

# Blue Star Limited

Q2 FY12 Earnings Update

Oct 28, 2011

## Financial Highlights

- Blue Star reported a total Operating Income of Rs 604.65 crores for the quarter ended September 30, 2011, as compared to Rs 694.76 crores in Q2FY11, representing a decline of 13%.
- For the quarter, Gross Margin declined to 18.6% from 22.2% as compared to same period last year due to higher costs pertaining to increase in material costs and changes in the business mix.
- Operating profit (PBIDT excluding Other Income) for the quarter declined by 80% to Rs 13.62 crores. This was largely on account of lower business volume, reduction in the Gross Margin and increases in other expenses comprising investments in advertising, R&D and increases in logistics costs. The overall economic climate continued to deteriorate during the quarter due to slower GDP growth, high inflation, interest rate increases and weakening of the rupee. All the three business segments were adversely impacted. The contracting business was affected the most as input costs and general operating expenses increased resulting in lower margins in various projects.
- Financial expenses during the quarter increased substantially from Rs 3.28 crores to Rs 30.56 crores. This was due to:
  - Higher interest costs on account of increase in the capital employed in the business largely to fund inventories, pay down vendors to de-bottleneck operations and acquisition funding
  - A market related overall increase in the cost of financing
  - Unrealized foreign exchange losses on account of strengthening of the dollar vis-à-vis the Indian Rupee.
- As of September 30, 2011, the company had a total foreign exchange exposure of US \$ 72 million, primarily in the nature of buyer's credit for its product and component imports. The company's normal practice is to hedge 35-55% of its foreign exposure on an on-going basis. The unexpected and rapid devaluation of the Rupee against the US \$ in end-September, resulted in a marked to market loss of about Rs 20 crores on its un-hedged foreign exchange exposure.
- Consequently, there was a Net Loss of Rs 20.80 crores compared to Net Profit of Rs 38.65 crores in Q2FY11.

- Carry Forward Order Book as on September 30, 2011 increased to Rs 2162 crore compared to Rs 1999 crore as at September 30, 2010, representing a growth of 8%.

### Segment-wise results

- The Electro Mechanical Projects and Packaged Airconditioning business accounting for 64% of the total revenues in the quarter, declined by 19% while segment results fell sharply to a loss of Rs 3.41 crores as compared to a profit of Rs 43.37 crores during Q2FY11. The Operating Margin of this business in Q2FY12 was -0.9% compared to 9.2% in Q2FY11.
- Cooling Products revenue registered an increase of 11% in the quarter. However, Segment results, declined by 45% .The Operating Margin declined from 11% in Q2FY11 to 5.4% in Q2FY12.
- The Professional Electronics and Industrial Systems business revenues declined by 12%, while segment results increased by 2%. The Operating Margin increased from 25% in Q2FY11 to 29% in Q2FY12.

- SBU-wise sales break-up:

(Rs crore)

	Q2FY12	Q2FY11	% Growth (Decline)	% of Net Sales
Electro Mechanical Projects and Packaged Airconditioning Systems	382.47	472.90	(19%)	64%
Cooling Products	156.87	141.44	11%	26%
Professional Electronics & Industrial systems	59.41	67.43	(12)%	10%

- SBU-wise results break-up:

(Rs crore)

	Q2FY12	Q2FY11	%Growth/ (Decline)
Electro Mechanical Projects and Packaged Airconditioning Systems	(3.41)	43.37	(108%)
Cooling Products	8.48	15.51	(45)%
Professional Electronics & Industrial systems	17.32	17.04	2%

## BUSINESS HIGHLIGHTS

### *Electro Mechanical Projects & Packaged Airconditioning Systems*

#### Overview

This line of business comprises Central Airconditioning, Electrical Contracting, Plumbing & Fire Fighting Contracting and Packaged Airconditioning, collectively called Electro Mechanical Projects and Packaged Airconditioning Systems. The Operating Margin of this business in Q2FY12 declined to -0.89% compared to 9.2% in Q2FY11.

In the continuing uncertain environment, the pace of order inflow and execution remains sluggish. The company continues to maintain its focus on managing the capital employed in the business and has closely synchronized its revenue velocity in line with requirements, and in some cases this has resulted in a slow-down in billing. It has advanced or short closed a few more old jobs in this quarter, a practice that has been rigorously pursued this financial year, and the resultant cost over-runs on these projects have been accounted for in this quarter, thus pulling down operating margins for this segment. The major cost over-runs continue to be in Building Electricals, large infrastructure projects and commercial and residential projects for Builders and General Contractors.

As it has mentioned earlier, a large proportion of the company's order book is fixed price and the continuing inflationary trends and high commodity prices, have adversely impacted the older jobs significantly. In the last couple of months the company has seen a marginal "cooling-off" in commodity prices, however, they continue to be at much higher levels than those prevailing in mid 2010.

In spite of slowing revenue and execution, there has been an increase in the Capital Employed in the business. This is a result of slower than expected debtor collections as well as a conscious effort to pay out vendors over a three-month period and bring them into a regular cycle. With this decision, the company's management expects to get better operating support from the vendors as they work to convert the WIP into certified and invoiced work. The management expects the benefits to accrue in the coming three quarters.

The projects business will continue to face margin pressures for the next 4-5 quarters and the company's management is focused on systematically purging the order book of the uneconomical contracts, a process which they expect will last through the first quarter of FY13. They are working with the customers to try and recover some of this margin erosion through escalation claims and tighter enforcement of contract conditions.

The Blue Star's management team is focused on the following:

- Managing the capital employed in the business through expediting collections, commercially closing jobs and synchronizing delivery of materials and allocation of resources based strictly on requirements and payment trends
- Continuing to tighten its estimation, margin and terms of payment requirements for new orders
- Improving procurement efficiency and exploring possibilities of value engineering
- Improving productivity and optimizing all costs.

On the market side, in spite of sluggishness in market for new order finalizations & the liquidity crunch, the company continues to witness demand from the Hospitality (across the board) & Commercial Office Segments (in certain geographic pockets). During the Quarter, Blue Star won prestigious orders in these two segments namely Radisson Plaza, Mumbai, Marriott Courtyard, Pune, Lalit Hotel, Chandigarh, NAR Indra Hotel, Lucknow, Oberoi Commerze II, Mumbai, Merlin Acropolis, Kolkata. The company's leadership position in healthcare continued with the award of Eternal Hospital, Jaipur, and Shekhar Hospital, Lucknow. Of these project wins, Radisson Plaza, Mumbai, Oberoi Commerz II, Mumbai and Merlin Acropolis, Kolkata are bundled MEP orders.

In Packaged/Ducted airconditioning and small chillers, the market is growing at a moderate pace. There was a good inflow of orders from the Industrial, software, hotels & restaurants and hospital segments. The 'Office' segment which contributes to 25% of the total pie remained flat. All others including retail, banks, developers etc have shown a decline in the current financial year.

In the VRF segment, the market is growing at a healthy 25%. The inflow of enquiries is steady with many consultants preferring VRF over Ducted systems for certain applications. However, the market has become crowded with as many as 13 players and has consequently become very price competitive. The company's innovative products in this segment have received a good response in the market and it is confident of regaining its leadership position.

The outlook for the Telecom sector remains uncertain with most players carefully controlling expansion. However, some positive signals are emerging from the Data Centre market with MNCs like HP and IBM announcing expansion plans.

### Key Projects in the Quarter:

	<b>New Orders Won in Q2FY12</b>
<b>Integrated MEP and ME</b>	<ul style="list-style-type: none"> <li>* Hotel Radisson Plaza , Mumbai</li> <li>* Oberoi Commerz II, Mumbai</li> <li>* Merlin Acropolis Pvt. Ltd, Kolkata</li> </ul>
<b>Central Airconditioning</b>	<ul style="list-style-type: none"> <li>* Bengaluru Metro Rail Project, Bengaluru</li> <li>* MAHAGENCO, Chandrapur</li> <li>* Lanco Vidarbha Thermal Power Project, Wardha</li> <li>* CTRLS Data Centre, Mumbai</li> <li>* Redco Hotels Pvt. Ltd. (Courtyard Marriot), Pune</li> <li>* Hotel Radisson Plaza, Mumbai</li> <li>* Mantri Business Park, Pune</li> <li>* Tom Tom India, Pune</li> <li>* Oberoi Commerz II, Mumbai</li> <li>* Boomerang, Mumbai</li> <li>* Viva City Mall, Thane</li> <li>* Alchemist, Chandigarh</li> <li>* Suncity Trade Tower, Gurgaon</li> <li>* Pavilion Tower, Jaypee group, Noida</li> <li>* CAG Building, CPWD, Jaipur</li> <li>* Biotech Campus, Faridabad</li> <li>* Eternal Hospital, Jaipur</li> <li>* Shekhar Hospital, Lucknow</li> <li>* Lalit Hotel, Chandigarh</li> <li>* NAR Indra Hotel, Lucknow</li> <li>* IBM, Bengaluru</li> <li>* Infosys Tech., Ltd., Bengaluru</li> <li>* Tata Elxsi, Kochi</li> <li>* Apollo Tyres, Chennai</li> <li>* Allison Transmission, Chennai</li> <li>* DGNP (Test lab), Vizag</li> <li>* Lavazza Coffee works, Tada</li> <li>* Srijan Mall, Chennai</li> <li>* Hindalco Industries Ltd, Hirakud</li> <li>* Brahma Putra Crackers &amp; Polymers Ltd, Lepetkata, assam</li> <li>* DLF Galleria Mal, Kolkata</li> </ul>
<b>Electrical Projects</b>	<ul style="list-style-type: none"> <li>* Acropolis Mall, Kolkata</li> <li>* Emaar MGF "Digital Greens", Gurgaon</li> <li>* M&amp;M Amlohri Open Cast Coal Mines</li> <li>* Central Ordinance Depot, Agra</li> <li>* Wipro, Delhi</li> </ul>
<b>Plumbing Projects</b>	<ul style="list-style-type: none"> <li>* Hotel J.W. Marriot, Mumbai</li> <li>* Oberoi Prisma, Mumbai</li> <li>* Oberoi Grande, Mumbai</li> </ul>

<b>Packaged VRF Airconditioning/ Systems/ Precision Airconditioning</b>	<ul style="list-style-type: none"> <li>* Shraddha Mall, Nashik</li> <li>* Reliance Retail, Mysore</li> <li>* Kiran Gems, Surat</li> <li>* Mackintosh Burn, Kolkata</li> <li>* Indorama Industries, Nalagarh</li> <li>* Zeus Infrastructure Pvt. Ltd, Mumbai</li> <li>* Nitte University, Mangalore</li> <li>* Purple Studio, Kolkata</li> <li>* DHL Lemuir Logistics, Mumbai</li> <li>* Milestone Capital, Bengaluru</li> <li>* Sri Kaushalya Constructions Ltd, Chennai</li> <li>* Shri Mukund Bhavan Trust, Pune</li> <li>* FCI, Mumbai</li> <li>* HCL Technologies, Bengaluru</li> <li>* Kid's Clinic, Bengaluru</li> <li>* Jindal Steel &amp; Power, Barbil</li> </ul>
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### **Service Business**

Blue Star offers its customers annual maintenance contracts, retrofits and upgrades as well as new service products such as energy management audits and solutions, air management consultancy and services, water management services for cooling systems, Green Building certification consultancy and associated services.

During the quarter the company has been nominated by Bureau of Energy Efficiency to work on management framework related to energy requirement, energy efficiency and energy conservation.

The company has received big orders from prestigious customers like IDBI, Rashtriya Chemicals & Fertilizers Ltd., Maharashtra State Power Generation Co., CISCO, CTS, Cipla, Credit Suisse Business Analytics(I) Pvt. Ltd. etc. for its various service offerings.

### **Cooling Products**

The Cooling Products business comprising Room Air-conditioners and Refrigeration and Cold Storage Products and Systems, revenue registered an increase of 11% in the quarter. However, Segment results for the quarter compared to Q2FY11, declined by 45%. The Operating Margin declined from 11% in Q2FY11 to 5.4% in Q2FY12. This is on account of higher operating expenses on account of its expansion into the retail channel as well as higher supply chain costs. In addition, there were certain one time provision write-backs related to Warranty and Free Issue in Q2FY11, which are not accruing in Q2FY12.

The company's focus on the retail channel to expand its presence in the residential air conditioning segment has helped it to grow revenues even in a declining market. It will therefore focus on consolidating its position in the market through channel expansion and increasing the reach into tier 2, 3 and 4 markets which continue to grow.

The Refrigeration Products business performed well in the last quarter with good growth in the water cooler business, mainly from the Industrial, Government and Office segments. The Company also witnessed growth in the deep freezer business driven by the ice cream and dairy segments. Further, bottled water dispensers also did well and it bagged orders from both residential and industrial customers like Adani Power, Gujarat.

In the cold storage business, the Company has witnessed good inflow of orders in retail and food processing sector. During the quarter, major orders were booked from Metro Cash & Carry, Pepsico holdings etc.

## **NAD**

Blue Star has recently created a National Account Department (NAD) under Cooling Products SBU. NAD comprises of a cross departmental and cross functional team to serve select important customers who have a pan India requirement of Airconditioning & Refrigeration solutions amounting to a certain minimum value of business, who have centralised decision making, and who would prefer a Single Point Of Contact (SPOC). NAD ensures end-to-end deliverables for rollout of their customers projects in a seamless manner. NAD caters to customers across segments like Banking, Financial Services & Insurance, Retail, hotel and restaurant chains, etc.

The market scenario and business outlook pertaining to NAD may be viewed in perspective of the various segments in which it operates and is as following:

The Banking segment continues to expand, and all leading banks are extending their network to reach tier II, III and IV cities / towns. As per RBI guidelines, for every three rural branches, the bank may open one semi-urban or urban branch. The business challenge is the reduction in average value of airconditioning requirement of each branch (because of reduced size of premises) and the reach required to install and service airconditioners in very remote and interior locations. Blue Star, because of its extensive channel network, remains the preferred vendor for Bank customers. Some of its major customers are ICICI Bank, HDFC Bank, IDBI Bank, Axis Bank, Kotak Mahindra Bank, etc.

An important growth area in Banking segment is the ATM network which is being rapidly expanded by all banks. The setting up of ATMs (and hence business for airconditioning) is through Turn Key Operator (TKO) companies.



The Blue Star NAD team has responded to this business opportunity by aligning its channel network and system and process to the specific requirement and within a short period, has acquired a majority share of business from the TKO companies. The major customers in the segment are Diebold, FIS, FSS and TCBIL.

The Financial Services and Insurance (FSI) segment showed no signs of revival and only a few late entrants are expanding in a limited manner, which includes customers like Aegon Religare, Mahindra & Mahindra Finance, India First Life Insurance.

After a phase of recession and slowdown in last two years, the organised retail segment is on expansion mode once again, both in large and small formats. The big players like Reliance, Future Group, Aditya Birla Retail, D' Mart, @ Home and others are opening large 'Hypermart' stores aggressively. Since the premises are generally leased and capital equipment for HVAC is provided by builder/ developer, the scope of Blue Star is often limited towards lowside and ancillary works.

In the small retail format, the apparel, garment and lifestyle segments are expanding, and several Indian and foreign brands are opening stores across locations. Some of the important players in this segment are Raymonds, Madura Garments, S Kumar's, Arvind Megamart, Benetton, ITC, Liliput, Titan, etc

The food and beverages segment is also showing rapid expansion, with several Indian and MNC chains increasing their footprint in Tier II and III cities / towns. The outlets may be located in High Street (stand alone) or in malls/ commercial complexes. The players include Cafe Coffee Day, Barista, McDonalds, Yum! Restaurant, Dominos, Mainland China, Barbeque Nation etc

The Hospitality and Healthcare sector is also growing rapidly. Star and budget hotels, medical diagnostics, are the key segments to focus on.

The Infrastructure sector catered by turnkey engineering companies active in power, cement and steel sectors, offers excellent opportunity for Blue Star to do good business with its differentiated packaged and Room AC products. The NAD team is actively pursuing business with select turnkey engineering players in the infrastructure segment for the same, which include Cethar Vessels, Lanco, Isgec John Thomson, Indure, etc.

Thus Banks, Retail, Hospitals and Infrastructure will be the key focus segments for Blue Star NAD in future.

## **Professional Electronics and Industrial Systems**

Over the years, the Company has changed its business model from merely being a distributor of leading global manufacturers to that of a system integrator and value added reseller, thereby moving up the value chain. The Company executes several turnkey engineered projects in the areas of manufacturing, telecom, healthcare, defence, pharmaceuticals, banking and R&D.

The revenues of the Professional Electronics and Industrial Systems business (Segment 3) declined by 12%, while segment results increased by 2%. The Operating Margin increased from 25% in Q2FY11 to 29% in Q2FY12. All the businesses in this segment performed well. The increase in operating margin is largely on account of the change in business mix for the quarter and the company expects margins for the current year to revert to its long term averages.

## **Exports**

Blue Star's exports are derived from two streams - International Projects and Product Exports.

During the quarter, the Company received orders worth Rs.1.3 Cr. for domestic water chiller equipment. It also received orders for 800 water coolers worth Rs.1.7 Cr from various customers. In addition, several orders were booked for contract manufacturing in UAE and Iran.

Middle East growth outlook beyond 2011 in Libya, Egypt, Syria, Bahrain, Iran, Oman and Yemen will depend to a large extent on how the current political crisis unfolds. The company has noticed a marked contraction in economic activity this year, with real GDP declining. It will take some more time to be able to understand the true impact of the unrest on the economy.

Regional political crisis will keep debt spreads elevated. This psychological impact is causing a lot of projects in UAE and Qatar to have a 'wait and see' approach. In that respect, it will have a negative effect in the short term.

## **BUSINESS OUTLOOK**

### **Company Outlook**

At an overall Company level, while performance in second half of this financial year (H2FY12) will not be as good as second half of the last fiscal (H2FY11), the company expects H2FY12 to be significantly better than first half of this fiscal (H1FY12).

Due to the prolonging Eurozone crisis, inflation and high interest rates, the investment climate continues to deteriorate. The management expects the coming quarters to be challenging for the EMPG business (Segment 1) and while the revenue momentum will continue to be weak, they expect some recovery of margins progressively over the next 4-5 quarters through a combination of actions which they indicated earlier. Further, they also expect the Capital Employed to come under control as stated earlier.

In Segment 2, the company is confident of its strategy of channel expansion, focus on high growth markets and products, and its leadership position in the refrigeration products business will help it to maintain the momentum displayed in H1FY12. The company expects revenue to continue to grow, albeit at a marginally lower rate and for operating margins to be maintained at FY11 levels.

The company's management is taking a number of actions to improve productivity, drive operational efficiencies and maintain tight control on items of discretionary expenditure to reign in costs and improve margins, an activity that they are pursuing on a war footing.

The management is hopeful that all its efforts at managing the capital employed in the business, the number one priority for the organization in the current fiscal, will start yielding results towards the end of the current fiscal.

To sum up, while the commercial construction sector is witnessing a slowdown, small commercial businesses such as shops, showrooms, restaurants and the residential market continue to grow. On the other front, commodity prices are cooling-off. The strong foundation on which the company's businesses are built gives the management the confidence that in 3-4 quarters, they will significantly revive the operating performance and return to a growth path. In retrospect, while the company had indicated a decline in performance in FY12, the actual performance is an aberration in the consistently good performance record of Blue Star. Therefore, it intends to stay focused on its chosen markets and will endeavor to return its operating performance to long-term levels.

**For more information contact**

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**SAFE HARBOUR**

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

**BLUE STAR LIMITED**  
**UNAUDITED STANDALONE FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

Rs. in lakhs

Particulars	UNAUDITED FOR THE QUARTER ENDED		UNAUDITED FOR THE HALF YEAR ENDED		AUDITED FOR THE YEAR ENDED
	30.9.2011	30.9.2010	30.9.2011	30.9.2010	31.3.2011
1. (a) Net Sales/Income from Operations	59,875	68,177	130,193	134,159	285,690
(b) Other Operating Income	590	1,299	740	1,800	3,167
<b>Total Income from Operations 1(a+b)</b>	<b>60,465</b>	<b>69,476</b>	<b>130,933</b>	<b>135,959</b>	<b>288,857</b>
2. Expenditure					
a. (Increase)/decrease in stock in trade and work in progress	(1,608)	(1,819)	(862)	(4,611)	(17,776)
b. Consumption of raw materials and Project expenses	44,876	47,306	86,904	94,707	208,248
c. Purchase of traded goods	5,493	7,581	17,879	13,371	28,036
d. Employees cost	4,997	5,077	9,912	9,810	20,614
e. Depreciation	800	789	1,513	1,544	3,171
f. Other expenditure	5,345	4,766	12,918	10,076	22,043
g. Total	59,903	63,700	128,264	124,897	264,336
<b>3. Profit from Operations before Other Income, Interest &amp; Exceptional Items (1-2)</b>	<b>562</b>	<b>5,776</b>	<b>2,669</b>	<b>11,062</b>	<b>24,521</b>
4. Other Income	97	160	103	170	434
<b>5. Profit before Interest and Exceptional Items</b>	<b>659</b>	<b>5,936</b>	<b>2,772</b>	<b>11,232</b>	<b>24,955</b>
6. Financial expenses	3,056	328	3,873	453	2,297
<b>7. Profit after Interest but before Exceptional Items (5-6)</b>	<b>(2,397)</b>	<b>5,608</b>	<b>(1,101)</b>	<b>10,779</b>	<b>22,658</b>
8. Exceptional items	-	-	-	43	43
<b>9. Profit (+)/Loss (-) from Ordinary Activities before tax (7+8)</b>	<b>(2,397)</b>	<b>5,608</b>	<b>(1,101)</b>	<b>10,822</b>	<b>22,701</b>
10. Tax expense	(317)	1,743	-	3,243	7,200
<b>11. Net Profit (+)/Loss (-) from Ordinary Activities after tax (9-10)</b>	<b>(2,080)</b>	<b>3,865</b>	<b>(1,102)</b>	<b>7,579</b>	<b>15,501</b>
12. Extraordinary items (net of tax expense)	-	-	-	-	-
<b>13. Net Profit (+)/Loss (-) for the period (11-12)</b>	<b>(2,080)</b>	<b>3,865</b>	<b>(1,102)</b>	<b>7,579</b>	<b>15,501</b>
14. Paid-up equity share capital (Face Value per share Rs.2/-)	1,799	1,799	1,799	1,799	1,799
15. Reserves excluding Revaluation Reserves as per balance sheet					55,551
16. Earnings Per Share (EPS)					
a) Basic and diluted EPS before Extraordinary items	(2.31)	4.30	(1.22)	8.43	17.23
b) Basic and diluted EPS after Extraordinary items	(2.31)	4.30	(1.22)	8.43	17.23
17. Public shareholding					
- Number of shares	53850284	53845184	53850284	53845184	53850284
- Percentage of shareholding	59.88	59.88	59.88	59.88	59.88
18. Promoters and Promoters group shareholding					
a) Pledged/ Encumbered					
- Number of shares	600000	600000	600000	600000	600000
- Percentage of shares(as % to total shareholding of promoter and promoter group)	1.66	1.66	1.66	1.66	1.66
- Percentage of shares(as % to total share capital of the Company)	0.67	0.67	0.67	0.67	0.67
b) Non Encumbered					
- Number of shares	35485821	35490921	35485821	35490921	35485821
- Percentage of shares(as % to total shareholding of promoter and promoter group)	98.34	98.34	98.34	98.34	98.34
- Percentage of shares(as % to total share capital of the Company)	39.46	39.45	39.46	39.46	39.46

**Notes:**

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on October 22, 2011 and have been subjected to Limited Review by the Statutory Auditors.
- In accordance with the established practice in relation to construction contracts, contract revenue is calculated based on the ratio of the cost incurred to total estimated cost to complete the project. During the quarter and half year ended September 30, 2011, there have been revisions in the estimates of project revenue and cost resulting in a decrease in revenue and profits.
- Financial expenses for the quarter and half year ended September 30, 2011 include unrealised exchange loss of Rs.1942 lakhs and Rs. 2021 lakhs respectively (Previous period unrealised gain of Rs.170 lakhs and Rs.167 lakhs respectively).
- Figures of the corresponding previous quarter and year have been regrouped, wherever necessary, to conform to the figures of the current quarter.
- During the quarter ended September 30 2011, the Company received and disposed of 16 investor complaints. No complaints were pending at the beginning and at the end of the quarter.

For BLUE STAR LIMITED

**Registered Office:**  
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Mumbai 400 020  
www.bluestarindia.com  
**Date :October 22, 2011**  
**Place : Mumbai**

**SATISH JAMDAR**  
**MANAGING DIRECTOR**

**UNAUDITED STANDALONE SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE  
QUARTER ENDED SEPTEMBER 30 , 2011**

Rs. In lakhs

UNAUDITED FOR THE QUARTER ENDED		Description	UNAUDITED FOR THE HALF YEAR ENDED		AUDITED FOR THE YEAR ENDED
30.9.2011	30.9.2010		30.9.2011	30.9.2010	31.3.2011
		<b>I. SEGMENT REVENUE</b>			
38,247	47,290	i. Electro Mechanical Projects and Packaged Air-	72,416	84,705	186,169
15,687	14,144	ii. Cooling Products	48,501	39,480	78,843
5,941	6,743	iii. Professional Electronics and Industrial Systems	9,276	9,974	20,678
<b>59,875</b>	<b>68,177</b>	<b>TOTAL SEGMENT REVENUE</b>	<b>130,193</b>	<b>134,159</b>	<b>285,690</b>
		Less: Inter Segment Revenue			
<b>59,875</b>	<b>68,177</b>	<b>NET SALES/ INCOME FROM OPERATIONS</b>	<b>130,193</b>	<b>134,159</b>	<b>285,690</b>
		<b>II. SEGMENT RESULT</b>			
		<b>PROFIT/(LOSS) BEFORE INTEREST &amp; TAX</b>			
(341)	4,337	i. Electro Mechanical Projects and Packaged Air-	(1,228)	7,694	17,621
848	1,551	conditioning Systems			
1,732	1,704	ii. Cooling Products	5,262	5,123	9,008
		iii. Professional Electronics and Industrial Systems	2,528	2,250	5,463
<b>2,239</b>	<b>7,592</b>	<b>TOTAL SEGMENT RESULT</b>	<b>6,562</b>	<b>15,067</b>	<b>32,092</b>
		Less:			
3,056	328	i.) Financial expenses	3,873	453	2,297
1,580	1,656	ii.) Other un-allocable Expenditure net of un-allocable Income	3,790	3,835	7,137
<b>(2,397)</b>	<b>5,608</b>	<b>TOTAL PROFIT BEFORE TAX and Exceptional Item</b>	<b>(1,101)</b>	<b>10,779</b>	<b>22,658</b>
-	-	<b>Add: Exceptional Item</b>	-	43	<b>43</b>
<b>(2,397)</b>	<b>5,608</b>	<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(1,101)</b>	<b>10,822</b>	<b>22,701</b>
		<b>III. CAPITAL EMPLOYED:</b>			
		<b>(Segment Assets- Segment Liabilities)</b>			
63770	54163	i. Electro Mechanical Projects and Packaged Air-	63,770	54,163	51,962
26,998	17,376	ii. Cooling Products	26,998	17,376	27,628
7,548	4,835	iii. Professional Electronics and Industrial Systems	7,548	4,835	7,050
<b>98,316</b>	<b>76,374</b>	<b>TOTAL CAPITAL EMPLOYED IN SEGMENTS</b>	<b>98,316</b>	<b>76,374</b>	<b>86,640</b>
(42,068)	(19,628)	Less : Un-allocable Corporate Liabilities net of Corporate Assets	(42,068)	(19,628)	(29,290)
<b>56,248</b>	<b>56,746</b>	<b>TOTAL CAPITAL EMPLOYED IN THE COMPANY</b>	<b>56,248</b>	<b>56,746</b>	<b>57,350</b>

## STATEMENT OF ASSETS AND LIABILITIES AS ON SEPTEMBER 30, 2011

Rs. in lakhs

	STANDALONE	
	30.9.2011	30.9.2010
<b>SHAREHOLDERS' FUNDS</b>		
Share Capital	1,799	1,799
Reserves & Surplus	54,449	54,948
<b>LOAN FUNDS</b>	62,076	40,044
<b>Deferred Tax Liabilities, Net</b>		
	<b>118,324</b>	<b>96,791</b>
<b>FIXED ASSETS &amp; CAPITAL WIP</b>	22,811	19,781
<b>INVESTMENTS</b>	12,136	10,829
<b>Deferred Tax Assets, Net</b>	70	147
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
a).Inventories	37,924	29,722
b).Sundry Debtors	74,919	73,904
c).Cash & Bank Balances	2,298	5,250
d).Other Current Assets	38,933	37,255
e).Loans & Advances	19,161	19,084
<b>TOTAL</b>	<b>173,235</b>	<b>165,215</b>
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities	86,548	95,886
Provisions	3,380	3,295
<b>TOTAL</b>	<b>89,928</b>	<b>99,181</b>
<b>NET CURRENT ASSETS</b>	<b>83,307</b>	<b>66,034</b>
	<b>118,324</b>	<b>96,791</b>

**Registered Office:**

Kasturi Buildings  
Mohan T. Advani Chowk  
Jamshedji Tata Road  
Mumbai 400 020

www.bluestarindia.com

Date :October 22, 2011

Place : Mumbai

For BLUE STAR LIMITED

**SATISH JAMDAR**  
**MANAGING DIRECTOR**