

BLUE STAR INNOVATION JAPAN LLC

Financial Statement for the year ended March 31, 2024



Ohwa & Co.
Jinboucho Mitsui Building
1-105, Kanda-jinboucho Chiyoda-ku
Tokyo, 101-0051 Japan
TEL +81-3-6848-6025
FAX +81-3-6848-6027
Mail: mt-sawada@ohwa-audit.co.jp

To: Deloitte Haskins & Sells LLP

One International Center
Tower 3, 32nd Floor, Senapati Bapat Marg,
Elphinstone Road (W), Mumbai
Mumbai, Maharashtra
400 013, India
Attention: **Ketan Vora**

**COMPONENT AUDITOR CLEARANCE MEMORANDUM
FOR INCLUSION IN THE GROUP AUDIT**

In accordance with your instructions dated March 20 2024, including, if applicable, your instructions to exclude certain procedures or account balances from the scope of our work, we have audited for purposes of your audit of the consolidated financial statements of Blue Star Limited (the "Group") the reporting package (the "financial information") of Blue Star Innovation Japan LLC for the year ended March 31 2024. This financial information, dated April 20 2024, was sent to you signed, for identification purposes only, has been prepared solely to enable the Group to prepare its consolidated financial statements.

Management's Responsibility

Management is responsible for the preparation and presentation of the financial information in accordance with International Financial Reporting Standards ("IFRS") and the Group's accounting policies, and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial information using the generally accepted audit standards in Japan and in accordance with your instructions. As requested by you, we planned and performed our audit using the component materiality and component performance materiality as agreed to by you.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. The conclusions reached in forming our conclusion are based on the component materiality and component performance materiality as agreed to by you.



應和監査法人



We have complied with the Code of Ethics for Professional Accountants, including the requirements related to Public Interest Entities as it relates to our independence and professional competence.

Conclusion

In our conclusion, the financial information for Blue Star Innovation Japan LLC as of March 31, 2024, and for the year then ended has been prepared, in all material respects, on the basis of IFRS and the Group's accounting policies.

Restriction on Use and Distribution

This financial information has been prepared for purposes of providing information to the Group to enable it to prepare its consolidated financial statements. As a result, the financial information is not a complete set of financial statements of Blue Star Innovation Japan LLC in accordance with IFRS, and is not intended to give a true and fair view of the financial position of Blue Star Innovation Japan LLC as of March 31 2024, and of its financial performance, and its cash flows for the year then ended in accordance with IFRS. The financial information may, therefore, not be suitable for another purpose.

This report is intended solely for Deloitte Haskins & Sells LLP and should not be used by, or distributed to, anyone in the Group, any of its components, or any other third party.

Ohwa & Co.

Chiyoda-ku, Tokyo, Japan

Date: 20th, April, 2024

<Note: Sign using the partner name or the Firm name in accordance with your Firm's local requirements.>

BLUE STAR JAPAN LLC
Standalone Balance Sheet as at March 31, 2024

Checked by Ohwa Co. and 監査士
Dated: 20th, April 2024

in ¥

24.4.20

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
A ASSETS			
1. Non-current assets			
(a) Property plant and equipment	4	7,026,649	-
(b) Capital work-in-progress	4	78,498,077	-
(c) Right-of-use assets	5	21,521,916	-
(D) Other non-current assets	8	3,945,464.00	-
Total Non-current assets		110,992,106	-
2. Current assets			
(a) Financial assets			
(i) Trade receivables	6	-	-
(ii) Cash and cash equivalents	7	48,067,035	-
(b) Other current assets	8	617,177	-
Total current assets		48,684,212	-
Total Assets		159,676,318	-
B EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	9	180,000,000	-
(b) Other equity		(51,297,687)	-
Total Equity		128,702,313	-
2. Non-Current Liabilities			
(a) other Non-current liabilities	10	968,934	-
Total - Non-Current Liabilities		968,934.00	-
2. Current Liabilities			
(a) (i) 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	11	29,708,671	-
(b) Provisions	12	296,400	-
(d) Other current liabilities			-
Total current liabilities		30,005,071	-
Total Equity and liabilities		159,676,318	-

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

1 to 27

In terms of our report attached

For and on behalf of the Board of Directors of
BLUE STAR JAPAN LLC

BLUE STAR JAPAN LLC
 Standalone Statement of Profit and Loss for the year ended March 31, 2024

in ¥



Particulars	Notes	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Revenue from operations			
Other income	13	115,096	-
Total Income (I)		115,096	-
Expenses			
Cost of raw materials consumed (including direct project and service cost)		-	-
Purchase of stock-in-trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress		-	-
Employee benefits expense	14	5,136,668	-
Depreciation and amortisation expense	15	3,475,609	-
Finance costs		-	-
Other expenses	16	42,488,887	-
Total Expenses (II)		51,101,164	-
Profit before tax (I-II)		(50,986,068)	-
Tax expense			
i) Current tax	17	296,419	-
ii) Deferred tax		-	-
Total tax expense		296,419	-
Net Profit after Tax		(51,282,487)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		-	-
Income tax effect		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(51,282,487)	-

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

1 to 27

In terms of our report attached

For and on behalf of the Board of Directors of
 BLUE STAR JAPAN LLC



BLUE STAR JAPAN LLC
Statement of Changes in Equity for the year ended March 31, 2024

(A) Equity Share Capital

For the year ended March 31, 2024

in ¥				
Balance as at April 1, 2023	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2024
40,000,000	-	-	140,000,000	180,000,000

For the year ended March 31, 2023

in ¥				
Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2023
-	-	-	40,000,000	40,000,000

(B) Other Equity

For the year ended March 31, 2024

Particulars	Reserves and surplus					Other Comprehensive Income	Total other equity
	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	General reserve (refer note 17)	Retained Earning (refer note 17)	(Remeasurement of defined benefit plan)	
Balance as at April 1, 2023	-	-	-	-	(15,200.00)	-	(15,200.00)
Profit for the period	-	-	-	-	(51,282,487)	-	(51,282,487)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-
Dividend (refer note 18)	-	-	-	-	-	-	-
Balance as at March 31, 2024	-	-	-	-	(51,297,687)	-	(51,297,687)

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

1 to 27

In terms of our report attached

For and on behalf of the Board of Directors of
BLUE STAR JAPAN LLC

BLUE STAR JAPAN LLC
Standalone Statement of Cash Flows For the Year ended March 31, 2024



Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
	AUDITED	AUDITED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(50,986,068)	-
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	3,475,609	-
Interest income	(130)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(47,510,589)	-
Adjustment for working capital :		
(Increase)/decrease in other assets	(4,562,641)	-
Increase/(decrease) in trade payables	16,028,320	-
Increase/(decrease) in other current liabilities	14,649,285	-
Cash generated from operations	(21,395,625)	-
Direct taxes paid (net of refunds)	(15,219)	-
Net cash generated from operating activities (A)	(21,410,844)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant and equipments, including Capital work-in-progress and capital advances	(110,522,251)	-
Interest received	130	-
Net cash used in investing activities (B)	(110,522,121)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Corporate deposit received from parent company	40,000,000	-
Increase in capital	140,000,000	-
Net cash used in financing activities (C)	180,000,000	-
NET DECREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	48,067,035	-
Cash and cash equivalents at the beginning of the year	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	48,067,035	-
CASH AND CASH EQUIVALENTS COMPRISES OF :		
Balances with banks:		
– In current accounts	48,067,035	-
– In fixed deposits	-	-
Cash on hand	-	-
Balance as per statement of cash flows	48,067,035	-

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



BLUE STAR JAPAN LLC
Notes to Standalone Financial Statements for the year ended March 31, 2024

4 PROPERTY PLANT AND EQUIPMENT

in ¥

Particulars	Furniture & fixtures	Office equipment	Computers	Total
Cost				
At April 1, 2022	-	-	-	-
Additions	-	-	-	-
Disposals/Transfers	-	-	-	-
At March 31, 2023	-	-	-	-
At April 1, 2023	-	-	-	-
Additions	156,400	6,405,194	629,600	7,191,194
Disposals	-	-	-	-
Reclassification	-	-	-	-
At March 31, 2024	156,400	6,405,194	629,600	7,191,194
Accumulated Depreciation				
At April 1, 2022	-	-	-	-
Disposals/Transfers	-	-	-	-
Provided during the year	-	-	-	-
At March 31, 2023	-	-	-	-
At April 1, 2023	-	-	-	-
Disposals/Transfers	-	-	-	-
Provided during the year	1,303	128,196	35,046	164,545
At March 31, 2024	1,303	128,196	35,046	164,545
Net Book Value				
At March 31, 2024	155,097	6,276,998	594,554	7,026,649
At March 31, 2023	-	-	-	-

Ageing of Capital work in progress

in ¥

Particulars	As at March 31, 2024					As at March 31, 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	78,498,077	-	-	-	78,498,077	-	-	-	-	-
Total capital work in progress	78,498,077	-	-	-	78,498,077	-	-	-	-	-



BLUE STAR JAPAN LLC
Notes to Standalone Financial Statements for the year ended March 31, 2024

5. RIGHT OF USE ASSETS

in ¥

Particulars	Buildings	Total
Cost		
At April 1, 2022	-	-
Additions	-	-
Disposals	-	-
At March 31, 2023	-	-
At April 1, 2023	-	-
Additions	24,832,980	24,832,980
Disposals	-	-
At March 31, 2024	24,832,980	24,832,980
Accumulated Amortisation		
At April 1, 2022	-	-
Provided during the year	-	-
At March 31, 2023	-	-
At April 1, 2023	-	-
Disposals/Transfers	-	-
Provided during the year	3,311,064	3,311,064
At March 31, 2024	3,311,064	3,311,064
Net Book Value		
At March 31, 2024	21,521,916	21,521,916
At March 31, 2023	-	-



6. TRADE RECEIVABLES

Particulars	in ¥	
	As at March 31, 2024	As at March 31, 2023
Trade receivables considered good - unsecured		-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Less: Allowance for doubtful debts	-	-
Total trade receivables	-	-

Ageing of trade receivables

Particulars	As at March 31, 2024							Total
	Outstanding for following periods from due date of Payments							
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
Undisputed								
Trade receivables considered good - unsecured	-							-
Trade receivables which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed								
Trade receivables considered good - unsecured	-	-	-	-	-	-	-	-
Trade receivables which have significant increase in credit risk	-	-	-	-	-	-	-	-
Total trade receivables	-	-	-	-	-	-	-	-
Less: Allowance for doubtful debts and credit loss	-	-	-	-	-	-	-	-
Total trade receivables	-	-	-	-	-	-	-	-

Ageing of trade receivables

Particulars	As at March 31, 2023							Total
	Outstanding for following periods from due date of Payments							
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years		
Undisputed								
Trade receivables considered good - unsecured								
Trade receivables - credit impaired								
Disputed								
Trade receivables considered good - unsecured								
Trade receivables - credit impaired								
Total trade receivables								
Less: Allowance for doubtful debts and credit loss								
Total trade receivables								

The movement for allowance for doubtful debts during the year in respect of trade receivables containing significant credit risk are as follows:

Particulars	in ¥	
	As at March 31, 2024	As at March 31, 2023
Opening Balances as on 1st April	-	-
Impairment loss recognised	-	-
Less: Allowances provided earlier written off as bad debts	-	-
Closing balances as on 31st March 2024	-	-

7. CASH AND CASH EQUIVALENT

Particulars	in ¥	
	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalent		
Balances with banks:		
- In current accounts	48,067,035	-
- In fixed deposits		
Cash on hand		
Total cash and cash equivalent	48,067,035.00	-

8. OTHER ASSETS

Particulars	in ¥			
	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	-	-	617,177	-
Other Assets	3,945,464.00	-	-	-
Total other assets	3,945,464.00	-	617,177	-



BLUE STAR JAPAN LLC

Notes to Standalone Financial Statements for the year ended March 31, 2024

9 EQUITY SHARE CAPITAL

	In ¥
Authorised share capital	Amount
At April 1, 2022	-
Increase/(Decrease) during the year	40,000,000
At March 31, 2023	40,000,000
Increase/(Decrease) during the year	140,000,000
At March 31, 2024	180,000,000

Terms/Rights attached to Equity Shares

The Company has one class of equity shares having par value of ¥ per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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 share capital

	In ¥
Equity shares of ¥ 2 each issued, subscribed & fully paid up	
At April 1, 2022	-
Issue of Share Capital	40,000,000
At March 31, 2023	40,000,000
Issue of Share Capital	140,000,000
At March 31, 2024	180,000,000



BLUE STAR JAPAN LLC
Notes to Standalone Financial Statements for the year ended March 31, 2024

10 OTHER NON-CURRENT LIABILITIES

In ¥

Particulars	As at March 31, 2024	As at March 31, 2023
Others	968,934.00	-
Total other current liabilities	968,934.00	-



Particulars	In ¥	
	March 31, 2024	March 31, 2023
Trade Payables		
Micro and small enterprises *	-	-
	-	-
Trade payables	-	-
Other Payables	29,708,671	
Total Payable	29,708,671.00	-

Particulars	As at March 31, 2024					In ¥
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances						
Undisputed						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	29,708,671	-	-	-	-	29,708,671
	29,708,671	-				29,708,671
Disputed						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
Total payables	29,708,671	-	-	-	-	29,708,671

Particulars	As at March 31, 2023					In ¥
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances						
Undisputed						
Dues to micro enterprises and small enterprises						
Dues of creditors other than micro and small enterprises						
Disputed						
Dues to micro enterprises and small enterprises						
Dues of creditors other than micro and small enterprises						
Total payables						

BLUE STAR JAPAN LLC

Notes to Standalone Financial Statements for the year ended March 31, 2024



12 PROVISIONS

In ¥

Particulars	Non Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits				
Provision for gratuity (refer note 36)	-	-	-	-
Compensated absences	-	-	-	-
Additional gratuity (refer note 36)	-	-	-	-
	-	-	-	-
Other provisions				
Provision for customer warranties	-	-	-	-
Provision for foreseeable loss	-	-	-	-
Provision for obligation towards guarantee given*	-	-	-	-
Other provisions	-	-	296,400	-
	-	-	-	-
Total	-	-	296,400.00	15,400.00



13 OTHER Income

In ¥

Particulars	As at March 31, 2024	As at March 31, 2023
Unwinding of interest	114,966	-
Other Income	130	-
Total other current liabilities	115,096	-



14. EMPLOYEE BENEFITS EXPENSE

In ¥

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Salaries, wages and bonus	4,740,638	-
Contribution to provident and other funds	-	-
Gratuity expense (refer note 36)	-	-
Staff welfare expenses	396,030	-
Total employee benefits expense	5,136,668	-

15. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Depreciation on Property, plant and equipment (refer note 4)	164,545	-
Depreciation on right of use assets (refer note 5)	3,311,064	-
Total depreciation and amortisation expense	3,475,609	-



BLUE STAR JAPAN LLC
Notes to Standalone Financial Statements for the year ended March 31, 2024

16. OTHER EXPENSE

In ¥

Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Shared service charges	12,004,710	-
Professional Fees	17,314,498	-
Rent	1,953,146	-
Repairs and maintenance		
- Buildings	90,720	-
- Plant and machinery	207,320	-
- Others	2,305,971	-
Insurance	12,270	-
Rates and taxes	6,075,549	-
Freight and forwarding charges	705,775	-
Printing and stationery	1,021,751	-
Miscellaneous expenses	797,177	-
Total other expenses	42,488,887	-



17. INCOME TAX

The major components of income tax expense and are:

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2024 and 31st March, 2023 :

(a) Current tax asset

Particulars	In ₹	
	31st March, 2024	31st March, 2023
Opening Balance	-	-
Less: Current tax payable for the year	-	-
Add: Taxes paid	-	-
Closing Balance	-	-

The closing balance of current tax asset is net of provision for tax

(b) Deferred Tax Assets

The breakup of Deferred tax asset is as follows:

Particulars	In ₹	
	31st March, 2024	31st March, 2023
Deferred Tax Asset - [A]		
Provision for loss allowance	-	-
Provisions made disallowed and allowed only on payment basis	-	-
Others	-	-
Deferred Tax Liability - [B]		
Accelerated depreciation for tax purposes	-	-
Others	-	-
Net Deferred Tax Asset - [A-B]	-	-

Movement in Deferred Tax Assets

Particulars	In ₹			
	Charge/ (Credit) to Statement of P&L		Charge/ (Credit) to OCI	
	31st March, 2024	31st March, 2023	31st March, 2024	31st March, 2023
Deferred Tax Asset -				
Provision for loss allowance	-	-	-	-
Provisions made disallowed and allowed only on payment basis	-	-	-	-
Deferred Tax Liability -				
Accelerated depreciation for tax purposes	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2024 and 31 March 2023:

Particulars	In ₹	
	31st March, 2024	31st March, 2023
Accounting profit before income tax	-	-
Income tax at India's statutory income tax rate of % (31 March 2023: %)	-	-
Expenses not allowed for tax purpose	-	-
Additional allowances for tax purpose	-	-
Others	-	-
Income tax at effective tax rate	-	-

(d) Income tax expense reported in the statement of profit and loss

Particulars	In ₹	
	31st March, 2024	31st March, 2023
i) Current tax		
Current tax on profit for the year	296,419.00	-
Total current tax expense	296,419.00	-
ii) Deferred tax		
(Decrease)/Increase in deferred tax liabilities	-	-
Decrease/(Increase) in deferred tax assets	-	-
Total deferred tax expense/(benefit)	-	-
Income tax expense	296,419.00	-

(e) Income tax expense reported in the other comprehensive income

Particulars	In ₹	
	31st March, 2024	31st March, 2023
i) Current tax		
Remeasurement gain/(loss) on defined benefit plans	-	-
Total current tax expense	-	-
ii) Deferred tax		
Fair value of equity investment	-	-
Effective portion of gain/(loss) on cash flow hedges	-	-
Total deferred tax expense/(benefit)	-	-
Income tax expense	-	-



BLUE STAR JAPAN LLC
Notes to Standalone Financial Statements for the year ended March 31, 2024

26 DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Related Party Disclosure	Country of Incorporations	% of equity interest	
		As at March 31, 2024	As at March 31, 2023
Name of the Related parties where control exists irrespective of whether transactions have occurred or not.			
Subsidiaries :			
Blue Star Engineering and Electronics Limited	India	100.00	100.00
Blue Star Climatech Limited	India	100.00	100.00
Blue Star Qatar- WLL*	Qatar	49.00	49.00
Blue Star System and Solutions LLC	UAE	100.00	100.00
BSL AC&R (SINGAPORE) PTE. LTD.	Singapore	100.00	100.00
Blue Star International FZCO	UAE	100.00	100.00
Blue Star North America INC	USA	100.00	-
Blue Star Europe BV	Netherlands	100.00	-

Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Joint Ventures	Country of Incorporations	% of equity interest	
		As at March 31, 2024	As at March 31, 2023
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	-	-
Blue Star Oman Electro-Mechanical Co. LLC**	Oman	-	-

Transactions during the year with Related Parties are as under:

Name of Related party	Currency	For the Year ended March 31, 2024	As at March 31, 2024	For the Year ended March 31, 2023	As at March 31, 2023
		Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star Limited					
Investment in equity shares	JPY	140,000,000.00	-	-	-
Shared service charges	JPY	12,004,710.00	(12,004,710.00)	-	-
Purchase of Equipment	USD	9,483.40	(9,483.40)	-	-