

Business Responsibility Report

As a responsible corporate citizen, Blue Star remains committed to conducting its business in a socially responsible manner by imbibing sustainable business practices across all its areas of operations. In today's changing market dynamics, the Company understands that long term business growth and social value creation go hand-in-hand. With a sharp focus on the long term viability of its businesses, the Company has integrated sustainable business practices into its core business strategy and aligned it with the societal and environmental interests. The Company ensures effective utilisation of its resources by adopting the latest technology, and productivity processes which are consistent with modern management practices. Recognising the importance of stakeholder engagement towards this objective, Blue Star seeks increasingly higher stakeholder alignment to generate sustainable value creation. All products and services of the Company are designed and developed, keeping in view customer experience and safety, holistic community development as well as environment protection. Blue Star also seeks involvement of employees across all levels to raise awareness, enhance engagement and ensure commitment towards the cause of sustainability.

About this Report

This Business Responsibility Report, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides general information about the Company and its business responsibility as required by SEBI. The following five sections cover disclosures as per the Business Responsibility Reporting (BRR) framework suggested by SEBI.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L28920MH1949PLC006870
2. Name of the Company: Blue Star Limited
3. Registered address: Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400020
4. Website: www.bluestarindia.com
5. E-mail id: vijaydevadiga@bluestarindia.com
6. Financial Year reported: April 1, 2017 to March 31, 2018
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Sr No	Name of main product/services	NIC of product/services
1	Electro-Mechanical Projects and Packaged Air Conditioning Systems	43219/43229
2	Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)	28191/28192
3	Professional Electronics and Industrial Systems	NA

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
 - i. Electro-Mechanical Projects and Packaged Air Conditioning Systems
 - ii. Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)
 - iii. Professional Electronics and Industrial Systems
9. Total number of locations where business activity is undertaken by the Company:
 - (a) Number of International Locations (Provide details of major 5):
 - i. Blue Star M & E Engineering Sdn Bhd: Malaysia (shareholding transferred to Company's wholly owned subsidiary, Blue Star International FZCO, with effect from December 22, 2017)
 - ii. Blue Star Oman Electro-Mechanical Company LLC: Oman
 - iii. Blue Star Qatar WLL: Qatar
 - iv. Blue Star International FZCO: UAE (with effect from April 18, 2017)
 - (b) Number of National Locations: 32 offices and 5 manufacturing facilities across the country.
10. Markets served by the Company:

The Company caters to the Indian and international markets in 19 countries in Middle East, Africa, SAARC and ASEAN regions.

Section B: Financial Details of the Company

1. Paid up Capital (₹): 19.20 crores comprising 9,59,99,788 equity shares of ₹2 each
2. Total Turnover (₹): 4425.15 crores
3. Total profit after taxes (₹): 141.93 crores
4. Total spending on Corporate Social Responsibility (CSR) as a percentage of average net profit of the Company for last three financial years: 2.09% (₹2.20 crores)
5. List of activities in which expenditure in 4 above has been incurred:
 - (a) Vocational Training in the areas of air conditioning and refrigeration as well as mechanical, electrical and plumbing services
 - (b) Installation of water purification systems in schools
 - (c) Construction of sanitation and hygiene facilities in schools
 - (d) Initiatives in Education and Health

Section C: Other Details

1. Does the Company have any subsidiary company/companies?

Yes. The Company has three subsidiary companies, Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL and Blue Star International FZCO. Details of these companies are provided under Note 45 to the Consolidated Financial Statement.

2. Do the subsidiary company/companies participate in the Business Responsibility (BR) Initiatives of the parent company?

No.

If yes, then indicate the number of such subsidiary company(s): Not Applicable.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company promotes BR initiatives throughout its value chain, in collaboration with the concerned internal and external stakeholders. At present, over 60% of Blue Star’s business associates participate in its BR initiatives. From the start of its association with suppliers and distributors, the Company urges them to adhere to the various aspects of sustainable business. Further, Blue Star’s Whistle Blower Policy applies across its network of business associates, providing them with a robust platform to report any unethical business practice without any hesitation or fear.

Section D: BR Information

1. Details of Director/Directors responsible for BR

Details of Director/Directors responsible as the BR Head for implementation of the BR policy/policies

Name	Vir S Advani	BThiagarajan
Designation	Managing Director	Joint Managing Director
DIN	01571278	01790498
Contact No	+91 22 6654 4000	+91 22 6654 4000
Email Id	vsa@bluestarindia.com	btn@bluestarindia.com

2. Principle-wise BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility, as listed below:

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3 : Businesses should promote the well-being of all employees.

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Principle 5 : Businesses should respect and promote human rights.

Principle 6 : Business should respect, protect, and make efforts to restore the environment.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8 : Businesses should support inclusive growth and equitable development.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr Nb	Questions	Business Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies in these areas	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies conform to the nine Principles of the NVGs for Business Responsibilities, further described under Section E below.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y

Sr Nb	Questions	Business Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	-	Y Note 1	Y Note 1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y Note 2	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Blue Star has a robust internal review mechanism for its key policies. Efforts have been made to enhance management systems and performance so that they conform to the Company's sustainability framework. On a regular basis, employees are also trained for assimilation and application of new techniques to ensure higher standards of socially responsible performance.								

Note 1: All the relevant policies are uploaded on the intranet site for information as well as implementation by internal stakeholders. Further, policies on the Code of Conduct, CSR Policy, Whistle Blower Policy, Prevention of Sexual Harassment, Dividend Distribution Policy, and E-Waste Management Policy are also available on the website of the Company.

Note 2: The Company has adopted the Whistle Blower Policy to report concerns of unethical behaviour, violation of law or regulations, or suspected fraud.

If answer to the question at serial number 1 against any principle is 'No', please explain why:

Principle	Response
Principle 7: Policy Advocacy	Blue Star is a member of various industrial and trade bodies, and plays a key role in advocating issues of the sector through them. It actively participates in industry fora, and is also involved in advocating formulation of relevant policies. Though the organisation does not have a stated policy on advocacy currently, it continues to follow and monitor the business and regulatory environment closely.

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year:**

The CSR Committee annually reviews the BR initiatives of the Company.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company has published a Business Responsibility Report, and the same is available on the website of the Company at <https://www.bluestarindia.com/investors/business-responsibility-report>. Being a socially responsible organisation, Blue Star has been undertaking numerous sustainability initiatives over the years.

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

The Company's conduct is governed by its core values and beliefs with strict adherence to fair and transparent business practices including greater emphasis on personal integrity and ethics. These values and beliefs, a way of life in the organisation, have been seamlessly integrated into its culture, with the onus resting on every Blue Starite, irrespective of his/her designation or profile. Each new employee, whether a campus or lateral recruit, is introduced to the Blue Star Way through a detailed classroom module in the HR training schedule. Well enumerated policies easily accessible on the employee portal as well as the corporate website publicly affirm the organisation's commitment, govern actions and provide clarity of direction.

Blue Star's fair and transparent business conduct has always resonated well with the internal and external stakeholders, who hold Blue Star in the league of the most trusted and reliable entities, and consider it a pleasure to deal with the organisation. Blue Star's timeless basic values are to never compromise on doing a good job; being open, transparent and fair; and integrity in business. The Company has long and sustained relationships with several dealers who have been associated with Blue Star over a long period, and they have also incorporated its values and beliefs in their dealings. Blue Star believes in achieving growth in a prudent and sustainable manner benefitting all the stakeholders, employees, business partners and the society. The Company has a robust vigilance and control framework in place; and has implemented Enterprise Risk Management, Internal Audit and Whistle Blower Policy. All the policies and guidelines of the Company extend to its subsidiaries, joint ventures, vendors, contractors, channel partners and associates.

Blue Star has put in place a robust Code of Conduct (<https://www.bluestarindia.com/media/6010/code-of-conduct.pdf>) applicable to its directors, employees and other business partners. The code focuses on strict adherence to the Corporate Values while delivering a world-class customer experience. Integrity in personal conduct, conflict of interests and related aspects of dealing with external stakeholders are all covered under this code. It covers issues related to ethics, bribery and corruption, and serves as a roadmap for its employees as well as those of its subsidiary and joint ventures. The Company's core values and beliefs which are embedded in the Code of Conduct are a guiding force for all business activities and stakeholder interaction at Blue Star. The Organisation is committed to follow the highest standard of professionalism and business ethics. Integrity is the basis for its dealing with customers, employees, suppliers, business partners, shareholders, related communities and the Government. The Board Members and Senior Management affirm their compliance to the Code of Conduct through an annual declaration.

The Whistle Blower Policy has been communicated to the employees and other business partners, encouraging them to report any instance of wrong-doing directly to the Company Secretary, who acts as the Ethics Officer; or the Chairman of the Audit Committee, who is an Independent Director of the Company. As a responsible corporate body, Blue Star is particular about its financial and other disclosures on an ongoing basis in a transparent and truthful manner.

During 2017-18, the Ethics Committee of Blue Star investigated into complaints received from the Whistle Blowers within and outside the Company, and initiated disciplinary action and recovered the losses, if any, suffered by the Company. Blue Star has an established mechanism to receive and deal with the Whistle Blower complaints from various stakeholders.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Blue Star, as a leader in the air conditioning and refrigeration industry, is conscious about the fact that it has to be a trendsetter in areas related to sustainability and climate change. All Blue Star products rate high in energy-efficiency standards. The Company's adoption of eco-friendly refrigerants has been ahead of the industry curve. The product management and R&D teams regularly review and adopt the latest technology in products across businesses, keeping in mind that these are resource-efficient and sustainable. There is a special, in-house focus on embedding the energy-efficient inverter technology across three key products of the Company, namely chillers, VRFs and wall-mounted split air conditioners. Refrigerants with low global warming potential help mitigate environmental impact and energy-efficiency concerns. Sustainability related aspects, risks as well as opportunities are integrated into the engineering and design of the Company's projects, products and services. Resources used for the production of the entire product portfolio of the Company are tracked and monitored diligently and systematically. Due to continuous product innovations with a focus on energy-efficiency and low global warming potential, power utilisation during product use at the consumer's end is systematically reduced, with lower environmental impact. The businesses strive to raise consumers' awareness of their rights through education, product labelling and details of the product composition, appropriate marketing communication, and promotion of safe usage as well as disposal of the products. The Company has been working towards higher sustainability in sourcing through a common supplier basket for multiple businesses, with respect to packaging to minimise waste, regular supplier meetings and discussions on the recommended practices as well as optimising logistics to reduce fuel consumption and carbon footprint. The sourcing team provides suppliers with managerial and technical assistance for improvements in productivity, quality, cost, delivery and safety. The organisation makes concerted efforts on limiting waste in its production processes across factories. There is a continuing focus on energy management, enhancement of safety practices and total productive maintenance across the Company.

Blue Star officials are part of several national and international fora which are involved in the study of the technological feasibility and performance of new eco-friendly refrigerants with low global warming potential; related safety issues, environmental impact assessments and intellectual property rights; commercial viability; as well as energy-efficiency in high ambient temperature conditions. Over 88% of procurement for projects and close to 56% for products is from local producers, which includes small vendors. The organisation evaluates various options for cost-effective and sustainable transportation of products and services as well as for reduced carbon emission from material transportation. It also conducts capacity-building programmes for vendors, sub-contractors and dealers, and provides training and technical expertise to improve operational efficiency.

Under the E-waste Management and Handling Rules, 2016 the Company has obtained authorisation as a producer, to dispose all e-waste generated during business operations on a pan India basis through an arrangement with certified e-waste dismantlers and recyclers. The Company has been discharging its extended producer responsibilities under the e-waste rules by achieving the set target of channelising the e-waste and implementing other initiatives.

Principle 3: Businesses should promote the wellbeing of all employees.

Blue Star has always been a people-centered organisation. People, its core strength, are the basis of its robust foundation that is built over years of its existence. Blue Star has adopted an approach of shared growth, whereby it gives equal importance to empowering and nurturing its employees to achieve greater heights along with the Company's growth. The passion and fervor showcased by its employees, several of whom have been associated with the organisation since decades, and the pride they take in their association with Blue Star, is the highest testimony of the trust and confidence placed by Blue Starites in the Company. Welfare of its employees is paramount for Blue Star. The Company has a robust HR framework in place which it revisits regularly in order to bring in a more modern and contemporary approach towards its people systems and processes. All this is aimed to augment the employee friendly ecosystem.

Blue Star has a rich and diversified workforce with employees coming in from different backgrounds, geography, ethnicity, language, gender, religion, caste and creed. The core thinking of its people is imbued with strong value systems, ethics, honesty, sincerity of purpose and team work, among many others. The total employee count of the Company was 4073 as on March 31, 2018 inclusive of 1471 employees hired on a temporary or contractual basis. There are no permanent employees with permanent disabilities in the organisation. 220 employees, forming 8.46% of the permanent staff, are members of employee associations recognised by the Company.

With a focus on holistic development of its people, Blue Star encourages and conducts numerous training programmes and workshops for its people as well as provides them with a well-rounded exposure to business activities, which empowers them and helps in building their career within the organisation. Close attention is paid to each employee's career graph, in relation to his/her potential and numerous and constant opportunities for individual growth are provided. The Company encourages job rotation which helps employees take new responsibilities. An accelerated career growth programme is being put in place for young managers so that they are empowered to take on higher responsibilities in the future. Training programmes for all-round development of workmen are also conducted at the factories.

In its endeavour towards promoting a healthy work life balance, the Company has rolled out numerous initiatives such as flexible timing and work-from-home that keep the employees positive and energised. The management has always been open and transparent in their dealings with the employees where an open-door-policy is promoted and practised as an employee can approach any Senior Management member to discuss ideas, suggestions or concerns. The findings of a recent employee engagement survey reveal that a majority of the employees feel Blue Star is a great place to work. Employees take pride in being associated with Blue Star and have a strong belief in the management's Vision, Competence and Ethics. They appreciate the management maintaining a strong and regular communication with them as well as appreciate the friendly and family-like work environment.

There are 226 permanent women employees in the organisation. The Company has augmented the strength of its female employees approximately to 8.2% across levels and roles during FY18 and further intends to increase the same to 13.5% by FY21 through a meticulously planned approach of consciously hiring in this direction. Endorsing equal gender representation across management and leadership positions, Blue Star regularly conducts programmes around women-centric initiatives, honing aspiring female contenders for Senior Management positions. The HR team is committed to create a woman-friendly ecosystem across offices, factories and work sites which encourages gender equality at all times.

With Compensation & Benefits forming an integral part of being an employer of choice, Blue Star has a well-designed Compensation & Benefits system in place, which boosts the recruitment and retention efforts of the Company. Blue Star is making efforts towards its objective to pay higher than the industry average, which it aims to achieve over a three-year period ending by FY21. The Company's performance appraisal system is fair and transparent, and ensures higher employee satisfaction, leading to increased motivation and productivity. Besides, Blue Star's HR practices are also being strengthened with the intent to attract and retain the best-in-class talent which will help take the Company into the league of top 10 employers in the engineering industry. A strong employee engagement programme has been put in place to build energised teams across Blue Star. Largely, these encourage a culture of entrepreneurship and innovation in the Company. A full-fledged leadership development and succession planning programme has been put in place to develop the next set of leaders for Blue Star.

Safety is another aspect which the Company believes should not be compromised with at any cost. Blue Star remains committed in its endeavour to ensure and adhere to highest standards of safety for which regular safety training, tool-box familiarisation, mock drills and specific safety interventions are held across Blue Star's offices, manufacturing facilities and channel partners. This fosters a 'Safety First' culture within the organisation. The Company also engages in numerous safety training programmes to improve safety as well as to inculcate a culture of safety amongst its employees. The capability of new sub-contractors with respect to safety requisites is evaluated before assigning contracts, and compliance to the policy is ensured through regular training, site visits and audits. All new employees, dealer technicians and contract workmen receive systematic safety training before commencing work, and regular refresher sessions are conducted in the course of work. The safety performance of various divisions of the Company is reviewed during business meetings and management review meetings. In addition, key safety performance numbers are reviewed by the Board on a quarterly basis. In the period under review, 2310 permanent employees including 196 women and 832 temporary/contractual staff underwent safety and skill upgradation training.

The Company lives by the principle of 'equal pay for equal work', and has a no-tolerance policy towards child labour, forced labour, sexual harassment and discriminatory employment or biases in growth opportunities for its staff members. Well-defined policies on safety at work, prevention of sexual harassment at workplace, employee welfare programmes, managerial remuneration and benefits, performance recognition, maternity benefits, medical insurance, support for education of employees' children, service awards, health and wellness, celebrations, get-togethers and sports competitions, amongst others, have been made available on the employee portal for easy access and reference.

There were no complaints related to child labour, forced or involuntary labour filed during 2017-18. In line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company organises workshops and awareness programmes at regular intervals to sensitise employees across its offices and manufacturing facilities. During the year under review, one complaint with an allegation of sexual harassment was filed with the Company, and the case was investigated thoroughly and resolved as per provisions of the Act.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

The Company believes that an effective stakeholder engagement process is integral to inclusive growth. Blue Star is sensitive to the changing needs of customers, employees, dealers, channel associates, business partners and shareholders. Customer meets, including those for interior designers, architects and consultants, which detail the Company's vision as well as its product and service portfolio are held regularly at major locations across the country.

The organisation has mapped its internal and external stakeholders which include employees, customers, business associates, suppliers and distributors, shareholders, regulatory authorities and industry associations, besides others. Blue Star's dealer network is a major strength in its channel businesses since dealers, as the extended arms of the Company, are responsible for quick and efficient response to customer needs all over the country. Product launch programmes and training sessions for dealers, besides performance recognition, ensure an ongoing interaction with channel associates. Blue Star has an active investor relations programme which covers both individual and institutional investors as it is keen to maintain an ongoing awareness of Blue Star's performance among its shareholders and the financial community. The Company holds regular meets with institutional investors and analysts after declaration of its financial results. The corporate website contains information on all its products and services, policies, press releases, financial results, annual reports, investor updates and concall transcripts, besides others.

Blue Star's CSR programmes focus primarily on those sections of the local communities which are disadvantaged, vulnerable and marginalised. The Company is conscious of the impact of its operations on the communities around its facilities, and is committed to contribute actively towards enhancing their living standards through interventions in water and sanitation, health, education and skill development. Blue Star also believes in affirmative action, and has been actively involved in the development of Dalit entrepreneurs by providing them with opportunities as vendors and channel partners, as well as mentoring them on various aspects of business and communication. For the initiatives undertaken by the Company towards the betterment of the disadvantaged, vulnerable and marginalised stakeholders, please refer to the CSR activities enumerated in Annexure 2 to the Board's Report as well as the section on CSR in the Integrated Report section of this report.

Principle 5: Businesses should respect and promote human rights.

Protection of human rights and prevention of violations are fundamental under all circumstances, and Blue Star remains committed in its efforts in this direction. The Company maintains cordial and transparent relations with all its stakeholders across the entire value chain including its employees. It advocates as well as practices fair and transparent business conduct which is clearly embodied in its systems and policies.

Blue Star has formulated and adopted its Code of Conduct for vendors, service providers and employees to address and redress grievances of any nature including those that may lead to conduct breaches and sexual harassment. These comprise formal mechanisms which are administered through committees that review any grievance and are responsible to ensure anonymity and confidentiality of the complainants. Through regular communication and workshops, the employees have been made aware of the policy related to sexual harassment at workplace, along with the objectives, applicability, structure of committees and the process undertaken to redress complaints. The complainants are assured of complete anonymity and confidentiality. In its commitment towards safety and security of its employees, Blue Star ensures that safety practices are adhered to at its construction sites, and continues to engage with construction suppliers through training, safety audits and checks.

There is a discreet and formal mechanism in place for all the employees to voice their concerns, if any, to the Managing Director or Joint Managing Director in person with the open-door-policy in place or through a dedicated email address, which is handled and managed by only the Managing Director or Joint Managing Director.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

As an organisation, Blue Star believes in the responsible and balanced use of natural and man-made resources for the benefit of the future generations. The Company's mainstay of product development and R&D has been energy-efficiency, coupled with eco-friendly and sustainable products. There are periodic enhancements carried out with respect to the environmental impact of its products. Further, Blue Star has been constantly adding auxiliaries and energy-saving gadgets in its factories. The Company's products are validated and certified by several international bodies, signifying that they comply with the stringent norms and safety standards laid down by these entities. The Environment, Health and Safety department in Blue Star focuses on safety parameters, health and wellness of employees as well as environmental aspects. The Environment, Health and Safety Policy of the Company extends to its subsidiaries as well as to its business associates.

Blue Star plays a critical role in initiatives to reduce power consumption and incorporate non-ozone depleting refrigerants with low global warming potential. The Company's room air conditioner range has always been in line with the updated energy standards prescribed by the Bureau of Energy Efficiency (BEE), and Blue Star was amongst the first companies to comply with BEE's voluntary labelling programme for inverter split air conditioners. Effective January 1, 2018, the Government issued a notification, revising the star rating plan applicable to unitary and split air conditioners. This evolved rating methodology factors in variance in higher temperature in the country and rates air conditioners accordingly. Consumers can now purchase air conditioners with higher efficiency leading to lower electricity bills. The Bureau has been increasing these standards such that the highest star rated air conditioner in 2010 has become the least rated air conditioner in 2018. The Company has complied with this revised star rating plan for all its room air conditioners to which the said notification is applicable.

Blue Star closely monitors in reducing the use of hazardous substances in manufacturing of its products. It consistently ensures that the products do not, at any given time, contain lead, mercury, cadmium or any such hazardous substances over the permissible concentration value permitted by the environmental laws in India.

The manufacturing facilities are equipped with testing machines that use the latest technology to aid in quality improvement as well as energy and water savings. A first-of-its-kind set-up for cold room panel manufacturing at the Wada Plant incorporates an eco-friendly foaming process using cyclopentane, which is supported by the Ozone Cell, Ministry of Environment and Forests. This is in line with Blue Star's commitment to phase out CFC/HFC substances. Cyclopentane blown foam contains no ozone depleting substances and has a negligible impact on global warming. Blue Star's Wada factory is certified as a Gold-Rated Green Building by the Indian Green Building Council, Hyderabad.

Blue Star's Senior Management is part of numerous domestic and international initiatives, including participation in round table discussions and workshops that focus on certification and compliance processes, as well as standards and labelling programmes. These fora centre around the use of refrigerants and technologies used in HVAC products; the economic impact of the new generation of refrigerants that come at a higher price; new kinds of patents; development of alternate and natural refrigerants; safety standards; and financial viability.

Blue Starites are also committed to the Company's environmental sustainability efforts. All the manufacturing facilities have consented to operate on a zero discharge basis since all the wastes generated due to industrial processes are treated onsite. The Company has been filing returns with the Central Pollution Control Board under E-Waste (Management) Rules, annually.

The organisation works at optimising its water consumption through adoption of new technologies and behaviour change initiatives. The employees of Blue Star showcase their support to the cause of renewable energy at various public fora. Key business partners and associates are persuaded, supported and educated to adopt the organisation's environmental-friendly practices across the value chain. The Company has received numerous commendations from its clients for its energy-efficient products and services, projects as well as installations.

The management of Blue Star identifies and assesses potential environmental risks from time-to-time. The Company has always been sensitive to the environmental impact of its operations, and has proactively adopted environmentally-sustainable business practices wherever possible. Regular checks are conducted by internal and independent auditors/assessors to ensure compliance with relevant environmental regulations and policies. Steps taken towards energy conservation by Blue Star are elaborated in Annexure 1 to the Board's Report.

There were no show cause/legal notices from these bodies pending as on March 31, 2018. Blue Star's initiatives on clean technology, energy-efficiency and renewable energy are given in Annexure 1 to the Board's Report.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Blue Star strives to drive a positive change in the industry through public advocacy by actively participating and collaborating with apex industrial institutions and professional bodies that are engaged in influencing sections of legislation or industrial policies.

Blue Star's senior leadership offers its expertise and insights during the formulation of public policies through strategic partnerships with industrial bodies and consortiums at the local, national and international levels namely, Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Refrigeration and Air-conditioning Manufacturers Association (RAMA), Bombay Chamber of Commerce & Industry (BCCI), Indian Green Building Council (IGBC), The Energy and Resource Institute (TERI), Water Quality Association (WQA), National Safety Council and various other collective platforms or fora, to put forth the larger interests of the industry.

The Company, through various industry associations, participates in advocating matters advancement of the industry and public good and also an active player of industrial and trade bodies related to governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, and others, seeking to create a transformational change.

Principle 8: Businesses should support inclusive growth and equitable development.

The Company endeavours to help less privileged, rural and urban communities in the country as well as those in close proximity to its production units in semi-rural locations. Blue Star's CSR initiatives are strategically aligned to its domain knowledge and skill sets of its employees, who are given the opportunity to volunteer in these programmes. In the long term, the Company is committed to preservation of the quality of air, water and food through its products, services and social initiatives. Blue Star's CSR programmes focus on vocational training of school dropouts in air conditioning as well as mechanical, electrical and plumbing services; building water purification systems and sanitation facilities in Government schools; and holistic development initiatives around its manufacturing facilities. The projects are fully adopted or supported by the Company as per the need and available budgets, on a case-to-case basis. The CSR Committee presently comprises the Chairman and the Joint Managing Director of Blue Star as well as an Independent Director. The role of the CSR Committee is to review, monitor and provide strategic direction to Blue Star's CSR practices, which is well aligned to its competencies and core people skills. This Committee formulates and monitors the CSR Policy and recommends the annual CSR Plan of the Company to the Board, in line with Companies Act, 2013. Periodic impact assessments help monitor the benefits received by the community, and lead to augmenting the projects.

In addition to its CSR efforts, the Company has been supporting various philanthropic causes through its charitable trust, Blue Star Foundation which sponsors activities in the areas of education and healthcare, apart from relief measures in national calamities. Besides these, the local teams across its major offices and factories also support local initiatives to improve health, education, environment, hygiene and infrastructure for public utility. Details of the CSR activities of the Company and their impact are given in Annexure 2 to the Board's Report as well as in the Management Discussion and Analysis section of this report.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

With customer-centricity forming an integral part of its core, ensuring the well-being of its customers and the society at large has always been of paramount significance to Blue Star. The Company aims to generate highest value for the consumer with every product or service that it offers. All its efforts are directed towards meeting and surpassing customer expectations, and creating customer delight through enhanced value creation and generating utmost level of satisfaction for the customer. Blue Star's world-class products are the result of extensive research and development processes, and incorporate cutting edge technology with stringent quality checks. The Electro-Mechanical Projects business, with 'Superior Project Delivery' as its value proposition, offers turnkey design and build solutions to its customers, which has proved to be a significant differentiator in the market place. The Company offers Gold Standard Service that has stringent response and turnaround time adhered to

by the teams for resolution of consumer complaints and breakdown calls. Blue Star has a defined mechanism in place whereby consumer insights are sought systematically across businesses through customer interactions and focused group discussions, and incorporated in product development processes. All this equips and empowers the Company to respond to the changing dynamics in the markets that it operates in, giving it an edge. Blue Star is also advancing well on the digital front by imbibing latest digital technologies across its lines of businesses including applications designed for smooth and enhanced customer interface across products and services as well as ease of doing business.

Blue Star's products and services have garnered wide acceptance and stood the test of time across geographies. The Company's products, services and facilities have been validated and endorsed by several certification bodies for adherence to set standards and guidelines. Blue Star's room air conditioners have cleared stringent Bureau of Energy Efficiency (BEE) norms with each passing year. The Company's air conditioning & refrigeration services are ISO 9001:2015 certified. The manufacturing facilities have received several certifications with respect to health and safety compliance as well as quality adherence. The Company has also received multiple certifications for its products and services for international markets.

Blue Star believes in honest and sincere communication of its products and services across media. The senior management communicates regularly on public platforms with respect to the Company's performance, market trends, and impact of change in industry policies or Government regulations, besides others. Blue Star adheres to all norms, standards as well as voluntary codes and guidelines related to marketing communication. The brand management guidelines have been institutionalised by Blue Star's Corporate Communications and Corporate Marketing Services departments which help customers identify and distinguish Blue Star's products and services. The television commercials focus on intelligent, humour-based communication, educating customers in a unique manner about the function and benefits of its products and services. The social media pages of the brand deliver value-based communication to customers. The pages, based on the theme of 'Cool My World', propagate content meant for stress-relief and relaxation. All marketing collaterals of the Company disseminate information truthfully and factually, so that the customers can exercise their freedom to consume its products and services in a responsible manner. All products are accompanied by Operation & Maintenance manuals, in line with relevant codes and specifications. The sale of products is followed by responsible and seamless integration of its related services to enhance customer experience.

Blue Star engages with its customers on an ongoing basis, and conducts periodical surveys to ascertain consumer satisfaction with respect to its products and services. Conducted by external market research firms, these surveys aid the Company in understanding customer requirements as well as satisfaction levels and consumer behaviour. There are several modes by which a customer can connect with the brand for getting their enquiries, feedback or concerns addressed. A multi-platform grievance mechanism ensures that the Company officials can be contacted via phone, e-mail, website, feedback forms and letters, as deemed fit.

Out of the total calls received by the Company from the customers, approximately 85% was related to the complaints, of which 1.04% complaints were pending resolution as on March 31, 2018. All the other complaints were closed satisfactorily with the customers. The dissatisfied customers of the Company generally file their cases before the consumer fora, which the Company defends appropriately. Out of the total consumer cases filed, 24 cases were resolved during 2017-18, and as on March 31, 2018, 42 cases were pending before various consumer fora. No case was filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour during the last five years. The organisation is compliant with all legal requirements pertaining to product information and labelling. In addition to the mandatory requisites, it also provides service and safety manuals to the customers as deemed appropriate.

Further details with respect to the businesses and support functions of the Company have been enumerated in the Management Discussion and Analysis section and Integrated Report section of this report.