of products in order to secure sale orders from the customers. The Demo inventory is amortised over the period of 5 years of estimated useful life of the inventory.

(n) Provisions and contingencies

Provisions

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

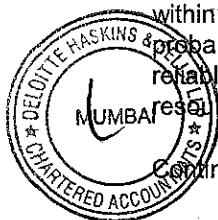
Provisions for warranties

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

Contingencies

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

Contingent assets are neither recognised nor disclosed in the financial statements



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

(o) Segment reporting

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

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

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

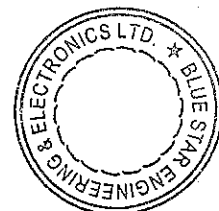
Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets/ liabilities".

(p) Earnings per share

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

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

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.

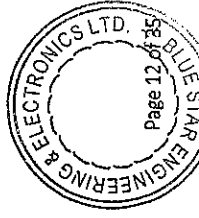
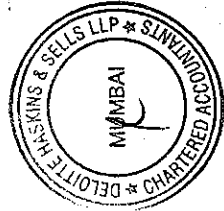


Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended 31st March, 2019

3. Property Plant & Equipment

₹ Lakh

Particulars	Building	Plant and Machinery	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh	₹ Lakh
Cost							
At 1st April, 2017	183.86	131.04	0.13	31.36	162.20	1.13	509.72
Additions during the year	963.00	31.98	-	21.07	15.74	2.09	1,033.88
Retirements	-	-	-	-1.75	-	-	-1.75
At 31st March, 2018	1,146.86	163.02	0.13	50.68	177.94	3.22	1,541.85
At 1st April, 2018	1,146.86	163.02	0.13	50.68	177.94	3.22	1,541.85
Additions during the year	-	10.48	0.07	5.02	9.96	0.76	26.29
Disposals during the year	-	-0.52	0.00	-0.45	-14.70	-	-15.67
Transfer to Investment Property	(1,146.86)	-	-	-	-	-	-1,146.86
Transfer from Investment Property	1,194.05	-	-	-	-	-	1,194.05
At 31st March, 2019	1,194.05	172.98	0.20	55.25	173.20	3.98	1,599.66
Depreciation and impairment							
At 1st April, 2017	6.55	31.39	0.08	20.58	65.77	0.99	125.36
Eliminated on disposal of assets	-	-	-	(1.52)	-	-	-1.52
Provided for the year	43.97	15.00	-	9.62	32.03	0.43	101.05
At 31st March, 2018	50.52	46.39	0.08	28.68	97.80	1.42	224.89
At 1st April, 2018	50.52	46.39	0.08	28.68	97.80	1.42	224.89
Disposals during the year	-	(0.30)	-	(0.36)	(12.59)	-	-13.25
Transfer to Investment Property	(50.52)	-	-	-	-	-	(50.52)
Transfer from Investment Property	297.14	-	-	-	-	-	297.14
Provided for the year	77.86	66.62	0.01	12.26	26.06	1.54	184.35
At 31st March, 2019	375.00	112.71	0.09	40.58	111.27	2.96	642.61
Net Book Value							
At 31st March, 2019	819.05	60.27	0.11	14.67	61.93	1.02	957.05
At 31st March, 2018	1,096.34	116.63	0.05	22.00	80.14	1.80	1,316.96



4. Investment Property

	₹ Lakh
Cost	
At 1st April, 2017	7,275.40
Additions during the year	-
At 31st March, 2018	7,275.40
Additions during the year	-
Transfer from PPE	1,146.86
Transfer to PPE	(1,194.05)
At 31st March, 2019	7,228.21
Depreciation	
At 1st April, 2017	1,316.07
Additions during the year	562.80
At 31st March, 2018	1,878.87
Additions during the year	484.43
Transfer from PPE	50.52
Transfer to PPE	(297.14)
At 31st March, 2019	2,116.68
Net Book Value	
At 31st March, 2019	5,111.53
At 31st March, 2018	5,396.53

Footnotes:

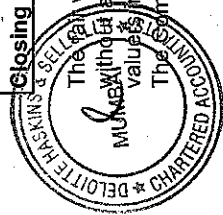
4(a). Information regarding Income & Expenditure of Investment property

	31st March, 2019	31st March, 2018
Rental income derived from investment property	372.71	358.03
Direct operating expenses (including repairs and maintenance) associated with rental income	(26.13)	(41.53)
Profit arising from investment property before depreciation and indirect expenses	346.58	316.50
Depreciation for the year	(484.43)	(562.80)
Profit arising from investment property before indirect expenses	(137.85)	(246.30)

4(b). Description of valuation techniques used and key inputs to valuation on investment properties Movement in Fair value of investment properties

	31st March, 2019	31st March, 2018
Opening Fair Value	7,420.07	7,420.07
Transfer to Investment Property	1,199.65	-
Transfer from Investment Property	(1,249.86)	-
Fair value difference	345.73	-
Closing balance as at March 31, 2019	7,715.59	7,420.07

The fair value of the investment properties have been derived using the market comparable approach (market value method / sale comparison technique) based on recent market prices without any significant adjustments being made to the market observable data. The valuation was carried out by an independent valuer registered with the authority which governs the valuers in India. Accordingly, fair value estimates for investment properties are classified as level 3. The company has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties.



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

5. Intangible Assets

	Software
	₹ Lakh
Cost	
At 1st April, 2017	2.85
Additions during the year	0.35
At 31st March,2018	3.20
At 1st April , 2018	3.20
Additions during the year	-
At 31st March, 2019	3.20
Amortisation and impairment	
At 1st April, 2017	1.13
Provided during the year	0.72
At 31st March,2018	1.85
At 1st April , 2018	1.85
Provided during the year	0.54
At 31st March, 2019	2.39
Net Book Value	
At 31st March, 2019	0.81
At 31st March,2018	1.35



Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended 31st March, 2019
6. Financial Assets
6(a). Loans (Unsecured considered good unless otherwise stated)

Particulars	Non-current		Current	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Security Deposit	42.33	40.94	-	-
Loans to employees	27.94	41.33	13.34	53.86
Loans to related parties	-	-	3,022.15	-
Total Loans	70.27	82.27	3,035.49	53.86

6(b). Other Financial Assets

Particulars	Non-current		Current	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Receivable from Related Party	-	-	256.20	538.06
Earnest Money Deposit	30.50	30.50	89.97	97.62
Less: Impairment Allowance	(30.50)	(30.50)	-	-
Earnest Money Deposit (Net)	-	-	89.97	97.62
Total Other Financial Assets	-	-	346.17	635.68



7. Inventories

(Valued at lower of cost and net realisable value)

	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Traded goods (includes in transit: ₹0.80 lakhs (31st March, 2018: ₹ 2.92 lakhs))*	698.45	1,262.77
Demo Stock (net of amortisation)	456.21	237.31
	1,154.66	1,500.08

*Of the above includes provision for slow moving inventory as at 31st March, 2019: 530.59 lakhs (31st March 2018: ₹ 553 Lakhs)

8. Trade Receivable

	Non-current		Current	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Break up of security details :				
Unsecured, considered good	-	-	4,097.69	5,714.57
Trade Receivables which have significant increase in credit risk	-	-	137.04	236.79
Trade Receivables - Credit impaired	-	-	1,163.91	971.95
	-	-	5,398.64	6,923.31
Allowance for doubtful debts (Expected credit loss Provision)	-	-	1,300.95	1,208.74
Total Trade receivables	-	-	4,097.69	5,714.57

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

9. Cash and cash equivalents

	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Balances with banks:		
- On current accounts	1,659.03	856.51
- Deposits with original maturity of less than 3 months	1,145.34	320.00
Cash on hand	8.30	5.89
Cheques on hand	8.65	-
	2,821.32	1,182.40

10 Other Assets

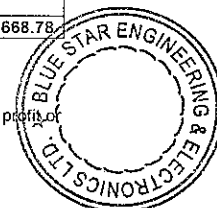
	Non-current		Current	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Contract Assets	-	-	135.72	380.84
Less: Impairment Allowance	-	-	(32.00)	(59.20)
Net Contract Assets	-	-	103.72	321.64
Unbilled Revenue (AMC)	-	-	118.10	132.22
Retention receivable	-	-	-	47.73
Capital Advances	2.75	-	-	-
Balance with Statutory Authorities	255.62	180.36	93.85	53.96
Vendor Advances	-	-	481.28	822.13
Prepaid Expenses	-	-	113.95	64.01
Others	-	-	22.70	9.62
	258.37	180.36	933.60	1,451.31

Breakup of financial assets carried at amortized cost

Particulars	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Trade receivables (refer note 8)	4,097.69	5,714.57
Cash & cash equivalents (refer note 9)	2,821.32	1,182.40
Loans (current & non current) (refer note 6)	3,105.76	136.13
Other financial assets (refer note 6)	346.17	635.68
Total financial assets carried at amortized cost	10,370.94	7,668.78

Foreign exchange forward contracts

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



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

11 Share Capital

Authorised Share Capital	At 31st March, 2018		At 31st March, 2019	
	No.	₹ Lakh	No.	₹ Lakh
10% Cumulative Redeemable Preference Shares of ₹ 100 each	18,00,000	1,800.00	18,00,000	1,800.00
Equity Shares of ₹ 2 each	5,50,00,000	1,100.00	5,50,00,000	1,100.00

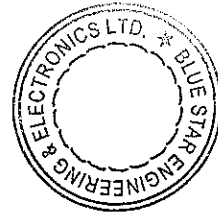
Terms/Rights attached to Equity Shares

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

Issued and subscribed and paid up Share Capital

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

Particulars	Balance as at 31st March, 2019		Balance as at 31st March, 2018	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	5,29,25,052	1,058.50	5,29,25,052	1,058.50
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,29,25,052	1,058.50	5,29,25,052	1,058.50



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

Name of the shareholder	31st March, 2019		31st March, 2018	
	Numbers	% holding in the class	Numbers	% holding in the class
Blue Star Limited, the Holding Company and its Nominees	5,29,25,052	100.00%	5,29,25,052	100.00%

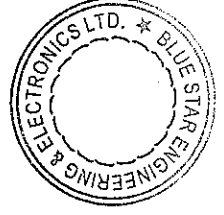
Details of aggregate number of shares issued for consideration other than cash, issued during the year of five years immediately preceding the reporting date:

	During the year ended (In numbers)			
	31st March, 2019	31st March, 2018	31st March 2017	31st March 2015
Equity shares allotted as				
Fully paid up to the shareholders of Blue Star Design and Engineering Limited in accordance with the scheme of amalgamation (₹ 2 each)	-	-	-	1,46,25,000
Fully paid up to Blue Star Limited in accordance with Business Transfer Agreement (₹ 2 each)	-	-	-	2,84,50,052

12 Other Equity-Nature & purpose of Reserve

Securities Premium Reserve – Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares have been transferred to “Securities Premium Reserve”. These reserves shall be used in accordance with the section 52 of the companies Act, 2013 as amended from time to time.

Capital Reserve -The capital reserve recognised in the financial statements denote the excess of the Net Assets acquired over the amount of consideration transferred in business combination transactions. These reserves shall not be utilised for payment of dividend.



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

13 Borrowings

	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
<u>Non-current Borrowings</u>		
Secured Term Loan from Bank	-	1,489.63
Total non-current Borrowings	-	1,489.63
<u>Current Borrowings</u>		
Secured Buyers' credit from banks	-	140.26
Commercial papers	-	993.59
Total current borrowings	-	1,133.85
Aggregate secured borrowings	-	1,629.89
Aggregate Unsecured borrowings	-	993.59
Total	-	2,623.48

Secured Term Loan from Bank

Term Loan is repayable in six equated monthly installments @8.35% 6M MCLR +0.05% secured against irrecoverable corporate guarantee of Blue Star Limited.

Commercial Papers

Commercial papers carry average interest rate @ 6.78 % p.a. for the current year. These are repayable within 60 to 180 days from the date of drawdown.

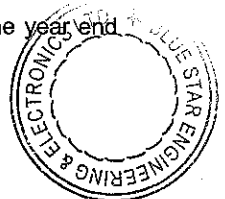
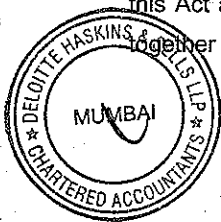
Secured Buyers' credit from banks

Buyers' credit are availed for imports payables and are repayable within maximum tenure of 92 days from the date of shipment and carries an average interest @ Libor plus 0.23% & secured against Blue Star Ltd.'s irrecoverable Corporate Guarantee.

14 Trade Payables

	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
A Trade Payables		
Trade payables **	4,595.69	4,825.72
B Other Payables		
Amount due towards purchase of capital goods	-	3.80
Total Payable	4,595.69	4,829.52

Based on the information received by the Company from vendors/suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any vendors/suppliers under this Act as at the Balance Sheet date and hence, disclosures relating to the amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given



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

15 Other Financial Liabilities

	Non-current		Current	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Current Maturities of long term borrowings	-	-	-	496.31
Lease Rental Deposits	-	-	320.26	310.20
Total other financial liabilities	-	-	320.26	806.51

16 Other Current Liabilities

	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Current Liabilities		
Contract liabilities from contracts with customer	2,144.21	459.70
Income received in advance	570.29	379.39
Advances from customers	1,151.19	1,303.03
Dues to Statutory bodies	184.72	217.73
Others	62.18	45.06
Total Other Liabilities	4,112.59	2,404.91

17 Provisions

	Non Current		Current	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Provision for employee benefits				
Provision for Gratuity (refer note 28)	55.55	35.78	-	-
Provision for Compensated absences	-	-	162.77	163.22
	55.55	35.78	162.77	163.22
Other provisions				
Provision for warranties	-	-	434.49	209.80
Provision for foreseeable loss	-	-	23.86	-
	-	-	458.35	209.80
Total	55.55	35.78	621.12	373.02

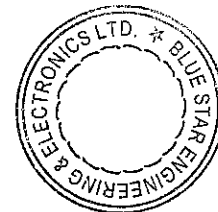
Provision for warranties

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

	31st March, 2019 ₹ Lakh
At 1 April, 2018	209.80
Arising during the year	225.38
Utilized during the year	(0.69)
At 31st March 2019	434.49

Breakup of financial liabilities carried at amortized cost

Particulars	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Trade payables (refer note 14)	4,595.69	4,829.52
Borrowings (refer note 13)	-	2,623.48
Other financial Liabilities (refer note 15)	320.27	806.51
Total financial liabilities carried at amortized cost	4,915.96	8,259.51



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

18. Income Tax and Deferred tax

The major components of income tax expense for the years ended 31st March, 2019 and 31st March, 2018 are:

	31st March, 2019	31st March, 2018
	₹ Lakh	₹ Lakh
Current Tax expense	742.16	200.47
Deferred tax:		
MAT Credit Entitlement	(742.16)	(200.47)
Deferred tax credit (Other than MAT)	(1706.30)	-
Income tax expense reported in the statement of profit or loss	(1,706.30)	-

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2018 and 31st March, 2019 :

	31st March, 2019	31st March, 2018
	₹ Lakh	₹ Lakh
Accounting profit	3,395.86	1,966.71
Other Comprehensive Income before tax	(43.20)	(68.71)
At India's statutory income tax rate of 29.12% (31st March, 2018: 34.608%)	3,352.66	1,898.00
Income tax expense at statutory rate	977.37	656.86
Additional allowances for tax purpose	27.59	111.97
Incomes not to be considered for tax purpose	(3.20)	(486.29)
Ind AS Transitional adjustments impact	5.74	6.81
Effect of lower tax rate due to application of section 115JB of the Income Tax Act, 1961 provision as compared to Normal Tax provision	(265.34)	(118.88)
At effective income tax rate of 22.13% (March 31, 2018: 8.27%)	742.16	170.47
Mat credit entitlement	(742.16)	(170.47)
	(742.16)	(170.47)

Deferred tax

Deferred tax (net) relates to the following

	31st March, 2019	31st March, 2018
	₹ Lakh	₹ Lakh
Deferred Tax Assets on account of:		
Brought forward losses & unabsorbed depreciation	1,159.85	-
Provision for Doubtful debts	382.81	-
Provision made disallowed and allowed only on payment basis	22.71	-
Difference between tax book and accounting books	131.04	-
Others	53.57	-
Deferred tax liabilities on account of:		
Retention	(43.68)	-
Total (excluding MAT Credit Entitlement)	1,706.30	-

Reconciliation of Deferred Tax Assets

	31st March, 2019
	₹ Lakhs
Deferred taxes relates to the MAT credit Entitlement	
As at 1st April, 2017	496.50
Add: MAT credit entitlement	170.47
As at 31st March, 2018	666.97
As at 1st April, 2018	666.97
Add: MAT credit entitlement	742.16
Less: MAT credit reversed	(42.01)
Add: Deferred Tax on brought forward losses and unabsorbed depreciation, to the extent certain	1,706.30
As at 31st March, 2019	3,073.42



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

19. Revenue from operations

	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Revenue from operations		
Sale of Traded Goods	15,238.26	16,126.22
Sale of Services	4,510.75	3,122.14
Contract revenue (Refer Note 37)	2,101.30	420.54
<u>Other operating revenue</u>		
Service Income	402.21	310.28
Rental Income	381.73	358.03
Total revenue from operations	22,634.25	20,337.21

20a. Other income

	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Net translation gain on monetary assets/liabilities	0.41	39.41
Interest on Income tax Refund	44.04	41.28
Interest income on others	27.35	2.45
Interest on Inter corporate deposit	22.15	-
Provisions and liabilities no longer required, written back	280.28	173.44
Total	374.23	256.58



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

21. Cost of material consumed

	For the year ended	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Cost of material consumed and project costs (refer note 39)	1,816.44	538.43
Total Cost of Material Consumed and Project Costs	1,816.44	538.43

(A)Purchase of Stock in trade	10,829.95	10,998.55
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(B) Changes in Inventories

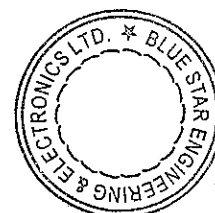
Inventory at the end of the year	1,154.66	1,500.41
	1,154.66	1,500.41
Inventory at the beginning of the year	1,500.41	2,612.27
Decrease in inventories	345.75	1,111.86

22. Employee benefits expense

	For the year ended	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Salaries, wages and bonus	2,971.06	2,657.20
Contribution to Provident and other funds	113.70	115.87
Gratuity expense (refer note 28)	30.76	32.04
Staff welfare expenses	82.87	58.71
	3,198.39	2,863.82

23. Depreciation and amortization expenses

	For the year ended	
	31st March, 2019 ₹ Lakh	31st March, 2018 ₹ Lakh
Depreciation on Tangible Assets (refer note 3)	184.35	101.06
Amortisation of Intangible Assets (refer note 5)	0.53	0.72
Depreciation on Investment Properties (refer note 4)	484.43	562.80
	669.31	664.58



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

24. Finance costs

	31st March, 2019	31st March, 2018
	₹ Lakh	₹ Lakh
Interest on loans and other borrowings	121.09	365.21
Bank charges	56.75	68.92
Exchange differences regarded as an adjustment to borrowing costs	-	28.68
	177.84	462.81

25. Other expenses

	31st March, 2019	31st March, 2018
	₹ Lakh	₹ Lakh
Rent expense	58.73	55.86
Rates and taxes	5.99	14.17
Insurance	49.85	74.53
Repairs and maintenance		
Buildings	24.24	26.63
Others	11.46	8.96
Advertising and Publicity	39.88	26.12
Communication Expenses	25.52	40.83
Commission and sales incentive	31.71	19.75
Freight and forwarding charges	75.30	55.57
Travelling and conveyance	531.27	452.39
Legal and professional fees	251.21	66.55
Support Charges	56.36	28.79
Payment to auditors (Refer Footnote A)	15.07	15.40
Loss on sale of PPE (net)	0.44	0.23
Net loss on Translation	12.67	-
Bad debts / advances written off	-	577.84
Provision for doubtful debts and expected credit loss (net)	94.61	(1,168.43)
Miscellaneous expenses	124.04	93.97
Shared Services	132.00	133.78
	1,542.05	522.94

Footnote:

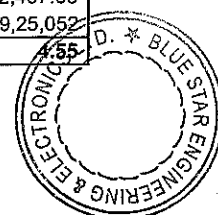
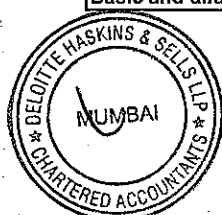
A. Payment to auditors (excluding service tax)

	31st March, 2019	31st March, 2018
	₹ Lakh	₹ Lakh
As auditor:		
Audit fee	12.00	12.00
Limited review	3.00	1.33
Other services	0.00	1.13
Reimbursement of expenses	0.07	0.94
	15.07	15.40

26. Earning Per Shares (EPS)

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

	31st March, 2019	31st March, 2018
	₹ Lakh	₹ Lakh
Profit attributable to equity holders of the company	5,102.16	2,407.68
Weighted average number of Equity shares	5,29,25,052	5,29,25,052
Basic and diluted earnings per share	9.64	4.55



27 Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

The preparation of financial statements requires Management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on the Company's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of projects

For the purpose of arriving at Revenue from projects, the Company's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognized.

Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period. Warranty costs are estimated by the Management based on specific warranties, claims and claim history. Provision is made for estimated liability in respect of warranty cost in the year of sale of goods.

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. During the year, the Company has revised its estimated useful life of assets in the Plant & Machinery category which is considered as change in accounting estimate as per IND AS 8. This has resulted in incremental charge of ₹ 54 Lakh which has been accounted for prospectively and included in depreciation and amortisation expense in the Statement of Profit and Loss. Had the Company not revised the estimated useful life, the written down value would have been higher to that extent.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) are based on assumptions of risk of default and expected loss rates. The Company makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

Income Taxes

Provision of current and deferred tax liabilities is dependent on Management estimate of the allowability or otherwise of expenses incurred and other debits to profit or loss. Deferred tax assets (including MAT recoverable) are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. During the year Company has recognised Deferred tax asset on carry forward tax losses and unabsorbed depreciation amounting to ₹ 1,706 Lakhs to the extent probable that future taxable profit would be available to set off losses.



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

28 Employee Benefits Disclosure

i. Defined Benefit Plans

a. Gratuity

The Company makes annual contribution to Blue Star Employees Gratuity Fund, which is a final funded salary defined benefit plan for qualifying employees.

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

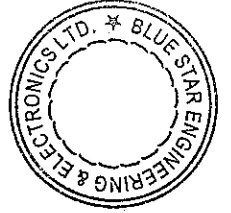
Disclosure Information :

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

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2019 Rs. In Lakhs	31st March, 2018 Rs. In Lakhs	31st March, 2019 Rs. In Lakhs	31st March, 2018 Rs. In Lakhs	31st March, 2019 Rs. In Lakhs	31st March, 2018 Rs. In Lakhs
Defined Benefit obligations at the beginning of the year	373.17	324.40	43.63	38.00	2.78	2.42
Service cost						
a. Current Service Cost	22.44	24.83	6.00	5.72	0.13	0.19
Interest Expense	28.34	23.46	3.44	2.71	0.21	0.18
Cash Flow						
a. Benefits payments from Planned assets	(167.49)	(27.89)	-	-	-	-
b. Benefits payments from Employer	-	-	-	(1.79)	-	-
c. Settlement payments from Planned assets	-	-	-	-	-	-
Remeasurements						
a. Due to change in demographic assumptions	-	18.98	-	-	-	0.31
a. Due to change in financial assumptions	4.75	(4.73)	(1.70)	(0.40)	0.04	0.34
b. Due to experience adjustments	40.16	14.12		(0.61)	(0.09)	(0.66)
Defined Benefit obligation at the end of the year	301.37	373.17	51.37	43.63	2.47	2.78

(ii) Change in fair value of plan assets

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2019 Rs. In Lakhs	31st March, 2018 Rs. In Lakhs	31st March, 2019 Rs. In Lakhs	31st March, 2018 Rs. In Lakhs	31st March, 2019 Rs. In Lakhs	31st March, 2018 Rs. In Lakhs
Fair Value of the plan asset at the beginning of the year	383.78	324.73	-	-	-	-
Interest income	29.15	24.68	-	-	-	-
Cash flows						
a. Total employer contributions	54.28	103.62	-	-	-	-
(i) Employer contributions	-	-	-	1.79	-	-
(ii) Employer direct benefit payments	(167.58)	(27.89)	-	(1.79)	-	-
b. Benefit payments from plan assets	-	-	-	-	-	-
c. Benefit payments from employer	-	-	-	-	-	-
Remeasurements	0.09	(41.36)	-	-	-	-
Requirements on assets (excluding interest income)						
Fair value of plan assets at end of the year	299.62	383.78	-	-	-	-



(iii) Components of defined benefit cost

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Service cost	22.44	24.83	6.00	5.72	0.13	0.19
Net interest cost						
a. Interest expense on DBO	28.34	23.46	3.44	2.71	0.21	0.18
b. Interest (income) on plan assets	(29.15)	(24.68)	-	-	-	-
Total interest cost	(0.81)	(1.22)	3.44	2.71	0.21	0.18
Defined benefit cost included in P&L	21.63	23.61	9.44	8.43	0.34	0.37

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

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
a. Due to change in demographic assumptions	-	18.98	-	-	-	0.31
a. Due to change in financial assumptions	4.75	(4.73)	(1.70)	(0.40)	0.04	0.34
b. Due to change in experience adjustments	40.16	14.12	-	(0.61)	(0.09)	(0.66)
c. (Return) on plan assets (excl. interest income)	0.09	41.36	-	-	-	-
Total remeasurements in OCI	45.00	69.72	(1.70)	(1.01)	(0.05)	0.01
Total defined benefit cost recognized in P&L and OCI	66.63	93.33	7.74	7.40	0.29	0.38

(v) Amounts recognized in the statement of financial position

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Defined benefit obligation	301.37	373.17	51.37	43.63	2.47	2.78
Fair value of plan assets	299.62	383.78	-	-	-	-
Funded status	1.75	(10.61)	51.37	43.63	2.47	2.78
Net defined benefit liability / (asset)	1.75	(10.61)	51.37	43.63	2.47	2.78

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

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Net defined benefit liability (asset) at the beginning of the year	(10.61)	(0.32)	43.63	38.00	2.78	2.41
Defined benefit cost included in P&L	21.63	23.61	9.44	8.43	0.34	0.37
Total remeasurements included in OCI	45.00	69.72	(1.70)	(1.01)	(0.05)	(0.00)
Cash flows						
a. Employer contributions	(54.28)	(103.62)	-	-	-	-
b. Employer direct benefit payments	-	-	-	(1.79)	(0.60)	-
Net defined benefit liability / (asset) as of end of the year	1.75	(10.61)	51.37	43.63	2.47	2.78

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

29 Related party disclosure

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

Related parties where controls exists- Holding Company

Blue Star Limited

Key Management Personnel

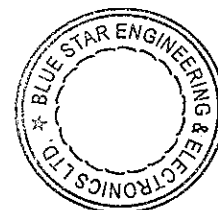
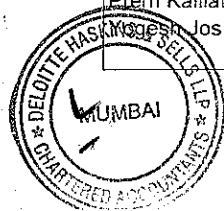
Mr. Vir Advani, Chairman
Mr. B Thiagarajan, Director
Mr. Neeraj Basur, Director
Mr. Prem Kalliath, Chief Executive Officer
Mr. R Sivakumar, Chief Financial Officer

Non Executive and Independent Directors

Mr. K P T Kutty
Mr. Manek Kalyaniwala (w.e.f. 2nd May, 2018)

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

	31st March, 2019	31st March, 2018
	₹ In Lakh	₹ in Lakh
Blue Star Limited		
Income:		
Contract Revenue	124.88	-
Sale of traded goods	12.05	63.21
Shared Service Income	384.00	363.64
Rent income	252.14	247.90
Commission Income	-	1.00
Interest Income on Inter Corporate Deposit	21.62	-
IT Support Income	43.80	-
Expenses:		
Purchase of Stock -in -trade	11.00	14.93
Shared Service cost	132.00	136.78
Collateral Guarantee Rent	1.00	-
Other transactions:		
Inter corporate deposits placed	3,000.00	-
Key Management Person (KMP)		
Remuneration:		
Prem Kalliath	170.57	170.77
Yogesh Joshi	-	7.86
Loan Given/ (Recovery)		
Prem Kalliath	(2.45)	20.00
Yogesh Joshi	(0.53)	5.00
Balance Outsanding :		
Blue Star Limited		
Loans (including accrued interest)	3,022.15	-
Balance due -Receivable	388.18	4.10
Lease Rental Deposit	264.77	264.77
Balance receivable from Loan given to KMP		
Prem Kalliath	17.55	18.89
Yogesh Joshi	4.47	4.81



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

30 Segment Information:

A. Primary Segment Reporting (by Business Segment)

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

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

Segment Revenues, Results and other Information:

SEGMENT REVENUE	As at 31st March, 2019	As at 31st March, 2018
	₹ Lakh	₹ Lakh
I.		
i. Plumbing and Fire Fighting Systems	616.14	212.33
ii. Professional Electronics and Industrial Systems	21,636.38	19,763.83
iii. Renting of Properties	381.73	361.05
TOTAL SEGMENT REVENUE	22,634.25	20,337.21

II. SEGMENT RESULT

i. Plumbing and Fire Fighting Systems	126.31	867.32
ii. Professional Electronics and Industrial Systems	4,193.47	2,471.54
iii. Renting of Properties	(128.84)	(313.71)
TOTAL SEGMENT RESULT	4,190.94	3,025.15
Less: i) Finance Cost	177.84	462.81
ii) Other un-allocable Expenditure Net of un-allocable Income	617.24	154.71
TOTAL PROFIT BEFORE TAX	3,395.86	2,407.63

III. OTHER INFORMATION:

A. SEGMENT ASSETS	As at 31st March, 2019	As at 31st March, 2018
	₹ Lakh	₹ Lakh
i. Plumbing and Fire Fighting Systems	643.93	1,243.75
ii. Professional Electronics and Industrial Systems	5,935.38	9,023.50
iii. Renting of Properties	5,111.57	5,784.47
TOTAL SEGMENT ASSETS	11,690.88	16,051.72
Add: Un-allocable Corporate Assets	10,186.46	2,134.67
TOTAL ASSETS	21,877.34	18,186.39

B. SEGMENT LIABILITIES

i. Plumbing and Fire Fighting Systems	277.88	800.83
ii. Professional Electronics and Industrial Systems	8,859.39	7,000.57
iii. Renting of Properties	314.73	338.47
TOTAL SEGMENT LIABILITIES	9,452.00	8,139.86
Add: Un-allocable Corporate Liabilities	253.21	2,933.35
TOTAL LIABILITIES	9,705.21	11,073.21

C. ADDITIONS TO NON CURRENT ASSETS

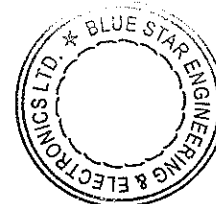
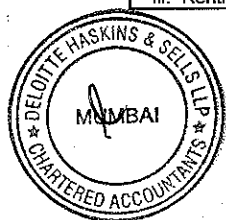
i. Plumbing and Fire Fighting Systems	-	-
ii. Professional Electronics and Industrial Systems	43.26	71.15
iii. Renting of Properties	-	-
iv. Other Un-allocable	78.02	1,039.53
TOTAL	121.28	1,110.68

D. DEPRECIATION & AMORTISATION EXPENSE

i. Plumbing and Fire Fighting Systems	-	-
ii. Professional Electronics and Industrial Systems	106.22	56.38
iii. Renting of Properties	484.44	562.80
iv. Other Un-allocable	78.65	45.41
TOTAL	669.31	664.59

E. NON CASH EXPENSES OTHER THAN DEPRECIATION

i. Plumbing and Fire Fighting Systems	-	35.43
ii. Professional Electronics and Industrial Systems	125.82	223.66
iii. Renting of Properties	-	62.27



31 Derivative Instruments and attached foreign currency exposure

The Company has a well-defined forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Company does not use foreign exchange forward and options contract for trading or speculative purposes. Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Statement of Profit and Loss.

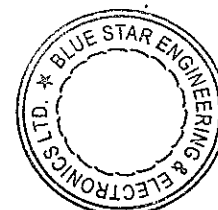
Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates

Derivative Instruments: Forward contract outstanding as at Balance Sheet date

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Amount in Foreign Currency	₹ Lakh	Amount in Foreign Currency	₹ Lakh
Particulars of Derivatives				
Forward cover to Purchase USD & Hedge of underlying payables -				
- Buyers' Credit	-	-	1,80,200	117
- Other Payables	-	-	1,80,200	117
	-	-	-	-

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

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Amount in Foreign Currency	₹ Lakh	Amount in Foreign Currency	₹ Lakh
Bank Balances				
AED	12,867	2.42	53,584	10
EUR	8,07,742	627.39	3,17,246	256
CAD	44,169	22.76	33	0
USD	6,20,812	429.32	7,65,874	499
Receivables				
AED	41,847	7.88	8,31,544	148
CAD	(4,798)	(2.47)	84,913	43
EUR	3,03,733	235.92	11,34,829	917
GBP	21,061	19.07	14,041	13
JPY	21,60,202	13.48	22,75,102	14
USD	7,26,835	502.64	18,14,997	1,183
Payables				
AED	48,613	9.15	8,52,757	151
CAD	(166)	(0.09)	24,000	12
EUR	11,44,478	888.94	14,80,983	1,197
GBP	(549)	(0.50)	268	0
JPY	28,75,140	17.95	-	-
USD	4,99,436	345.39	24,70,481	1,610
Buyers' Credit				
USD	-	-	35,000	23



33 Financial Risk Mgt Objectives & Policies

Financial risk management objectives and policies

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

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

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

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

Market Risk

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

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

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

Foreign Currency Risk

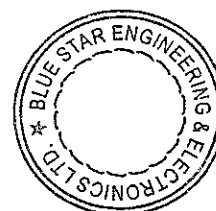
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily US Dollars. The Company has foreign currency trade payables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

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

Foreign Currency Sensitivity

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

Particulars	Change in currency exchange rate	Effect on profit before tax	
		For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
US Dollars	+5%	29.33	3.53
	-5%	29.33	(3.53)
Euro	+5%	(1.28)	(1.19)
	-5%	1.28	1.19
CAD	+5%	1.02	1.54
	-5%	(1.02)	(1.54)
GBP	+5%	0.98	0.56
	-5%	(0.98)	(0.56)
Others	+5%	0.06	0.99
	-5%	(0.06)	(0.99)



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

38 Leases:

Operating Lease : Company as a Lessee

The Company has entered into operating lease agreements for storage locations and residential premises for its employees. The future lease rental payments are determined on the basis of monthly lease payment terms as per the agreements. Lease rental expenses debited to Statement of Profit & Loss under cost of projects are ₹ 0.87 lakhs (31st March 2018 : ₹ 0.28 lakhs) and under rent & hire charges ₹ 58.73 lakhs (31st March 2018: ₹ 55.86 Lakhs).

Operating Lease : Company as a Lessor

The Company has entered into operating lease agreements. The future lease rental receipts are determined on the basis of monthly lease receipt terms as per the agreements. Lease rental income credited to Statement of Profit & Loss is ₹ 381.73 Lakhs (31st March 2018 : ₹ 358.03 Lakhs). Future minimum rentals receivable under non-cancellable operating leases are as follows:

39 Changes in Accounting Standard and recent accounting pronouncements

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Company is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019

1. Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments
2. Ind AS 23, Borrowing costs
3. Ind AS 109 – Financial instruments
4. Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments.

40 Previous Year Comparatives

Corresponding figures for the immediately preceding period are disclosed in the financial statements. Additionally, the balance sheet as at the beginning of the preceding period has been presented in accordance with the requirements of Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements. Previous years' figures have been regrouped where necessary to conform to this year's classification.

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

Vir S Advani
Chairman

Prem Kulkarni
CEO

B. Ithagarajan
Director

Sivakumar Ramani
CFO

Yogesh Joshi
Company Secretary

Place : Mumbai
Date: April 22, 2019

