

July 10, 2023

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Ltd Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
BSE Scrip Code: 500067	NSE Symbol: BLUESTARCO

Dear Sir/Madam,

Sub: Intimation under Regulations 30 and 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') - Notice of 75th Annual General Meeting and Integrated Annual Report of the Company for the Financial Year 2022-23

This is further to our letter dated June 22, 2023 with respect to the 75th Annual General Meeting (the 'AGM') of the Members of the Company scheduled to be held on Thursday, August 3, 2023 at 3:30 p.m. (IST) through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') in compliance with the applicable circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI).

The schedule of remote e-voting facility is as under (both days inclusive):

Event	Day, Date and Time
Cut-off date for e-voting	Thursday, July 27, 2023
Commencement of remote e-voting	Monday, July 31, 2023 (9:00 a.m. IST)
End of remote e-voting	Wednesday, August 2, 2023 (5:00 p.m. IST)

Pursuant to Regulations 30 and 34 of the Listing Regulations, we are submitting herewith the Integrated Annual Report of the Company for the financial year 2022-23 along with the Notice of the 75th AGM, which is also being sent through electronic mode to all those Members whose email address are registered with the Company/Link Intime India Pvt Ltd (the "Registrar and Transfer Agent" of the Company)/Depository Participant(s) in accordance with the applicable circulars.

The aforesaid information is also being placed on the website of the Company at www.bluestarindia.com

Kindly take the same on records.

Thanking you,
Yours faithfully,
For **Blue Star Limited**



Rajesh Parte
Company Secretary & Compliance Officer

Encl.: a/a

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Notice of the Annual General Meeting

BLUE STAR LIMITED

CIN: L28920MH1949PLC006870

Registered Office: Kasturi Buildings

Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020

Tel: +91 22 6665 4000, www.bluestarindia.com

NOTICE is hereby given that the 75th Annual General Meeting (the 'AGM') of the Members of Blue Star Limited ('the Company') will be held on Thursday, August 3, 2023 at 3:30 p.m. IST through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM"), to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statement of the Company for the financial year ended March 31, 2023, along with the reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2023, together with the report of the Auditors thereon.
2. To declare a final dividend of ₹ 6 per equity share of ₹ 2 each of the Company for the financial year ended March 31, 2023.
3. To appoint a Director in place of Mr Rajiv R Lulla (DIN: 06384402), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution for re-appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, [including any statutory modification(s)

or amendment(s) thereto or re-enactment(s) thereof, for the time being in force] and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018) be re-appointed as the Statutory Auditors of the Company to hold office for a second term of 5 (five) consecutive years from conclusion of the 75th Annual General Meeting until the conclusion of the 80th Annual General Meeting of the Company, to be held for the financial year 2027-28, at such remuneration as may be determined by the Board of Directors."

B. SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration amounting to ₹ 13,00,000 (Rupees Thirteen Lakhs only) excluding out of pocket expenses and other applicable taxes, payable to M/s Narasimha Murthy & Co, Hyderabad, Cost Accountants, (Firm Registration No. 000042), who were appointed as the Cost Auditors of the Company, by the Board of Directors based on the recommendation of the Audit Committee to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2023, be and is hereby ratified and confirmed."

BLUE STAR LIMITED
Kasturi Buildings
Mohan T Advani Chowk
Jamshedji Tata Road
Mumbai 400 020

Date : July 4, 2023
Place : Mumbai

By Order of the Board of Directors

Rajesh Parte
Company Secretary & Compliance Officer
Membership No. A10700

NOTES:

1. Pursuant to the General Circular numbers 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 2/2022 dated May 5, 2022 and 10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (MCA) and Circular numbers SEBI/HO/CFD/CMD1/CIR/P/2020/79, dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023, issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC/OAVM, without the physical presence of members at a common venue. In compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN COMPLIANCE WITH THE CIRCULARS THE AGM IS BEING HELD THROUGH VC/OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM.**
3. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the 'Act') in respect of the Special Business specified under Item no. 5 of the accompanying Notice is annexed hereto. Further, additional information with respect to Item no. 4 is also annexed hereto.
4. Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and Secretarial Standard on General Meetings (SS-2), with respect to Director seeking appointment/re-appointment at the AGM, is annexed to this Notice.
5. Corporate Members intending to authorise their representatives to participate in the AGM through VC/OAVM on its behalf and to vote through remote e-voting/ during the AGM, pursuant to Section 113 of the Act are requested to send a certified copy of the relevant board resolution to the Scrutiniser by email through its registered mail addresses to bhaskar@nlba.in with a copy marked to evoting@nsdl.co.in.
6. The dividend, as recommended by the Board, if approved by Members at the Meeting, will be paid subject to deduction of tax at source ('TDS') to those Members whose names appear:
 - a) As Beneficial Owners as at the end of business hours on Friday, July 21, 2023 as per the list furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), in respect of the shares held in electronic form.
 - b) As Member in the Register of Members of the Company as at the end of business hours on Friday, July 21, 2023.
7. Pursuant to the provisions of Section 124 of the Act, the Unpaid/Unclaimed Dividend up to the financial year 2015-16 has been transferred by the Company to the Investor Education and Protection Fund (the 'IEPF') established by the Central Government and the underlying shares shall be transferred in accordance within the prescribed timelines.
8. Members can however, claim both, the unclaimed dividend amount and the shares transferred to IEPF, by making an online application to the IEPF Authority through Form IEPF-5 available on the website of the Authority www.iepf.gov.in and in the manner specified under IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016.
9. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, ECS mandate, nomination, power of attorney, change of address, change in name, etc, to their Depository Participants (DP). Members holding shares in physical form are requested to intimate the changes to the RTA of the Company. These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to the Members.
10. Members are advised to avail the facility for receipt of dividends through Electronic Clearing Services (ECS). The Reserve Bank of India has launched a facility for receipt of dividends through National Electronic Clearing Service, a centralised ECS operation to provide a wider network, which requires updating of new bank account details with the DP. You are therefore advised to update your bank details with your DP (in case of those who are holding shares in dematerialised mode) or the RTA (in case of those who are holding the shares in physical mode) at an early date in order to avail the facility in future.
11. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA of the Company.
12. Regulation 40 of the Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, vide its Circular dated January 25, 2022, has clarified that listed companies, with immediate effect, shall issue the securities only in demat mode while processing investor service requests pertaining to issuance of duplicate shares, exchange of shares, endorsement, sub-division/consolidation of share certificates, etc. In view of this as also to eliminate all risks associated with physical shares and for ease of portfolio

management, Members holding shares in physical form are requested to consider converting their holdings to demat mode.

13. Members are requested to follow the process detailed below for registration of email address, updation of bank account details and other KYC details:

Physical	SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, introduced common and simplified norms for processing investor's service request by Registrar and Transfer Agent(s) (RTAs) and norms for furnishing PAN, KYC details and Nomination. In the absence of any of the required documents in the folio, on or after October 1, 2023, the folio shall be frozen by the RTA. Accordingly, the RTA cannot process any service requests or complaints received from the holder(s)/claimant(s), till PAN, KYC and Nomination documents/details are updated. The details of KYC forms are as under:	
	Form for registration of PAN, email address, bank account details, mobile number, registered address and other KYC details or changes/update thereof	Form ISR-1
	Update signature of securities holder	Form ISR-2
	For nomination as provided in the Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014	Form SH-13
	Declaration to opt-out from nomination	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3)/ Change of Nominee	Form SH-14
The forms for updating the above details are available on the website of the Company under the weblink at https://www.bluestarindia.com/investors/shareholder-information . Members can download the forms to make their service request with RTA either by email to rnt.helpdesk@linkintime.co.in from the registered email id or by sending post to C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083. The Company in this regard sent individual letters to all the Members holding shares of the Company in physical form for furnishing the aforesaid details.		
Demat	Please contact your DP and register your email address, bank account details and other KYC details in your demat account, as per the process advised by your DP.	

14. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that

the dividend paid or distributed by a company after April 1, 2020 shall be taxable in the hands of shareholders. The Company shall therefore be required to deduct TDS at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961.

For Resident shareholders, TDS shall be deducted under Section 194 of the Income Tax Act, 1961 at 10% on the amount of dividend, where shareholders have registered their PAN with Depositories (for shares held in demat form) or with the Company/RTA (for shares held in physical form). Shareholders are requested to note that in case their PAN is not registered, TDS will be deducted at a higher rate of 20%. However, no TDS shall be deducted on the dividend payable to a resident Individual if:

- Total dividend to be received by them during financial year 2023-24 does not exceed ₹ 5,000; or
- The shareholder provides dully filled Form 15G (applicable to individual)/Form 15H (applicable to an Individual above the age of 60 years), provided that all the eligibility conditions are being met. PAN is mandatory for members providing Form 15G/15H.

Non-resident shareholders [including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)], can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits.

The aforesaid documents and declarations are required to be submitted to our RTA at its dedicated weblink at <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or send the scanned copies of the documents at the email address bluestardivtax@linkintime.co.in on or before Monday, July 10, 2023 by 5:00 p.m. No communication on the tax determination/deduction in respect of the final dividend shall be considered/entertained post July 10, 2023, 5:00 p.m. Shareholders may note that any queries in this respect should be addressed and sent to our RTA at its email address bluestardivtax@linkintime.co.in.

The Company has sent email communication to its Members regarding this change in the Income Tax Act, 1961 as well as relevant procedure to be adopted by the Members to avail the appropriate tax rate.

15. In compliance with the Circulars, the Annual Report for the financial year 2022-23 along with the Notice of the AGM of the Company inter alia indicating the process and manner of e-voting is being sent only through electronic mode to those Members whose email addresses are registered with the Company/DP. Members may note that the Annual Report and the Notice is also available on the Company's website at www.bluestarindia.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange

of India Ltd at www.bseindia.com and www.nseindia.com respectively and also on the website of NSDL at <https://www.evoting.nsdl.com>.

16. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
17. Members seeking any information with regard to the accounts or all documents referred to in the accompanying Notice and the Explanatory Statement will be available electronically for inspection by the Members during the AGM by sending an email request to secretarialdesk@bluestarindia.com. The same will be replied by the Company suitably.
18. Since the AGM will be held through VC/OAVM, the route map, proxy form and attendance slip are not annexed to this Notice of the AGM.

19. VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations and in terms of the SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide to its Members, facility to exercise their right to vote on resolutions proposed to be considered at the ensuing AGM by electronic means and the business may be transacted through e-voting services.
- II. The remote e-voting will be provided by NSDL which will commence from Monday, July 31, 2023 (9:00 a.m. IST) and end on Wednesday, August 2, 2023 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off

date of Thursday, July 27, 2023 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again. The facility for voting during the AGM will also be made available. Members present in the AGM through VC/OAVM and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

III. The details of the process and manner for remote e-voting and voting during the AGM are explained below:

Step 1: Access to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-voting system.





Step 1: Access to NSDL e-voting system

A. Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode

In terms of the SEBI circular dated December 9, 2020, on e-voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with depositories and depository participants. Shareholders are advised to update their mobile number and email id in their demat accounts in order to access e-voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>A. NSDL IDeAS facility If you are already registered for NSDL IDeAS facility,</p> <ol style="list-style-type: none"> 1. Please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. 4. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. 5. Click on options available against company name or e-voting service provider - NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting. <p>If the user is not registered for IDeAS e-Services,</p> <ol style="list-style-type: none"> 1. The option to register is available at https://eservices.nsdl.com/. 2. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>B. E-voting website of NSDL:</p> <ol style="list-style-type: none"> 1. After successfully registered on IDeAS, visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. 3. A new screen will open. You will have to enter your User ID (i.e. your 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. 4. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on options available against company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting. <p>C. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;">   </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi/Easiest, they can login through their user ID and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest is www.cdslindia.com and click on ‘New System Myeasi’. 2. After successful login on Easi/ Easiest, the user will also be able to see the e-voting Menu. The Menu will have links of e-voting service provider (‘ESP’) i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/ Easiest, option to register is available at: www.cdslindia.com 4. Alternatively, the user can directly access e-voting page by providing demat account number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile number and email as recorded in the demat account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers i.e. NSDL where the e-Voting is in progress.
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<ol style="list-style-type: none"> 1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once logged in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/Password are advised to use “Forget User ID” and “Forget Password” option available on the abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 022 – 4886 7000 and 022 – 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33

B. Login method for e-voting and joining virtual meeting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open the web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under

'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in physical form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 120213 then user ID is 120213001***

5. Password details for shareholders other than Individual Shareholders are given below:
 - a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c. How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, please follow the steps mentioned in process for those shareholders whose email id are not registered.
 6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
 - a. Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b. "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-voting will open.
- Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system.**
- How to cast your vote electronically and join General Meeting on NSDL e-voting system?**
1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of the Company, which is 120213 for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on 'VC/OAVM' link placed under "Join General Meeting".
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to rnt.helpdesk@linkintime.co.in.
2. In case shares are held in demat mode, please provide DP ID and Client ID (16-digit DP ID + CLIENT ID or 16-digit beneficiary ID), name of shareholder, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to rnt.helpdesk@linkintime.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholders may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020, on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-voting facility.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant board resolution/ authority letter, etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to

the Scrutiniser by email to bhaskar@nlba.in with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.

In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990/1800 224 430 or send a request at evoting@nsdl.co.in.

IV. INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. In case of any grievances connected with facility for e-voting on the day of AGM, please contact Ms Pallavi Mhatre, Senior Manager, at email id: evoting@nsdl.co.in.

V. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for Access to NSDL e-voting system. After successful login, you can see the link of "VC/OAVM link" placed under "Join General Meeting" menu against the company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through desktop/laptops for better experience. Further, Members will be required to allow camera and use internet with high-speed to avoid any disturbance during the meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore

recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

3. Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first-come-first-serve basis and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled time to start the AGM.
4. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of at least 1,000 Members on a first-come-first-serve basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve principle.
5. Members who need assistance before or during the AGM, can contact NSDL at evoting@nsdl.co.in or call on toll free no.: 1800 1020 990/1800 224 430 or contact Mr Amit Vishal, Assistant Vice President – NSDL or Ms Pallavi Mhatre, Senior Manager - NSDL at evoting@nsdl.co.in.
6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at agmspeakers@bluestarindia.com by Thursday, July 27, 2023 (5:00 pm IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

VI. OTHER INSTRUCTIONS:

- i. You can also update your mobile number and email ID in the user profile details of the folio which may be used for sending future communication(s).
- ii. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of Thursday, July 27, 2023.
- iii. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. Thursday, July 27, 2023, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting, then you can use

your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Thursday, July 27, 2023 may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”.

- iv. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories, as on the cut-off date shall only be entitled to avail the facility of remote e-voting or casting vote through e-voting during the AGM.
- v. Mr Bharat Upadhyay, Partner of M/s NL Bhatia & Associates, Practicing Company Secretaries (Membership No. 5436 and CP No. 4457) has been appointed as the Scrutiniser to scrutinise the remote e-voting process and e-voting during the AGM in a fair and transparent manner.
- vi. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiniser, to all those Members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
- vii. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the meeting and thereafter unblock the votes cast through remote e-voting and make, not later than two working days from the conclusion of the AGM, a consolidated scrutiniser’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- viii. The results declared along with the report of the Scrutiniser shall be placed on the website of the Company at www.bluestarindia.com and on the website of NSDL at www.evoting.nsdl.com immediately. The Company shall simultaneously communicate the results to BSE Limited and National Stock Exchange of India Ltd, where the shares of the Company are listed.
- ix. Subject to receipt of requisite number of votes, the resolutions proposed in the Notice shall be deemed to be passed on the date of the AGM, i.e. Thursday, August 3, 2023.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018), (hereinafter referred to as "Deloitte") were appointed as statutory auditors of the Company, for a period of 5 years, to hold office from conclusion of the 70th Annual General Meeting until the conclusion of the 75th Annual General Meeting of the Company to be held for the financial year 2022-23. In terms of the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the Company can appoint or reappoint an audit firm as statutory auditors for not more than 2 (two) terms of 5 (five) consecutive years. Deloitte is eligible for reappointment for a further period of five years.

Based on the recommendations of the Audit Committee, the Board of Directors at their meeting held on May 4, 2023, approved the reappointment of Deloitte as the Statutory Auditors of the Company to hold office for a second term of 5 (five) consecutive years from conclusion of the 75th Annual General Meeting until the conclusion of the 80th Annual General Meeting of the Company to be held for the financial year 2027-28. The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

Considering the evaluation of the past performance, experience and expertise of Deloitte and based on the recommendation of the Audit Committee, it is proposed to appoint Deloitte as Statutory Auditors of the Company for a second term of five consecutive years till the conclusion of the 80th Annual General Meeting of the Company in terms of the aforesaid provisions.

The Board of Directors recommend the ordinary resolution as set out at item no.4 of the Notice for the approval of the Members

None of the Directors, Key Managerial Personnel or their relatives are, financially or otherwise, concerned or interested in the said resolution.

BLUE STAR LIMITED
Kasturi Buildings
Mohan T Advani Chowk
Jamshedji Tata Road
Mumbai 400 020

Date : July 4, 2023
Place : Mumbai

Brief profile of Deloitte

Deloitte Haskins & Sells LLP, a Firm registered with the Institute of Chartered Accountants of India since 1983, is one of the member firms of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). Each DTTL member firm provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Deloitte Haskins & Sells LLP has a strong presence across 13 cities in India and serves several large listed and unlisted companies in various business sectors, including the sector in which the Company operates.

ITEM NO. 5

The Board of Directors of the Company, on the recommendation of the Audit Committee, had approved the appointment and remuneration of M/s Narasimha Murthy & Co, Hyderabad, Cost Accountants (Firm Registration No. 000042), to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2023 at a remuneration of ₹13,00,000 (Rupees Thirteen Lakhs only) excluding out of pocket expenses and applicable taxes. In terms of the provisions of Section 148 of the Companies Act, 2013 (the 'Act') read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

The Board of Directors recommend the ordinary resolution as set out at item no. 5 of the Notice for the approval of the Members.

None of the Directors, Key Managerial Personnel or their relatives are, financially or otherwise, concerned or interested in the said resolution

By Order of the Board of Directors

Rajesh Parte
Company Secretary & Compliance Officer
Membership No. A10700

Annexure to the Notice of the 75th Annual General Meeting of the Company

Profile of Director seeking re-appointment at the 75th Annual General Meeting

	Mr Rajiv R Lulla
Age	55 years
Director Identification Number (DIN)	06384402
Date of first Appointment	01.12.2016
Brief Resume (including profile, qualification, experience and expertise in specific functional areas)	<p>Rajiv R Lulla is a Founding Partner at Deep Blue Advisors, and the Founder of Voltaire Advisory Services, a technology-enabled financial services firm. He holds a Bachelor's Degree in Mechanical Engineering with Electronics from King's College, London, and a Master's Degree from Imperial College, London.</p> <p>Mr Lulla has over 25 years of experience primarily as an investment banker specialised in merger advisory and corporate finance, and has completed transactions representing a combined value in excess of USD 220 billion across multiple industry sectors and geographies. He has held senior global leadership roles at Merrill Lynch, the Credit Agricole Group, and Deutsche Bank, across multiple locations including New York, London, Paris and Hong Kong.</p>
Terms and conditions of re-appointment	Liable to retire by rotation
Remuneration last drawn (including sitting fees, if any)	<p>Remuneration drawn was within the overall limits paid to the Non-Executive Directors in accordance with applicable provisions of the Companies Act, 2013 and as approved by the Members.</p> <p>The details of remuneration paid to Mr Rajiv R Lulla for FY23 are stated in Corporate Governance Report which forms part of the Annual Report for FY23.</p>
Remuneration proposed to be paid	As per the Nomination and Remuneration policy of the Company
Shareholding in the Company	Nil
Relationship with other Director/ Key Managerial Personnel of the Company	None
No. of Board Meetings attended during the year	7/7
Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	<ul style="list-style-type: none"> ● Deep Blue Advisors Private Limited ● Voltaire Advisory Services Private Limited ● Voltaire Securities Private Limited ● Swift Audio-Video Entertainments Private Limited
Public Limited Companies in which Director is Member of the Audit and Stakeholders' Relationship Committee (including the Company)	None
Public Limited Companies in which Director is Chairman of the Audit and Stakeholders' Relationship Committee (including the Company)	None
Resignation details in the listed entities during the last three years	None



BLUE STAR



— BLUE STAR LIMITED —

A N N U A L R E P O R T

— 2022-23 —

FORWARD-LOOKING STATEMENTS

Certain statements in this report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes,' 'estimates,' 'anticipates,' 'expects,' 'intends,' 'may,' 'will,' 'plans,' 'outlook,' and other words of similar meaning in connection with a discussion of future operational or financial performance. Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised, and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



BLUE STAR

B U I L T O N T R U S T [®]

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BOARD OF DIRECTORS

Shailesh Haribhakti
Chairman

Vir S Advani
Vice Chairman & Managing Director

B Thiagarajan
Managing Director

Non-Executive Directors

Rajiv R Lulla

Sunaina Murthy

Dinesh N Vaswani

Independent Directors

Sam Balsara

Rumjhum Chatterjee (*up to April 25, 2022*)

Anil Harish

Anita Ramachandran (*w.e.f. June 13, 2022*)

Arvind K Singhal

COMPANY SECRETARY & COMPLIANCE OFFICER

Rajesh Parte

REGISTERED OFFICE

Kasturi Buildings,
Mohan T Advani Chowk,
Jamshedji Tata Road,
Mumbai 400 020.
Tel: +91 22 6665 4000
www.bluestarindia.com
CIN: L28920MH1949PLC006870

BANKERS

The Hongkong Shanghai
Banking Corporation Limited

ICICI Bank Ltd

Axis Bank Ltd

Standard Chartered Bank

IDBI Bank

Kotak Mahindra Bank Ltd

DBS Bank India Ltd

BNP Paribas

Bank of Baroda

HDFC Bank Ltd

Citibank NA

Qatar National Bank (Q.P.S.C.)

Yes Bank Ltd

AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants

INTERNAL AUDITORS

Grant Thornton Bharat LLP

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt Ltd
C-101, 247 Park, L B S Marg, Vikhroli (West),
Mumbai 400 083.
Tel: +91 22 4918 6000
Fax: +91 22 4918 6060
Website: www.linkintime.co.in



CORPORATE MANAGEMENT

Vir S Advani

Vice Chairman & Managing Director

B Thiagarajan

Managing Director

Shashi Arora

*President & Chief Operating Officer,
Cooling & Purification Appliances Group*

P Venkat Rao

*President & Chief Operating Officer,
Electro-Mechanical Projects &
Air Conditioning Solutions Group*

Neeraj Basur

Group Chief Financial Officer (up to May 31, 2022)

Nikhil Sohoni

Group Chief Financial Officer (w.e.f. July 1, 2022)

C Haridas

*Executive Vice President,
Sales and Marketing & Customer Service,
Cooling & Purification Appliances Group*

Wilson Jebaraj

*Executive Vice President,
Electro-Mechanical Projects & Customer Service*

V S Ashok

Chief Human Resources Officer

Suresh Iyer

Chief Information Officer

Sheetal M Kulkarni

*Vice President - R&D and Technology,
Commercial Air Conditioning & Refrigeration*

Jagadeeswara Rao E

*Vice President,
Electro-Mechanical Projects (Factories & Data Centres)*

M Srinivas Reddy

*Vice President,
Commercial Refrigeration Business*

Nithianand S

*Vice President - Procurement & Supply Chain,
Cooling & Purification Appliances Group*

Senthil Thangam

*Vice President,
Commercial Air Conditioning Business*

SUBSIDIARY COMPANIES

Blue Star Engineering & Electronics Limited

Prem Kalliath

Chief Executive Officer

Devashish Banerjee

Chief Operating Officer - Industrial Solutions

Bijal Shah

Chief Operating Officer - MedTech Solutions

Blue Star International FZCO

Dawood Bin Ozair

Chief Executive Officer (up to February 28, 2023)

Mohamed Abbas Miraj

Chief Operating Officer (w.e.f. March 1, 2023)

Blue Star Climatech Limited

Devidas Kasbekar

Chief Executive Officer (w.e.f. January 1, 2023)

Blue Star North America Inc.

Thomas F Overs

Chief Executive Officer

Blue Star Europe B.V.

Jason Tinsley

Vice President - Sales (U.K. and Europe)

LETTER FROM THE CHAIRMAN



SHAILESH HARIBHAKTI
Chairman of the Board

Dear Shareholders,

It gives me immense pleasure to write to you in my fifth year as the Chairman of Blue Star Limited.

FY23 Results

As you are aware, Blue Star delivered outstanding financial results in FY23, and it is right to term it as an “orbit shifting all-round performance.” The Company accomplished several new milestones, migrating to a new level in terms of revenue and profits; launching new products and services; enlarging its geographical reach and distribution footprint; enhancing customer service and employee engagement; deepening its commitment to sustainability, social obligations and corporate governance; and all of this contributing to significant shareholder value creation.

Total Income of ₹ 8,008.19 crores and Operating Profit of ₹ 492.78 crores for the fiscal year 2022-23 represented a record performance delivered under challenging circumstances - the war between Russia and Ukraine, slowing down of major economies across the globe, weakening of Indian Rupee, continued supply chain disruptions, inflation, and a higher interest cost burden.

In my first letter to you as the Chairman of Blue Star in June 2019, I had stated, *“With its strong fundamentals, a remarkable portfolio of highly differentiated products and services, steady adoption of latest technologies and the pool of highly talented people, Blue Star will continue to grow and deliver value to its stakeholders! I am excited about the prospects for Blue Star!”* I am glad that the Company has come good on the above promise, continues to invest in enhancing its capabilities, and is pursuing its next phase of growth.

Resilience & Agility

Driven by the Government’s investments in infrastructure, the revival of the private sector capex cycle and robust household consumption, the Indian economy has held up well, and the demand for our products and services remained strong, albeit under the cloud of uncertainty as to whether and when economic growth will be impacted by the global slow down. Under the circumstances, the short-term as well as medium-term planning remained a challenge. Most importantly, the uncertainties pertaining to the deadline for the non-tariff barrier (Quality Control

Order) applicable to the import of certain components made inventory and production planning a complex exercise. As you are aware, Blue Star is built on strong fundamentals, and the Company demonstrated that it is agile and resilient with the ability to course-correct its strategy with disciplined execution and result orientation.

B2B and B2C Business Portfolio

While the Room Air Conditioners business is highly dependent on a strong summer season, the Electro-Mechanical Projects and Commercial Air Conditioning businesses are dependent on the construction cycle. The Commercial Refrigeration business is linked to consumption and the Professional Electronics, and Industrial Systems business is linked to the broader capex cycle. Blue Star’s strategy is to invest in and build both B2B and B2C businesses as strong engines of growth. You will be happy to note that in a significant development, the B2B businesses returned to an accelerated and profitable growth path in FY23.

Corporate Governance

High standards of compliance, tight internal financial controls, rigour in risk management, long-term shareholder value creation, attention to the interests of minority stakeholders, excellence in stakeholder relationship management, focus on environmental and social obligations, setting aspirational goals and enabling the enterprise to be future-ready are the cornerstones of good corporate governance. The Annual Report for the fiscal year 2022-23 also includes Business Responsibility and Sustainability Reporting disclosures. As a three-time winner of the Golden Peacock Award for Excellence in Corporate Governance and two-time winner of the Golden Peacock Award for Risk Management, I am pleased to report that Blue Star’s pursuit is to remain ahead of the curve.

Environment and Sustainability

With every passing year, the call for urgent and focused action to tackle climate change is growing, and many international and domestic regulations are being introduced. For example, many more products are being brought under the Energy Labelling programme of the Government of India. E-waste regulations are being extended to many products, and in our case,

room air conditioners and deep freezers are covered under these regulations. As a step towards achieving its long-term goal of reaching net-zero by 2070, India now stands committed to reducing the emissions intensity of its GDP by 45% by 2030. I have always held the view that sustainability regulations and the obligations arising therefrom offer both opportunities and risks to business enterprises. It is, for this reason that the International Sustainability Standards Board (ISSB) has recently published 2 final standards IFRS S1 and IFRS S2 which will require companies to disclose both sustainability-related and climate-related risks and opportunities. These standards aim to institutionalise the sustainability disclosures as an integral part of the financial reporting.

As I had shared with you in the past, Blue Star is committed to environmental sustainability, and the Company has always remained a front-runner in developing and introducing energy-efficient and environment-friendly products for more than two decades. The Company plays a pivotal role in the preservation of perishables such as fruits, vegetables, meat seafood and dairy products as well pharmaceuticals and vaccines. Another area of focus is the circular economy, and Blue Star's portfolio includes recycling, retrofitting, refurbishment, as well as life extension of not only air conditioning and refrigeration equipment, but also medical diagnostic devices such as MRIs and CT scanners. In FY23, the new deep freezer manufacturing facility at Wada received the Platinum Green Factory rating from the Indian Green Building Council. The Blue Star Innovation Centre at Thane secured Platinum Green Interiors rating. Blue Star Climatech's Sri City Plant in Andhra Pradesh is due to receive Green Building certification soon. The Company has begun work on its Net Zero Mission, and the plan is to identify areas where it can reduce carbon emissions under Scope 1 & 2, and drive decarbonisation in a phased manner. I am also proud of the fact that Blue Star will emerge as a significant decarbonisation player in the exports market, offering sustainable heating and cooling products and solutions in the coming years.

Bonus Shares

As you are aware, taking into consideration the record all-round performance in FY23 and the long-term prospects for the Company, the Board of Directors, in its

meeting held on May 4, 2023, had recommended a bonus issue of 1 (One) equity share for every 1 (One) existing equity share to the shareholders subject to necessary approvals. I am pleased to inform you that all the procedural formalities were completed one week ahead of the deadline by the Blue Star team, and the shares allotted under bonus issue were admitted for trading by the stock exchanges with effect from June 27, 2023.

Conclusion

In his letter to the shareholders in 2018, in his capacity as the Chairman of the Company, Mr Suneel M Advani had laid out six clear strategic objectives that the Company intended to accomplish by FY21, and these were:

- Growing faster than the market
- Improving profitability through backward integration
- Harnessing the power of digital technologies for greater customer intimacy and efficiency
- Differentiating ourselves through excellence programmes
- Continuing to improve our return on capital employed
- Investing in human capital

I succeeded Mr Suneel M Advani as the Chairman in 2019, and I am delighted to report that despite the time lost during the COVID-19 pandemic, the Company not only pursued the above objectives, but also embraced a couple of more goals, namely, enhancing R&D and innovation capabilities and expanding the global footprint. I wish to compliment each and every employee of Blue Star for their perseverance and the continued commitment to the strategic direction. I believe the Company has made significant progress towards accomplishment of these eight goals.

In my last letter, I wrote, *"Our medium-term goal is to grow the Company's revenue from the current ₹ 6,000 crores to over ₹ 10,000 crores."* I am glad that FY23 was a rewarding year, and that we are moving in the right direction.

Our journey continues, and I can say with confidence that Blue Star will continue to excel!

Yours sincerely,

Shailesh Haribhakti



VISION

**TO DREAM, TO STRIVE,
TO CARE, AND ABOVE ALL,
TO BE THE BEST IN
EVERYTHING WE DO.**

LETTER FROM THE VICE CHAIRMAN & MANAGING DIRECTOR



VIR S ADVANI
Vice Chairman & Managing Director

Dear Shareholder,

It is indeed a pleasure to write to you on the heels of having delivered exceptional results in the fiscal year ended March 31, 2023, and at a time when Blue Star has entered its 80th year of operations.

In my letter to you five years ago, in the Company's 75th year, reflecting on FY19 and beyond, I had stated the following:

"While we have made good progress, we are also aware of the fact that we live in a very volatile, uncertain, and competitive world, which mandates that we be resilient and future ready. This, in my view can be achieved by primarily focusing on profitable growth, for which, we need to have a clear sense of purpose, build scale, become self-reliant in terms of technology and backward integration, differentiate our offerings, and strengthen our brand across geographies."

The entire Board and each and every employee of Blue Star are focused on and committed to the above principles. The results are there to see with the numbers speaking for themselves.

In the same letter, I also wrote:

"We have reinvented ourselves time and again to meet the dynamic challenges of the marketplace by being agile and responsive; and will continue to do so in future. I believe that we deserve to have a place in the global arena as leaders and are determined to put Blue Star on a strong foundation as we commence our journey for the next phase of growth from the Platinum Jubilee to the Centenary."

At that time, none of us were aware that there would be a major disruption a couple of years later in the form of a pandemic, just at the time when we were gaining momentum. It is through agility and responsiveness, conviction and commitment, diligence and determination that we bounced back in FY22. And thereafter, went on to accelerate in FY23, closing the

fiscal on a strong note with record revenue and profits, a strong balance sheet, and a robust carried forward order book.

Consolidated Financial Performance FY23

Blue Star reported a Total Income of ₹ 8,008.19 crores for the year ended March 31, 2023, representing a growth of 31.3% over the previous year. Revenue from Operations for FY23 was ₹ 7,977.32 crores, compared to ₹ 6,064.08 crores during FY22, representing a growth of 31.6%.

The Operating Profit (PBIDTA excluding Other Income and Finance Income) for the year was ₹ 492.78 crores (6.2% of revenue) compared to ₹ 346.47 crores (5.7% of revenue) in FY22. Despite sharp escalation in input costs due to persistent supply chain disruptions and the depreciation of Indian Rupee, we managed to improve the Operating Margin by 50 basis points.

Prudent cash management ensured that the net borrowing as of March 31, 2023, was at a reasonable level of ₹ 204.43 crores (debt equity ratio of 0.15 on a net basis) compared to ₹ 67.14 crores (debt equity ratio of 0.07 on a net basis) as of March 2022, after making significant investments in manufacturing capacity expansion projects and higher inventory holding to prepare for the upcoming season. Return on Capital Employed was a healthy 33.9%.

The Carried Forward Order Book as on March 31, 2023, grew by 55.0% to a record ₹ 5,042.27 crores, compared to ₹ 3,253.30 crores as of March 31, 2022.

Notably, we gained market share in every product segment.

Business Segments

We embarked on a mission to enter several new market segments in the Electro-Mechanical Projects business. We had expanded our distribution reach in Commercial Air Conditioning Systems business with

an energy-efficient and innovative range of chillers, VRFs and ducted inverter air conditioning systems, backed by world-class after-sales service offerings. These initiatives helped us to grow revenue in this segment by 25.3% to ₹ 4,015.63 crores in FY23 compared to ₹ 3,204.49 crores in FY22, with healthy order inflows from diverse segments such as Buildings, Metro Railways, Factories, Data Centres, and Railway Electrification. The Segment Result for FY23 grew by 42.1% to ₹ 276.78 crores (6.9% of Revenue) compared to ₹ 194.82 crores (6.1% of Revenue) in FY22.

Aided by a strong summer season, our rejigged product portfolio of affordable premium and affordable room air conditioners, expanded distribution network specifically in the Northern Region, and a new and expanded range of indigenously manufactured commercial refrigeration products, revenue from the Unitary Products segment grew by 38.8% to ₹ 3,626.93 crores in FY23 compared to ₹ 2,612.24 crores in FY22. The Segment Result grew by 81.1% to ₹ 282.31 crores (7.8% of Revenue) in FY23 compared to ₹ 155.86 crores (6.0% of Revenue) in FY22.

In the Professional Electronics and Industrial Systems Business segment, with the revival of the private capex cycle, revenue grew by 35.3% to ₹ 334.76 crores in FY23 compared to ₹ 247.35 crores in FY22. The Segment Result grew by 18.9% to ₹ 50.50 crores in FY23 (15.1% of Revenue) compared to ₹ 42.49 crores (17.2% of Revenue) in FY22.

Expanding Global Footprint

The Company has a modest presence in the Middle East, Africa, and South Asia regions. As I had shared in my letter to you last year, we are not only consolidating our presence in these markets with deeper market penetration and a wider range of products but are also planning to enter North America and Europe. As you are aware, we have set up wholly owned subsidiaries in these geographies. We are progressing well, and we are confident of becoming an eminent player in these global markets.

Manufacturing Capacity Expansion

In order to meet the growing demand and as a part of a localisation and supply chain de-risking programme, significant investments are being made in the expansion of our manufacturing capacity. The initiative is aligned to the Government of India's Atmanirbhar Bharat programme, and we are also participating in the Production Linked Incentive (PLI) scheme for components and sub-assemblies for room air conditioners.

The Company's new cutting-edge manufacturing facility at Wada, with an investment of around ₹ 130 crores, caters to the production of deep freezers and water coolers. It can produce 2,00,000 deep freezers and 1,00,000 storage water coolers per annum.

Blue Star Climatech Limited, the Company's wholly owned subsidiary, has set up a Room Air Conditioner manufacturing facility in Sri City, Andhra Pradesh. This state-of-the-art facility is equipped with several Industry 4.0 automation techniques and IoT tools. With an investment of ₹ 350 crores in the first phase, it has a capacity to produce 3,50,000 room air conditioners. The facility will be scaled up to 16,00,000 room air conditioners in a phased manner.

Focus on R&D and Innovation

Blue Star has always remained ahead of the curve in developing and launching energy-efficient and environment-friendly products and solutions. Further, several localisation and backward integration initiatives call for additional R&D efforts. With many market segments and customer segments growing, several new products are being developed. Our foray into international markets is contingent upon new product development for the respective markets conforming to the regulatory standards prevailing there.

We inaugurated a world-class innovation centre in Thane in FY23, and the generous grant of ₹ 100 crores spread over five years announced by Mr Ashok M Advani, Chairman Emeritus & Promoter of Blue Star Limited, will contribute significantly to fast-track our R&D efforts.

Gold Standard Service

We continue to invest in our customer service operations under the Gold Standard Service mission. Investments have been made in numerous digital initiatives, including remote monitoring and diagnostics services. We are also expanding our after-sales service network in Tier 2, 3, 4 and 5 cities and towns and we now have a presence in more than 3,900 towns.

Our wholly owned subsidiary, Blue Star Engineering & Electronics Limited, has commissioned a medical diagnostic equipment refurbishment facility at Bhiwandi, Maharashtra. This state-of-the-art facility is fully equipped to refurbish a wide array of pre-owned medical diagnostic imaging systems, to boost affordable healthcare infrastructure in India.

Brand Equity

Blue Star is an organisation built on eight decades of trust of our stakeholders, and the value proposition of the brand is “Built on Trust.” We continue to make investments in strengthening brand salience amongst the target audience through integrated marketing communication including extensive digital marketing initiatives. Cricket superstar Virat Kohli continues to be Blue Star’s brand ambassador symbolising trusted best-in-class performance across all formats over a long period of time.

Digital Edge

In pursuit of remaining ahead of the curve, Blue Star’s new digitalisation initiatives are focused on data analytics and Industry 4.0. Our investments are centred on customer experience enhancement and more recently on digitally integrating and enabling the distribution channel. We have made investments in Robotic Process Automation programmes to enhance control and governance. Most importantly, we are enhancing our information and cyber security with a ‘Cloud First’ strategy.

People Matter

Blue Star’s success is a result of the people who drive our ambitions; they are our most important assets. In FY23, our focus was on capability building and we made investments in quite a few developmental programmes in technical, managerial and leadership skill-building. We have a robust Succession Planning process in place, with the Nomination and Remuneration Committee overseeing the top management leadership pipeline. Blue Star is committed to gender equity and equal opportunities based on meritocracy. We are proud of our rich and diverse workforce and will continue to drive this culture.

I am delighted to report that the Company has been certified as a Great Place to Work® once again with a Trust Index score of 81, up from the FY19 index of 75.

Conclusion

FY24 is the year in which Blue Star will complete 80 years, an important milestone in our journey towards our Centennial. India is the fastest growing economy and along with many Indians, I strongly believe that it is going to be India’s decade. As I had stated in my letter to you last year, I believe that the years ahead will indeed be an exciting period of profitable growth for the Company. Of course, there will be several challenges along the way and some of them may be new. With our strong credentials and a team of talented and competent professionals, channel partners and business associates, all of whom share a common vision supported with a robust governance mechanism and most importantly your faith in our capabilities, I have no doubt that we will seize the emerging opportunities and place Blue Star in a much stronger position.

And I cannot express in words how excited my colleagues in Blue Star, and I are to be a part of the above mission!

Yours sincerely,

Vir S Advani

BLUE STAR LIMITED

BOARD OF DIRECTORS



*Sitting (L to R): Vir S Advani, Anita Ramachandran, Shailesh Haribhakti, Sunaina Murthy, B Thiagarajan
Standing (L to R): Rajiv R Lulla, Dinesh N Vaswani, Arvind K Singhal, Anil Harish, Sam Balsara*

CHAIRMEN EMERITI



ASHOK M ADVANI
Chairman Emeritus

Ashok M Advani is an MBA from the Harvard Graduate School of Business Administration, an Electrical Engineer from MIT, USA, and a BSc (Honours) from Mumbai University. His professional career with Blue Star spanned more than 47 years, including 33 years as Chairman. During this period, revenues multiplied more than 400 times and the Company established itself as a leader in the Air Conditioning and Commercial Refrigeration industry in India. He retired from the Board in November 2016. In recognition of his long and distinguished leadership of Blue Star, he was appointed Chairman Emeritus and is an invitee at Board Meetings. He continues his association with the Company as an Advisor to the Board and the Executive Management.



SUNEEL M ADVANI
Chairman Emeritus

Suneel M Advani is a double graduate in Electrical Engineering and Economics from MIT, USA. He also holds an LLB degree from Mumbai University.

Mr Advani spent his entire working career in Blue Star, joining as a Management Trainee in 1969 and moving up steadily to President and Vice Chairman in 1984. He retired from his executive position in 2014, and was designated Vice Chairman of the Board. He was elevated to Chairman of the Board from December 2016. After spending 50 years in the Company including 36 years on its Board, he retired as Chairman of the Board on March 31, 2019. In recognition of his long and exemplary leadership of Blue Star, he was appointed Chairman Emeritus on April 1, 2019. He continues his association with the Company as an Advisor to the Board and the Executive Management.

Mr Advani established Blue Star's presence in computer software development and export, and when this division was spun off to become Blue Star Infotech Ltd in 2000, he assumed the position of Chairman there and later, Managing Director as well, in addition to his responsibilities in Blue Star. In the span of his career, Mr Advani formed many joint ventures with global majors such as HP, Motorola and Stork-Comprimo in the hi-tech area, and with Indian entities in the air conditioning ancillaries field. For Blue Star and Blue Star Infotech, he conceived and completed several corporate acquisitions. Over the years, he served on the managing councils of several industry and trade bodies, such as CII, and is the founder and a Past President of the Refrigeration and Air Conditioning Manufacturers' Association (RAMA).

BOARD OF DIRECTORS



SHAILESH HARIBHAKTI
Chairman

Shailesh Haribhakti is a renowned Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner, and Fraud Examiner, with over five decades of experience. Mr Haribhakti is the Chairman of Shailesh Haribhakti & Associates Chartered Accountants, and the Vice Chairman of GOvEVA Consulting Pvt Ltd. He has been conferred with the Global Competent Boards Designation (GCB.D) by Competent Boards Inc, Canada. He has also been presented with the honorary PhD title of "Doctor of Letters" by ITM University. He has been awarded the 'Vivekananda Sustainability Award – 2022' by Vivekananda Youth Connect Foundation.

A proponent of a clean and green environment, he is credited to have successfully established the concept of 'Innovate to Zero' and technology enabling CSR/ESG/ Sustainability.

In the space of dispute settlement and arbitration, he has demonstrated his expertise as Expert Witness and Valuer in both domestic and international jurisdictions. He represented India on the Standards Advisory Council (SAC) of the International Accounting Standards Board (IASB) in London for two years. He worked with Polish Business Advisory Services (PBAS), an affiliate of IFC Washington, to establish Activity-based costing and Strategic Planning Processes in Polish SMEs.

In addition, Mr Haribhakti is currently the Non-Executive Chairman of the Board of Blue Star Limited, Cynergis Infotech India Pvt Ltd, Protean e-Gov Technologies Ltd, and Chairman of IBS Fintech India Pvt Ltd, Planet People & Profit Consulting Pvt Ltd, and YCWI Green Solutions Pvt Ltd.

He is also a Board Member of several leading companies including Adani Total Gas Ltd, Bajaj Electricals Ltd, Bennett Coleman and Company Ltd (Times Group), Brookprop Management Services Pvt Ltd (a Brookfield REIT), Future Generali India Life Insurance Company Ltd, Gaja Trustee Company Pvt Ltd (Gaja Capital Group), L&T Finance Holdings Ltd, and Torrent Pharmaceuticals Ltd, amongst others.

In recent times, some prominent Boards and Board Committees led by him have been recognised with coveted awards, which speak of his penchant for excellence in the areas of corporate governance and sustainability.

He has been associated with many management institutions as well as industry and professional forums. He has led the Bombay Management Association; Institute of Internal Auditors, Bombay Chapter; Western India Regional Council, Institute of Chartered Accountants of India; Indian Merchants Chambers; Financial Planning and Standards Board, India; and Rotary Club of Bombay; over the last many decades. He has served on the Securities and Exchange Board of India (SEBI)'s Committee on Disclosures and Accounting Standards and Takeover Panel and was Chairman of the NPS (National Pension Scheme) Trust from 2015-2017.



VIR S ADVANI
Vice Chairman &
Managing Director

Vir S Advani holds Bachelor's Degrees in Systems Engineering and in Economics from the University of Pennsylvania. He has also completed a comprehensive Executive Management Program at Harvard Business School.

Mr Advani, after a 2-year working stint in private equity in New York, joined Blue Star Infotech Ltd in 2000 and then founded Blue Star Design and Engineering Ltd in 2003, designated as its Chief Executive Officer. In 2007, he moved to Blue Star as Vice President–Corporate Affairs and later became Executive Director in 2010. In April 2016, Mr Advani was appointed as the Managing Director of the Company, and in April 2019, he was elevated to Vice Chairman and redesignated as Vice Chairman & Managing Director. In his enhanced role, Mr Advani is the primary interface between the Board and the Executive Management, and directly oversees the Professional Electronics & Industrial Systems business, International Operations, Corporate Finance, Corporate Human Resources, Information Technology and Corporate Planning.

Mr Advani is active in the Confederation of Indian Industry (CII), where he is an elected member of the CII National Council and is the Chairman of the International & Trade Policy Council.



B THIAGARAJAN
Managing Director

B Thiagarajan holds a Bachelor's Degree in Electrical and Electronics Engineering from Madurai University. He has also completed the Senior Executive Program of London Business School. He has more than four decades of experience, having worked for reputed companies such as Larsen & Toubro Ltd, BPL Systems Ltd and Voltas Ltd, prior to joining Blue Star in 1998.

Mr B Thiagarajan has handled various assignments within Blue Star in Service Business, Corporate Communications & Marketing and Corporate Affairs & Planning before he was promoted as President–AC&R Products Group in 2009. He was elevated to the Board in 2013. He was appointed as Joint Managing Director in 2016, and with effect from April 1, 2019, he has taken charge as Managing Director. He currently oversees the Air Conditioning and Refrigeration business operations in India geography, including Sales & Marketing, Manufacturing, Supply Chain and Customer Service. He also oversees Corporate Communications and Public Relations functions.

Mr B Thiagarajan plays an active role in various industry fora and is the Past President of Refrigeration and Air Conditioning Manufacturers Association (RAMA). He is the Past Chairman of CII Western Region and CII Maharashtra State.

He is currently a member of the CII National Council and chairs the CII National Committee on Consumer Electronics and Durables and CII Task Force on Rural Development and Migrant Work Force. He is a Senior Fellow and the National Vice Chairman of the Indian Green Building Council.



SAM BALSARA
Independent Director

Sam Balsara is Chairman of Madison World, which is amongst India's largest media and communication agencies. He holds a Bachelor's Degree in Commerce and a Post Graduate Diploma from Jamnalal Bajaj Institute of Management Studies. He has more than 50 years of extensive experience in marketing, advertising and media. Mr Balsara started his career at Sarabhai's in 1972, with stints thereafter at Cadbury India Ltd, Contract Advertising Company (WPP), and Mudra Communications, before founding Madison in 1988.

Mr Balsara has won many accolades such as 'The Most Influential Person in Media' by Economic Times-Brand Equity for 10 consecutive years; IAA Leadership Award for Media Agency Professional of the Year, 2013; 'Lifetime Achievement Award' in 2009 from Advertising Agencies Association of India; and has been a jury member at the International Festival of Advertising in Cannes in 2005 as well as 2014; to name a few. He has held prestigious positions in several associations such as President of AAAI of which he continues to be an Executive Committee member; and Chairman of The Advertising Standards Council of India, 2000-2001, and presently its Advisor; amongst others. Mr Balsara joined the Blue Star Board in June 2017.



ANIL HARISH
Independent Director

Anil Harish is a Partner at the law firm, D M Harish & Co, and his practice includes many diverse areas of law including Property, Exchange Control, Foreign Investments, Trusts, Wills, and Indian as well as International Taxation. He has been on the Managing Committee of Indian Merchants Chamber, Chamber of Tax Consultants, and ITAT Bar Association. He has also been an office bearer of several institutions in the legal field, such as the Society of Indian Law Firms, of which he was the Vice President. Mr Harish has been ranked by the prestigious legal directory of Chambers & Partners as a leading tax lawyer. He has authored several articles which have been published in leading newspapers and professional journals.

Mr Harish joined the Board of Blue Star in November 2017. He is also a director of other reputed companies including Hinduja Global Solutions Ltd and NDL Ventures Limited. He is also involved with a number of educational and charitable trusts and is a Trustee of the Hyderabad (Sind) National Collegiate Board.



RAJIV R LULLA
Non-Executive Director

Rajiv R Lulla is a Founding Partner at Deep Blue Advisors, and the Founder of Voltaire Advisory Services, a technology-enabled financial services firm. He holds a Bachelor's Degree in Mechanical Engineering with Electronics from King's College, London, and a Master's Degree from Imperial College, London.

Mr Lulla has over 25 years of experience primarily as an investment banker specialised in merger advisory and corporate finance, and has completed transactions representing a combined value in excess of USD 220 billion across multiple industry sectors and geographies. He has held senior global leadership roles at Merrill Lynch, the Credit Agricole Group, and Deutsche Bank, across multiple locations including New York, London, Paris and Hong Kong.



SUNAINA MURTHY
Non-Executive Director

Sunaina Murthy joined the Blue Star Board with effect from April 1, 2019. She holds a Bachelor's degree in Molecular Genetics from the University of Rochester, and a Master's degree in Biotechnology from Northwestern University. She began her career as a cancer researcher at the University of Pennsylvania, and then worked at a venture capital firm specialising in life sciences. Thereafter, she co-managed a USD 3 billion healthcare fund for AIM Capital Management, USA, where she made investments in publicly traded companies in the areas of biotechnology, medical devices, pharmaceuticals, hospitals and other healthcare services. Since moving back to India in 2006, she has and continues to consult for US and India based venture capital firms who invest in the life sciences and healthcare sectors, and for companies in the life sciences space. She has been serving on the Board of Trustees of the Blue Star Foundation since the last 11 years.



ANITA RAMACHANDRAN
Independent Director

Anita Ramachandran, a well-known HR expert in the country having over 40 years of experience as a management consultant, joined Blue Star as an Independent Director with effect from June 13, 2022. Anita has done her Master's in Business Administration (MBA) from the Jamnalal Bajaj Institute of Management Studies, Mumbai, and has won several academic honours.

Commencing her career in the Management Consultancy division of AF Ferguson & Co at Mumbai in 1976 as the first woman consultant in the firm, Ms Ramachandran worked across a wide range of areas such as Industrial Market Research, Strategy, and Human Resources, amongst others, in various parts of the country and was finally a director of the firm. After a successful stint of 19 years with the firm, she founded Cerebrus Consultants in 1995 to focus on HR advisory services, including Organisation Transformation. Cerebrus has over the last 26 years worked with over 800 companies in South Asia on a wide variety of HR projects covering Organisation design, Organisation transformation, Rewards and Leadership development. It has a large portfolio of work in Bangladesh and Sri Lanka besides India.

Ms Ramachandran is known as an authority in Rewards Management in the country and her work in the compensation and rewards area is well recognised. Apart from being a strategic advisor to many family groups, she works with several PE firms and start-ups to mentor them through their growth journey.

Ms Ramachandran has been an Independent Director on the Boards of several companies from across sectors for the last 20 years. She is currently on the Board of several reputed companies such as Grasim, Metropolis Healthcare, Happiest Minds, and FSN E-commerce, amongst others.

Ms Ramachandran supports many organisations in the social sector through pro bono professional work and remains deeply committed to work with women. She has been in the past, Chairperson of TiE Women, and on the Executive committee of TiE Mumbai, as well as was earlier on the Advertising Standards Council of India.



ARVIND K SINGHAL
Independent Director

Arvind K Singhal is the Founder & Chairman of Technopak Advisors, one of India's leading management consulting firms focusing on four key sectors that include Consumer Products & Retail, Textiles & Apparel, Food & Food Services, and Education & Skills Development. He is also an Independent Director on the Boards of Welspun India, Greaves Cotton Limited, and Metro Brands Limited. He is also serving on the Advisory Boards of Dubai headquartered Apparel Group, and West Africa headquartered Group SNS. He holds an Engineering Degree from IIT-Roorkee (Electronics & Communication), which has also recognised him as a 'Distinguished Alumnus,' and an MBA (Finance & Marketing) from UCLA, USA. He joined the Blue Star Board with effect from February 5, 2019.



DINESH N VASWANI
Non-Executive Director

Dinesh N Vaswani is the Founder and Managing Director of Acuitas Capital Advisors Pvt Ltd, a multi-family investment office that advises families on their investments. He has over three decades of experience in both investing in and operating companies in India and the US. He holds an MBA from the Wharton School of Business and a BBA cum laude from the University of Texas at Austin. Mr Vaswani was a Managing Director at Temasek Holdings Advisors India Pvt Ltd, established Bessemer Venture Partners' operations in India, and was CEO of Blue Star Infotech, USA. He has served on a number of Boards of public and private companies including Firstsource, Mindtree, Venture Infotech, and Borosil.

THE BLUE STAR WAY

- Be a company that is a pleasure to do business with.
- Win our people's hearts and minds.
- Continuously improve shareholder value.
- Give primacy to meritocracy and professional management.
- Place the Company's interest above one's own.
- Conduct business with personal integrity and ethics.
- Treat business partners as respected members of our organisation.
- Encourage learning, experimentation and innovation in what we do.
- Ensure high standards of corporate governance.
- Work in a boundary-less manner between various functions to provide the best solutions to customers.
- Be a good corporate citizen.



BLUE STAR

BUILT ON TRUST™

GROWING NUMBERS, SUSTAINABLY

INTEGRATED REPORT 2022-23

Financial Capital | Manufactured Capital |
Intellectual Capital | Human Capital |
Relationship Capital | Social and Natural Capital



ENHANCED VALUE CREATION

SOCIAL AND NATURAL CAPITAL

Significant lives benefitted through CSR outreach; Numerous measures undertaken to protect the environment such as the use of eco-friendly refrigerants



RELATIONSHIP CAPITAL

4,040 Channel Partners;
1,251 Service Associates



HUMAN CAPITAL

People strength 3,132;
9% female employees
across levels and roles in
the management cadre



INTELLECTUAL CAPITAL

R&D spend of ₹ 74 crores



MANUFACTURED CAPITAL

7 state-of-the-art manufacturing facilities across Himachal Pradesh, Dadra, Ahmedabad, and Wada, including the Company's 100% subsidiary Blue Star Climattech Limited's Sri City facility



FINANCIAL CAPITAL

Revenue from Operations of ₹ 7,977.32 crores, a growth of 31.6%;
Operating Profit of ₹ 492.78 crores, a growth of 42.23%



COMPANY OVERVIEW



Through its products and service offerings which cool, purify, and preserve the three things that life depends upon – air, food, and water, Blue Star touches the daily lives of people in India and across the globe.



Blue Star's new manufacturing Plant at Wada

INDIA'S PRIDE!

80 YEARS OF LEADERSHIP IN TECHNOLOGY IN INDIA

Incorporated in 1943, Blue Star is a leading Heating, Ventilation, Air Conditioning and Commercial Refrigeration (HVACR) Company with an almost eighty-year legacy today. The Company is also a major player in the Mechanical, Electrical, Plumbing, and Fire-fighting (MEP) space. Blue Star is built on the robust foundations of 'Trust' and 'Excellence' that define all its endeavours. The Company has grown multi-fold over the years even while staying true to its roots. Its differentiated and value-driven customer-centric products and solutions are well-known and admired in the marketplace. The inherent strengths of the Company are agility and resilience, and hence it reimagines and reinvents itself at every opportunity to meet changing customer needs. Blue Star is the preferred brand of many generations of Indians who have grown up using Blue Star's HVACR products and services. In fact, almost one in every three Indian businesses has a Blue Star product installed on its premises!

The Company continues to build on its rich legacy through its exemplary leadership which continues to propel it to greater heights and on a consistent growth trajectory.

Blue Star's air conditioning and refrigeration products are well known for their quality, reliability, and durability, as well as the Gold Standard after-sales service that the Company offers which ensures long-term customer satisfaction.

Cooling and purification expertise

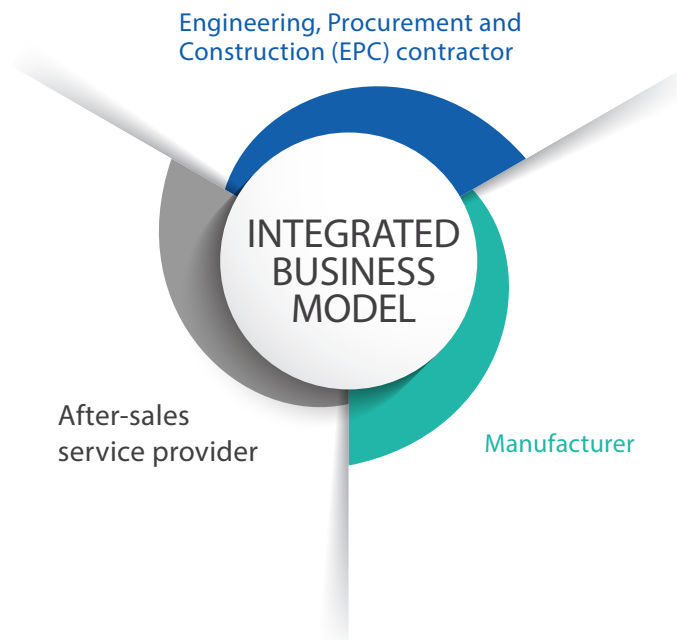
Blue Star's expertise in the areas of cooling and purification is unmatched. This expertise is based on deep domain knowledge, technical know-how, and a talented workforce, built over decades. Blue Star offers a whole gamut of cooling and purification products and solutions. Since 2011, Blue Star has also entered the residential air conditioners market and has made deep inroads into this category as well, with a current market share of 13.50%.

Project management leadership

Blue Star is also a leading MEP service provider with many landmarks serviced by its EMPG division. The MEP services have been buttressed by the Company's well-honed project management capabilities built over time, handling large HVACR projects. Today, Blue Star is well known for its superior project delivery and is reputed for delivering projects ahead of schedule.

Integrated business model

As a Manufacturer, Engineering, Procurement and Construction (EPC) services provider, and an after-sales service provider, Blue Star offers an integrated business model that enables the Company to offer end-to-end solutions to its customers across Building, Industrial, and Infrastructure segments, and also facilitates agile delivery of these offerings.



After-sales service excellence

Blue Star is India's largest after-sales service provider in the HVACR space and offers a wide range of world-class customer service solutions. Blue Star delivers these 'Gold Standard' service solutions to its customers through its own infrastructure and through an extensive network of service partners across the country. Today, Blue Star maintains over one million tons of HVACR equipment. The Company also provides value-added support through varied solutions such as revamp, retrofit, duct-cleaning, and operational support to customers, leveraging technology such as remote monitoring, mobile applications and interactive web portals to serve customers wherever they may be in as short a time as possible.

Proximity to customers

Blue Star has a wide network of channel partners across the length and breadth of India, allowing the Company to be geographically close to all its customers, wherever they may be.

Manufacturing excellence and ingenuity

Blue Star is a firm believer in 'Aatmanirbhar Bharat,' and has always focused upon expanding its indigenous manufacturing footprint. Today, the Company is one of India's top manufacturers of cutting-edge cooling and purification products.

The Company continues to invest judiciously into strengthening its manufacturing capabilities and leverages innovation, technology, and automation including robotics, across its factories.

Blue Star, along with its subsidiaries, has seven world-class manufacturing facilities across India today – one each in Ahmedabad and Dadra, two each in Wada (including a new plant) and Himachal Pradesh, and the latest one in Sri City set up by its wholly owned subsidiary Blue Star Climatech Limited. The two new plants, one each in Sri City and Wada, have been added to augment Blue Star's manufacturing scale to gear up for the next phase of growth.

Global footprint

Blue Star has a global footprint and exports HVACR products and solutions to 18 countries across the Middle East, Africa, SAARC and ASEAN regions, where its products stand the test of time in some of the most difficult and extreme climatic conditions in the world. Through joint ventures in Qatar and Malaysia, Blue Star also undertakes MEP projects for Residential, Commercial and Infrastructure sectors in those markets. Across borders, Blue Star continues to garner global acclaim, thus expanding the Company's brand beyond India and providing significant growth opportunities for its businesses internationally. During the year, Blue Star has incorporated wholly owned subsidiaries in the USA, in Europe and in Japan as part of its plans to expand its global footprint.

Other businesses

Blue Star's other businesses include the marketing, solution design and maintenance of imported professional electronic equipment and services as well as industrial products and systems, under the aegis of Blue Star Engineering & Electronics Limited (Blue Star E&E), a wholly owned subsidiary of the Company. Besides, Blue Star E&E also provides medical diagnostic equipment refurbishment solutions. Blue Star E&E is today a leading provider of advanced technology products as well as turnkey engineering solutions that cater to several industries across the country.

Blue Star has been
making in India,
making for the world,
for almost
80 years
now



Blue Star today has a global footprint that is constantly expanding with subsidiaries or joint ventures in various important markets around the world.

BUSINESS SEGMENTS

DIVERSIFIED BUSINESS SEGMENTS

Electro-Mechanical Projects and Commercial Air Conditioning Systems

This business segment covers the design, manufacturing, installation, commissioning and maintenance of central air conditioning plants, packaged/ducted systems and Variable Refrigerant Flow (VRF) systems, as well as the offering of contracting services in mechanical works,

electrification, plumbing and fire-fighting. It also comprises value-added after-sales services such as revamp, retrofit, upgrades, and operational support, which ensure efficient functioning of electro-mechanical utilities.



Cold room panel manufacturing setup at Blue Star's Wada Plant

Unitary products

This business segment focuses on a wide range of contemporary and highly energy-efficient room air conditioners for both residential as well as commercial applications. It also manufactures and markets a comprehensive range of commercial refrigeration products and cold chain equipment. The range of unitary products further includes water purifiers, air purifiers and air coolers.

Professional Electronics and Industrial Systems

Blue Star has been the exclusive distributor in India for many internationally renowned manufacturers of professional

electronic equipment and services, as well as industrial products and systems, for over six decades now. This business is managed by Blue Star Engineering & Electronics Limited, the Company's wholly owned subsidiary. This subsidiary also maintains a Medical Diagnostic Equipment Refurbishment Facility at Bhiwandi in Maharashtra to refurbish a wide array of pre-owned medical diagnostic imaging systems. It has also established two customer experience centres, one in Thane, for its range of NDT Solutions, and the other in Chennai, for Material Testing and Metrology Solutions.

Manufacturing of outdoor units of VRFs at Blue Star's Dadra Plant



Blue Star has an extensive and diversified portfolio of products and services across its business segments through which it better the daily lives of people.

INDUSTRY STRUCTURES & DEVELOPMENTS

AIR CONDITIONING

The Room Air Conditioners industry, which was adversely impacted for two consecutive years due to the Pandemic, finally witnessed normal operations through the financial year with a healthy summer and a significant pent-up demand. Owing to this, the Room AC industry grew 45% over FY22 in value terms. As a result, the overall market size grew to ₹ 22,750 crores in FY23, of which the market for central air conditioning, including central plants, packaged and ducted systems, and VRF systems was around ₹ 4,250 crores, while the market for room air conditioners comprised the

balance ₹ 18,500 crores. Blue Star performed better than the industry thereby improving its market share to 13.5% in value terms.

The Company, having strategically repositioned itself in 2020 as a mass premium brand, is since then augmenting and leveraging its manufacturing, R&D and innovation capabilities to roll out new, differentiated and best-in-class ranges of affordable split ACs to cater to price-sensitive consumers and first-time buyers, especially in Tier 2, 3, 4, and 5 markets.



Inside view of Blue Star's new deep freezer manufacturing plant at Wada

Blue Star has also deployed a Total Cost Management (TCM) programme to maximise efficiency across the entire cost-value chain in order to achieve cost leadership.

During the year, the Central Air Conditioning business also witnessed good growth driven mainly by increased investments by customers in the Government, Industrial and Healthcare sectors. The business also witnessed increased traction from the Hospitality sector.

COMMERCIAL REFRIGERATION

Blue Star with its rich expertise gathered across almost 80 years of service has developed a wide product profile that includes equipment for the cold chain and products for commercial refrigeration which cater to the entire spectrum of industry segments that require them. These include Agriculture, Banana Ripening, Dairy, Fast Food Chains, Healthcare, Horticulture, Hotels, Restaurants and Cafes (HoReCa), Ice-cream, Meat Processing, Pharmaceutical, Processed Foods, Quick Service Restaurants (QSRs), Retail Outlets, and Seafood.

The extensive range of Blue Star's commercial refrigeration products and solutions includes bottle coolers, bottled water dispensers, deep freezers, modular cold rooms, storage water coolers, and visi coolers; commercial kitchen refrigeration equipment such as back bar chillers, blast coolers and freezers, reach-in coolers/freezers, saladettes, and under counters; medical refrigeration equipment such as blood

bank refrigerators, ice lined refrigerators (+2°C to +8°C), medical freezers (down to -20°C), pharma refrigerators (+2°C to +8°C), ultra-low temperature freezers (-86°C), vaccine transporters (+8°C to -20°C), and mortuary chambers; and supermarket refrigeration equipment such as island coolers/freezers, multideck chillers, and upright freezers.

Recently, Blue Star launched highly energy-efficient refrigeration units with inverter technology for Modular Cold Rooms. These units are designed to deliver a wide range of temperatures from 2°C to 20°C and have the ability to function up to 52°C ambient temperature conditions. These units are perfect for the small and medium cooling needs of Retailers, QSRs, Hotels, and the Pharma and Horticulture segments.

“The Company continues to be the market leader in the product categories of modular cold rooms, deep freezers and storage water coolers.”

Another inside view of Blue Star's new deep freezer manufacturing plant at Wada



WIDE RANGE OF PRODUCTS



Inverter Split AC



Window AC



Air Cooler



Portable AC



Air Purifier

Water Purifiers



VRF V Plus System



Air Cooled Screw Chiller



Water Cooled VRF System



Air Cooled Inverter Scroll Chiller



Water Cooled Inverter Scroll Chiller



Centrifugal Chiller

Storage Water Cooler



Softpush Bottled Water Dispenser



Bottled Water Dispenser

Platinum Series Water Cooler



Visi Cooler



Super Cooler



Four Door Reach-In Chiller



Medical Freezer



Ice Lined Refrigerator



Hard Top Deep Freezer



Glass Top Deep Freezer

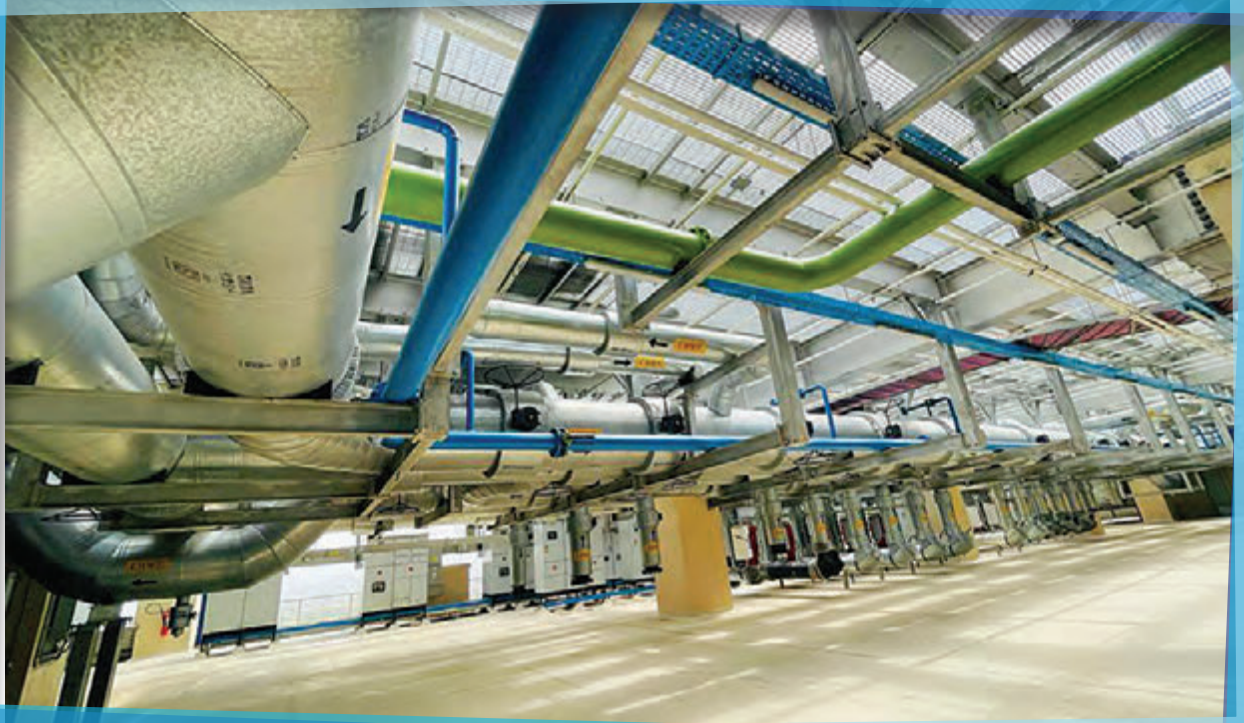
Cold Room



SOME PRESTIGIOUS INSTALLATIONS



MEP works executed by Blue Star at Wistron Infocomm's manufacturing plant in Bengaluru



HVAC works executed by Blue Star at Yotta Data Centre, Noida



Tunnel Ventilation System (TVS) and Environmental Control System (ECS) works being executed by Blue Star for Bangalore Metro Rail Corporation



MEP works including HVAC works executed by Blue Star at the Freudenberg Plant, Morinda, Punjab



The Jockey factory at Cuttack, where Blue Star executed the HVAC, Fire-fighting and Electrical works



Atrium Place of the Hines Group, where Blue Star executed MEP works

EXPANDING GLOBAL PRESENCE



'GLOBALLY LOCAL' PRESENCE

Blue Star International FZCO, a 100% subsidiary of Blue Star headquartered in the Dubai Airport Free Zone, manages the Company's international business in the Middle East, Africa, SAARC and ASEAN regions as well as its joint ventures which focus on HVACR in addition to MEP projects for Residential, Commercial and Industrial segments. It drives the exports of air conditioning and commercial refrigeration products, and Original Equipment Manufacturing (OEM).

Today, Blue Star exports its products to 18 countries in the Middle East, Africa, SAARC, and ASEAN regions, most of it through Blue Star International FZCO.

With a firm focus on markets across the world, the Company continues to tap opportunities in the global arena. The rise in construction activities, coupled with the growing Hospitality sector and extreme ambient weather conditions across countries in the Middle East, Africa, SAARC and ASEAN regions, offers many avenues for growth in HVACR. The Blue Star brand is experiencing increasing acceptability in the global markets, aided by a widening of its product portfolio and a vigorous marketing strategy. The FIFA World Cup in Qatar in 2022 also gave a specific fillip to the business from the region during FY23.

Blue Star's global market share is consistently increasing, and the re-organisation of the business into three verticals, Unitary, Applied and Blue Star Systems and Solutions (BSSSL) from FY23, has helped the Company increase its focus on its target areas.

Markets that were impacted by COVID, such as Qatar, Nigeria, Bangladesh, and Nepal, responded well in FY23 to the launch of the new and improved applied range of products. The market for Applied Products Business is shifting from Ducted and Roof Top Packaged Units to VRFs, but competition in this field is intense. However, the number of enquiries for refrigeration products, particularly cold rooms, has dramatically increased throughout the region. The Quick Service Restaurant segment has seen new customer additions such as Popeyes, Nando's, and Subway, alongside Americana (KFC, Pizza Hut, Hardee's, and Domino's). The demand for cold rooms is increasing too as food safety concerns rise in each country.

During the year, Blue Star appointed new distributors in Sri Lanka, Senegal, Uganda, and Oman, for applied business, and also received large orders for room air conditioners from the revitalising Saudi market.

The subsidiary in Qatar performed well on the Projects business front despite restrictions in construction activities leading up to the FIFA World Cup. In Malaysia, the joint venture's operations were affected by weak macroeconomic conditions and the slowdown in construction and order finalisation. Blue Star remains optimistic about its prospects, driven by the positive economic outlook in the GCC region and its focus on expanding its product range and exploring new markets. The Company is confident that it will continue to deliver strong returns for its investors in the long run.

During the fiscal, the Company also set up wholly owned subsidiaries in the US, Europe and Japan, in pursuit of expanding its global footprint.

“Going forward, the Company intends to further strengthen its channel distribution and OEM/ODM and services businesses across countries including new territories like the US and Europe, as well as focus on expanding its customer base and consolidating its presence in the existing regions.”



Revamp of Chillers executed for AL Rostmani Group - AL Wasl Shopping Centre, in Dubai



The Vox Cinema in Dubai, where Blue Star executed HVAC refurbishment and upgradation works



A W Rostamani's residential building AL Salam in Dubai, where Blue Star executed the air conditioning works

ENHANCED VALUE CREATION

FINANCIAL CAPITAL

- All-time high revenue
- Strong balance sheet
- Moderate net borrowing and healthy Debt-Equity Ratio
- Prudent working capital management
- Improved ROC



MANUFACTURED CAPITAL

- Investments in new facilities
- Thrust on Total Cost Management (TCM)
- Drive towards excellence and efficiency
- Adoption of new technologies
- Several low-cost automation initiatives
- Culture building

INTELLECTUAL CAPITAL

- Accelerated investments in R&D
- New-age R&D infrastructure
- Applied innovations coupled with environment-friendly and sustainable products
- Numerous patents received



HUMAN CAPITAL

- Enhanced people-friendly engagement initiatives
- Well-being initiatives to facilitate sustained operations while managing personal health and safety post the successive waves of the Pandemic
- Enhanced investments in Learning & Development
- Women empowerment initiatives



RELATIONSHIP CAPITAL

- Nurtured and fostered robust relationships 'Built on Trust' with all its stakeholders:
 - Customers
 - Employees
 - Suppliers
 - Channel Partners
 - Shareholders
 - Bankers
 - Debenture Holders
 - Other Stakeholders



SOCIAL AND NATURAL CAPITAL

- CSR initiatives focused on Skill Development, Education, and Health, Hygiene & Wellness
- Concerted efforts towards sustainability, continued efforts to protect the environment
- Significant savings in energy consumption and water consumption, amongst others

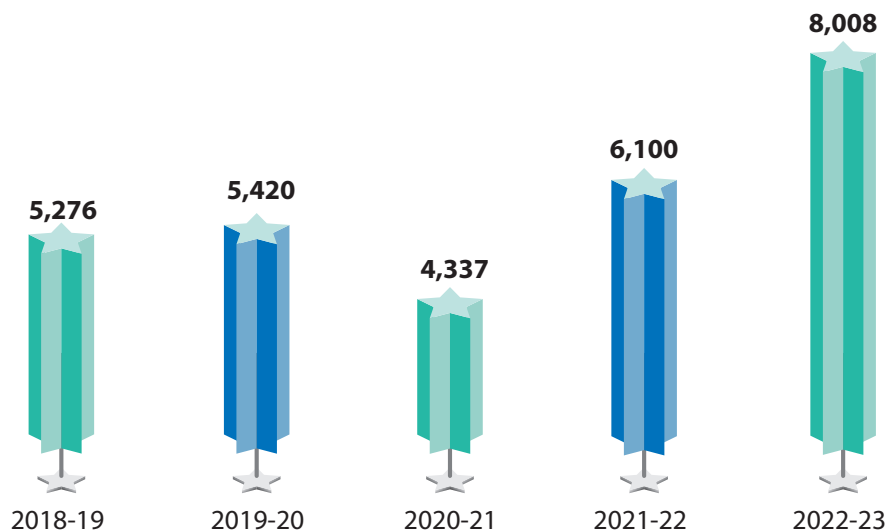


FINANCIAL CAPITAL

EXCEPTIONAL FINANCIAL RESULTS, AN ORBIT-SHIFTING ALL-ROUND PERFORMANCE:

Building on the momentum built over the consecutive quarters over the last one year, Blue Star ended the fiscal year on a strong note with record revenue and profits, a strong balance sheet and a robust carried forward order book.

TOTAL INCOME# (₹ CRORES)



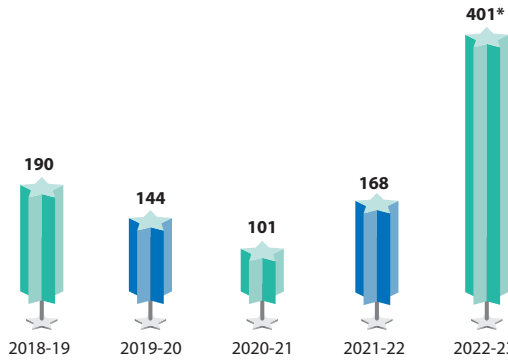
1. #The financial information is on a consolidated basis.

2. #Previous year figures have been regrouped wherever necessary to make them comparable with current year numbers.



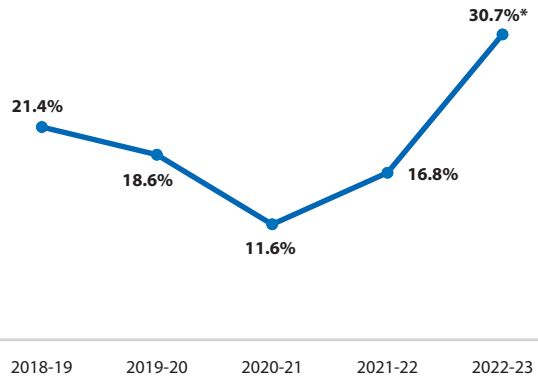
Prudent cash management ensured that the net borrowing as of March 2023 was at a reasonable level of ₹ 204.43 crores (debt equity ratio of 0.15 on a net basis) compared to ₹ 67.14 crores (debt equity ratio of 0.07 on a net basis) as of March 2022 after investments in manufacturing capacity expansion projects and higher inventory holding to prepare for the upcoming season.

PROFIT AFTER TAX (₹ CRORES)



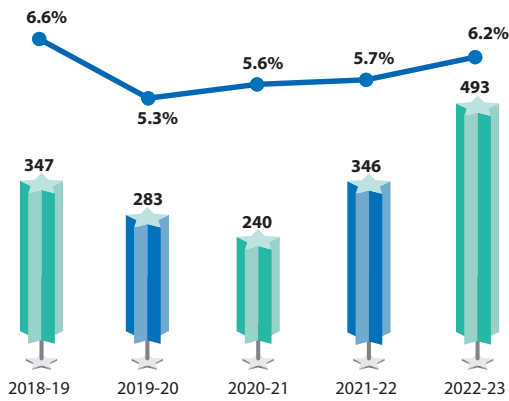
*Includes a gain of ₹ 170.81 crores (Net of tax ₹ 139.24 crores), realised on sale of a large land parcel in Thane, which is reported as an Exceptional Income.

RETURN ON SHAREHOLDERS' FUNDS (%)

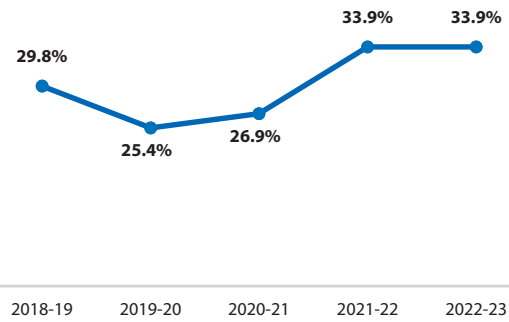


*20.3% excluding the impact of gain on sale of the land parcel at Thane.

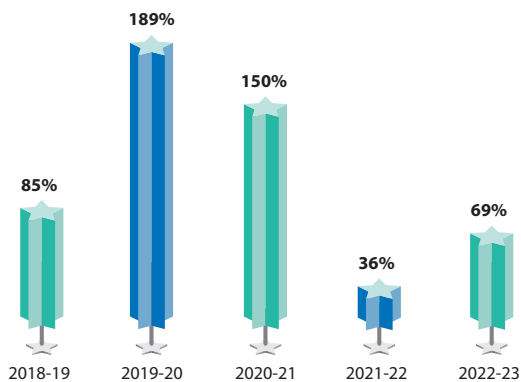
OPERATING MARGIN (%) (EBITDA (₹ CRORES))



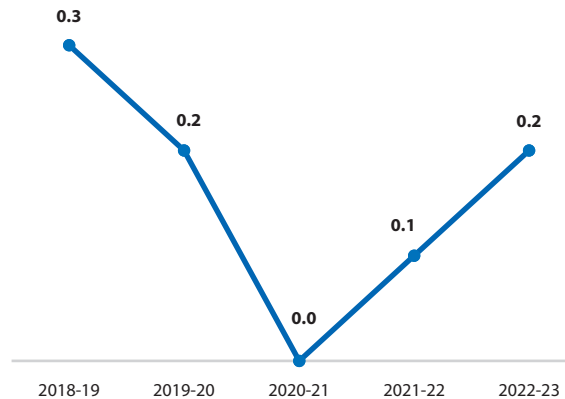
RETURN ON CAPITAL EMPLOYED (%)



CASH FROM OPERATIONS AS % OF EBITDA



DEBT EQUITY RATIO



MANUFACTURED CAPITAL

SUSTAINABILITY & EXCELLENCE

Blue Star has seven state-of-the-art manufacturing facilities including the two new plants which were inaugurated during FY23 under the aegis of the Company's 'Manufacturing Footprint Redesign' programme that was initiated in FY17. Of the two new plants, one is a new world-class facility at its existing manufacturing plant in Wada for the manufacture of deep freezers, while the other is another state-of-the-art facility at Sri City in Andhra Pradesh set up by its wholly owned subsidiary Blue Star Climatech Limited. Blue Star will source some of its new products from this facility in Sri City. This new smart factory is equipped with the latest automation techniques and tools for its assembly line and material handling, amongst others, and has also extensively deployed a slew of initiatives towards

IoT and digitisation. The Company lays strong emphasis on sustainability and hence has also rolled out numerous initiatives on this front such as installing an advanced effluent treatment plant, engaging in rainwater harvesting, and utilising solar power. Besides, the Company – being closely associated with the Green movement – has applied for the IGBC Gold Rating for this facility. Apart from the two new plants, Blue Star has five factories, one each in Dadra, Ahmedabad, and Wada, and two in Himachal Pradesh.

The 'Manufacturing Excellence Programme' that the Company had embarked on in 2016 continues to lay a strong emphasis on LEAN manufacturing, technology upgradation, quality improvement, and culture building, thereby continuously enhancing its operational efficiency while producing robust, differentiated and acclaimed products.



An aerial view of Blue Star's 100% subsidiary Blue Star Climatech Limited's new Sri City Plant



Focus also continues on supplier excellence, end-to-end logistics, Industry 4.0 practices, and building new-age competencies in people. Blue Star strongly believes that such a holistic approach of going beyond manufacturing will enable it to reap benefits of a larger magnitude across its entire value chain while ensuring optimal capital allocation.

Six Sigma has been a way of life at Blue Star to drive process cost improvement and quality. Blue Star's manufacturing facilities are certified for IMS (Integrated Management System) which comprises ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. Near-miss accident campaigns are run to emphasise on employee health and safety, and safety kaizens are awarded across factories. The Company's Himachal Pradesh plant is one amongst the first few plants in India to receive the BIS licence for affixing the IS Mark on mini split air conditioning units.

The Company continues to imbibe new and emerging technologies under the ambit of Industry 4.0 implemented by the Company. Digital and robotic interventions are being successfully used for automation across plants. Blue Star's manufacturing facilities have won many awards at national and international fora in the fields of automation, kaizen, 5S and quality circle competitions, to name a few.

Dadra Plant

The Dadra Plant, which is Blue Star's flagship manufacturing facility, is a state-of-the-art factory equipped with the latest technology and automation. The Plant enjoys the reputation of being one of the best manufacturing facilities in India for high-quality air conditioning products. The facility manufactures packaged and ducted split air conditioners and VRF systems and has performed well during the review period.

Packaged Units
manufactured at
Blue Star's
Dadra Plant



The Plant is always committed to endeavours towards quality improvement. As the first plant in India to qualify for the IS 8148:2018 QCO certification, the Plant successfully completed 11 Quality Improvement projects, of which five were pertaining to Quality Control and six to Six Sigma. Towards ensuring the high quality of suppliers, the Plant ran a supplier excellence programme, 'Project V-QuESTS,' during FY22, and progressing further during FY23, selected 41 critical suppliers under this programme for overall quality enhancement. 13 vendors were re-evaluated and monitored through 28 onsite visits. The Supplier Excellence programme has resulted in significant improvements in supplier quality performance and reduction of defect rates (supplier PPM).



A glimpse of Blue Star's Dadra Plant

“ Blue Star is one of the leading manufacturing companies in India in the HVACR space. As a firm believer in 'Aatmanirbhar Bharat,' the Company continues to strengthen its manufacturing capabilities by embarking regularly on fresh initiatives that build on its existing strengths and leverage its experience in this line.

The Plant also regularly engages in numerous Value Analysis and Value Engineering (VAVE) initiatives towards the improvement of its processes, which have been resulting in significant cost and time savings for the Company.

During FY23, many capacity enhancement projects were embarked upon including the commissioning of an Amada turret punch press, tube straightening and cutting machines, tube bending machine, and gas charging machines. Seven LEAN manufacturing projects were undertaken which resulted in the generation of additional capacity to cater to increased production requirements. Several plant infrastructure projects were also initiated such as the replacement of roofing sheets and upgradation of test cabins, amongst others. The available acoustic enclosure was extended to cover the Burr Oak fin press too, which reduced the sound pollution in the surrounding areas. Besides, other safety projects such as the installation of a public address system, fitting smoke detectors and sprinklers on the shop floor, and installing a digital display of environmental parameters, were completed.

Through an energy conservation drive, the Plant managed to switch to an express feeder from the common grid supply. This has reduced power interruptions as well as resulted in a significant drop in diesel consumption. The solar roof-top system too helped reduce power costs by yielding 83,000 units of green energy. By replacing the roofing sheets, lighting during the day has improved on the shop floor and that has reduced lighting power bills as well.

Employee development initiatives were a priority through FY23 at Dadra. Teams from the Plant participated in various external competitions and won significant awards such as three Gold awards at the 44th CII National Kaizen competition, and three Star awards at the CII Challenger competition.

Himachal Pradesh Plants

The two Plants in Himachal Pradesh continue to cater efficiently to the fast-growing markets of room air conditioners and have had an impressive performance during the year. The Company continued to unlock enhanced value through vertical integration with the in-house design and manufacture of key components such as drives, headers, strainers, and IDUs, during the year.



A glimpse of Blue Star's Himachal Pradesh Plant

In its efforts towards enhancing efficiency and augmenting its backward integration initiative, the Plant at Kala Amb has successfully commissioned five Fin lines for in-house manufacturing of heat exchangers, to achieve an annual capacity of 6 lakh finished units. The addition of the new Fin lines will help Blue Star enhance the Plant's peak capacity, thereby enabling the Company to reduce its dependency on OEMs.

Intelligent application of LEAN/MOST practices has led to efficiencies in production such as an improvement in the cycle time of split ACs on the assembly lines for ongoing processes. It has also resulted in the enhancement of capacity

and productivity improvements for the new assembly lines such as for Indoor units.

In addition to the domestic market, the Plant also began production for exports to Europe.

Over 65 new models were introduced from this Plant during FY23 and successfully productionised. A new IDU assembly line was successfully commissioned at HP1 to cater to higher volumes.

The HP Plant team participated at the NAMC (National Awards for Manufacturing Competitiveness) 2022, and won Gold for Manufacturing Excellence.



Centralised utility control panels of the indoor unit assembly line at Blue Star's Himachal Pradesh Plant



Indoor Unit manufacturing assembly line at Blue Star's Himachal Pradesh Plant



Robotic intervention at Blue Star's Wada plant

Wada Plants

The first plant at Wada, which is the largest manufacturing facility of the Company in terms of built-up area, produces a wide range of products such as scroll chillers, screw chillers, cold room panels, condensers and evaporators for the cold room business, as well as condensing units for an overseas OEM. The plant continues to reap the benefits of the Auto Storage and Retrieval System (ASRS) installed to enable automated movement of materials. IoT is very effectively used for monitoring equipment efficiency and energy consumption, as well as for intelligent maintenance.

During the year, the Plant initiated some major infrastructure development projects such as the 2.1MW roof-top solar power plant and the construction of a new office space over an area of 645 sq m. The Wada Plant has also initiated a major relay outing activity under the project name, Juno. Phase 1 of the Juno project was successfully completed in FY23. Under the same initiative, construction has started on another plant over an area of 7,500 sq m.

The Plant also initiated various energy conservation drives under which fixed speed air compressors were replaced by Variable Flow Discharge (VFD) based compressors, and the

wall-mounted industrial fans in the shopfloor were replaced by High Volume Low Speed (HVLS) fans.

Many initiatives were started during FY23 and completed during the year itself on the process and capacity improvement fronts. Some examples of such initiatives are: the automation of the weight-based refrigerant charging system, semi-automatic welding fixtures for screw chillers, and the installation of ATEs for product testing. During the year, the Wada Plant also initiated the process of upgrading its green factory certification and was awarded the prestigious Platinum certification in November 2022.

During FY23, Blue Star doubled its production capacity of deep freezers with its new world-class manufacturing facility at Wada, a second unit alongside its existing factory in Wada. The new manufacturing facility, purpose-built to cater to the production of the Company's Commercial Refrigeration products and solutions, in particular deep freezers and water coolers, is fully equipped with advanced manufacturing systems, and imbibes global best practices in its operations. Built with a capex of around ₹ 130 crores, this facility is constructed on a built-up area of around 19,300 sq m, and has the capacity to produce around 2,00,000 deep freezers and 1,00,000 storage water coolers per annum. With this



Foaming press cold room panels at Blue Star's Wada Plant



Sheet metal cutting at the fabrication unit at Blue Star's Wada Plant



Screw chiller assembly line at Blue Star's Wada Plant

new Plant, Blue Star has doubled its production capacity of deep freezers. The Company also plans to indigenously manufacture sub-300L deep freezers with the highest quality components and the latest technologies, at its new Wada Plant. With this, the Company will have a full range of indigenously designed and manufactured deep freezers from 50L to 600L to cater to diverse customer requirements.

Ahmedabad Plant

The Ahmedabad Plant continues to invest in initiatives aimed at enhancing operational efficiency. During the year, the Plant implemented numerous initiatives under the Total Cost Management process for deep freezers which helped in containing the product cost and maintaining price levels.

Sri City Plant

The Company, through its wholly owned subsidiary, Blue Star Climatech Limited, has set up a state-of-the-art manufacturing facility at Sri City. Blue Star Climatech commenced commercial production of room ACs at this facility in January 2023. Blue Star will source some of its

new products from here. This new automated and smart factory is equipped with the latest automation techniques and tools for its assembly line and material handling, amongst others, and has also extensively deployed a slew of initiatives towards IoT and digitisation. The Company lays strong emphasis on sustainability and hence has also rolled out numerous initiatives on this front such as installing an advanced effluent treatment plant, engaging in rainwater harvesting, and utilising solar power. Besides, the Company – being closely associated with the Green movement – has applied for the IGBC Gold Rating for this facility.

Located closer to the Southern ports, the Sri City Plant will enable efficient logistics management for the Company by ensuring speedy movement and containing costs.

The setting up of this Plant will also benefit the local communities in and around its vicinity. The Company has so far invested approximately ₹ 350 crores into this Plant (of the total ₹ 550 crores planned in a phased manner over a few years, for this project). The Plant has a current manufacturing capacity of 3.5 lakh units with a plan to scale up to 6 lakh units by FY24 and 1.6 million units in a phased manner.



High Wall split air conditioner being manufactured at Blue Star's 100% subsidiary Blue Star Climatech Limited's Sri City Plant



Outdoor unit assembly line at Blue Star's 100% subsidiary
Blue Star Climatech Limited's Sri City Plant

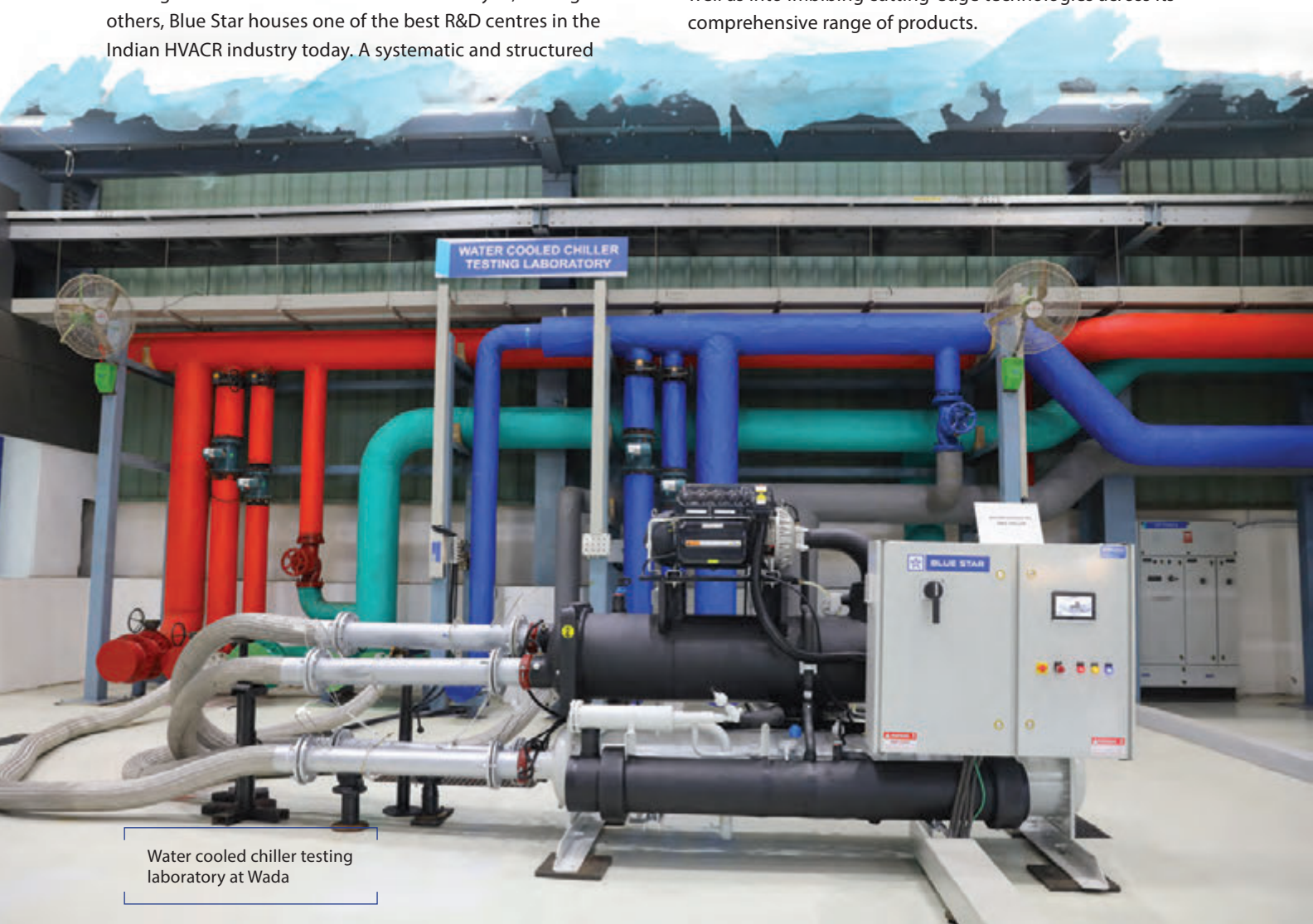
INTELLECTUAL CAPITAL

Research & Development, with a focus on new and emerging technologies and innovation, is crucial in ensuring the Company's leadership position across segments. Blue Star therefore lays enhanced thrust on strengthening its R&D ecosystem which has been one of the enablers for its sustenance and growth over the years.

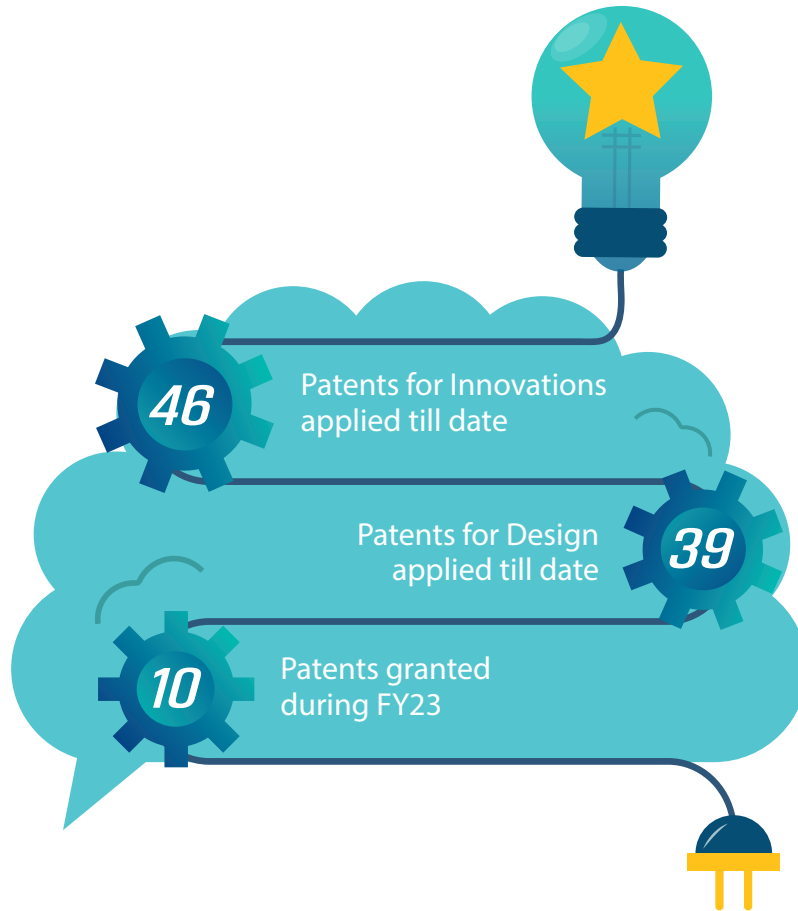
With over 180 employees, backed by new-age infrastructure including performance test labs, reliability testing facilities, electronics lab, design studio, design and simulation tools, and high-end workstations for CAD and analysis, amongst others, Blue Star houses one of the best R&D centres in the Indian HVACR industry today. A systematic and structured

approach on the R&D front has enabled Blue Star to roll out new and innovative products and solutions which are best-in-class and continue to cater to the evolving requirements of its customers. Blue Star has always been a frontrunner in areas related to energy-efficiency, sustainability and climate change, and has been one of the pioneers in bringing the latest technologies into India.

The Company continues to make investments in upgrading its infrastructure and design capabilities as well as into imbibing cutting-edge technologies across its comprehensive range of products.



Water cooled chiller testing laboratory at Wada



A state-of-the-art R&D Centre was inaugurated in November 2022 at the Wada Plant. The Centre houses elaborate testing facilities for chillers and commercial refrigeration products. With AHRI-certified laboratories for 440TR air cooled chillers and 1000TR water cooled chillers, the facility is the largest integrated chiller plant in India. The laboratories are also accredited by NABL as per ISO 17025. The Company is now also in the process of launching the Ashok M Advani Innovation Mission to fast-track its R&D and innovations programs supported by Innovation Centres in India and Japan.

A 'Blue Star Innovation Centre,' spread over an area of nearly 5,500 sq m, was inaugurated at Thane in April 2023. The Innovation Centre is a significant step in the direction of consolidating market leadership by launching a host of innovative products in the Indian market. This facility will also act as a catalyst for expanding Blue Star's global footprint through the development of heating and cooling solutions for the North America and Europe markets.

The Company lays strong thrust on intellectual capital creation within the Company through focused skill

development initiatives for its engineers and management cadre employees, including organising training for National Employability Through Apprenticeship Programs (NETAPs), Expert Service Associates (ESAs), and dealer technicians, amongst others.

During FY23, 10 more patents were granted to the Company, of which one is an international patent applied for in the USA. Besides, the Company has applied for around 46 patents for innovation across its various product categories in addition to filing 39 designs and is optimistic of being granted several more patents in the near future.

Through FY23, Blue Star regularly participated and contributed to webinars and discussions hosted by industry and trade forums such as CII, ASHRAE, ISHRAE, and the National Productivity Council, India, amongst others.

Blue Star's technical capabilities are recognised by policy makers in the Government of India, and the Company plays a vital role in developing standards for energy efficiency and safety, and representing the industry across national and international fora.

With the adoption of the latest technologies and best-in-class test facilities, Blue Star's R&D capabilities are well aligned to meet market and regulatory requirements related to room air conditioners and commercial air conditioning and refrigeration products in both the domestic as well as the international arenas. On account of the enhanced thrust in this direction, the Company has been accelerating its R&D performance across its businesses and continues to roll out new products, as well as an increasing number of new variants and models across product categories.

Some of the new equipment added into Blue Star's R&D facilities are: a fully automatic psychrometric lab at an investment of approximately ₹ 2.25 crores, in the new Sri City Plant of the wholly owned subsidiary Blue Star Climatech Limited, for the testing and validation of all air conditioning products up to 5TR, including cooling/heating capacity, energy consumption and various other reliability tests to simulate extremely hot, cold and humid conditions; a reliability testing facility upgrade at the Blue Star Innovation Centre in Thane, whereby the existing setup, which could test only for high temperatures of up to 52°C, has been upgraded to test both heating and cooling systems, till a low

temperature of -20°C, with snowfall simulation as well. All the Reliability Test Facilities at the Blue Star Innovation Centre are provided with automatic data acquisition to monitor performance of all the test laboratories. The data is analysed for making improvements in performance and reliability of the products.

Air cooled chiller testing laboratory at Wada



NEW PRODUCTS LAUNCHED DURING THE YEAR

ROOM ACS:

Inverter Split ACs

A new range of 3 Star and 5 Star Inverter Splits were introduced to meet new energy efficiency guidelines laid out by the Bureau of Energy Efficiency (BEE).

Higher energy efficiency Split ACs

Blue Star has also upgraded its existing range of 3 Star fixed-speed ACs as well as 5 Star inverter ACs to achieve higher energy efficiency to meet the new energy efficiency guidelines published by the BEE.

Hot and Cold Split ACs

During FY23, Blue Star developed a new range of energy efficient hot and cold ACs in the 1.5TR and 2.0TR capacities which are 3.5 to 4 times more energy efficient than conventional heat convectors.

Heavy duty Split ACs

Blue Star's heavy duty AC range has been further augmented through the addition of two new models, a 2.0TR inverter and a 1.5TR fixed speed unit. The 6-in-1 feature too has been introduced in both the 1.5TR and 2.0TR inverter ACs with 15% higher cooling in the turbo mode to provide rapid cooling in peak summers.

Smart ACs

Blue Star's Smart AC range has been further augmented during FY23 by making all the inverter ACs from the Himachal Pradesh factory and the Sri City factory smart-ready. That makes it easy for a customer to later buy a module which can convert these ACs to smart ACs, which will work with both the mobile App as well as through voice commands through Alexa and Google Home. Besides, the number of WiFi models has also been increased from two to six in FY23.

Window ACs

A new range of Window ACs has been introduced by Blue Star during FY23 in both the 3 Star and 5 Star categories, to meet the new energy efficiency guidelines published by the BEE.

COMMERCIAL AIR CONDITIONING:

VRFs

Blue Star introduced a VRF Lite range in FY23 that serves the demand from the premium residential market for solutions in the 4HP to 6HP capacity range. The ODUs of this range can be connected to a wide range of indoor units ranging from hi-walls and cassettes, to ducted and concealed units.

A sixth-generation high efficiency VRF was launched in both Top and Side discharge configurations for the Middle East and Africa markets. Features such as non-stop operation at 56°C ambients, a wide range of indoor units, AHU connectivity, and a variety of accessories, make this series a formidable product range to counter competition. This product is certified for both ESMA & ESTIDAMA requirements of the Middle East Asia market.

Ducted Split ACs

Blue Star launched in FY23 a range of Inverter Heat Pumps and Cool Only models of Concealed Split ACs, for which there is great demand from the Hospitality sector. Available in up to 2TR capacities, these splits offer features such as low-height IDUs with low noise, good aesthetics and higher air flow, high energy efficiency, low GWP refrigerant R32, and flared connections for faster and easier installation.

Chillers

Blue Star launched in FY23 a new range of Centrifugal Chillers, manufactured in-house, to cater to mega infrastructure projects. This Centrifugal Chiller development program was initiated in 2020 and saw fruition in FY23 with the launch of a complete range of models from 500TR to 1000TR capacity, with AHRI Certification. The range is available in both fixed-speed and variable-speed configurations.

A wide range of screw chillers was launched in FY23 to meet new energy-efficiency guidelines from BEE that are due to come into force from January 2024, many months before schedule. The range includes 3 Star, 4 Star and 5 Star Screw Chillers. All the screw chiller models are also certified by AHRI.

FY23 also saw Blue Star develop a new range of R410A scroll chillers to meet new BEE 3-star rating guidelines, and to maintain market leadership in this segment. This range is also certified by AHRI. The range includes capacities from 10TR to 70TR (air cooled) and 13TR to 75TR (water cooled).

COMMERCIAL REFRIGERATION:

Future-ready Deep Freezers

QCO: The Quality Control Order for deep freezers is becoming mandatory from January 1, 2024. In Blue Star's pursuit to excel and provide quality products as the market leader, the Company has already upgraded its entire range of deep freezers (Hard Top, 300L to 600L, and Glass Top, 300L to 600L), manufactured at both deep freezer facilities (Wada and Ahmedabad), to be QCO certified. The Company has already received the licence to use the ISI mark complying with the Bureau of Indian Standard IS 7872:2022. Blue Star is the first brand in this product category to implement the ISI label on its product well ahead of the statutory requirement date, thus exhibiting the Company's leadership in this product range.

Energy labelling program: The BEE has laid down the Energy Star Labelling program for deep freezers. While it is in its voluntary phase till Jun 30, 2023, the entire range of Blue Star deep freezers products (Hard Top, 300L to 600L, and Glass Top, 300L to 600L), manufactured at both deep freezer manufacturing facilities (Wada and Ahmedabad), already comply with the requirement, in both 3 Star and 5 Star ratings.

All-season Storage Water Coolers: Blue Star launched in FY23 a new series of cold and warm storage water coolers. These models are the first ones that offer warm water in the SS

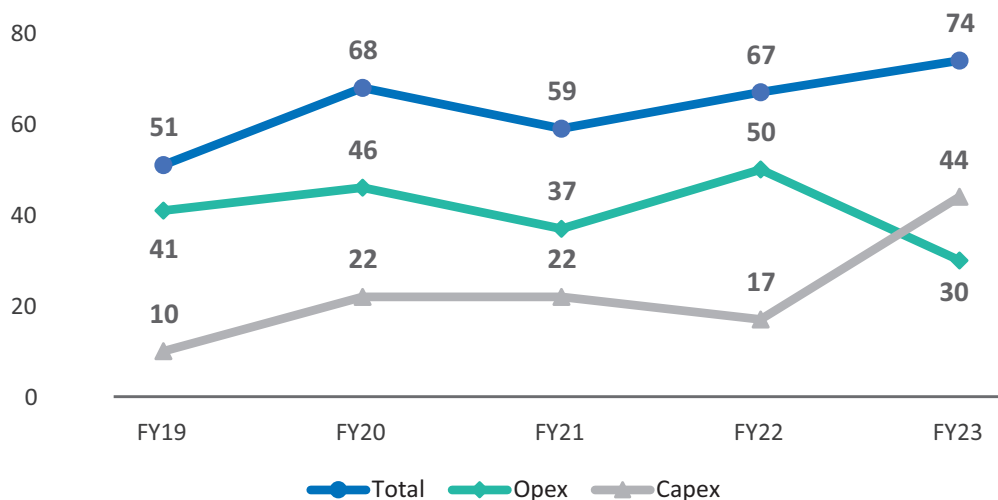
finish designs. The product is designed to provide cold water in harsh Indian summer conditions of up to 43°C ambients, and warm water in severe winters down to -5°C. The unit comes with a switch for changing the mode, truly making it a convertible machine and providing water as per the customer's choice.

Condensing Units for Cold Rooms

Inverter Condensing Units: Blue Star is a pioneer in introducing inverter-based systems in India backed by its in-house R&D and manufacturing prowess. In FY23, the Company launched a highly energy-efficiency inverter condensing unit range which is embedded with Inverter Compressor Technology and BLDC Fan Motor. These units have a wide operating temperature range of 2°C to 25°C and can work up to 52°C ambient temperatures. The product comes with many soft features that add value to the customer, and is available in 10,000, 15,000 and 20,000 BTUH capacities.

High Temp Condensing Units: Blue Star launched in FY23 refrigeration condensing units with energy-efficient scroll compressors for delivering high cooling capacity but with a very small footprint. These can be used to cater to medium to large cold storage requirements in Dairy, Horticulture, Agriculture, Pharma Warehousing, and other segments where the room temperature is maintained typically in the range of +2°C to +8°C.

R&D INVESTMENTS (₹ CRORES)





AHRI certification of the new test laboratory for air cooled chillers at Wada



AHRI certification of the new test laboratory for water cooled chillers at Wada

HUMAN CAPITAL

“ **Blue Star received the prestigious Great Place to Work certification for the second time in a row.**

In its endeavour to being a living example of a favourable work environment with well-meaning work relationships, Blue Star has focused on building employee trust and fairness under a caring and listening leadership; a communal workplace experience with shared values, attitudes and behaviours; transparent and continuing communication; strong and visible avenues for professional development; differentiated compensation aligned with the varied businesses that the Company operates in; as well as challenging assignments that have a high fulfilling quotient.



Mrs Sunaina Murthy, Non-Executive Director, Blue Star, and Trustee, the Blue Star Foundation, with women power at Blue Star's Wada Plant



The productivity measures put in place across businesses have witnessed better discretionary effort put forth by employees with the experience of a caring and invested workplace environment. The Company has also prioritised the well-being of its staff with better planning of project execution, facility of compensatory days off, supportive infrastructure and administrative support, besides augmenting people management abilities in the managers. A well-charted career growth path for employees is in place through conversations around employee performance potential matrices in talent councils, job rotations, role enhancements and special assignments which contributes well to drawing the career trajectory of high potential individuals and succession planning in businesses.

The Employee Experience is centred around a feeling of purpose and fulfilment, catering to the varying expectations of a multi-generational workforce. During FY23, HR Business Partnerships helped carve out special programmes such as Project Navitas entailing market-aligned titles and a simplified compensation structure for Blue Star Engineering & Electronics; Project Lighthouse for Electro-Mechanical Projects and Commercial Air Conditioning Systems aimed at better work-life balance and project execution incentives; Project Synergy to facilitate higher engagement for site personnel; Project Compass with a sharply carved recruitment strategy and market facing designations and levels; to name a few. Garnering the voice of the employee (VoE), several policies were introduced or enhanced to better the quality of work-life and meet employee expectations of a favourable work ecosystem. Employee retention remained a focus with a dynamic external environment in full force. This was largely achieved by listening and empathetic leadership across levels, enhancing managerial capabilities

for enhanced team support and a strong two-way communication system in place throughout the organisation.

iLearn, the new Learning Management System (LMS) equipped with close to 5000 courses, was well adopted across the organisation since employees could access their role- and interest-specific courses and gain certifications at their pace. Business-aligned programmes were launched by the Academy of Learning and Development during the year which included iLead (People Skills for Electro-Mechanical Projects and Commercial Air Conditioning), RISE for HR personnel, Hire Right for the hiring managers of Blue Star Engineering & Electronics, True North for Environment, Healthy & Safety employees, Negotiation Skills for the employees of Electro-Mechanical Projects and Commercial Air Conditioning Systems and IT professionals, and the Supervisory Development Program for Wada, Dadra and Ahmedabad employees. The flagship programmes of Aspire, Emerging Managers Program and Senior Managers Program which centred around specific competencies, were well received by the respective staff cadres. 'Powerful Conversations' modules encourage people managers to have meaningful conversations around yearly and midterm performance and potential, besides clarifying mutual expectations and development arenas. The Academy of Technical and Functional Excellence clocked over 61,000 learning hours, covering 8,800 participants across levels in the over 400 programs that were conducted. The technical programs covered a plethora of subjects centred around the specific technical aspects of the product range across Company verticals. Training on Wheels ensured that dealer and service franchise personnel received training right at their doorstep, which equipped the channel partners to provide efficient customer service with their staff upskilled



National Safety Day celebration at Blue Star's Chennai office in progress



National Safety Day celebration at Blue Star's Thane office in progress

in real-time. MOUs were signed with NITTE, Bengaluru; L D College of Engineering, Ahmedabad; and St Francis Institute of Technology, Mumbai; towards establishing and running technical learning centres that would benefit the educational institutions and channel partners' personnel alike.

Diversity, Equity and Inclusion (DEI) programmes conducted throughout the year reiterated the Company's commitment to providing fair and equal opportunities to all by upholding a meritocratic work culture at all times. There has been a focus on enhancing gender diversity across roles, by augmenting women in leadership roles. Support frameworks have been established in the organisation for fast-tracking the growth trajectory of high-potential women staff, mentoring them to work on their development areas and providing them with an exposure to industrial avenues to broaden their work horizons. Also, campus recruits are exposed to tailored programmes both at an organisational level such as 'Campus to Corporate', a buddy system to rely on in the face of challenges, and business-specific support to receive a favourable first-time workplace environment that would help them thrive and achieve their best potential. Managers have been sensitised on equality, openness and belonging for higher acceptance, extending stronger sponsorships, and also recognising unconscious biases, all aimed at ensuring higher sustainability of these initiatives.

SAFETY

Blue Star continues to undertake practices that help foster a 'Safety First' culture. In order to continue providing a safe ecosystem for its employees, the Company undertook an array of recertification and new certification exercises. All the five project sites including State Bank of India, NHAI, Alstom, Crystal IT Park, and Tech Mahindra, and Central and Packaged Air Conditioning Service Division, Head Office (CPSD HO), Thane, under Engineering Facility Management (EFM), and revamp sites, were audited for ISO 45001:2018 and successfully re-certified. All manufacturing plants received the Integrated Management System (IMS) Certification for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

Training programmes on safety management were conducted over around 64,781 training man-days during the year. A total of 2,509 audits were conducted across the Company's project sites, services sites and manufacturing facilities.

During the year, various safety-oriented training programmes were conducted which included: Environment Health & Safety (EHS) induction across locations; Mock fire drills; and E-waste management training; amongst others.



Mock fire-fighting drill at Blue Star's Thane office premises



Emerging managers' training programme in progress



A glimpse of Blue Star's 'Smart Office' in Delhi



Senior manager training programme in progress



Supervisory development programme in progress

RELATIONSHIP CAPITAL

Blue Star's business stands on the bedrock of 'Relationships.' It is on the foundation of 'Trust' that the Company stands tall today, trust that is reposed in the Company by all its stakeholders. Blue Star values that trust immensely, and does everything to continue to cherish, build, foster and enrich it so as to continue to enjoy strong trust-based relationships with all its external stakeholders such as customers, suppliers, channel partners, shareholders and bankers.

CUSTOMER FOCUS

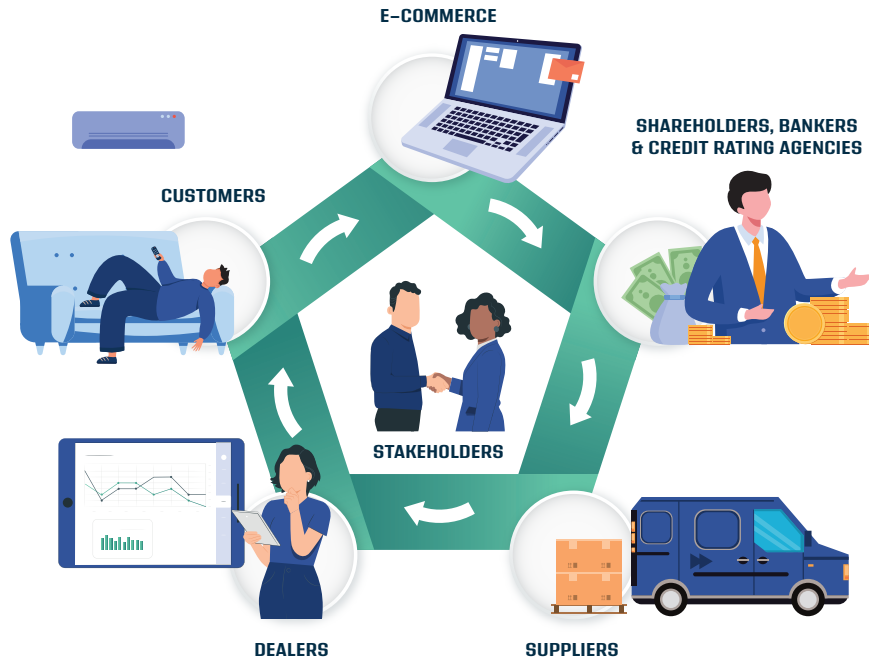
Serving its customers has always been Blue Star's primary focus, and there is always a commitment towards providing

customers with a world-class experience. The Company not only endeavours to satisfy its customers through its differentiated products and services, but also aspires to delight them. The significant improvement in the Company's customer satisfaction levels as well as increased brand loyalty across categories indicate the success of this focus.

The Company also gives due importance to safety and the environment while designing and developing all its products and services, as well as while servicing its products at customer sites.



Blue Star's VRF
commissioning van



Value creation through after-sales support

One of the largest HVACR after-sales service providers in the country, Blue Star's legendary customer service is at the heart of the Company's core philosophy and is built into the DNA of every Blue Starite. All the products, processes and technologies of the after-sales service group are geared towards a single aim – delivering a world-class customer experience. It is also the single-biggest relationship builder with the Company's customers.

Blue Star understands that after-sales service is one of the critical success factors for HVACR businesses. Hence, the Company strives to provide a seamless customer experience with assured response time and the highest quality of service. With a countrywide service network that operates 24x7 and appropriate support infrastructure, backed by its value proposition of Gold Standard service delivery, Blue Star has extensively expanded its service reach beyond Tier 1 cities to Tier 2, 3, 4, 5, and 6 towns as well. The Company currently serves more than 3,900 towns and promises a service response time of 3 hours and turnaround time of 18 hours. The Company also assures same-day installation for all its retail customers. The Company's 24x7 call desk and interactive voice response system wherein the customer can log in a service call within 12 seconds without talking to any personnel has been very well received and utilised by its customers. Blue Star Customer Service is also on WhatsApp to make it easy for customers to log in any kind of service need.

A customer service app is also now available to customers with a one-touch facility to log in a service requirement.

Various other digital initiatives including a technician application and remote monitoring of chillers among others give Blue Star a competitive edge. Technicians can also use mobile apps to generate field service reports, which is another added advantage that ensures transparency and real-time data sharing. This helps save paper too.

Blue Star has also introduced a video calling platform to connect with speciality product customers to provide 'Solutions over Phone' through the Company's Service Specialist team. This platform is also used to give demonstrations of the latest speciality products to customers.

More than 250 service vans are operated by Blue Star to reach out to customers in quick time. Refrigerated vans have been deployed across major cities to serve quick-service restaurant customers, to offer cold storage support and 24x7 service to a select segment of cold room customers. Fully equipped commissioning vans too operate in major metros for smooth commissioning of VRFs and other units. The vans are equipped with state-of-the-art instruments such as three phase power analyser, ultrasonic flow meter, anemometer, refrigerant analyser, and VRF and chiller spares, amongst others, and are of great help in the field.

“The Company remains committed to its Credo, “I am Blue Star. I take pride in delivering a world-class customer experience.”

Electronics repair centres have also been established across six locations in the country to recycle the PCBs of Room Air Conditioner products with an aim to contribute towards the Circular Economy as well as to ensure quick turnaround for customer complaints.

To ensure sustainability and eco-friendly disposal of e-waste, Blue Star has also introduced an e-waste recycler for collecting defective spare parts from channel partners to dispose of them sustainably.

The Company's Relationship Capital with customers has been vastly strengthened due to all these service initiatives.

Blue Star extends service to customers through a vast network of service partners who are skilled and trained to handle the state-of-the-art equipment in the field. To ensure constant upgradation of their skillsets, Blue Star has set up training centres at various facilities across the country. This infrastructure is created with the objective of skill development of the Company's service provider technicians, and topics such as preventive maintenance, troubleshooting and breakdown maintenance are covered in the training courses. Additionally, Blue Star's 'Training on Wheels' is another unique initiative to reach out to its technicians at their doorsteps for training across India. These training vehicles house equipment, simulator kits and test jigs for hands-on training of the team of technicians.

Blue Star's HVACR service is ISO 9001:2015 certified which ensures consistent performance across product lines and geographies. The Company's service division is one amongst the few service organisations to go for ISO 45001:2018 certification that ensures a safe working environment for its field force.

Blue Star's Engineering Facilities Management (EFM) service, through which the Company offers a wide range of Operations and Maintenance services to ensure efficient working of electro-mechanical utilities, is also popular among customers.

Having forayed into the residential market in 2011, Blue Star's service group serves over 26 lakh residential customers under warranty. Blue Star also forayed into the Retail Spares Business in 2020-21 through over 300 spare parts distributors across India.

'Customer Experience Centre'

Blue Star maintains a first-of-its-kind 'Customer Experience Centre,' spread over an area of 1000 sq ft, at the Blue Star Innovation Centre in Thane. Built with an intent

Blue Star's technician post servicing of a visi cooler



to create an experience around Blue Star's brand legacy, innovations, and products and services for its customers, this invite-only Centre displays Blue Star's Cooling and Purification products across categories, such as room air conditioners, commercial refrigeration, and commercial air conditioning, and also showcases Blue Star's rich pedigree of almost 80 years through an exquisitely designed History Wall. The facility also captures the projects and service businesses along with the R&D and manufacturing capabilities on a 77-inch OLED digital screen. A virtual tour of the Company's manufacturing facilities is also planned for visitors. With digital screens being used for all the communication, the Centre is exemplary in its look and feel.

SUPPLIER FOCUS

Supply chain management

Blue Star has a strong and effective supply chain management system that prioritises customer satisfaction and profitability. The Company is highly focused on various cost leadership levers and utilises Total Cost Management

(TCM) techniques to identify and reduce costs without compromising on quality. Value sourcing is used to develop flagship products by partnering with suppliers who offer high-quality material at competitive prices.

The Company follows a process of tracking costs across the supply chain in a granular manner, and by rigorously following industry benchmarking and 'should be' costing methodology, the Company ensures competitiveness and a strong relationship management with suppliers. Sourcing excellence promotes effective analytics while competitive intelligence is used as a validation tool to prove competitive advantage.

Risk management is essential in supply chain management, and the Company employs robust processes and techniques to identify, assess, and mitigate risks in this regard. Contract management ensures supplier obligations are met, and availability of long lead-time parts is ensured through a robust supplier and plant inventory management process.

The Quality, Cost, Delivery, Development, and Management (QCDDM) approach is implemented to further enhance the Company's supply chain management. This approach focuses on maintaining quality standards, reducing costs, ensuring timely delivery, promoting innovation, and managing suppliers and the supply chain effectively.

To maintain quality standards, the Company implements strict quality control measures, regular audits, and assessments of suppliers. Cost-saving initiatives such as value engineering help identify areas to reduce costs without compromising product quality. Effective communication with suppliers and data analytics ensure timely delivery of products, and collaboration with suppliers optimises transportation routes and minimises delivery times.

Innovation is promoted through collaboration with suppliers through workshops to identify areas for improvement and develop innovative solutions that enhance product quality and reduce costs. Effective supplier and supply chain management is promoted through strong relationships, risk management, and cost and quality assessments.

During the year under review, the supply chain function continued to work on many important areas such as lead time reduction through localisation, working capital management, and expanding supplier base in FTA countries, to name a few.

The Company is an active participant on the M1xchange TReDS platform to support its MSME vendors to access funds at competitive rates.



Blue Star's mobile refrigerated service van

DEALER FOCUS

Channel management

Blue Star's Channel Management Centre (CMC) is the overall custodian of Blue Star's channel partners and a single point of contact for all channel administration, development and conflict resolution initiatives. In the year under review, CMC added around 150 channel partners and service associates to the Blue Star network. The retail distribution reach of the Company for room air conditioners was enhanced as well with the addition of about 200 retailers and distributors across the country. This has ensured a significant increase in Blue Star's presence in Tier 2 and 3 markets over last year.

With these additions, Blue Star now has around 4,040 channel partners with over 8,000 stores for room air conditioners, packaged air conditioners, chillers, cold rooms, and refrigeration products and systems, and 1,251 service associates serving customers in over 4,100 talukas.

As an extended arm of the Company, Blue Star's channel partners are a vital part of the organisation's customer reach strategy. Several of the Company's dealers have been associated with Blue Star for over a decade. In fact, many of them are Blue Star's ex-employees and are, therefore, well aligned to its value proposition. To ensure that the dealers are in sync with the organisation and that any issues of theirs are addressed promptly, Dealer Satisfaction Surveys are periodically conducted, and dealers' needs are addressed through various platforms.

Training programmes are being conducted periodically for Blue Star's channel partners to apprise them of the Company's latest products and services. Most of the trainings are conducted on an e-Learning platform. This has benefitted the dealer and associate fraternities enormously since they can learn at their pace and convenience.

'Star Connect,' which was launched in FY18 to facilitate channel partners with the ease of doing business, continues to see wide acceptance and appreciation. During FY23, training programmes were organised over Star Connect across all branches for dealers and their staff members. Video tutorials and manuals in local languages too were created to facilitate the training. Tie-ups with reputed banks are helping channel partners to take advantage of channel finance benefits through Star Connect, including the availability of working capital at lower interest rates. Star Connect has contributed significantly to improving dealers' satisfaction due to enhanced efficiency.

The Company's digital transformation initiative for its Star League Dealers, 'Star Kart – A Dealer Website Initiative,' to strengthen their online presence, continued to be a primary focus area. Through this, the Company continues to launch digital brand shops in association with dealers, complemented by marketing campaigns, Search Engine Optimisation (SEO), Search Engine Marketing (SEM), Google My Business, Google ads and Social Media Marketing. They also include features such as Live Chat, Virtual Store, Smart Invoice, Smart Compare Products, product videos integration with product pages, and many more. A 'Virtual Tour' feature in these stores enables a 360-degree virtual walk-around experience for consumers from the comfort of their homes. A 3D visual representation of products is available on the virtual store with options to zoom in, check measurements of the product, and also purchase online. These virtual stores which are on the dealers' websites are linked to the dealers' e-commerce sites.

E-COMMERCE

Blue Star's e-commerce distribution channel grew significantly during and post the Pandemic, advancing its penetration to over 200 million shoppers. India is the eighth largest market for e-commerce with a predicted revenue of ₹ 593 billion (USD 72 billion) by 2023. Revenue is expected to show a compound annual growth rate (CAGR 2023-2027) of 13.9%, resulting in a projected market volume of ₹ 989 billion (USD 120 billion) by 2027. India has the third-largest online shopper base globally only behind China and the US and is expected to grow significantly with the addition of 370 million Generation-Z consumers by 2030, who have grown up in an India with internet, smartphones, digital media and digital consumption platforms.

Blue Star has not only partnered with reputed online distributors but has also become a preferred seller on Flipkart and Amazon. In addition, it has also deployed direct seller and dropship models. The current contribution of Blue Star's consumer products sales from e-commerce to overall sales grew significantly in FY21 and FY22 but in FY23, it fell slightly due to several consumers going back to physical retail stores. However, Blue Star continues to command a value market share of over 10% in online channels in both ACs and Water Purifiers.

Focused investments in e-commerce marketing with the help of machine learning and AI tools, and sponsored listing and brand ads across platforms, created immense brand visibility and resulted in high click-through rates and conversions at optimised cost. Blue Star also launched its own e-commerce-enabled website in 2020, which has been performing very



A 'Training on Wheels' Van

well and is the Company's first initiative in the D2C arena. The website is rich in content and offers a seamless customer buying experience along with various payment modes and direct fulfilment from the Company's warehouses.

The Company continues to focus on customer database management and has initiated actions to cross-sell and up-sell various products that Blue Star has to offer, along with gaining customer insights which will be used to formulate its product management, sales and marketing strategies.

SHAREHOLDER ENGAGEMENT

Blue Star continues to enhance value for its shareholders through improved return on equity and dividend pay-outs. Blue Star regularly engages with its shareholders, both individual and institutional, through a comprehensive investor relations programme and apprises them of its performance and business updates on an on-going basis. Quarterly earnings conference calls are organised regularly to apprise the investor community about the Company's performance for the quarter gone by and the short- and medium-term outlook.

Besides these, the Company's management has been conducting several interactions with fund houses and research firms through the year to update them on the Company's strategic direction and growth aspirations over the medium term. Investor updates are regularly published on the Company's website as well to disseminate business updates and information in an equitable and transparent manner.

BANKERS AND CREDIT RATING AGENCIES

Over the years, Blue Star has built robust relationships with a group of banks who have supported its growth. Blue Star regularly interacts with its bankers to update them about its financial performance and support required for growth. Blue Star has been prompt in servicing all its obligations and its covenants around lines of credit and borrowings. Blue Star's Commercial Paper has been rated 'A1+' by CARE and CRISIL. The Company's long-term rating is AA+ (Outlook: Stable) and its short-term facilities have been rated A1+.

SOCIAL CAPITAL

A responsible corporate citizen, Blue Star strongly believes in empowering people and communities, thereby elevating society as a whole. The Company is committed to the well-being of communities, especially those who reside around the Company's facilities. Much before the term 'CSR' had taken root, Blue Star was already running the Blue Star Foundation, a Trust for charitable endeavours and succour to needy sections of society.

Now, Blue Star's department for Corporate Social Responsibility (CSR), established over a decade ago, plans, implements and monitors scheduled CSR activities with

due diligence and professional care. The CSR department is overseen by professionals with the requisite domain knowledge for these activities. Blue Star spent a total of ₹ 3.32 crores during the year on CSR, of which ₹ 49.10 lakhs was contributed to the Blue Star Foundation. The major CSR projects undertaken were in the areas of: Skill Development & Education, and Health, Hygiene & Wellness for communities located in and around the Company's manufacturing facilities. Other projects were around major markets, where specific needs have been identified in partnership with NGOs.

“During the year, Blue Star unveiled 'Sitare,' an initiative that enables beneficiaries of both the causes the Company supports – Skill Development & Education and Health, Hygiene & Wellness – to shine like stars!



Skill development

Blue Star is a significant stakeholder in providing support towards holistic vocational training initiatives in Air Conditioning and Refrigeration Service (AC&R) as well as in the field of Mechanical, Electrical, and Plumbing (MEP), in partnership with like-minded institutions, professional bodies and corporations. Blue Star's training personnel contribute to setting up customised classrooms and practical labs, curriculum development, training of trainers, monitoring the quality of teaching sessions, and imparting regular lectures at these centres.

Blue Star continues to enrol apprentices under National Employability Through Apprenticeship Program (NETAP), a Public-Private Partnership of Team Lease Skills University (a PPP with the Gujarat Government at Vadodara); Confederation of Indian Industries (CII); All India Council for Technical Education (AICTE); and National Skills Development Corporation (NSDC) under Ministry of HRD. In the year under purview, NETAP apprentices were oriented to the workplace environment at Blue Star's manufacturing facilities, R&D and supply chain functions, and across EMPG project sites. The apprenticeship programme accords academic credit to the students from

diploma and degree programmes for on-the-job training, and aids in bridging theory and practice. More than 950 apprentices have benefitted under this initiative.

Blue Star also encourages its employees to dedicate their time to deliver sessions on a pro bono basis to impart employable skills. As in earlier years, in FY23 too, Blue Star continued its support to institutes such as Thakkar Bapa Vidyalaya, Chennai; Sanskriti Samvardhan Mandal, Sangroli; Ramakrishna Mission Shilpamandira, Kolkata; and Apollo Total Health, Aragonda; contributing to faculty fees and student expenditure reimbursement. A new AC&R lab section was also set up at the ITI Somaiya Vidya Vihar, Mumbai. Besides these, Blue Star continues to provide curriculum and master training support to ICICI Academy of Skills towards the smooth implementation of the AC&R course run by the latter.

Education

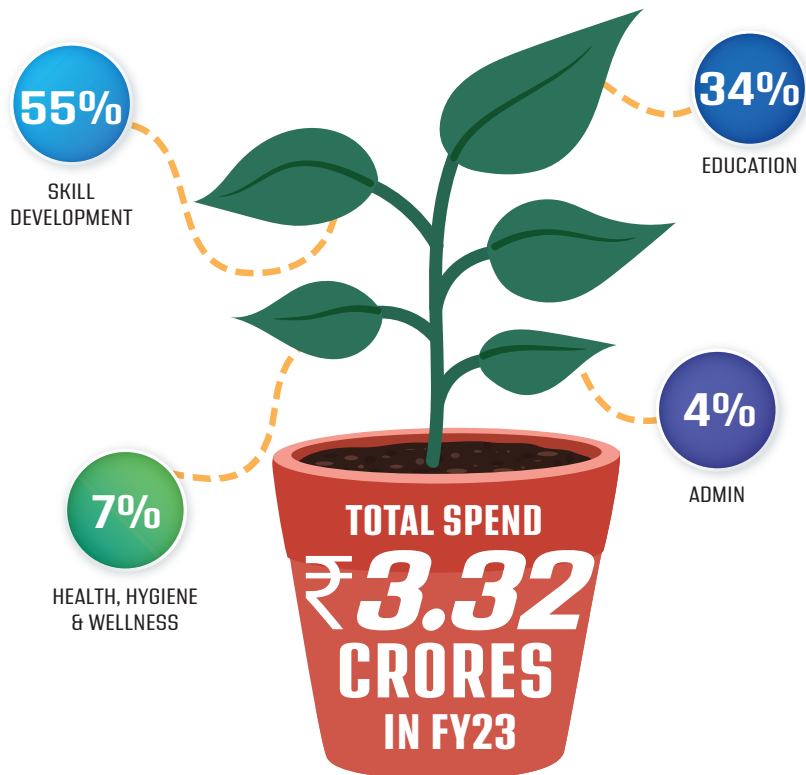
Through the Blue Star Foundation's flagship programme, 'The Mohan T Advani Centennial Scholarships,' Blue Star continues to support five engineering, nine diploma and three architecture colleges spread across Mumbai, Hyderabad, Chennai, Bengaluru, Vadodara, Kolkata and

A glimpse of a science class at Palghar supported by Blue Star





Blue Star ensuring continuity in learning for school-going children under its Digital Sakshar Programme



New Delhi. In FY23, Blue Star Foundation supported 52 Bachelor's students from these colleges and 41 Diploma students as well as two Master's students from Architecture colleges. With this, a total of 95 scholars were supported under this initiative.

Blue Star in association with Pratham Infotech Foundation started a programme named 'Digital Sakshar' in FY21, an e-learning programme for mid-school tribal children in Palghar to combat the long-term effects of the Pandemic on the education of children. In the third year of the programme in FY23, the project content was adopted by 100 Maharashtra schools in Thane and Palghar districts. In total, during FY23, the program reached a total of 8,709 students in 125 schools.

Additionally, Blue Star provided sponsorship to 25 tribal girl students to help them complete their schooling. They were provided with daily tutoring and regular mentoring support from the assigned teaching facilitator. The sponsorship also included taking care of the healthcare needs of these growing adolescent girls. The Company also provided support to Chaitanya Trust to carry out STEM Education through Science Vans. The project was executed in four talukas of Palghar district. The project helped support 1,200 students in 10 schools through science classes. A total of 155 students



Blue Star conducting a nutrition awareness programme on 'Poshan Maah' month at Dadra

Some of the students attending a science exhibition at Palghar supported by Blue Star



across two villages benefitted through the science camps.

Blue Star provided sponsorship to Anandam Trust, for their Special Education Project whereby therapeutic rehabilitation services like occupational therapy, speech therapy, music therapy, yoga therapy, sensory integration, art, craft and sports, were provided to 40 children with special needs.

Health, Hygiene & Wellness

Blue Star in association with the Asirwad Trust and Research and Action Centre for Local Democracy, Tamil Nadu, supported the development of socio-economic conditions of the local community members in the Thanjavur district. It was for the first time in India that 'gram panchayat development plans' were developed with such scientific rigour and strategic methodology. The project covered 249 farmer families.

Blue Star in association with the Kapil Patil Foundation procured a garbage van with the intent to promote cleanliness and hygiene in and around Wada.

In association with Eye Research Centre, Chennai, Blue Star

facilitated the conduct of 50 cataract surgeries for the underprivileged and needy people.

Apart from these focused projects, Blue Star Foundation has supported projects towards the causes of health and well-being, by partnering with empanelled implementing organisations. The organisations supported during the year included Jyot Bahuddeshiy Samajik Sanstha, Thane, towards vocational training opportunities for girls and adolescent health education; Akshar Trust, Vadodara, towards a special school for children with varying degrees of hearing impairment; and Aishwarya Trust, Chennai, for corrective surgery for congenital heart defects in children; among others.

Besides, Blue Star also continues the Blue Star Engineering & Electronics Diagnostic Scheme to help women from the underprivileged sections of society with free diagnostic support to detect cancer. The programme catered to 1,350 patients across the four partner hospitals comprising The Cancer Institute (WIA) Adyar, Chennai, Tamil Nadu; Dr M L Dhawale Trust's Rural Homeopathic Hospital, Palghar, Maharashtra; and Manav Seva Public Charitable Foundation, Akola, Maharashtra.



A session on pregnancy at Kurla supported by the Blue Star Foundation towards the mother and child healthcare programme



A new lab setup by Blue Star in collaboration with Ramakrishna Mission Shilpamandira, Kolkata



A patient taking diagnostics services at Sant Tukaram Hospital and Medical Research Centre, Akola, supported by the Blue Star's 100% subsidiary Blue Star Engineering & Electronics



Students at Palghar government school attending social sciences class through e-learning supported by Blue Star



A glimpse of the event at which the Blue Star-supported Digital Sakshar programme was adopted by the Maharashtra State Government



A Digital Sakshar programme is progress at the Palghar government school



Students attending a science exhibition at Palghar supported by Blue Star



Blue Star providing STEM Education in Palghar



Softskills workshop conducted for NETAP trainees at the Blue Star Dadra factory



An FPO meet at Karuppur in progress



Free diagnostics services provided to tribal communities at Rural Homoeopathic Hospital, Palghar, by Blue Star Engineering & Electronics



Farmers working in the field at a village in Salem District under Blue Star's FPO project



Blue Star distributing certificates after a vocational training programme at Apollo Health Center



Blue Star supporting the digital literacy programme at Kala Amb



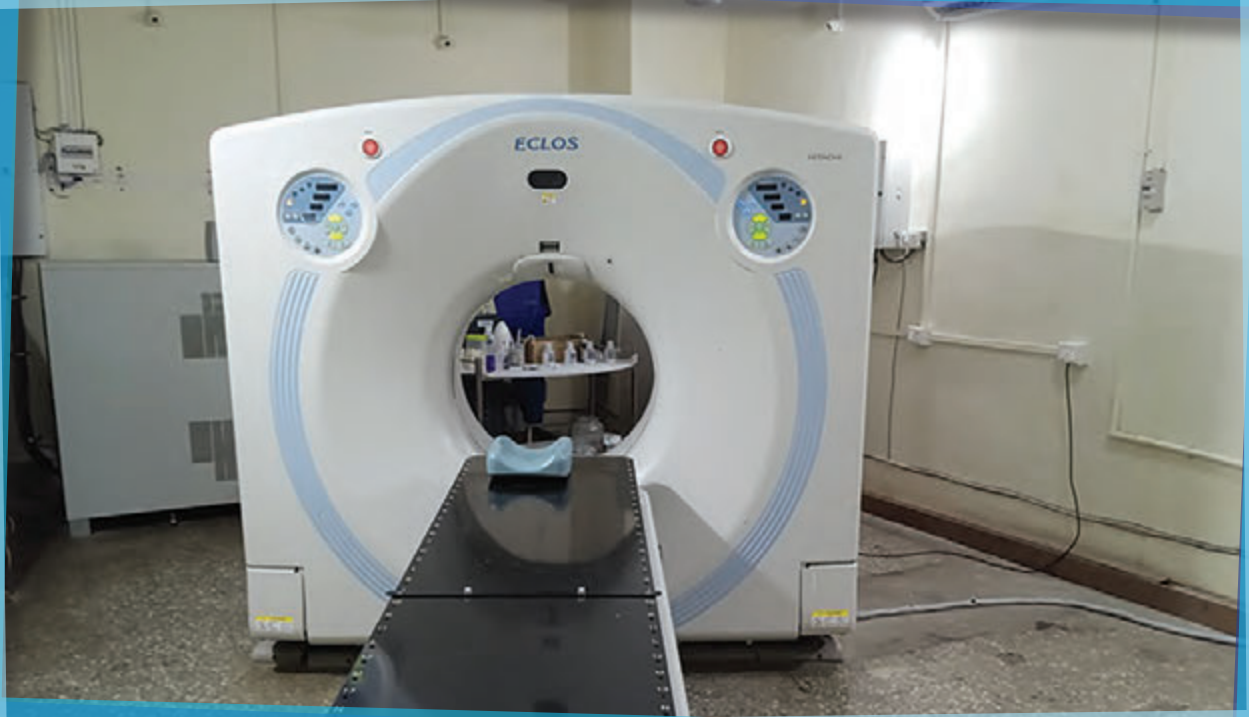
MTA Centennial Scholars being virtually felicitated by Mrs Sunaina Murthy, Non-Executive Director, Blue Star, and Trustee, the Blue Star Foundation, along with other Trustees of the Blue Star Foundation



Financial literacy workshop for community women at Kurla supported by the Blue Star Foundation



An anaemia screening camp being conducted at Kurla under the Blue Star Foundation's mother and child healthcare programme



Free diagnostics services provided at Sant Tukaram Hospital and Medical Research Centre, Akola, by Blue Star Engineering & Electronics

NATURAL CAPITAL

Conservation of Energy

Sustainability and eco-friendliness of its Plants, processes and products is always one of the highest priorities at Blue Star. Hence, every year, many initiatives are taken to continually improve these aspects of the Company's operations. Here are some of the initiatives taken during FY23:

Wada Plant

Numerous initiatives towards energy savings were undertaken at the Company's Wada Plant:

- Annualised generation of 11.35 lakhs of energy units through 1MW Roof Top Solar Plant resulted in reduction of CO₂ emission by 568T.
- Replacement of two old Recip air compressors with new oil-free Recip air compressors resulted in annual saving of 10,000 units, equivalent to an annual saving of ₹ 1.10 lakhs.
- Installation of four High-Volume Low-Speed (HVLS) fans on assembly lines resulted in an annual energy saving of 10,972 units. This has also reduced noise levels thereby making it less harmful to the assembly line workers, and improved human safety on assembly lines by removing 40 old high-speed wall mounted fans.



Dadra Plant

The Dadra Plant undertook several steps towards enhancing energy-efficiency and enabling energy savings:

- A PV Solar Roof Top System yielded 83,591kVAh of green energy, resulting in a cost saving of ₹ 5.68 lakhs in FY23 and reduced the CO₂ emission by 19T.
- Consequent to migration to Express feeder power connection, power staggering was reduced by 90% which resulted in decrease in line stoppages and scrap generated during sudden blackouts. It also decreased the upfront diesel procurement cost and frequency of vehicles entering the factory premises. In all, it resulted in indirect cost savings of over ₹ 10 lakhs per annum and reduction in CO₂ emission by 19T.
- Daylight harnessing for export assembly improved the daytime lux from 150 to 360 lux and reduced the daytime lighting power consumption by 520kW/Mo. The same resulted in cost savings of ₹ 0.43 lakhs per annum and reduced the CO₂ emission by 1.5T.

Himachal Pradesh Plants

Various initiatives were carried out at the Himachal Pradesh Plants to conserve energy:

- Installation of 1.0MW Solar System at Wada Plant reduced carbon emission by 84,600kgCO/kWh.
- Replacement of two old DG Sets with new CPCG II DG sets resulted in lower fuel cost.
- Optimisation of DG set operation (which was installed as standby backup) resulted in a saving of 13kL HSD, which translates to a cost saving of ₹ 12 lakhs.
- Replacement of the hydraulic power pack in an old Hair Pin Bender machine, with a new servo driven system, improved energy-efficiency by 70% and reduced CO₂ emission by 32T. Elimination of the hydraulic oil reduced hazardous waste under HWM category 5.1 and 33.1.
- Optimisation of low air pressure compressor by adding one VSD machine resulted in energy saving of 74,256kWh.
- Replacement of Sodium lights (250 W) with around 70 LED lights (100 W) in the IDU Line resulted in energy saving of 21,840kWh.

New DG set installed at Blue Star's Himachal Pradesh Plant



INFORMATION TECHNOLOGY

Blue Star has always been at the forefront of leveraging IT solutions across the extended enterprise and achieving improved business performance. In FY23 too, the Company continued to widen its usage of technologies such as Robotic Process Automation (RPA), Industry 4.0, Business Intelligence, Internet of Things, Analytics and Cloud.

With Blue Star opening up new subsidiaries, both in domestic and international markets, there was a need to ensure that its digital platforms supported operations globally and scale on demand in a secure manner. To provide this level of flexibility, Blue Star migrated its digital core, SAP, to the cloud. This has provided the Company with a platform that can scale horizontally and vertically, and mitigate risks associated with availability and security.



The new smart manufacturing facilities at Sri City and Wada incorporate state-of-the-art Industry 4.0 technologies to maximise equipment efficiency and resource utilisation, minimise downtime, and reduce energy consumption and waste. The entire assembly line as well as utilities are connected using sensors and Internet of Things to ensure real-time visibility, safety and control of factory operations. As all the Company's factories are now on a common smart factory platform, this will be further utilised to enable Blue Star in achieving its net zero carbon emission commitments.

On the sales front, across various business units, the Company adopted a cloud-based sales force automation solution. This solution, along with analytics, has provided the sales teams with an effective platform that can provide intelligent insights into the sales pipeline and sales productivity thereby enabling them to track performance against targets in real time. In addition, the Company piloted a field force mobile application that enables its field sales to collect field-level information that gets aggregated across regions and provides management with an ability to view store-level product data and certain competitive insights.

Considering the growth of the business and the criticality of Customer Service within its overall sphere of operations, the Company executed a strategic exercise to re-engineer

and optimise the business processes of its Customer Service functions. This exercise will enable the Company to become more responsive and efficient when it comes to providing installation, complaint handling and preventive maintenance services. On the digital front, the Company deployed an improved Spare Parts portal and also a video-based solution to validate high-cost part replacements.

An AI-based Face Recognition Attendance system was deployed across all MEP project sites to capture attendance data for site workers. This system enables proper accounting of workforce and time spent on projects by various categories of workers.

For its international business, the Company implemented nEXIM, an end-to-end solution offering an increased visibility into its Export-Import operations, primarily related to Import/Export documentation and Letter of Credit management.

The Company embarked on the path of becoming an insight driven organisation through data analytics and has undertaken efforts to skill the workforce in this area and build a Centre of Excellence to propagate the usage of analytics and create a data-driven culture within the Company. The Centre of Excellence has been instrumental in deploying a data lake that will provide the foundation for all Analytics initiatives.

BRAND EQUITY

Marketing communication continued to be a primary focus during FY23, with significant investments being made towards advertising, brand-building and online sales.

An important decision was the extension of the association with Virat Kohli as the brand ambassador of the Company. Not only had the earlier years seen excellent response to the partnership between Blue Star and Virat Kohli, but an internal market research conducted through Nielsen also concluded that the association between the cricketing star and Blue Star continued to remain high in public recall.

On a strategic level, Blue Star's communication remained targeted towards strengthening the Company's repositioning

in 2020 as a mass premium brand. Specifically, the focus was on the Company's association with its differentiator of 'Fast Cooling'. Hence, all key B2C air conditioning campaigns were centred around the value proposition of 'Happiness is a fast-cooling AC'.

In keeping with the above decisions, Blue Star created and released a TVC - 'Versus!' - during the year, featuring Virat Kohli. The TVC brought alive the proposition of the fast-cooling AC in a light, easily comprehensible and yet impactful manner, and hence achieved high association and recall of fast-cooling with Blue Star, especially in Tier 3, 4 and 5 markets.

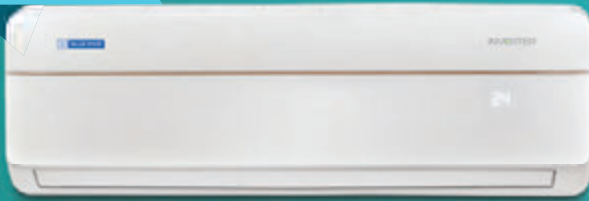


A still from Blue Star's TVC - 'Versus!'



BLUE STAR

Smart Ready



BLUE STAR FAST-COOLING* AC. AC ON. HEAT GONE.

It takes a truly powerful and efficient AC to cool quickly in intense heat. The Blue Star Fast-Cooling AC has a Turbo Cool mode to make sure heat makes a really fast exit.



Blue Star's TVC featuring Virat Kohli was also telecast throughout the IPL, which is one of the strongest media vehicles in India now as it cuts across all markets and helps achieve both reach and impact. With an increasing focus on the Hindi Speaking Markets, the Company also increased its share of spending in a calibrated mix of channels that are popular in these markets and aired local language (vernacular) commercials to further enhance reach and brand recall.

In this context, it is satisfying to note that Blue Star was bestowed with the 'Silver Award' at the Brand Bharat Awards 2023 by ET Brand Equity in the 'B2C Campaign – North' category, for its 'Happiness is a Fast-Cooling AC' campaign.

Blue Star's 'heavy-duty' ACs were promoted through a digital film titled the 'The Rajasthani Dance'. The film was conceptualised keeping in mind the need for a differentiated communication about enhanced reliability in markets with higher ambient temperatures. The film connected with the masses through Virat Kohli and a touch of humour.

Besides the TVCs, digital films and print communication, Blue Star also focused on participation in major exhibitions and events in key segments like Hospitality, Architecture and Healthcare to increase brand saliency in our influencer segments.

Another key initiative towards brand communication and promotion of the Company's fast-cooling ACs was the conduct of mall activations across prominent malls in North India, where visitors were encouraged to participate in competitions and win bats autographed by Virat Kohli himself.

Blue Star continued to invest more into digital marketing and e-commerce platforms for its B2C product ranges during FY23. This helped leverage the growing affinity of consumers towards the digital platform, and increased reach as well. Along with the main TVCs referred to above, the Company also created independent, short videos, to be used in the digital medium, with the intent to garner higher visibility and recall, thereby driving home the intended value proposition, 'Happiness is a fast-cooling AC.'

Recognition of the effectiveness of Blue Star's digital marketing came by way of Google selecting the Company's summer campaign to publish a case study on campaign effectiveness. The campaign under question had helped increase website traffic at a low cost per acquisition.

Blue Star also included innovative display platforms, and mobile apps which have rich regional content and are used majorly by people in Tier 2, 3, and 4 cities. The Company



A still from Blue Star's digital film 'The Rajasthani Dance' on heavy duty ACs



Blue Star's side discharge VRF digital campaign

also explored newer formats of advertising like Connected TV (CTV). While most of the digital video consumption is through smartphones, there is an upsurge in the phenomenon of CTV.

Blue Star packaged many attractive special offers and promotions on online shopping portals to ensure significant strengthening of its D2C presence, increase visibility across all markets, and increase offtake from online stores.

In March 2023, Blue Star also launched its new advertising campaign for the Summer, promoting Blue Star's new range

of air conditioners for this season, in the second week of March 2023. Blue Star's new TV commercial featuring Virat Kohli is quirky, fun to watch and easy to comprehend. It showcases how Virat knocks out Heat Man (a character representing heat) by switching on a 'Fast Cooling' Blue Star AC.

With the digital medium gaining significant momentum, the Company also explored this platform for its B2B range of products including VRFs and refrigeration products.



Blue Star's visi cooler digital campaign



Blue Star's water cooler digital campaign

AWARDS AND RECOGNITION



Blue Star winning the 'MEP Contractor of the Year' award by Construction Week India for the seventh time in a row for the MEP works at the OLA Future Factory, Tamil Nadu



Blue Star declared winner of the prestigious 'Golden Peacock Award for Excellence in Risk Management' for the second time



Blue Star recognised for 'Design Innovation in Building' at the Autodesk Imagine Awards



Blue Star winning the award for 'Best Customer Service Initiative of the Year 2022' for enhancing customers' trust through Digital Transformation in the Electronics Category at the CX Excellence Awards 2022



Blue Star being awarded the 'Best Water R&D and Technological Breakthrough-Domestic' award at the 15th edition of Water Digest Awards 2021-22



Blue Star winning the Best Stall award at CII Agro Tech Export, Chandigarh



Blue Star certified as a 'Great Place to Work'



Blue Star receiving IGBC Green Building Congress Platinum Certification for its Thane office



Blue Star's Inverter Condensing Unit receiving the first runner-up award under the category of 'Innovative Refrigeration Product', at the REFCOLD India Emerson Awards



Blue Star's Wada Plant declared the first runner-up at the 10th Edition of Manufacturing Today Conference & Awards



Blue Star declared winner of the Gold award and the Star Championship award in the Renovative Kaizen Category at the 44th National Kaizen Championships organised by CII



Blue Star declared winner of Gold award and the Star Championship award in the Innovative Kaizen Category at the 44th National Kaizen Championships organised by CII



Blue Star declared winner of the Gold award and the Star Championship award in the Restorative Kaizen Category at the 44th National Kaizen Championships organised by CII



Blue Star's Wada Plant declared the first runner-up at the 3rd CII National Digitech Circle Competition 2022



Blue Star's Wada Plant receiving the IGBC Platinum Certification under 'Green Factory Building' category

RISKS & MITIGATION STRATEGIES

DYNAMIC MACRO ENVIRONMENT RISK

The Company's businesses in the Electro-Mechanical Projects and Commercial Air Conditioning Systems segment are cyclical in nature and are exposed to the volatile macro-economic environment. Capital expenditure investment commitments by the customers in the private and public sectors drive flow of orders in the segment. A prolonged economic slow-down may impact the flow of orders and consequently the growth of revenue for this segment. The international operations are also exposed to geo-political risks such as changes in tax regime and geo-political developments, amongst others.

Mitigation strategies:

The Company closely monitors the key macro-economic indicators on a regular basis. It continuously explores opportunities in untapped segments in the case of projects business and engages in development of new products with focus on profitability and scalability in the Commercial Air Conditioning systems business. The Company also evaluates strategic risks prior to venturing into new business segments or geographies. Enhanced thrust is placed on expanding Blue Star's global footprint through development of products conforming to the standards in the new geographies as well as on diversifying into related product segments. Besides, the



Company invests in continuous in-house capability building and awareness creation with regard to statutory compliances in the geographies in which it operates or proposes to operate.

SEASONALITY RISK

All the businesses in the Company's Unitary Products segment are seasonal in nature. Unforeseen weather patterns such as extended winter, pleasant summer, less than normal monsoon, excess monsoon or any kind of disruptions during the peak selling seasons may impact the Company's planning and forecasting process leading to either a stock-out or excess inventory situation and impact revenue growth.

Mitigation strategies:

The Company has in place a well-defined process to review and re-align, wherever necessary, the procurement plan, on a dynamic basis. It also has a continuous process improvement plan to reduce lead time for procurement. The Company also continuously explores opportunities to expand its portfolio to include new product lines that are adjacent to its existing portfolio, to minimise reliance on products that are seasonal in nature.

SOURCING RISK

Key components in the manufacture of the Company's products such as compressors, copper tubes, electronic parts, indoor units for split air conditioners, and inverter drives, are sourced from vendors in China and some other countries. Any disruption in supply caused due to geopolitical reasons, imposition of non-tariff barriers or the occurrence of a pandemic, such as COVID-19, that limits imports from China or any other countries may significantly impact the Company's ability to import, manufacture and sell. There are also key component and finished goods suppliers located outside and within India on whom the Company has and may continue to have strategic dependency. Any disruption in the business operations of these suppliers may also impact the Company's ability to sell underlying products and equipment seamlessly.

Mitigation strategies:

The Company has a well-defined review mechanism to identify dependencies either on a single country or single vendor for the key components required for manufacture of its products. The Company, on an on-going basis, takes steps to diversify such procurements from alternative and indigenous sources and identify backward integration opportunities.

COMPETITION RISK

Several Indian and global players in the air conditioning business are in the process of setting up or expanding their own manufacturing facilities in India to tap the under-penetrated market. Such players could resort to predatory pricing practices to capture market share leaving the Company vulnerable to significant loss of business to the competitors besides dilution of margin and profitability. There are also chances of experiencing a shift in the buying behaviour of consumers due to the growth of e-commerce platforms.

Mitigation strategies:

The Company is well diversified across product categories at various price points. It has tie-ups with key e-commerce companies. There is enhanced thrust on increasing penetration in Tier 3/4/5 cities. The Company focuses on developing more exclusive dealers. The Company also continuously focuses on the rationalisation of costs across the value chain through the Total Cost Management (TCM) framework without compromising on quality and reliability to maintain its competitive position.

PROFITABILITY RISK

The Company's profitability may be stressed due to volatility in commodity prices, increase in input costs or ocean freight, and credit defaults by customers.

Mitigation strategies:

The Company's businesses are ring-fenced with policies and appropriate commercial guidelines for handling volatility in commodity prices and other input costs and a due diligence mechanism to reduce the risk associated with credit default. The Company also continuously focuses on re-engineering of commercial and contract management practices besides review of operating costs on an on-going basis to build resilience in its cost structure.

CURRENCY RISK

The Company's operations are subject to risk arising from fluctuations in exchange rates with reference to countries in which it operates or sources its raw materials from.

Mitigation strategies:

The Company has a robust Foreign Exchange Risk Management policy and process in place to review and hedge currency exposures on an on-going basis.

BUSINESS CONTINUITY RISK

The Company's operations may be significantly interrupted and its financial condition, cash flow and profitability could be affected by any of the following events:

Prolonged market, supply chain, demand and operational disruptions caused by the spread of and/or continuation of pandemics or epidemics, including but not limited to COVID-19, resulting in full or partial shutdown of business or operating activities of the Company in whole or some parts of India or in any of the global markets where the Company or any of its subsidiaries, associates or affiliated business entities have presence.

The occurrence of natural disasters or accidents, including hurricanes, floods, earthquakes, tornadoes, fires, and explosions, and man-made disasters, including acts of terrorism, war and military actions.

Mitigation strategies:

The Company has in place a Business Continuity Management Systems Policy and has also formulated Standard Operating Procedures with well-defined recovery/restoration objectives to keep its manufacturing and other critical processes operational and continue serving the needs of customers in essential services such as Healthcare, Pharma, Banking and Financial Institutions, during such disruptions. All the businesses and the support functions of the Company have processes in place to carry on the operation for a reasonable period of time through remote monitoring and controls.

REGULATORY AND COMPLIANCE RISK

Regulatory compliance often impacts business operations if the Company is not proactive enough to diligently identify and adhere to such compliances. The Company's product businesses are subject to changing technology, significant technological developments and adherence to a large number of regulatory compliances. Emphasis on usage of eco-friendly refrigerants and collection and eco-friendly disposal of e-wastes are some of the specific requirements that the Company is required to adhere to. Some of the other regulatory compliances comprise compliance with Competition Commission of India for norms pertaining to dedicated dealership; compliance with BEE rating norms; compliance with QCO norms; compliance with statutory requirements pertaining to Labour Laws, Environmental Laws, Factory Laws, Competition Laws, PF Laws, Insider Trading and listing requirement; amongst others.

Mitigation strategies:

The Company is very agile and ensures complete adherence to regulatory compliances. It has built a strong compliance culture and an agile and automated compliance management system. It has adopted automated legal metrology label printing, in order to prevent non-compliance and prosecution. Besides, the Company has entered into a comprehensive and competition law compliant agreement with its dealers. The Company follows a structured approach towards any changes in the BEE ratings and ECBC 2017 norms to identify and implement these changes across its product range. The Company also has a process to ensure that its Joint Venture entities and foreign subsidiaries adhere to the compliances as may be applicable in the geographies in which they operate.

CYBER SECURITY RISK

The business activities of the Company are supported by extensive IT systems. Any major disruption to, or failure of, these systems due to a cyber-attack could have an adverse effect on its operations.

Mitigation strategies:

The Company has established a framework to elevate awareness and understanding of cyber security among key stakeholders such as employees through sessions and scenario-based testing, and vendors, dealers and other business partners through training, mock simulations, and structured communication mechanisms. The Company ensures that the IT infrastructure is periodically assessed and probed for any vulnerabilities and contingencies are revalidated based on current threats. The Company has in place a cyber-insurance policy to protect its data from unauthorised software, computer code or third-party data and wrongful appropriation of network access code. It also has a set of policies and procedures to ensure compliance to rules and guidelines related to information security.

HEALTH AND SAFETY RISK

The Company's human resources (including those of its extended arms such as sub-contractors, channel partners and associates) are exposed to health and safety risks in the normal course of business.

Mitigation strategies:

The Company has in place a robust Environment, Health and Safety (EHS) framework driven by the Corporate Safety policy. Employees are trained in EHS practices through regular training programs, the effectiveness of which is tested through regular safety audits at project sites and mock drills at all the establishments. The Company has also obtained ISO 45001 certifications for four of its manufacturing facilities, and revamp and electrical facility management operating sites.

STRATEGIC PLANNING & DEVELOPMENT

All organisations, globally and locally, face a plethora of challenges arising out of macro-economic scenarios, geo-political situations, and the global trade environment, necessitating them to review their growth strategies periodically and draw up short-term and long-term plans to counter the same. Further, customer expectations and profiles are changing every year, and this adds a new and

complex dimension to the decision-making process. What's more, competition is high in the Indian marketplace in many spheres of business with several multi-nationals looking towards India. Hence, it becomes imperative to constantly review organisational strategies and underlying assumptions.

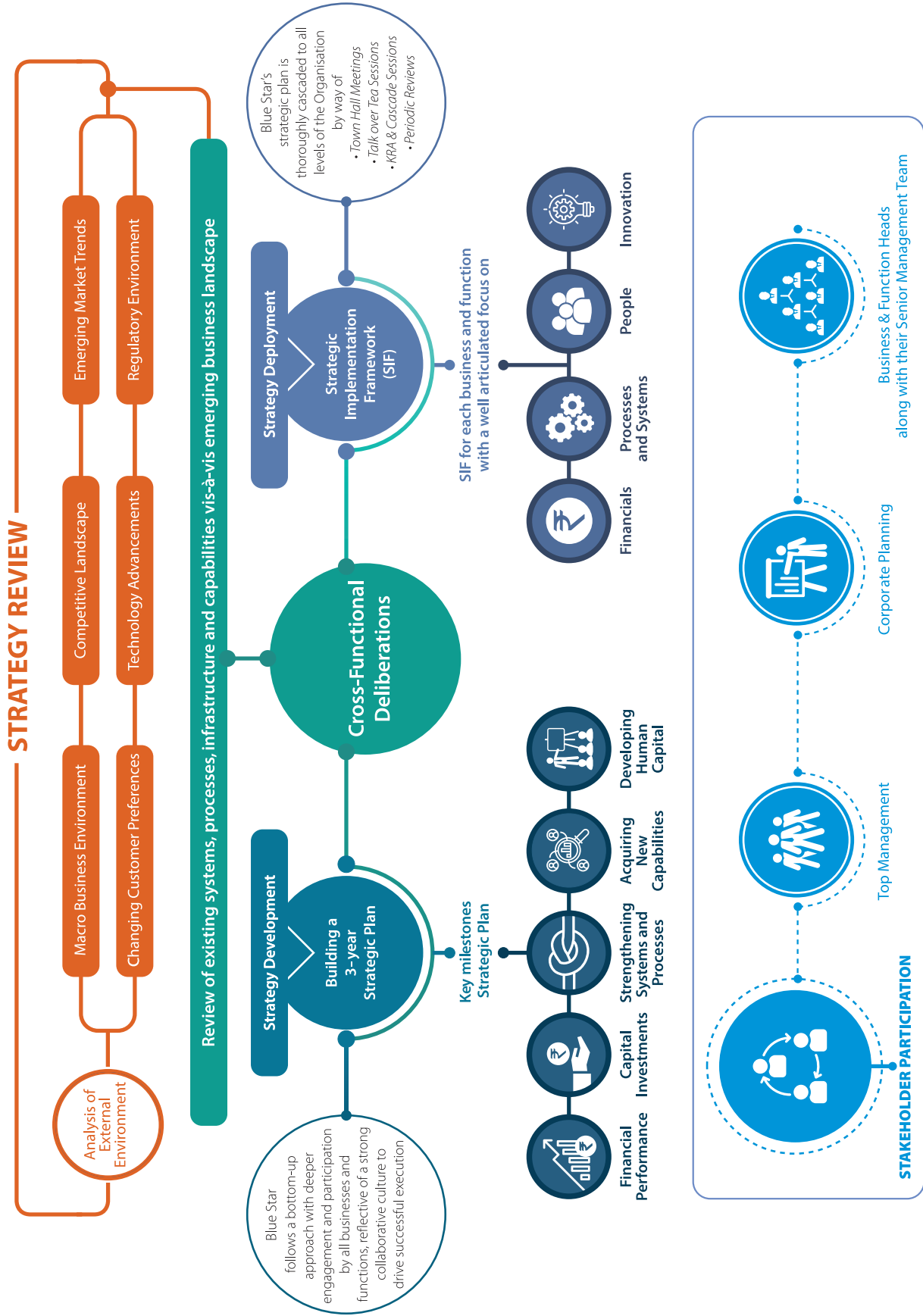


The Company had rolled out its third 3-year strategic plan, Blue Star@80, which defined the roadmap for Blue Star for three years up till FY24. As the Company completed its 79th year, the next rolling 3-year strategic plan, Blue Star@82, ending in FY26, has been formulated, aligned with its credo and core values. This plan lays down key milestones to be achieved each year at the Company level as well as at individual business and functional levels. The strategic plan emphasises clear focus on strengthening the Company's core capabilities, responding to competitive forces, acquiring new capabilities, building new processes, and acquiring new technologies. It also enumerates details on intended investments to support the growth plans.

A framework called the Strategic Implementation Framework (SIF) is in place for each business and function to help execute the strategic plans. The SIF essentially draws upon Balanced Scorecard concepts of strategy execution, and maintains a well-articulated focus on financials, processes and systems, and people and innovation. Blue Star's strategic plan is thoroughly cascaded to all levels of the organisation through town hall meetings, KRA cascade sessions, talk-over-tea sessions, and various appropriate internal forums, to align the entire organisation to the Company goals. The strategic framework provides for periodic reviews in a structured way to take stock of the progress towards key milestones.

This internal process helps in periodically discussing and reviewing the underlying assumptions related to the business landscape as well as to understand the Company's competitive positioning, and to make course corrections as needed. The Company has undertaken several internal measures based on the strategic plan.

Blue Star has a robust Strategic Planning process in place to formulate a 3-year roadmap for the Company and its businesses



AMPLE OPPORTUNITIES

The Company's integrated business model of being a Manufacturer, Engineering solutions provider and After-sales service provider, and its proven ability to innovate and offer products/solutions in line with evolving dynamics will continue to offer it with opportunities to grow:

- Revival of the capex and construction cycles coupled with a recent foray into Water MEP Projects and Railway Electrification Projects offer encouraging prospects for the Electro-Mechanical Projects and Commercial Air Conditioning Systems segments. Expansion of manufacturing capacity in the country across sectors driven by the Make in India initiatives continues to be encouraging which in turn continues to offer growth opportunities.
- Introduction of the new affordable range of products addressing a larger section of the market is expected to drive the growth of the Company's room air conditioners business and tap the opportunity arising from improved penetration. Opportunity for the Company's Commercial Refrigeration business continues to be encouraging given its wide array of offerings across sectors such as Ice-cream, Pharma, Horticulture and Food Delivery.
- Revival of corporate capex along with investments in digitalisation in the financial services sector and growth of healthcare infrastructure offer significant opportunities to the Company's Professional Electronics and Industrial Systems segment.



ESG PRACTICES

EMBEDDED IN BLUE STAR'S BUSINESS PRACTICES:

There is a strong emphasis on the Environmental, Social, and Governance (ESG) framework at Blue Star, even as the focus continues on value creation for all its stakeholders. The Company has enhanced its commitment to ESG by integrating its ESG practices into its business model. It remains a responsible corporate citizen by making sustainable choices in its ESG endeavours and

remains committed at all times to the highest standards of environment-friendly practices, sustainable social endeavours, and transparency and ethics in conduct and behaviour at all levels, right from the Board, through the Top Management, and employees, and to its extended arms such as its Channel Partners. The highlights of the Company's internal assessment undertaken in FY23 as to its ESG adherence across businesses and functions are listed here:



ENVIRONMENTAL:

Blue Star, as a leader in the areas of energy-efficiency, sustainability and eco-friendliness, ensures that its R&D and product development teams are always focussed not only on customer-centric designs, but also that their innovation always focuses on environment-friendly and sustainable products.

Environmentally conscious operating practices:

Blue Star's environment-friendly operating practices include initiatives such as the use of eco-friendly refrigerants, tree-planting drives around its facilities, and proactive steps undertaken at every factory to reduce the consumption of water and electricity. Details are provided in the Integrated Report, Natural Capital Section on page no. 92 and Business Responsibility and Sustainability Report on page no. 218.

Some other initiatives in this regard are as follows:

Blue Star works with various industry bodies to constantly update the energy standards of its new products. The Company is already an industry leader in producing energy-efficient Room ACs, VRFs, Deep Freezers, and Screw Chillers with Variable Frequency Drives, and its future-ready models of Room ACs are well ahead of the next envisaged energy label change. Blue Star's factories are built to be 'green' in their design, processes and operations. The Wada factory is Gold rated and the wholly owned subsidiary Blue Star Climatech Limited has applied for the IGBC Gold rating for its Sri City Plant. In terms of its e-waste compliance processes, Blue Star is ranked Number 1 in the Room ACs industry. The Company also pays much attention to Circular Economy initiatives. For instance, waste reduction and recycling are pursued as a part of the Total Cost Management programme; Air Conditioning & Refrigeration (AC&R) revamp business, as well as the reconditioned MRI scanners business, fit in well with Circular Economy principles; and the Company's new Medical Diagnostic Equipment Refurbishment Facility helps the Circular Economy by being an environment-friendly solution catering to India's growing medical diagnostic imaging needs.

Hazardous waste management:

Blue Star's plants constantly monitor the hazardous materials being used in the manufacture of its products and seek to reduce the same by adopting modern processes and technologies. The Company ensures that its products do

not contain lead, mercury, cadmium or any such hazardous substances beyond the levels permitted by the country's environmental laws.

Water management:

The Company's manufacturing facilities are equipped with testing machines that use the latest technology to aid in quality improvement as well as energy and water savings. This includes water harvesting facilities at its manufacturing plants. Treated water is used for flushing and local irrigation. Besides, the rainwater harvesting project at the Dadra Plant serves the daily needs of the plant (80kl). During the monsoon season, it recharges around 137kl of water on a daily basis. This has also been helpful in raising the water table in the areas around the facility.

Green Building Movement:

Blue Star is a founding member of the Indian Green Building Council (IGBC), and plays an active role in the 'green building movement'.

SOCIAL:

Freedom of association:

Around 172 employees in the workers category are members of worker associations recognised by the Company.

Diversity:

The Company remains committed in its efforts towards having a diverse and inclusive workforce at Blue Star. The gender ratio amongst the Management staff stands at 9% in FY23. The Company adheres to its Diversity, Equity & Inclusion (DEI) Policy and dedicatedly drives gender diversity initiatives across various levels within the organisation.

Health & Safety management:

Safety is paramount at Blue Star and it is not compromised with. Details around health and safety measures undertaken by the Company are available in the Business Responsibility and Sustainability Report on page no. 204 and in the Integrated Report on page no. 69.

Supplier excellence:

The Company has established a 'Supplier Excellence' programme under the ambit of which it provides suppliers with managerial and technical assistance for improvements in productivity, quality, cost, delivery and safety.

Some of the other socially responsible practices adopted by the Company are as follows:

- The Company is a leading AC&R vocational training partner for many corporates and institutes such as the ICICI Foundation for Inclusive Growth; Thakkar Bapa Vidyalaya, Chennai; Sanskriti Samvardhan Mandal, Sangroli; Ramakrishna Mission Shilpamandira, Kolkata; and Apollo Total Health, Aragonda. Over 242 participants have benefited from these skill development programmes.
- Blue Star's digital education programme for tribal children benefits 8,709 children in 125 schools at Palghar, in the vicinity of the Company's Wada manufacturing facility, by ensuring continuity of their education. In addition to this, Blue Star also supported three schools in Kala Ambh, Himachal Pradesh, to encourage self-learning skills among students and engage the community in digital learning. The Company also extended support to STEM education through the use of Science Vans and Science Camps in rural areas of Palghar impacting around 1,250 children through the program.
- The Company's commercial refrigeration business plays an important role in the preservation and life extension of perishables. As a part of its CSR, Blue Star supports Farmer Producer Organisations in Tamil Nadu in producing and marketing processed foods. The project covers around 249 farmer families where a 100MT cold storage facility was also provided to the farmers which has been helping them to stock their produce, comprising banana, paddy, corn, and groundnut.
- Blue Star involved itself extensively in promoting cleanliness and hygiene in and around its Wada Plants.
- The Company helps differently-abled children by providing them with therapeutic rehabilitation support.
- In FY23, Blue Star Foundation supported 52 Bachelor's students from various engineering and diploma colleges and 41 Diploma students as well as two Master's students from Architecture colleges through the 'Mohan T Advani Centennial Scholarships Programme,' from 19 prominent educational institutions, pan India.
- In the area of skill development, Blue Star employs around 956 apprentices every year under the NETAP Programme of the Central Government.
- The Company's initiatives on societal practices have been elaborated in greater detail in the Business Responsibility Report on page no. 226 and in the Integrated Report on page no. 78.

GOVERNANCE:

Code of Conduct and Whistle Blower Programme:

Blue Star has in place a well-enumerated Code of Conduct applicable to its directors, employees and other business partners.

Blue Star's Whistle Blower mechanism is available not only to all employees but also across its network of business associates, providing them with a robust platform to report any unethical business practices without any hesitation or fear.

Details relating to the Company's governance initiatives are provided in the Business Responsibility and Sustainability Report from page no. 186 to 229.

Board diversity and independence:

The Company has a balanced and diverse Board with an optimum mix of Executive and Non-Executive Directors, to maintain independence and separate the functions of governance and management. Details in this regard are available in the Corporate Governance Report on page no. 152.

The Company's commitment to following the highest standards of ethics and governance is re-affirmed by being awarded the Golden Peacock Award of Excellence in Corporate Governance for the third year in succession.

Some of the other Governance initiatives undertaken by the Company are:

- The Company implemented an Integrated Vigil Mechanism framework and has been ahead of the curve in its processes related to Enterprise Risk Management, Related Party Transactions, and Internal Financial Controls.
- The Company has formulated a Governance, Risk and Compliance (GRC) policy at par with the COSO 2017 framework to effectively deepen integration of the elements of the GRC.
- The Company's disclosure standards are of a very high order.

More details on the Company's Corporate Governance practices are provided in the Corporate Governance Report from pages 152 to 177.



CREDO



**I AM BLUE STAR.
I TAKE PRIDE IN
DELIVERING
A WORLD-CLASS
CUSTOMER
EXPERIENCE.**





Creative Visualization



Creative Visualization



Creative Visualization



Creative Visualization



Creative Visualization
In 5-in-1 Turbo Cool mode, AC operates in Pre-Set Turbo Fan Speed mode, which provides enhanced cooling capacity for a limited period of time. Performance as per standard test conditions. Actual performance may vary based on installed site.



Creative Visualization
In 5-in-1 Turbo Cool mode, AC operates in Pre-Set Turbo Fan Speed mode, which provides enhanced cooling capacity for a limited period of time. Performance as per standard test conditions. Actual performance may vary based on installed site.

BLUE STAR FAST-COOLING* AC. AB GARMİ KO KARO OUT.



BOARD'S REPORT

To the Members,

The Directors are pleased to present the 75th Annual Report, together with the audited financial statements for the financial year ended March 31, 2023.

COMPANY OVERVIEW

Your Company offers one of India's widest ranges of air conditioning and commercial refrigeration & air-conditioning products, as well as a comprehensive range of air purifiers, air coolers, water purifiers, cold chain equipment and specialty products. It fulfils the cooling, refrigeration & air-conditioning requirements of a large number of corporate, commercial as well as residential customers.

Leveraging on its project execution capabilities, your Company offers turnkey solutions in MEP (Mechanical, Electrical, Plumbing and Fire-fighting) contracting for Buildings, Factories, Data

Centres, Infrastructure, Heavy Industry and Water Distribution projects.

The Company's integrated business model of a Manufacturer, Contractor and After-sales service provider enables it to offer end-to-end solutions to its customers, a factor that has proved to be a significant differentiator in the marketplace.

FINANCIAL HIGHLIGHTS

The financial statements of the Company are prepared in accordance with the applicable provisions of the Companies Act, 2013 (the 'Act') including Accounting Standards as specified in Section 133 of the Act, read with the Companies (Accounts) Rules, 2014, and amendments thereof. The consolidated and standalone financial highlights of the Company for the financial year ended March 31, 2023, are summarised as follows:

(₹ in crores)

Particulars	Consolidated		Standalone	
	For the year ended		For the year ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue from operations	7,977.32	6,064.08	7,353.13	5,395.49
Total Income	8,008.19	6,099.80	7,382.96	5,431.59
Total Expenses	7,624.02	5,849.99	7,049.17	5,235.84
Profit before share of profit of Joint Venture	384.17	249.81	NA	NA
Profit before tax	555.38	250.90	504.60	195.75
Income tax	154.69	82.90	138.02	68.01
Profit after tax	400.69	168.00	366.58	127.74

OPERATING RESULTS

After two consecutive years disrupted by the pandemic, the year under review witnessed complete restoration of normalcy and, demand for all our products and services surged. The sentiments in the Indian economy were positive despite the geo-political uncertainties, rising interest rates both globally and in India and a depreciating currency which made imports costlier. Capex investments by both the public and the private sectors continued to be encouraging. Consequently, all the sectors that the Company operates in witnessed healthy growth and enabled the Company to end the year on a positive note and a robust order book. Your Company continues to stay focused on its mission to grow faster than the market, profitability improvement and efficient utilization of capital, while continuing to invest in manufacturing capacities, R&D and expansion of international footprint.

On a consolidated basis, revenue from operations for the current financial year grew 31.6% to ₹ 7,977.32 crores as compared to ₹ 6,064.08 crores in the previous financial year. During the year

under review, the Company sold a freehold land parcel at Thane and earned a profit of ₹ 170.81 crores which has been reported as an exceptional item. Net profit for the current financial year including the profit earned on sale of the land parcel at Thane, grew 138.5% to ₹ 400.69 crores as compared to ₹ 168 crores in the last financial year. On a standalone basis, revenue from operations of the Company grew 36.3% to ₹ 7,353.13 crores as compared to ₹ 5,395.49 crores in the previous year. Your Company's standalone Net Profit after Tax grew 187% to ₹ 366.58 crores as compared to ₹ 127.74 crores for the previous year. Likewise, the standalone profit includes the profit earned on sale of the land parcel at Thane.

Your Company's consolidated Total Income in the financial year crossed ₹ 8,000 crores. All segments performed exceedingly well and generated record revenue and profits.

Your Company and its subsidiaries (Group) operate in three business segments: (i) Electro-Mechanical Projects and Commercial Air Conditioning Systems; (ii) Unitary Products; and

(iii) Professional Electronics and Industrial Systems. Performance of the Group in the above-mentioned segments during the year under review is as stated below:

I. Electro-Mechanical Projects and Commercial Air Conditioning Systems

a. Electro-Mechanical Projects Business

With the onset of construction and capex cycle, order inflows from commercial building, factories, data centers and infrastructure sector such as metro, water distribution and railway electrification sectors picked up. Government's commitment to augment social sector infrastructure such as airports, metro, railway network, water supply and hospitals continued to fuel growth opportunities resulting in inflow of tenders in the infrastructure sector. During the year under review, your Company booked its first order for railway electrification and received its largest ever order for an integrated data center project.

b. Commercial Air Conditioning Systems

During the year under review, a healthy flow of opportunities across all the segments that your Company operates in coupled with the revival of demand from the retail, manufacturing, healthcare, and entertainment segments enabled growth for the commercial air conditioning business. Your Company gained market share in all product categories and continued to maintain its market leadership in Conventional and Inverter Ducted Air Conditioning Systems as well as Scroll Chillers and the second position in the VRFs and Screw Chillers. Demand from the government, industrial, healthcare and hospitality sectors coupled with continued focus on channel expansion across tier 2, 3 and 4 towns enabled growth in revenue during the year.

c. International Business

The Company witnessed growth across all segments with increasing demand for our products in the international markets in which it operates with a strong demand for our room air conditioners and VRFs and year under review saw a healthy order book.

Revenue in this segment for the year grew by 25.3% to ₹ 4,015.63 crores as against ₹ 3,204.49 crores in the previous year. The segment result grew 42.1% to ₹ 276.78 crores as compared to ₹ 194.82 crores in the previous year.

During the year the Company set up subsidiaries in United States of America and Netherlands to serve American and European markets respectively.

II. Unitary Products

After two consecutive financial years in which the peak selling seasons were impacted by the pandemic, the room air conditioners business segment witnessed a strong demand with the new range of affordable mass-premium products being very well received by the market. Your Company strengthened its position as one of the preferred brands with first time buyers in Tier 3, 4 and 5 markets. Your Company offers a vast and comprehensive range of products that are priced competitively and at the same time deliver consistent performance and superior quality that is aligned with the Blue Star brand. The Company has diversified its product portfolio by positioning its products in premium, affordable premium and affordable segment. The Sri City plant of the subsidiary, Blue Star Climatech Limited commenced its commercial production of room air conditioners in January, 2023 which shall aid improvement in margins going forward.

In the commercial refrigeration business, your Company continued to maintain leadership position in deep freezers, storage water coolers and modular cold rooms. A new range of visi coolers with a wide capacity range to suit different customer needs was launched during the year. The new manufacturing facility at Wada commenced commercial production during the year with a new series of indigenously designed and manufactured hardtop and glass top deep freezers.

The overall pick-up in the demand, general improvement in consumer sentiments propelled a growth in revenue of this segment by 38.8% to ₹ 3,626.93 crores in the year under review as against ₹ 2,612.24 crores in the previous year. The segment's results improved to ₹ 282.31 crores in the current year as compared to ₹ 155.86 crores achieved in the previous financial year.

III. Professional Electronics and Industrial Systems (PE&IS)

Opportunities created by the digitalization initiatives by the BFSI sector continued to drive revenue growth in your Company's Data Security Solutions business. Additional investments in the Healthcare sector offered good opportunities for the growth of MedTech Solutions business. Testing Machines business also continued to witness growth with a revival of investments in the manufacturing sector. With a wide portfolio of products and solutions forming part of your Company's offerings, the prospects for this business segment have been positive.

The segment revenue for the year grew by 35.3% to ₹ 334.76 crores as against ₹ 247.35 crores in the previous year. The segment result improved to ₹ 50.50 crores as compared to ₹ 42.49 crores in the previous year.

BONUS ISSUE

The Board at its meeting held on May 4, 2023, recommended issue of Equity Bonus Shares in the proportion of 1:1 i.e. 1 (One) equity share of ₹ 2 each for every 1 (One) existing equity share of ₹ 2 each held by the shareholders of the Company as on record date subject to the approval of shareholders by way of Postal Ballot. The said issue of bonus shares shall be undertaken by capitalization of sums standing to the credit of the General reserves and/or Retained earnings and/or Securities premium account of the Company.

DIVIDEND

The Board at its meeting held on May 4, 2023, has recommended a final dividend of ₹ 12 per equity share of ₹ 2 each on pre-bonus share capital, for the financial year ended March 31, 2023. Subject to the approval of the bonus issue by the shareholders, the dividend shall be adjusted proportionately i.e. ₹ 6 per equity share on the increased paid up share capital (i.e. post-bonus share capital). This dividend will be paid subject to the approval of the members at the Annual General Meeting to be held on August 3, 2023, to those members whose names appear in the register of members as on the record date, i.e. July 21, 2023.

The Board has adopted the Dividend Distribution Policy for the Company which can be viewed on the website of the Company at: <https://www.bluestarindia.com/media/104569/dividend-distribution-policy.pdf>

FINANCING

On a consolidated basis, finance cost for the year increased to ₹ 54.70 crores as compared to ₹ 46.40 crores in the previous year, due to higher cost of financing and an increase in average gross borrowings during the year.

The Company's forex cost was ₹ 5.14 crores for the year as compared to ₹ 4.94 crores in the previous year. In spite of higher volatility caused by the geo-political factors and depreciating rupee, the cost was mitigated on account of dynamic forex risk management practices followed by your Company.

DEPOSITS

The Company has not accepted any deposits from the public, falling within the ambit of Section 73 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), and Section 129(3) of the Act, the consolidated financial statements prepared by

the Company as per the Indian Accounting Standards (Ind AS), form part of this Annual Report.

The Consolidated Financial Statements shall also be laid at the ensuing Annual General Meeting of the Company.

NON-CONVERTIBLE DEBENTURES

In the year 2020-21, the Company had issued 3,500 unsecured, listed, rated and redeemable Non-Convertible Debentures (NCDs) of ₹ 10,00,000 each aggregating to ₹ 350 crores on private placement basis in two series i.e Series I and Series II of 1,750 nos. each.

Pursuant to the embedded call option at the end of two years in the Information Memorandum dated May 29, 2020 with respect to Series II issuance, your Company exercised the said call option on May 31, 2022 and redeemed Series II - 1,750 nos., 7.65% unsecured, listed, rated and redeemable Non-convertible Debentures of ₹ 10,00,000/- each aggregating to ₹ 175 crores.

There is no deviation or variation in the utilisation of proceeds of the NCDs by the Company.

SUBSIDIARIES AND JOINT VENTURE COMPANIES

I. Subsidiary Companies:

a) Blue Star Engineering & Electronics Limited

Blue Star Engineering & Electronics Limited is a wholly owned subsidiary of the Company. It is a material subsidiary as per the thresholds laid down under the Listing Regulations. The company provides advanced technology products to the BFSI and Healthcare sectors as well as turnkey engineering solutions that cater to the Industrial sector. It is the exclusive distributor in India for many globally renowned manufacturers of high-technology professional electronics equipment and solutions, as well as industrial products and systems.

Revenue from operations from Blue Star Engineering & Electronics Limited for the year ended March 31, 2023, was ₹ 349.92 crores, as against its previous year's revenue of ₹ 265.94 crores. The subsidiary achieved a net profit of ₹ 40.27 crores for the year under review, as against last year's net profit of ₹ 31.52 crores.

b) Blue Star Qatar WLL

Blue Star Qatar WLL is a joint venture between the Company and Al Malki Trading and Contracting WLL, wherein the Company holds 49% of the share capital and voting rights, and the balance is held by Al Malki Trading and Contracting WLL. The company is principally engaged in the business of MEP contracting and maintenance in Qatar for residential, commercial and industrial purposes.

It is a subsidiary of the Company under Section 2(87)(i) of the Act, as the Company controls the management of this company.

The total income of this company for the year ended March 31, 2023, was ₹ 150.71 crores as compared to ₹ 284.09 crores in the previous financial year. The total income of the company was impacted due to restriction on construction activities in the country in the run-up to the FIFA World Cup, 2022. Net profit after tax for the year ended March 31, 2023, was ₹ 4.57 crores as compared to ₹ 5.73 crores in the previous year.

c) Blue Star International FZCO

Blue Star International FZCO is a wholly owned subsidiary of the Company, operating in the Dubai Airport Freezone, UAE. It is responsible for the development and growth of the Company's Global Products Sales business and Global Projects business.

This company primarily promotes the export of Blue Star's air conditioning and commercial refrigeration products and systems and its Original Equipment Manufacturing (OEM)/Original Design Manufacturing (ODM) business.

The consolidated total income of this company for the year ended March 31, 2023, was ₹ 386.78 crores as compared to ₹ 332.76 crores in the previous financial period. On a consolidated basis, the company has generated a profit of ₹ 4.75 crores for the year ended March 31, 2023, as compared to a net profit of ₹ 9.26 crores in the previous year.

d) Blue Star Systems and Solutions LLC

This company is a wholly owned subsidiary of Blue Star International FZCO and is engaged in the activities of directly selling central air conditioning equipment, executing mid-sized HVAC projects, and offers after-sales service in the mainland UAE.

The company's total income for the year ended March 31, 2023, was ₹ 47.52 crores as compared to last year's revenue of ₹ 24.32 crores. The company incurred a loss of ₹ 7.69 crores for the year ended March 31, 2023, as compared to a loss of ₹ 4.99 crores in the last year.

e) BSL AC&R (Singapore) Pte Ltd

This company was incorporated on August 29, 2020, in Singapore as a wholly owned subsidiary of Blue Star International FZCO to directly sell central air conditioning equipment, execute mid-sized HVAC projects and offer after-sales service. This company also owns a 49% stake in the joint venture, Blue Star M&E Engineering Sdn Bhd.

The company's total income for year ended March 31, 2023, was ₹ 2.50 crores as compared to last year's revenue of ₹ 2.16 crores. The company incurred a profit of ₹ 0.07 crore for the year ended March 31, 2023, as compared to a loss of ₹ 0.07 crore in the previous financial year.

f) Blue Star Climatech Limited

Blue Star Climatech Limited is as a wholly owned subsidiary of the Company to carry on the business as manufacturers and dealers in all kinds of air conditioners, commercial refrigeration equipment, cooling appliances and other related products.

This company has set up a state-of-the-art manufacturing facility at Sri City, and the commercial production commenced in January, 2023. This new automated and smart factory is equipped with the latest automation techniques and tools for its assembly line and material handling, amongst others, as well as has extensively deployed a slew of initiatives towards IoT and digitization.

This company lays strong emphasis on sustainability and hence has also rolled-out numerous initiatives on this front such as installing advanced affluent treatment plant, engaging in rain water harvesting, and installing solar power.

Revenue from operations of the company for the year ended March 31, 2023, was ₹ 139.38 crores. The subsidiary incurred a net loss of ₹ 6.87 crores for the year under review, as against last year's net loss of ₹ 2.16 crores.

g) Blue Star North America Inc

Blue Star North America Inc was incorporated on September 22, 2022, as a wholly owned subsidiary of the Company as a part of your Company's plans to expand its international footprint.

The company incurred a loss of ₹ 2.99 crores.

h) Blue Star Europe B.V.

Blue Star Europe B.V. was incorporated on November 28, 2022, as a wholly owned subsidiary of the Company, again as a part of your Company's plans to expand its international footprint.

This company shall end its first financial period on March 31, 2024.

i) Blue Star Innovation Japan LLC

Blue Star Innovation Japan LLC was incorporated on February 10, 2023, in Japan as a wholly owned subsidiary of the Company for the purpose of research

and developments (R&D) of refrigeration cycles, control algorithms, and control boards for residential and commercial air conditioners and cold/hot water chillers. The setting up of the R & D centre in Japan will significantly accelerate, broaden and sustain investment in the technology and product development of the Company's products, which shall not only be energy-efficient but also ozone friendly thereby contributing to the decarbonization mission of its stakeholders.

The Company is yet to infuse capital in this subsidiary.

II. Joint Venture Companies:

a) Blue Star M & E Engineering Sdn Bhd

Blue Star M & E Engineering Sdn Bhd, a joint venture between BSL AC&R (Singapore) Pte Ltd and Amcorp Properties Bhd, Malaysia, has been principally engaged in the business of HVAC contracting and maintenance in Malaysia. The operations of this joint venture continued to be impacted by slow-down in construction amidst weak macro-economic conditions.

This company's total income for the year ended March 31, 2023, was ₹ 46.07 crores as compared to ₹ 43.12 crores in the previous financial year. Net profit after tax for the year ended March 31, 2023, was ₹ 0.83 crores as compared to ₹ 2.23 crores in the previous year.

b) Blue Star Oman Electro-Mechanical Company LLC

A joint venture between W J Towell & Co LLC and the Company, Blue Star Oman Electro-Mechanical Company LLC was formed to principally engage in the business of MEP contracting and maintenance in Oman.

The Board of Directors of the Company had approved a proposal to exit this Joint Venture in FY19 due to the unattractive market potential for this business in Oman, subject to regulatory and other compliances as may be applicable. The Company has made an application to the Reserve Bank of India for its approval for a write-off of investment in this Joint Venture under the provisions of the Foreign Exchange Management Act.

As required under Section 136 of the Act, the audited annual accounts, including the consolidated financial statements of the Company and audited accounts of the subsidiary companies, are available on the website of the Company at www.bluestarindia.com.

A copy of these documents will be made available to the members, on their request in writing. The annual accounts will also be available for inspection by any member during business hours through electronic mode.

A statement containing the salient features of the financial statements of the subsidiaries and joint venture companies in Form AOC-1, as required under Rule 5 of the Companies (Accounts) Rules, 2014, forms part of the Consolidated Financial Statement.

SIGNIFICANT DEVELOPMENTS

- During the year, the Company commenced production at its new world-class manufacturing facility at Wada for production of deep freezers and water coolers. The said facility is fully equipped with the latest advanced manufacturing systems and imbibes global best practices in its operations. This facility is constructed on a built-up area of around 19,300 sq. meter and has the capacity to produce around 2,00,000 deep freezers and 1,00,000 storage water coolers per annum.
- The Company's wholly owned subsidiary, Blue Star Climatech Limited, a strong proponent of the Aatmanirbhar Bharat Abhiyaan, has set up a new state-of-the-art manufacturing facility at Sri City, in Chittoor District of Andhra Pradesh which commenced its commercial manufacturing of room air conditioners in January, 2023 with an initial manufacturing capacity of 3 lakh units with a plan to gradually scale up production to 1.2 million units thereafter. This new automated and smart factory is equipped with the latest automation techniques and tools for its assembly line and material handling, amongst others, as well as has extensively deployed a slew of initiatives towards IoT and digitization. With a strong emphasis on sustainability, it has also rolled-out numerous initiatives on this front such as installing advanced affluent treatment plant, engaging in rain water harvesting, and installing solar power. Besides, the company being closely associated with the Green movement, has applied for the IGBC Gold Rating for this facility. The Sri City plant is strategically located closer to a couple of Southern Indian sea ports which will enable speedy and efficient logistics management. In April, 2023, Blue Star Climatech Limited has also taken on a long lease another land parcel of 39.06 acres at Sri City.
- During the year under review, the Company sold a freehold land parcel at Thane to channelize cashflow into the growth and expansion of its business operations. Net profit of ₹ 170.81 crores was earned on the said sale and the same has been reported as an exceptional item.
- In an extraordinary gesture, Ashok M Advani, Chairman Emeritus & Promoter of the Company has announced a personal grant of ₹ 100 crores staggered over a period of 5 years to boost research & development activities of the Company. The purpose is to significantly accelerate,

broaden and sustain investment in the technology and product development of its air conditioning and refrigeration products to meet the rapidly changing needs of the Indian and international markets.

NEW INITIATIVES

During the year, the Company launched several new products. Complete range of 3-star and 5-star inverter split room air conditioners and window air conditioners were launched to meet the new energy-efficiency norms applicable from July, 2022. Hot and cold Inverter split air conditioners were also introduced for the north Indian market. In commercial air conditioning segment, Blue Star was the first company to launch QCO compliant & ISI marked complete range of ducted split and packaged air conditioners. Hot and cold range of ceiling concealed inverter split units were also introduced to address hotel and premium residential applications. The Company launched indigenously developed and AHRI certified centrifugal chillers in the range of 500 TR to 1000 TR to address large infrastructure projects. Blue Star was also the first company to introduce complete range of air-cooled and water-cooled scroll chillers meeting the BEE star labelling program. In commercial refrigeration segment, entire range of hard top & glass top deep freezers manufactured at Wada & Ahmedabad plants was QCO certified with ISI marking. The Company also launched a new series of energy-efficient inverter condensing units for modular cold room applications.

A state-of-the-art R&D Centre was also inaugurated in November, 2022 at Wada Plant. The centre houses elaborate testing facilities for chillers and commercial refrigeration products. With AHRI certified laboratories for 440 TR air cooled chiller and 1000 TR water cooled chiller, the facility is the largest integrated chiller facility in India. The laboratories are also accredited by NABL as per ISO-17025. Laboratories of the Company located at Thane, Dadra were also accredited by NABL for testing room air conditioners and commercial air conditioners as per Indian and various international standards.

The Company has embarked upon several initiatives in the areas of technology-led digitalisation of some key business processes, employee engagement, and internet-enabled automation across its products and services.

The Company has always remained ahead of the curve in developing and launching products and solutions that are not only energy-efficient, but also ozone friendly apart from being designed for mitigating global warming, thus contributing to the decarbonization mission of its stakeholders.

AWARDS AND RECOGNITIONS

During the year under review, the Company was felicitated

with many prestigious awards for excellence in its areas of business, and an illustrative list is given below:

- The prestigious 'Golden Peacock Award for Risk Management' for 2022
- 'Best Water R&D and Technological Breakthrough-Domestic' award at the 15th edition of Water Digest Awards (2021-22)
- 'Best Customer Service Initiative of the Year 2022' for enhancing customers' trust through Digital Transformation in the Electronics Category at the CX Excellence Awards 2022
- Blue Star Innovation Centre, Thane, was awarded the Platinum certification by Indian Green Building Council (IGBC) in August, 2022
- 'MEP Contractor of the Year' award by Construction Week India for the seventh time in a row for the MEP works at the OLA Future Factory, Tamil Nadu
- Recognised for 'Design Innovation in Building' at Autodesk Imagine Awards
- Wada Plant declared the first runner-up at the 10th Edition of Manufacturing Today Conference & Awards
- Platinum Rating Plaque, for Green Interiors for the Blue Innovation Centre at CII - IGBC Green Building Congress International Conference
- Best Stall awards at CII Agro Tech Export, Chandigarh
- Wada Plant receives IGBC Platinum Certification under 'Green Factory Building' category
- First runner-up award under the category of 'Innovative Refrigeration Product', at the REFCOLD India Emerson Awards
- Customer Service Group won the Platinum award and the Star Championship award in the Renovative Kaizen Category at the 44th National Kaizen Championships organised by CII.

DIRECTORS

Retire by rotation

As required under the provisions of the Act, Rajiv R Lulla retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

A brief profile of Rajiv R Lulla is annexed to the notice convening Annual General Meeting.

Resignation and Appointment of Independent Director

Consequent to the resignation of Rumjhum Chatterjee with effect from April 25, 2022, Anita Ramachandran was appointed as an Independent Director of the Company with effect

from June 13, 2022, for a period of five consecutive years till June 12, 2027.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declarations from each of the Independent Directors of the Company under Section 149(7) of the Act and Regulation 25 of the Listing Regulations, confirming that they meet with the criteria of independence as laid down in Section 149(6) of the Act, along with Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations.

There has been no change in the circumstances affecting their status as Independent Directors of the Company.

KEY MANAGERIAL PERSONNEL

As required under the provisions of Section 203 of the Act, the following personnel have been designated as the Key Managerial Personnel of the Company:

Name	Designation
Vir S Advani	Vice Chairman & Managing Director
B Thiagarajan	Managing Director
Neeraj Basur	Group Chief Financial Officer*
Nikhil Sohoni	Group Chief Financial Officer**
Rajesh Parte	Company Secretary & Compliance Officer

*Neeraj Basur, Group Chief Financial Officer tendered his resignation effective end of business hours on May 31, 2022.

**Nikhil Sohoni was appointed as a Group Chief Financial Officer of the Company with effect from July 1, 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

Under the provisions contained in Section 134(5) of the Act, the Directors, to the best of their knowledge and belief, confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent, to give a true and fair view of the state of affairs of the Company as at March 31, 2023, and of the profit of the Company for the period April 1, 2022 to March 31, 2023;
- They have taken proper and sufficient care of the maintenance of adequate accounting records, under the provisions of the Act for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;

- They have prepared the annual accounts for the year ended March 31, 2023, on a going concern basis;
- They have laid down internal financial controls to be followed by the Company, and such internal financial controls are adequate and are operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws, and that such systems are adequate and operating effectively.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, 7 (seven) meetings of the Board of Directors were held. The intervening gap between these meetings was within the period prescribed under the Act and Listing Regulations. The details of the meetings and attendance of the Directors are provided in the Corporate Governance Report.

BOARD COMMITTEES

Your Company has in place all the Committees as mandated under the provisions of the Act and Listing Regulations. Currently, there are eight Committees of the Board, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Investor Grievance cum Stakeholders' Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility and Environmental, Social & Governance Committee*
- Share Transfer Committee
- Executive Management Committee
- Debenture Committee

*The Board at its Meeting held on January 31, 2023, amended the nomenclature of the Corporate Social Responsibility Committee to Corporate Social Responsibility and Environmental, Social & Governance Committee and modified its terms of reference thereby.

AUDIT COMMITTEE

The Audit Committee comprises Anil Harish (Chairman), Shailesh Haribhakti, Arvind K Singhal, and B Thiagarajan. The composition of the Committee is in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations. The terms of reference of the Committee conform with the Act and the Listing Regulations as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report. During the year under review, there was no instance wherein the Board had not accepted any recommendation of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

Anita Ramachandran was inducted as a member of the

Nomination and Remuneration Committee with effect from June 13, 2022. Accordingly, the Committee comprises Sam Balsara (Chairman), Dinesh N Vaswani, Shailesh Haribhakti and Anita Ramachandran.

The Committee is constituted in line with the requirements mandated by Section 178 of the Act and Regulation 19 of the Listing Regulations. The terms of reference of the Committee conform with the said requirements, as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report.

INVESTOR GRIEVANCE CUM STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Investor Grievance Cum Stakeholders' Relationship Committee comprises Arvind K Singhal (Chairman), Rajiv R Lulla, and Sunaina Murthy. The Committee is constituted in line with the requirements mandated by Section 178 of the Act and Regulation 20 of the Listing Regulations. The terms of reference of the Committee conform with the said requirements, as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises Vir S Advani (Chairman), Rajiv R Lulla, B Thiagarajan, and Anil Harish. The Company has adopted a formal Risk Management Policy. The Committee identifies, evaluates and assesses the risks, understands the exposure of risks, and accordingly prepares and oversees execution of appropriate risk mitigation plans and identification of possible opportunities. The Committee and the Board have identified elements of risks, which, according to them, are crucial to the Company. It has identified Risk Management Units within the Company, the risk profiles of which are constantly monitored, and the severity of risk is tracked, based on a systematic risk rating methodology. Details of these elements of risks have been covered in the Management Discussion and Analysis, and Integrated Report, which form part of this Annual Report and in the standalone financial statement in Note 43.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL, SOCIAL & GOVERNANCE (CSR & ESG) COMMITTEE

Rumjhum Chatterjee and Sam Balsara ceased to be a member of the CSR & ESG Committee with effect from April 25, 2022 and June 13, 2022 respectively. Anita Ramachandran was inducted as a member of this Committee with effect from June 13, 2022. Accordingly, the Committee comprises B Thiagarajan (Chairman), Anita Ramachandran, and Sunaina Murthy.

The Board of Directors at its Meeting held on January 31, 2023, has changed the nomenclature of the Committee to 'Corporate Social Responsibility and Environmental, Social and Governance Committee' and has further amended terms of reference thereof.

During the year under review, the Company was required to spend an amount of ₹ 300 lakhs towards activities as stipulated under Schedule VII of the Act. The Company has spent an amount of ₹ 332.85 lakhs towards various CSR initiatives. Based on the recommendation of CSR & ESG Committee, the Board of Directors have approved set-off of excess CSR spent of ₹ 32.85 lakhs towards CSR obligation of FY24.

A brief outline of the CSR Policy and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure 2 of this report as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amendments thereof. The CSR Policy is available on the website of the Company at: <https://www.bluestarindia.com/media/217799/blue-star-csr-policy.pdf>

Details of the other Committees of the Board are provided in the Corporate Governance Report.

EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF DIRECTORS

The Nomination and Remuneration Committee vide Circular Resolution dated January 20, 2023, and the Board at its meeting held on January 31, 2023, approved the criteria for evaluating the Chairman, Directors, the Board, and its Committees. Accordingly, the questionnaires were circulated seeking inputs of the Directors to evaluate governance standards based on various parameters including structure and composition of the Board and committees, quality of Board processes, Board culture and dynamics, effectiveness vis-à-vis stakeholders' expectations in terms of strategic direction, and guidance to the leadership team.

The inputs received from the Directors were deliberated upon and reviewed by the Independent Directors at a separate meeting held on March 29, 2023. At this meeting, they evaluated the performance of the Non-Independent Directors, the Board as well as that of the Chairman, taking into account the views of the Executive and Non-Executive Directors. The Board of Directors carried out an annual evaluation of the performance of the Board as a whole, the Directors individually, and the working of the Committees of the Board. The outcome of the evaluation was noted by the Nomination and Remuneration Committee at its meeting held on April 26, 2023, and by the Board of Directors at its meeting held on May 4, 2023. Broadly, the Directors have expressed their satisfaction with the evaluation process and

the outcome. The Board also noted the key action points that emerged from the process for implementation. A detailed update on the Board Evaluation is provided in the relevant section of the Corporate Governance Report.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy provides broad guidelines on appointment, removal, retirement, qualifications, attributes, and structure of remuneration, of the Directors, Key Managerial Personnel, and Senior Management Personnel. It is designed to foster a high-performance culture that enables the Company to attract, retain and motivate the employees to achieve results. The performance of the Executive Directors was

evaluated and reviewed by the Nomination and Remuneration Committee at its meeting on April 26, 2023. The Nomination and Remuneration Policy is uploaded on the Company's website at <https://www.bluestarindia.com/media/217800/blue-star-nrc-policy.pdf>

MANAGERIAL REMUNERATION

Details of the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereof are provided below:

Name of Director	I	II
	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	The percentage increase in remuneration, if any, in the financial year
Non-Executive Directors[#]		
Shailesh Haribhakti	6.05x	30%
Dinesh N Vaswani	2.85x	16%
Rajiv R Lulla	3.10x	25%
Sunaina Murthy	2.97x	17%
Sam Balsara	3.10x	23%
Anil Harish	3.51x	32%
Anita Ramachandran*	2.41x	-
Arvind K Singhal	3.61x	33%
Rumjhum Chatterjee**	0.19x	-
Executive Directors		
Vir S Advani	82.47x	32.10%
B Thiagarajan	82.47x	36.89%
Group Chief Financial Officer		
Nikhil Sohoni***	-	-
Company Secretary & Compliance Officer		
Rajesh Parte ^{&}	-	4.5%

[#]The remuneration of Non-Executive Directors covers sitting fees and commission.

* Appointed as an Independent Director of the Company with effect from June 13, 2022.

**Ceased to be the Independent Director of the Company with effect from April 25, 2022.

***Appointed as a Group Chief Financial Officer of the Company with effect from July 1, 2022.

[&]Appointed as Company Secretary and Compliance Officer with effect from October 29, 2021.

III.	The percentage increase in the median Remuneration of employees in the financial year		11.62%
IV.	The number of permanent employees on the rolls of Company		2,855
V.	Average percentile increases already made in the salaries of employees, other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof, and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase to employees other than Managerial Personnel and justification thereof	14.21% To remain competitive in the market, to attract and retain talent
		Average increase to Managerial Personnel	34.45%
		Exceptional circumstances for an increase to managerial remuneration	The average increase given in financial year 2022-23 was based on the outcome of compensation and benefits benchmarking to align remuneration of Whole-time Directors to market median.
VI.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms that the remuneration is as per the Nomination and Remuneration Policy.	

The Non-Executive Directors of the Company are paid sitting fees and commission as per the statutory provisions and within the limits approved by the members. The ratio of remuneration and percentage change for Non-Executive Directors' remuneration is therefore not considered for the purposes above. The details of the remuneration of Non-Executive Directors are provided in the Corporate Governance Report.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standards of corporate governance and continues to be compliant with the requirements of corporate governance as enshrined in the Listing Regulations. The report on corporate governance together with a certificate from the Statutory Auditors of the Company, confirming compliance with corporate governance norms as stipulated in the Listing Regulations, forms a part of this Annual Report.

VIGIL MECHANISM

Your Company is committed to conducting its business with the highest standards of ethics, integrity, and transparency across its operations, in compliance with the applicable laws and regulations. In line with a strong commitment to governance and compliance, the Company has instituted a robust Vigil Mechanism framework encompassing various elements and components in an integrated manner.

The Vigil Mechanism structure at Blue Star is based on the COSO 2017 ERM framework governing risk, compliance, and controls. Embedded in the Vigil Mechanism structure are three lines of defence. The first line of defence comprises key

management controls, viz., financial controls, governance policies, and internal control measures at the process owner level. The second line of defence is addressed by an assurance from risk management and compliance procedures. The third line of defence is provided through the work done by the internal and the Statutory Auditors.

Governance policies, internal controls, stakeholders' engagement, enterprise risk management, compliance, and the internal and statutory audit, are key components of Blue Star's vigil mechanism. They are interwoven in the vigil mechanism system to enable constant interplays to drive home the assurance of best practices and creation of value for all the stakeholders of the Company.

As a part of its governance policies, the Company has in place a whistle blower policy to enable the Directors, employees of the Company and its subsidiaries to report concerns of any unethical behaviour, unacceptable and improper practices, or suspected fraud. The policy has also been uploaded on its website. An Ethics Committee has been constituted, comprising the Group Chief Financial Officer, Chief Human Resources Officer, and Company Secretary & Compliance Officer (Ethics Officer) to administer this Policy. The Company has also adopted a robust Governance, Risk and Compliance Framework that enables a seamless integration of processes and components around the Company's governance, risk and compliance objectives.

The Company was declared winner of the Golden Peacock Award for Risk Management in 2022 thereby reaffirming external validation of the robustness of the risk management practices followed by it.

The Whistle blower Policy is uploaded on the Company's website at: <https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf>

The Audit Committee reviews on a quarterly basis, whistle blower and other complaints, if any, and oversees the implementation of corrective actions wherever necessary.

The Company has also adopted a Code of Conduct which is available on the website of the Company at: <https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>

The Governance, Risk and Compliance Framework is uploaded on the Company's website at: https://www.bluestarindia.com/media/335126/governance-risk-compliance-framework_website.pdf

INTERNAL CONTROL SYSTEMS

The Company has established an internal control system commensurate with the size, scale, and complexity of its operations.

To enhance the standards of controls and governance, the Company has adopted the COSO 2013 framework to ensure that robust internal financial controls exist concerning operations, financial reporting, and compliance.

Significant features of the Company's internal control system are:

- An independent firm of Chartered Accountants manages the Internal Audit function in line with best-in-class governance practices. It reviews and reports to the Audit Committee about compliance with internal controls, the efficiency and effectiveness of operations as well as key process risks.
- The Audit Committee periodically reviews internal audit plans, significant audit findings, and adequacy of internal controls.
- Systematic self-certification of adherence to key internal controls, as part of control self-assurance by process owners, monitors, and reviewers.
- Adherence with a comprehensive information security policy and continuous upgrades of the Company's IT systems for strengthening automated controls.
- Appropriate segregation of duties and usage of technology for continuous controls monitoring and enhanced controls assurance.

During the year, the internal controls were tested and found effective, as a part of the Management's control testing initiative.

Accordingly, the Board, with the concurrence of the Audit Committee and the Auditors believe that the Company's Internal Financial Controls were adequate and operating effectively for the financial year ended March 31, 2023.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2).

LOANS, GUARANTEES AND INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act, as may be applicable, are given in the standalone financial statement as per Note 8 -10.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions are approved by the Audit Committee. All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business.

There are no material transactions with any related party as defined under Section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations. Because of this, disclosure in Form AOC-2 has not been provided. The details of transactions with the related parties are provided in the standalone financial statement in Note 39.

A policy governing the related party transactions was amended by the Board at its meeting held on February 2, 2022, in line with amendments in the Listing Regulations, and the same has been uploaded on the Company's website at <https://www.bluestarindia.com/media/78799/policy-for-transaction-with-related-parties.pdf>

HUMAN RESOURCES

The Company made a concerted effort in acquiring the right talent in a timely manner across its businesses which was the pronounced need of the hour. Opportunities for talent mobility ensured that employees are able to experience cross-functional roles with the expected growth avenues. Enhanced employee experience through upskilling, avenues for free-flowing exchange of ideas across departments and competency-based training of managers helped in more meaningful engagement of the staff in their respective roles, fueling innovation in some quarters. High potential employees were mapped for succession for aligned opportunities and application-based training in the right skill-sets, resulting in higher responsiveness to meet the pressing business challenges. Skill-based training through a learning management system, iLearn as well as through the Academy of Technical & Functional Excellence was a focus across management levels through the year under review. Business-aligned training initiatives with well-designed outcomes helped talent to rise to the occasion to meet business requisites in a highly challenging market environment.

Work profiles have been mapped to a methodical work plan in line with the environment in which maximum time required to be spent for optimal delivery of the work profile. These include Work from Establishment, Work from Field, Work from Site and Work from Home; and work executed in this planned manner ensured meeting the deliverables well. Thus, this resulted in enhanced employee productivity. There is more flexibility weaved in the work routine in the Company to meet better work-life integration and this was highly appreciated by employees. The Company stayed invested in employee listening which led to roll out of employee-friendly policies and processes, aided by the use of the right technology. More transparency, measurement, analytics, and reporting by HR was pursued during the year. Many employee engagement initiatives focused on holistic well being of employees, including a portal for mental well being- MindMatters- which is a medium to seek online support from trained mental health professionals anonymously as per one's comfort and ease. The Company was certified as a Great Place to Work for the second time with an enhanced Trust Index. For the year under review, the 'Most Preferred Manufacturing Workplace' Award was received from Team Marksmen, and also, as per Glassdoor review, the Company remained in the top position for the last two quarters in a row against competition. Gender diversity has been a subject of much prominence with avenues built in the organisation for professional training, development and systematic growth of deserving women professionals. HR professionals were put through a well crafted development programme to remain data driven, experience led, and business focused, further building their competencies in their crucial roles. All these systematic People initiatives helped the Company stay ahead of the curve despite the myriad of continuous, external market challenges.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are required to be annexed to the Board's Report. The Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining the said particulars may write to the Company Secretary of the Company.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero-tolerance for sexual harassment at the workplace and has adopted a policy on prevention, prohibition, and redressal of the same, in line with the provisions of the

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder.

All employees (permanent, contractual, temporary, and trainees) are covered under this Policy.

The Company has duly constituted Internal Complaints Committees in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to redress complaints received regarding sexual harassment. The Company organises workshops and awareness programs at regular intervals for sensitising the employees with the provisions of the said Act. The Company received 1 (one) complaint and disposed of 1 (one) complaint during the year 2022-23.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company incurred a total expenditure of ₹ 73.89 crores on research and development for the year as against ₹ 67.21 crores in the previous year.

During the year, the Company recorded foreign exchange earnings from the export of its products, commission, and other income, aggregating to ₹ 280.07 crores as against ₹ 242.34 crores in the previous year.

The foreign exchange outflow stood at ₹ 1,599.99 crores as compared to ₹ 1,354.66 crores in the previous year.

The information on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure 1.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis for the year under review, as stipulated under Regulation 34 of Listing Regulations, forms a part of this Annual Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In compliance with Regulation 34 of the Listing Regulations, the Business Responsibility and Sustainability Report describing sustainability initiatives undertaken by the Company during the year under review is provided in a separate section forming part of this Annual Report.

INTEGRATED REPORTING

Your Company is amongst the top 500 listed companies in the country in terms of market capitalisation and has accordingly adopted Integrated Reporting describing initiatives undertaken

by the Company for enhancing stakeholders' value in the long term. The report on Integrated Reporting is provided in a separate section forming part of this Annual Report.

STATUTORY AUDITORS

The Company's existing Statutory Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed by the Members at the 70th Annual General Meeting (AGM) of the Company, for a period of 5 years, to hold office until the conclusion of the 75th AGM to be held for FY 2022-23. The period under review was the fifth year of the audit by M/s Deloitte Haskins & Sells LLP in the Company.

The Board of Directors at its meeting held on May 4, 2023, has recommended re-appointment of M/s Deloitte Haskins & Sells LLP as Statutory Auditors of the Company for a second term of five consecutive years from conclusion of the 75th AGM until the conclusion of the 80th AGM of the Company to be held for FY 2027-28.

AUDITOR'S REPORT

The Board has duly reviewed the Statutory Auditor's Report on the financial statements. There is no qualification, reservation, or adverse remark given by the Auditors in their report.

COST AUDITORS

In terms of the provisions of Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors had, on the recommendation of the Audit Committee, appointed M/s Narasimha Murthy & Co, Cost Accountants, Hyderabad, as the Cost Auditors, to conduct the cost audit for the financial year ended March 31, 2023.

As required under the Act, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to Cost Auditors, forms part of the Notice convening the Annual General Meeting.

SECRETARIAL AUDITORS

In terms of the provisions of Section 204 of the Act, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s N L Bhatia & Associates, Practising Company Secretaries, as the Secretarial Auditor of the Company for conducting the secretarial audit of your Company for the financial year ended March 31, 2023.

The Secretarial Audit Report given by M/s N L Bhatia & Associates, Practising Company Secretaries, has been provided in Annexure 3 to this Report. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark. Further, as

required under Regulation 24A of the Listing Regulations, the Secretarial Audit Report of Blue Star Engineering & Electronics Limited, the material unlisted Subsidiary, is also provided in Annexure 3A to this Report.

INTERNAL AUDITORS

In terms of the provisions of Section 138 of the Act read with Companies (Account) Rules, 2014, the Company has appointed M/s Grant Thornton Bharat LLP, Chartered Accountants, as the internal auditors.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, none of the auditors, viz., statutory auditors, cost auditors, and secretarial auditors, have reported to the Audit Committee, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

ANNUAL RETURN

The annual return of the Company has been uploaded on the Company's website at: <https://www.bluestarindia.com/media/335106/fy23-mgt-7-annual-return.pdf>

RESERVES

During the financial year, there was no amount proposed to be transferred to the reserves.

PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

There are no proceedings, either filed by the Company or against the Company, pending under the Insolvency and Bankruptcy Code, 2016 as amended, before the National Company Law Tribunal or other Courts as on March 31, 2023.

OTHER DISCLOSURES

- The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, relating to Meetings of the Board, Committees, and General Meetings which have mandatory application.
- Except as provided in the Report, no material changes, and commitments affecting the financial position of the Company, have occurred between the end of the financial year under review and the date of this report.
- The Company has prepared and maintained the cost accounts and records as specified by the Central Government under Section 148(1) of the Act.
- There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern

status of your Company and its operations in the future.

- Your Company has not issued any Employee Stock Options.
- Your Company has listed its Commercial Paper on National Stock Exchange of India Ltd.
- Your Company has not issued any sweat equity shares.
- There has been no change in the nature of business of your Company.
- The Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

Date : May 4, 2023

Place : Mumbai

- There was no revision of financial statements and Board's Report of the Company during the year under review.

ACKNOWLEDGEMENTS

The Directors place on record their sincere appreciation for the assistance, guidance, and co-operation provided by the Government of India and other regulatory authorities. The Directors thank the financial institutions and banks associated with the Company for their support as well. The employees are instrumental for the Company scaling new heights year after year, and their commitment and contribution are deeply acknowledged. Shareholders' involvement is greatly valued. The Directors look forward to your continuing support.

For and on behalf of the Board of Directors

Shailesh Haribhakti
Chairman
(DIN: 00007347)

ANNEXURE 1 TO BOARD'S REPORT

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information under Rule 8 of Companies (Accounts) Rules, 2014

(A) CONSERVATION OF ENERGY

I. STEPS INITIATED OR IMPACT ON THE CONSERVATION OF ENERGY:

1. DADRA PLANT

- PV Solar Roof Top System yielded 83,591 KVAh of green energy, resulting in cost saving of ₹ 5.68 lakhs in FY23 and reduced CO₂ emission by 19 T.
- Consequent to migration to Express feeder power connection, power staggering reduced by 90% which resulted in decrease in line stoppages and scrap generated during sudden black-out. It also decreased the upfront diesel procurement cost and frequency of vehicles entering the factory premises. In all, it resulted in indirect cost savings of over ₹ 10 lakhs per annum and reduction in CO₂ emission by 19 T.
- Day light harnessing for export assembly, improved day time lux from 150 to 360 lux and reduced day time lighting power consumption by 520 Kw/Mo. The same resulted in cost savings of ₹ 0.43 lakhs per annum and reduced CO₂ emission by 1.5 T.

2. WADA PLANT

- Annualised generation of 11.35 lakhs of energy units through 1MW Roof Top Solar Plant resulted in reduction of CO₂ emission by 568 T.
- Replacement of two of old Recip air compressors with new oil free Recip air compressors resulted in annual saving of 10,000 units, equivalent to an annual saving of ₹ 1.10 lakhs.
- Installation of four High-Volume Low Speed (HVLS) fans on assembly lines resulted into annual energy saving of 10,972 units. This has benefited on reducing negative health effects due to decreased noise level and improved human safety on assembly lines by removing 40 old high-speed wall mounted fans.

3. HP PLANTS

- Replacement of 2 old DG Set with new CPCG II DG set resulted in lower fuel cost.
- Optimisation of DG set operation (which was installed as standby backup) resulted in a saving of 13 KL HSD (reduction in cost of ₹ 12 lakhs).
- Replacement of hydraulic power pack, an old Hair Pin Bender machine, with a new servo driven system, which improved energy-efficiency by 70% and reduced CO₂ emission by 32T. Elimination of the hydraulic oil reduced hazardous waste under HWM category 5.1 and 33.1.

- Optimization of low air pressure compressor by adding one VSD machine resulted in energy saving of 74,256 kWh.
- Replaced Sodium Lights (250 W) with around 70 LED lights (100 W) at IDU Line, resulted in energy saving of 21,840 kWh.

II. STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY:

WADA PLANT

- Installation of 1.0 MW Solar System at Wada Plant which reduces carbon emission by 84,600 KgCO₂/kWh.

III. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT:

(₹ in crores)

Particulars	Amount
HP1	
Replacement of old DG Set with New CPCG II DG Set	0.60
Replacement of conventional lighting with LED lighting	0.08
Installed New Energy-efficient air compressor	0.25
Replacement of hydraulic power pack, an old HPB machine with a new servo driven system	0.68
Wada	
Replacement of old Recip air compressor with new 412 CFM Recip air compressor	0.22
Installation of HVLS fans on assembly line	0.07
Dadra	
Day light harnessing for export assembly lines	0.03
Migration to Express feeder supply connection	0.10
Total investment	2.03

(B) TECHNOLOGY ABSORPTION

I. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION:

As a key strategic initiative, Blue Star's R&D is focussed on developing sustainable and energy-efficient products and innovative solutions to keep Blue Star in a market leadership position.

Large infrastructure projects such as airports, hospitals, hotels, large commercial buildings in India are likely to grow significantly. Water cooled centrifugal chiller is an ideal solution for such mega projects due to higher capacity and energy-efficiency offered by the product. During the year, the Company introduced an indigenous range of centrifugal chillers in the cooling capacity range of 500 TR to

1,000 TR. The new range offers a customised configuration of compressor and heat exchangers to optimize cooling capacity, efficiency, and cost parameters. Fixed speed and variable speed versions are offered to provide optimum combination meeting hourly load profile of the building. R&D team interacted extensively with the compressor and controller suppliers for design optimization and offering unique and differentiating features such as no deration at harsh Indian operating conditions, auto tube cleaning, refrigerant leak detection and chiller health monitoring.

Efficiency standards are increasingly becoming more stringent. Weightage of part load performance is significant in the overall seasonal energy-efficiency of the products. Energy consumption of fan motors constitute a substantial portion of the total energy consumption at part load operation. Hence, variable speed fan motors are increasingly becoming essential in the refrigeration and air conditioning products. During the year, Blue Star developed 3-phase inverter drive for highly efficient permanent magnet synchronous motors (PMSM). R&D engineers worked with motor suppliers and experts in the field of power electronics to develop a standard design of 3-phase drive that can be used with multiple PMSM motors used in VRF and ducted split air conditioners.

The Company launched a new series of energy-efficient inverter condensing units for modular cold room applications. The product is offered with variable speed technology used for both compressor and fan motor, making it a perfect solution to handle continuous heat load changes encountered in the QSR segment. The units are designed for a wide range of storage temperatures ranging from 2°C to 25°C and can work up to 52°C ambient temperature. During the development, R&D team developed special algorithms for maintaining precise temperature control, faster pull down and trouble-free operation at extreme operating conditions.

II. OUTCOME AND BENEFITS:

Newly developed centrifugal chillers will fulfil increased requirement of high-capacity chillers in the Indian market with reduced dependence on imported products. The range is certified for the performance by the Air-Conditioning, Heating and Refrigeration Institute (AHRI), USA. The chiller is also designed to comply with the BEE Star Labelling Program.

With introduction of the range, the company will be able to offer a widest range of chillers in the Indian market.

Apart from high energy-efficiency, 3-phase motor-drives offer even distribution of the current in the three phases of electric supply as compared to conventional 1-phase motors. Power factor of the system is also high. Use of 3-phase inverter motors will reduce the current imbalance and minimize overall impact on the electric grid for large installations of VRF and ducted air conditioning systems. The initiative will help in consolidating leadership position of the Company in commercial air conditioning market.

The inverter refrigeration condensing units is an ideal solution for the modular cold rooms used in QSR segment. The inverter systems respond very well to the rapid changes in the heat load. The compressors run at high speed to provide faster pull-down time after loading fresh stock. The compressors run at low speed during low-load conditions maximizing energy savings. The control system of the units is designed to maintain precise storage temperature and to avoid moisture loss by operating at higher evaporating temperature at part load conditions. The Company will be able to maintain its technology leadership position in the cold storage business with the new product range.

III. INFORMATION REGARDING IMPORTED TECHNOLOGY (IMPORTED DURING LAST 3 YEARS):

No technology has been imported by the Company in the last 3 years.

IV. EXPENDITURE INCURRED ON R&D:

(₹ in crores)

Particulars	2022-23	2021-22
Capital	44.12	17.41
Recurring	29.77	49.80
Total	73.89	67.21
Total R&D expenditure as a percentage of total turnover	0.93%	1.11%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crores)

Particulars	2022-23	2021-22
Total foreign exchange outgo	1,599.99	1,354.66
Total foreign exchange earned	280.07	242.34

For and on behalf of the Board of Directors

Shailesh Haribhakti
Chairman
(DIN: 00007347)

Date : May 4, 2023

Place : Mumbai

ANNEXURE 2 TO BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Blue Star's CSR policy and projects are in accordance with Schedule VII read with Section 135 of the Companies Act, 2013.

Blue Star's CSR is committed towards sustainability and

community development. The main focus areas of work are: 'Skill Development & Education' and 'Health, Hygiene, Wellness and Rural Development.' All the projects are designed and approved keeping in mind the focus areas of work. They are implemented either directly or through implementing agencies.

2. Composition of the CSR Committee:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	B Thiagarajan	Chairman	2	2
2	Sunaina Murthy	Member	2	2
3	Sam Balsara*	-	2	1
4	Anita Ramachandran#	Member	2	1

* Sam Balsara ceased to be a member with effect from June 13, 2022.

Anita Ramachandran was appointed as a member of the Committee with effect from June 13, 2022.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

<https://www.bluestarindia.com/media/292474/committee-charter.pdf>

<https://www.bluestarindia.com/media/217799/blue-star-csr-policy.pdf>

<https://www.bluestarindia.com/media/343449/list-of-approved-projects-2023-24.pdf>

4. Provide the executive summary along with the web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

Not Applicable

5. (a) Average net profit of the company as per sub-section (5) of Section 135: ₹ 149.77 crores

(b) Two percent of average net profit of the company as per sub-section (5) of Section 135: ₹ 3 crores

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not applicable

(d) Amount required to be set off for the financial year, if any: ₹ 0.28 crores

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 2.72 crores

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (₹ in crores)	(8) Amount spent in the current financial Year (₹ in crores)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in crores)	(10) Mode of Implementation Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	National Employability through Apprenticeship Program	Item II	Yes	Maharashtra, Himachal Pradesh, Dadra and Nagar Haveli and Daman and Diu	Palghar, Kala Amb, Dadra and Nagar Haveli	12 months	1.43	1.43	Nil	Yes	NA	NA

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (₹ in crores)	(8) Amount spent in the current financial Year (₹ in crores)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in crores)	(10) Mode of Implementation Direct (Yes/No)	(11) Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
2	Vocational Training on Air Conditioning & refrigeration	Item II	Yes	Andhra Pradesh	Chittoor	12 months	0.05	0.05	Nil	No	Total Health	CSR00001354
3	Vocational Training on Air Conditioning & refrigeration	Item II	Yes	Maharashtra	Sagroli	12 months	0.07	0.07	Nil	No	Sanskriti Samvardhan Mandal	CSR00000943
4	Vocational Training on Air Conditioning & refrigeration	Item II	Yes	Tamil Nadu	Chennai	12 months	0.03	0.03	Nil	No	Thakkar Bappa	CSR00006773
5	Vocational Training on Air Conditioning & refrigeration	Item II	Yes	West Bengal	Howrah	12 months	0.09	0.09	Nil	No	RKM Shilpamandira	CSR00006101
6	Vocational Training on Air Conditioning & refrigeration	Item II	Yes	Maharashtra	Mumbai	12 months	0.07	0.07	Nil	No	ITI Somaiya	NA
7	Mohan T Advani Centennial Scholarship	Item II	Yes	Maharashtra	Mumbai	12 months	0.5	0.5	Nil	No	Blue Star Foundation	CSR00006637
8	Digital Sakshar	Item II	Yes	Maharashtra	Palghar	36 months	0.16	0.16	0.20	No	Pratham Infotech Foundation	CSR00002475
9	Educational support to Tribal Girl Children	Item II	Yes	Odisha	Bhuaneshwar	12 months	0.08	0.08	Nil	No	Kalinga Institute of Social Sciences	CSR00000319
10	Digital Education	Item II	Yes	Himachal Pradesh	Kala Amb	36 months	0.14	0.14	0.03	No	Pratham Infotech Foundation	CSR00002475
11	Providing STEM Education through Science Vans	Item II	Yes	Maharashtra	Palghar	12 months	0.05	0.05	Nil	No	Chaitnaya Trust	CSR00001017
12	Education Support to Special Children	Item II	Yes	Tamil Nadu	Chennai	12 months	0.02	0.02	Nil	No	Anandam Trust	CSR00000963

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in crores)	Amount spent in the current financial Year (₹ in crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in crores)	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
13	Support to Farming Community for Wellness	Item II	Yes	Tamil Nadu	Thanjavur	12 Months	0.13	0.14	Nil	No	Asirwad Trust	CSR00006267
14	Support to ensure Cleanness and Hygiene in Wada	Item II	Yes	Maharashtra	Wada	12 months	0.10	0.10	Nil	No	Kapil Foundation	CSR00025963
15	Support to Conduct Eye Treatment	Item II	Yes	Tamil Nadu	Chennai	12 months	0.01	0.01	Nil	No	Agarwal Trust	CSR00014025
16	Carried forward excess spent for FY22	-	-	-	-	-	-	0.28	-	-	-	-
TOTAL							2.90	3.18	0.23			

(b) Amount spent in Administrative Overheads: ₹ 0.15 crores

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)] : ₹ 3.33 crores

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in crores)	Amount Unspent (in ₹ crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in crores)	Date of transfer	Name of the Fund	Amount	Date of transfer
3.33	0.23	April 26, 2023	-	-	-

(f) Excess amount for set off, if any:*(₹ in crores)*

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	3
(ii)	Total amount spent for the Financial Year	3.33
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.33
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.33

7. Details of Unspent CSR amount for the preceding three financial years: Not Applicable**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Yes No

If yes, enter the number of Capital assets created/acquired

Furnish the details related to such assets(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not applicable

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135: Not Applicable**Sunaina Murthy**

Director

(DIN: 07865860)

B Thiagarajan

Chairman

Corporate Social Responsibility and ESG Committee

(DIN: 01790498)

Date : May 4, 2023

Place: Mumbai

ANNEXURE 3 TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT

To,
The Members,
BLUE STAR LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the Auditing Standards issued by the Institute of Company Secretaries of India (ICSI) and audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standard is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For N L BHATIA & ASSOCIATES
Practicing Company Secretaries
UIN: P1996MH055800
PR No.:700/2020

Bharat Upadhyay
Partner

FCS: 5436
CP No. 4457
UDIN: F005436E000249493

Date : May 4, 2023
Place : Mumbai

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
BLUE STAR LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Blue Star Limited having CIN: L28920MH1949PLC006870 (“hereinafter called the Company”)**. Secretarial Audit in accordance with Auditing Standard issued by Institute of Company Secretaries of India (ICSI) was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/Statutory Compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit. We, hereby, report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023, according to the provisions of:

1. The Companies Act, 2013 (“**the Act**”) and the Rules and Amendment(s) made thereunder (to the extent notified).
2. The Securities Contracts (Regulation) Act, 1956 (“**SCRA**”) and the Rules made thereunder.
3. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
4. The Depositories Act, 1996 and amendments thereof and the Regulations and bye-laws framed thereunder.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and amendments thereto (“**SEBI Act**”):-

- (a) Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993.
- (b) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (d) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - **Not Applicable to the Company during the financial year.**
- (e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR**”).
- (f) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- (g) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company during the Financial Year.**
- (i) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - **Not Applicable to the Company during the Financial Year.**
- (j) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not Applicable to the Company during the Financial Year.**
- (k) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
6. Other Applicable Laws as per list attached as ‘**Annexure - A**’ to this Report.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We further report that during the period under review, **six cases** under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, were reported to the Stock Exchange and the appropriate actions were taken by the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were changes in the Composition of the Board of Directors during the period under review. The following changes occurred during the Audit Period under review:-

- (1) Cessation of Ms Rumjhum Chatterjee (DIN: 00283824) as a Non - Executive Independent Director of the Company with effect from April 25, 2022.
- (2) Appointment of Ms Anita Ramachandran (DIN: 00118188) as an Additional Non - Executive Independent Director of the Company with effect from June 13, 2022.
- (3) Appointment of Ms Anita Ramachandran (DIN: 00118188) as an Independent Director of the Company to hold office for a term of five consecutive years effective from June 13, 2022 to June 12, 2027 through a Special Resolution passed by the Shareholders at the 74th Annual General Meeting held on August 4, 2022.
- (4) Mr Sam Balsara (DIN: 00076942) was re-appointed as an Independent Director of the Company to hold office for a second consecutive term from June 20, 2022 to January 31, 2026 vide a Special Resolution dated June 4, 2022 passed by the Shareholders through Postal Ballot.
- (5) Mr Anil Harish (DIN: 00001685) was re-appointed as an Independent Director of the Company to hold office for a second consecutive term of 5 years commencing from November 22, 2022 to November 21, 2027 vide a Special Resolution dated November 13, 2022 passed by the Shareholders through Postal Ballot.

Adequate Notice is given to all Directors to schedule the Board Meetings and Agenda and detailed Notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting. The Company has complied with the Secretarial Standards in respect of the Meetings of its Members, Board and its Committees.

During the Financial year under review, the Meeting of Independent Directors was held on **March 29, 2023**, for Board Evaluation.

All the decisions taken in the Board Meetings were passed unanimously and with the requisite majority in General Meetings.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the period under review:

- (1) The Company provided Corporate Guarantee for an additional amount of ₹ 100 crores in favour of Axis Bank Limited and ₹ 30 crores in favour of Kotak Mahindra Bank Limited for the credit facilities sanctioned by it in favour of Blue Star Climatech Limited.
- (2) The Company has incorporated a Wholly Owned Subsidiary namely "Blue Star North America Inc" (BSNA) in Delaware, USA on September 22, 2022. The Company has invested an amount aggregating to US\$ 10,00,000 in the share capital of BSNA (equivalent to Indian Rupees at a rate of exchange prevailing on the date of remittance).
The Company has incorporated a Wholly Owned Subsidiary namely "Blue Star Europe B.V." (BS Europe) in Netherlands, Europe on November 28, 2022. The Company has invested an amount aggregating to EUR 5,00,000 in the share capital of BS Europe (equivalent to Indian Rupees at a rate of exchange prevailing on the date of remittance).
- (3) Alteration of the Memorandum of Association (MOA) of the Company vide a Special Resolution dated December 8, 2022 passed by the Shareholders through Postal Ballot.
Amendment of the Articles of Association (AOA) of the Company vide a Special Resolution dated December 8, 2022 passed by the Shareholders through Postal Ballot.
- (4) The Company has entered into a contract with Cerebrus Consultants Private Limited in which Ms Anita Ramachandran, an Independent Director is a Founder and Director, after necessary approvals and in compliance with the LODR.
Mr Ashok M Advani Chairman Emeritus have released a grant of ₹ 100 crores to promote Research & Development ("R & D") to the Company which is payable on an actual reimbursement of R & D expenses over a period of 5 years.
- (5) During the Financial Year, the Company sold its freehold land situated at Village Majiwade, Thane.

For M/s N L Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
PR No.:700/2020

Bharat Upadhyay
Partner

Date : May 4, 2023
Place : Mumbai

FCS: 5436
CP No. 4457
UDIN: F005436E000249493

'ANNEXURE A'**LIST OF OTHER APPLICABLE LAWS***(including statutory amendments made thereto or amendments thereof for the time being in force):*

1. Maharashtra Shops and Establishments (Regulation of employment and conditions of service) Act, 2017, Rules thereunder and other State Acts and rules thereunder, including statutory amendments made thereto.
2. Contract Labour (Regulation and Abolition) Act, 1970, and Contract Labour (Regulation and Abolition) Central Rules, 1971, and applicable State Rules.
3. Industrial Employment (Standing Orders) Act, 1946 and Industrial Employment (Standing Orders) Central Rules, 1946, and applicable State Rules.
4. Factories Act, 1948 and applicable State Rules.
5. Foreign Trade (Development and Regulation) Act, 1992.
6. Securities and Exchange Board of India Act, 1992.
7. The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996, The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Central Rules, 1998, The Building and Other Construction Workers' Welfare Cess Act, 1996 and Cess Rules, 1998 and applicable State Rules.
8. Industrial Disputes Act, 1947, and Industrial Disputes (Central) Rules, 1957, and applicable State Rules.
9. Apprentices Act, 1961, and Apprentices Rules, 1992.
10. Employee Compensation Act, 1923, and Workmen Compensation Rules, 1924 and applicable State Rules.
11. Employees' State Insurance Act, 1948, and Employees' State Insurance (Central) Rules, 1950, and Employees' State Insurance (General) Regulations, 1950.
12. Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and Employees' Provident Fund Scheme, 1952, and Employees' Pension Scheme, 1995, and Employees' Deposit Linked Insurance Scheme, 1976.
13. Equal Remuneration Act, 1976, and Equal Remuneration Rules, 1976.
14. Maternity Benefit Act, 1961, and applicable State Rules.
15. Payment of Bonus Act, 1965, and Payment of Bonus Rules, 1975.
16. Payment of Wages Act, 1936, and Payment of Wages (Nomination) Rules, 2009 and applicable State Rules.
17. Minimum Wages Act, 1948, and Minimum Wages Rules, 1950 and applicable State Rules.
18. Payment of Gratuity Act, 1972, and applicable State Rules.
19. Bombay Labour Welfare Fund Act, 1953, rules thereunder and other State Acts and rules thereunder.
20. Food Safety and Standards Act, 2006, and Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011.
21. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
22. Information Technology Act, 2000, and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.
23. Bureau of Indian Standards Act, 1986, and Indian Standard Code of Practice for Selection, Installation and Maintenance of Portable First Aid Fire Extinguishers.
24. Maharashtra Fire Prevention and Life Safety Measures Act, Rules and other applicable States Acts and Rules as applicable.
25. Legal Metrology Act, 2009, and Legal Metrology (Enforcement) Rules, 2011, Legal Metrology Packaged Commodities Rules, 2011 and applicable State Rules.
26. Explosives Act, 1884, and Gas Cylinder Rule, 2004.
27. Petroleum Act, 1934, and Petroleum Rules, 2002.
28. Electricity Act, 2003, and Central Electricity Authority (Measures Relating to Safety and Electric Supply) Regulations, 2010.
29. Energy Conservation Act, 2001.

30. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017; State Acts governing Profession Tax, Tax on Trades, Callings and Employments Act and rules thereunder.
31. Environment (Protection) Act, 1986, and Hazardous and Other Wastes (Management and Trans boundary Movement) Rules, 2016, Noise Pollution (Regulation and Control) Rules 2000, Environment (Protection) Rules, 1986, E-waste (Management) Rules, 2016, Ozone Depleting Substances (Regulation and Control) Rules, 2000, Bio-Medical Waste Management Rules, 2016, Batteries (Management and Handling) Rules, 2001.
32. Air (Prevention and Control of Pollution) Act, 1981, and Air (Prevention and Control of Pollution) (Union Territories) Rules, 1983 and applicable State Rules.
33. Water (Prevention and Control of Pollution) Act, 1974, and Water (Prevention and Control of Pollution) Rules, 1975, and applicable State Rules.
34. Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.
35. Bombay Provincial Municipal Corporation Act, 1949.
36. Disaster Management Act, 2005, and the rules framed thereunder.
37. Plastic Waste Management Rules, 2016.
38. Any other Central and State Acts and Rules made thereunder, as may be applicable.

ANNEXURE 3A TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT

To,

The Members,

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Our report of even date is to be read along with this letter.

- 1) Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
- 2) We have followed the Auditing Standards issued by the Institute of Company Secretaries of India (ICSI) and audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
- 4) Wherever required, we have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- 5) The Compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standard is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **N L BHATIA & ASSOCIATES**
Practicing Company Secretaries
UIN: P1996MH055800
PR No.:700/2020

Bharat Upadhyay
Partner
FCS: 5436
CP No. 4457
UDIN: F005436E000144630

Date : April 19, 2023

Place : Mumbai

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Blue Star Engineering & Electronics Limited ("hereinafter called the Company")**. Secretarial Audit in accordance with Auditing Standard issued by Institute of Company Secretaries of India (ICSI) was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/ Statutory Compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and Other Records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorised Representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and Other Records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the Rules and Amendment(s) made thereunder (to the extent notified);
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not Applicable**
3. The Depositories Act, 1996 and amendments thereof and the Regulations and Bye-laws framed thereunder; **Not Applicable**
4. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015; **Not Applicable**
5. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
6. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"); **Not Applicable**
 - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
 - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
 - (d) The Securities and Exchange Board of India (Issue and Listing Debt Securities) Regulations, 2008.

- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- (g) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and
- (h) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

7. Other applicable Laws as per list attached as "Annexure - A" to this Report.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted as per Companies Act, 2013 with proper balance of Executive Directors and Non-Executive Directors. The Company is not required to appoint Independent Director as per Rule - 4(2) of (Appointment and Qualification of Directors) Rules, 2014.

There were changes in the Composition of the Board of Directors during the period under review. The following events occurred during the Audit Period under review:-

- (a) **Appointment of Mr Prem Paul Kalliath as an Additional Director of the Company with effect from May 31, 2022.**
- (b) **Appointment of Mr Prem Paul Kalliath as a Whole Time Director designated as Chief Executive Officer of the Company for a period of 3 years with effect from May 31, 2022.**
- (c) **Resignation of Mr Neeraj Basur as a Director with effect from May 31, 2022.**
- (d) **Appointment of Mr Nikhil Sohoni as an Additional Director of the Company with effect from October 4, 2022.**
- (e) **Appointment of Mr Arvind Balaji as an Additional Director of the Company with effect from October 4, 2022.**
- (f) **Appointment of Mr Vikram Nirula as an Additional Director of the Company with effect from October 4, 2022.**

Adequate Notice is given to all Directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting. The Company has complied with the Secretarial Standards in respect of the Meetings of its Members, Board and its Committees.

All the decisions have been taken unanimously at the Board Meetings and with requisite majority at the General Meetings.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the period under review:

1. At the Board Meeting held on January 23, 2023 the Company has decided to grant Inter Corporate Deposit up to ₹ 70,00,00,000/- (Rupees Seventy Crores Only). The

Company has obtained the approval of Shareholders at the Extra Ordinary General Meeting held on January 23, 2023 at a shorter notice.

2. The Company has created charge of ₹ 25 crores in favour of ICICI Bank Limited by hypothecation of its movable assets and book debts.
3. No Winding up Petition has been filed against the Company, impacting the going concern status.

For M/s N L Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

PR No.:700/2020

Bharat Upadhyay

Partner

FCS: 5436

CP No. 4457

UDIN: F005436E000144630

Date : April 19, 2023

Place : Mumbai

‘ANNEXURE A’

LIST OF OTHER APPLICABLE LAWS

(including statutory amendments made thereto or amendments thereof for the time being in force):

1. Maharashtra Shops and Establishments (Regulation of employment and conditions of service) Act, 2017, Rules thereunder and other State Acts and Rules thereunder, including statutory amendments made thereto.
2. Contract Labour (Regulation and Abolition) Act, 1970, and Contract Labour (Regulation and Abolition) Central Rules, 1971, and applicable State Rules.
3. Employee’s State Insurance Act, 1948, and Employees’ State Insurance (Central) Rules, 1950, and Employees’ State Insurance (General) Regulations, 1950.
4. Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, and Employees’ Provident Fund Scheme, 1952, and Employees’ Pension Scheme, 1995, and Employees’ Deposit Linked Insurance Scheme, 1976.
5. Equal Remuneration Act, 1976, and Equal Remuneration Rules, 1976.
6. Maternity Benefit Act, 1961, and applicable State Rules.
7. Payment of Bonus Act, 1965, and Payment of Bonus Rules, 1975.
8. Payment of Wages Act, 1936, and Payment of Wages (Nomination) Rules, 2009, and applicable State Rules.
9. Minimum Wages Act, 1948, and Minimum Wages Rules, 1950, and applicable State Rules.
10. Payment of Gratuity Act, 1972, and applicable State Rules.
11. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and Rules thereunder.
12. Information Technology Act, 2000, and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.
13. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017; State Acts governing Profession Tax, Tax on Trades, Callings and Employments Act and rules thereunder.
14. The Employee’s Compensation Act, 1923, and various State Acts and Rules thereunder.
15. Medical Devices Rules, 2017.
16. Any other Central and State Acts and Rules made thereunder, as may be applicable.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance refers to the manner in which a corporation is governed, directed and managed. Corporate governance essentially involves the balancing of interests of all stakeholders, such as shareholders, Board of Directors, management team, employees, customers, suppliers, bankers, government, and the community. Sound corporate governance practices rest on the basic principles of transparency, accountability, integrity, reliability, independence, and security. Corporate governance facilitates effective, entrepreneurial and prudent management which can deliver sustainable business results over a long term. Good corporate governance creates an in-built mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

Blue Star continuously strives to adopt and implement best-in-class governance practices. Responsible corporate conduct is integral to the way the Company does its business, referred to within the organisation as the "Blue Star Way". All actions by Blue Star employees and partners are governed by the Company's values and principles, which are reinforced at all levels within the entire eco system. The Company's governance framework enjoins all Blue Starites to follow the highest standards of ethical and responsible conduct of business, so as to create value for all stakeholders. The Company firmly believes that, for its continued success, the organisation must consistently adhere to the highest standards of corporate behaviour towards every stakeholder and the society at large. Over the years, Blue Star has strengthened its governance practices, and it is the endeavour of the Company to achieve best-in-class governance standards, benchmarked globally. Blue Star's governance practices and ethical conduct have also received recognition and acknowledgement from independent professional bodies.

VISION, CREDO, VALUES AND BELIEFS

Blue Star has consistently followed the principles of good corporate governance through transparency, accountability, fair dealings, and the promotion of mutual trust. The Company's Values and Beliefs have become a way of life within the organisation, and each employee is responsible for adherence to the Values of the Company.

It is Blue Star's commitment to do business with integrity, honesty and fairness. With a view to achieve this, the Company has defined its Vision, Credo, Values and Beliefs as follows:

Vision: "To dream, to strive, to care and, above all, to be the best in everything we do."

Credo: "I am Blue Star. I take pride in delivering a world-class customer experience."

Values and Beliefs:

- Be a company that is a pleasure to do business with.
- Win people's hearts and minds.
- Continuously improve shareholder value.
- Give primacy to meritocracy and professional management.
- Place the Company's interest above one's own.
- Conduct business with personal integrity and ethics.
- Treat business partners as respected members of the organisation.
- Encourage learning, experimentation and innovation in whatever is done.
- Ensure high standards of corporate governance.
- Work in a boundaryless manner between various functions to provide the best solutions to customers.
- Be a good corporate citizen.

The Company confirms compliance to the corporate governance practices as enshrined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'), details whereof for the financial year ended March 31, 2023, are as set out hereunder:

BOARD OF DIRECTORS

The Board of Directors is the primary stakeholder influencing the standards of, and practices relating to, corporate governance. An active, well-informed and independent board safeguards and maintains sound corporate governance across all the functions. The Board oversees how the management safeguards the interests of all stakeholders. The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties. The Board of Directors provides a long-term vision and policy approach which improves the quality of governance. It sets out the overall corporate objectives and provides direction and independence to the management to achieve these objectives for value creation through sustainable profitable growth.

COMPOSITION OF THE BOARD

The Company has a balanced and diverse Board. The Company's Board has an optimum mix of Executive and Non-Executive Directors, to maintain independence and separate the functions of governance and management. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 (the 'Act'). As on March 31, 2023, the Board comprised ten Directors. Out of the ten, eight (i.e. 80 percent) were Non-Executive Directors, and five (i.e. 50 percent) were Independent Directors. The

Board comprised two women Directors, out of whom one is an Independent Director.

The Chairman of the Board is an Independent Director. The Chairman presides over the meetings of the Board and of the shareholders of the Company. He leads the Board and ensures effective communication among the Directors. He is responsible for guiding implementation of all the initiatives relating to corporate governance. He ensures effectiveness of the Board and its Committees and guides in the evaluation of the performance of individual directors and the Board in fulfilling their roles and responsibilities.

The Executive Directors assume overall responsibility for strategic management of the business and corporate functions including oversight of governance processes and ensuring top management's operating effectiveness. They act as a link between the Board and the Management of the Company and are responsible for managing and reviewing the roles and responsibilities of other executive officials including the Business Heads, Group Chief Financial Officer, Company Secretary &

Compliance Officer, and other senior management personnel.

The Non-Executive Directors/Independent Directors play a critical role in providing balance to the Board processes with their independent judgment on issues involving strategy, performance, market dynamics, resources, and overall governance, besides providing the Board with valuable inputs based on their professional expertise.

The Company's Board comprises eminent professionals having sound knowledge, and relevant expertise and experience, in the areas of finance, legal, advertising, sales, marketing, technology, human resources, and general business management. The Company has established systems and procedures to ensure that the Board of Directors are kept well informed and well equipped to fulfill their overall responsibilities and to provide management with the strategic direction needed to create long-term shareholder value.

The composition of the Board of Directors and the number of directorships and committee positions held by them as on March 31, 2023, are as under:

Name of Director	Category	Particulars of Directorships, Committee Memberships/Chairmanships as on March 31, 2023			
		Directorships ¹	Number of Directorship(s) held in public listed companies	Committee Memberships ²	Committee Chairmanships ²
Shailesh Haribhakti	Non-Executive Independent Chairman	8	5	10	3
Vir S Advani	Vice Chairman & Managing Director	3	1	0	0
B Thiagarajan	Managing Director	3	1	1	0
Sam Balsara	Independent Director	1	1	0	0
Rumjhum Chatterjee*	Independent Director	-	-	-	-
Anita Ramachandran**	Independent Director	10	6	9	2
Anil Harish	Independent Director	4	3	3	3
Rajiv R Lulla	Non-Executive Director	1	1	1	0
Sunaina Murthy	Non-Executive Director	1	1	1	0
Arvind K Singhal	Independent Director	4	4	3	1
Dinesh N Vaswani	Non-Executive Director	1	1	0	0

¹ Directorships held by the Directors as mentioned above consist of Directorships held in public limited companies but excludes directorships held in private limited companies, foreign companies and companies registered under section 8 of the Act.

² In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of two Committees, namely Audit Committee and Stakeholders' Relationship Committee, have been considered. Committee memberships include Chairmanships.

* Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

** Anita Ramachandran was appointed as an Independent Director of the Company with effect from June 13, 2022.

None of the Directors is a Director on the Board of more than 10 public limited companies or acts as an Independent Director in more than 7 listed companies. Further, none of the Directors is a member in more than 10 committees nor is a chairperson/chairman of more than 5 committees, amongst the companies mentioned above. Also, none of

the Independent Directors of the Company is a Whole-time Director of any listed company.

Except Vir S Advani and Sunaina Murthy, who are related, none of the Directors is a relative of the other, as defined under the Act. Details of listed entity(ies) in which the Directors hold directorship(s) as on March 31, 2023, are as follows:

Name of Director	Name of Listed Entity(ies)	Category
Shailesh Haribhakti	- Blue Star Limited	Independent Director
	- Torrent Pharmaceuticals Limited	Independent Director
	- L&T Finance Holdings Limited	Independent Director
	- Adani Total Gas Limited	Independent Director
	- Bajaj Electricals Limited	Independent Director
Vir S Advani	- Blue Star Limited	Executive Promoter Director
B Thiagarajan	- Blue Star Limited	Executive Director
Sam Balsara	- Blue Star Limited	Independent Director
Rumjhum Chatterjee*	-	-
Anita Ramachandran**	- Blue Star Limited	Independent Director
	- Grasim Industries Ltd	Independent Director
	- FSN E-Commerce Ventures Limited	Independent Director
	- Ujjivan Small Finance Bank Limited	Independent Director
	- Happiest Minds Technologies Limited	Independent Director
	- Metropolis Healthcare Limited	Independent Director
Anil Harish	- Blue Star Limited	Independent Director
	- NXT Digital Limited (Name of company changed to NDL Ventures Limited on April 20, 2023)	Independent Director
	- Hinduja Global Solutions Limited	Independent Director
Rajiv R Lulla	- Blue Star Limited	Non-Executive Promoter Director
Sunaina Murthy	- Blue Star Limited	Non-Executive Promoter Director
Arvind K Singhal	- Blue Star Limited	Independent Director
	- Welspun India Limited	Independent Director
	- Greaves Cotton Limited	Independent Director
	- Metro Brands Limited	Independent Director
Dinesh N Vaswani	- Blue Star Limited	Non-Executive Promoter Director

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

**Anita Ramachandran was appointed as an Independent Director of the Company with effect from June 13, 2022.

CORE SKILLS REQUIRED IN THE CONTEXT OF COMPANY'S BUSINESS

The Company inducts distinguished individuals with expertise across diverse fields as Directors on its Board. Members with high levels of integrity, appropriate qualifications, skills and expertise, and with the ability to contribute to the growth of the Company get nominated for this role.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company:

Strategy & Business Planning	- Comprehend the socio-economic, political, legal, regulatory and competitive environment in which the Company is operating and provide insights to identify the risks, threats and opportunities for the Company's businesses
Financial Acumen	- Analyse the Company's financial and operating performance and provide oversight of capital allocation and returns
Human Capital	- Support management to develop policies to identify and retain the best talent; to develop people at all levels and make them future-ready; and to institutionalise succession planning for critical positions
Governance	- Monitor/guide statutory and regulatory compliance, contribute towards setting and upholding the highest standards of ethics, integrity and organisational conduct; Understand the key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation
Stakeholder Value Creation	- Enable shareholder value creation while ensuring interventions that create a positive and sustainable impact on society

All these skills are adequately available with the Board members.

In the table below, the primary/dominant area(s) of expertise of individual Board members have been highlighted. However,

the absence of a mark against a member's name does not mean that the member does not possess the corresponding qualification or skill.

Name of Director	Area of Expertise				
	Strategy & Business Planning	Financial Acumen	Human Capital	Governance	Stakeholder Value Creation
Shailesh Haribhakti	✓	✓		✓	✓
Vir S Advani	✓	✓	✓	✓	✓
B Thiagarajan	✓	✓	✓	✓	✓
Sam Balsara	✓		✓	✓	
Rumjhum Chatterjee*	✓		✓	✓	
Anil Harish		✓		✓	✓
Anita Ramachandran**			✓	✓	✓
Rajiv R Lulla	✓	✓		✓	✓
Sunaina Murthy			✓	✓	✓
Arvind K Singhal	✓	✓			✓
Dinesh N Vaswani	✓	✓		✓	✓

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

**Anita Ramachandran was appointed as an Independent Director of the Company with effect from June 13, 2022.

CONFIRMATION ON INDEPENDENCE OF DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations and have registered themselves with the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs in compliance with the requirements of the Companies (Appointment and Qualifications of Directors) Rules, 2014. In the opinion of the Board, the Independent Directors fulfill the said criteria and are independent of the Management.

DETAILS OF RESIGNATION OF INDEPENDENT DIRECTOR

Ms Rumjhum Chatterjee (DIN:00283824), vide her letter dated April 25, 2022 had tendered her resignation as Non-Executive,

Independent Director of the Company with effect from the close of business hours of April 25, 2022 due to personal reasons and to reduce her professional commitments.

The Company has received confirmation from Ms Rumjhum Chatterjee that there are no material reasons for her resignation other than those mentioned in her resignation letter.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

A certificate from M/s N L Bhatia & Associates, Practicing Company Secretaries, has been issued, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a director by the Securities and Exchange Board of India (SEBI)/ Ministry of Corporate Affairs or any such statutory authority.

The certificate is appended as an Annexure to this report.

BOARD MEETINGS

A minimum of four Board Meetings are held each year to review the quarterly financial results and operating performance of the Company. Apart from this, additional Board Meetings are convened to address specific needs of the Company.

There could be instances where it may not be possible for each of the Directors to be physically present at all the meetings. In such cases, video conferencing facilities are provided to enable their participation.

The agenda and agenda notes are circulated to all the Directors well in advance. All the agenda items are backed by agenda notes and relevant supporting papers to ensure adequate flow of information from the Management, and to enable the Directors to have focused discussions at the meeting and take informed decisions. All relevant information as mentioned in Part A of Schedule II of the Listing Regulations were tabled before the Board. Agenda of the meetings and the supporting documents and information are circulated to the Directors on

a board meeting application through a secure IT platform, to ensure integrity and confidentiality of data.

Draft Minutes of the Board/Committee meetings are circulated to all the Directors for their inputs within 15 days of the meeting, and after incorporating comments so received from the Directors, if any the minutes are recorded and entered in the minutes book within 30 days from the date of conclusion of the meeting.

NUMBER OF MEETINGS HELD BY THE BOARD

During the financial year, the Board met seven times. The meetings were held on May 5, 2022; May 16, 2022; August 4, 2022; September 3, 2022; November 3, 2022; January 31, 2023; and March 10, 2023. The gap between two consecutive Board meetings did not exceed 120 days.

The Company had convened its last Annual General Meeting on August 4, 2022.

Attendance of the Directors at the Board meetings and at the last Annual General Meeting is as under:

Name of Director	Category	Attendance	
		Board Meeting	Last AGM (Y/N/NA)
Shailesh Haribhakti	Non-Executive Independent Chairman	7	Y
Vir S Advani	Vice Chairman & Managing Director	7	Y
B Thiagarajan	Managing Director	6	Y
Sam Balsara	Independent Director	6	Y
Rumjhum Chatterjee*	Independent Director	-	NA
Anita Ramachandran**	Independent Director	4	Y
Anil Harish	Independent Director	6	Y
Rajiv R Lulla	Non-Executive Director	7	Y
Sunaina Murthy	Non-Executive Director	6	Y
Arvind K Singhal	Independent Director	7	Y
Dinesh N Vaswani	Non-Executive Director	5	Y

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

**Anita Ramachandran was appointed as an Independent Director of the Company with effect from June 13, 2022.

FAMILIARISATION OF INDEPENDENT DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter alia explains the role, functions, duties and responsibilities as an Independent Director of the Company. The Company's management makes business presentations periodically at the Board meetings to familiarise Independent Directors with the strategy, operations and functioning of the Company.

Such presentations help them to understand Blue Star's strategy, competitive landscape, business model, operations, service, and product offerings, markets, organisation structure, finance, human resources, technology, quality, facilities and risk management, and such other areas as may be relevant for their familiarisation from time to time. These interactions provide them with a holistic perspective of the Company's business and regulatory framework. A structured induction programme for new Directors is also organised, where they get to meet and interact with all senior leaders of business

divisions and functions to obtain an in-depth understanding of the Company's business. Field and factory visits are also organised for the new Directors to gain hands-on understanding and knowledge of the business operations.

The details of familiarisation programmes imparted to the Independent Directors are available on the website of the Company under the weblink at:

<https://www.bluestarindia.com/media/56472/familiarization-programme-for-independent-directors.pdf>

PERFORMANCE EVALUATION

The Board carries out an annual performance evaluation comprising review of the performance of the Directors individually as well as the evaluation of the working of the entire Board and its Committees. For this purpose, a structured questionnaire is prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as structure and composition of the Board, quality of Board processes, Board culture and dynamics, Board's role in setting vision/strategic direction and effectiveness in carrying out its role as expected by all the stakeholders.

The performance of the Chairman of the Board is evaluated on parameters such as level of engagement and contribution, ability to encourage frank and free discussions among Board members, relationships with Board members and guidance in case of complex issues.

The performance evaluation criteria for the Directors are determined by the Nomination and Remuneration Committee. The factors on which evaluation is carried out include: (i) qualifications, experience, understanding and knowledge of business and sector, (ii) availability and attendance at meetings, (iii) openness in debating complex issues and aiding decision making, voicing opinion freely, exercising own judgment, (iv) adding value to the strategic direction and image makeover of the Company, (v) ensuring integrity, regulatory compliance and controls as required, (vi) level of preparedness, engagement and participation at various meetings, (vii) guidance and support to the leadership team as required, (viii) ability to function as a team member, actively taking initiatives in various areas, commitment to the Board and the Company, (ix) keeping shareholder's and other stakeholder's interests in mind while voicing views and making recommendations, (x) expressing independent views, and judgments freely (xi) Commitment to Board and its meetings, agenda items and relevant issues covered in Board Meetings (xii) Engagement and encouraging free and frank discussions by Members, impartial in conduct of discussions & in dealing with dissent (xiii) Guidance and coordinating discussions on complex issues effectively for decision making (xiv) Relationships with Board members,

Committee Chairman and Leadership Team, displays leadership and professionalism, open-minded, decisive, courteous and (xv) Overall effectiveness as Chairman of the Board.

In accordance with provisions of the Act and the Listing Regulations, a meeting of the Independent Directors of the Company was also held on March 29, 2023, to discuss the following for FY23:

- Performance of Non-Independent Directors and the Board as a whole;
- Performance of the Chairman of the Board, taking into account the views of Executive Directors and Non-Executive Directors; and
- Quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

In the Board evaluation carried out for the financial year 2021-22, the Independent Directors had observed that the Company should hold one Blue Skies meeting as a platform to discuss the changes in the external world with respect to technological developments, strategic improvisations which will enable the Company to prepare itself against disruptions, challenges, additional need of capex, change in strategy, re-emphasizing domestic vis global markets. The Company was also advised to explore strategic options available to achieve a step change in its existing businesses and adjacent growth opportunities. In order to ensure sustainability planning and its implementation it was advised to rename Corporate Social Responsibility Committee to "Corporate Social Responsibility and ESG Committee". These observations were implemented during the financial year 2022-23.

In the Board evaluation carried out for the financial year 2022-23, in addition to other recommendations, the Independent Directors proposed that interaction of young talent with the Nomination & Remuneration Committee (NRC) should be encouraged, undertake actions as may be necessary on Leadership Development and Succession Planning based on the recommendations by the NRC and that the CSR & ESG Committee should update the Board on the progress made in mapping the Carbon Footprint and reduction measures that are/will be undertaken by the Company as it firms up its Net Zero plans.

The outcome of the evaluation was presented to the Board along with the course of actions proposed to be taken up for implementing the above observations.

CODE OF CONDUCT

While operating in a competitive and demanding market, the Company had published a comprehensive code of conduct for its Board members, employees of the Company, its subsidiaries

and affiliate/joint venture companies and business partners that requires strict adherence to its corporate values while delivering a world-class customer experience. The Company makes conscious efforts to align its employees and business partners with the Blue Star code of conduct. During the year, the Company conducted e-learning courses to acquaint the employees about the applicability of the Code of Conduct in the normal course of their working. All the members of the Board and Senior Management Personnel have affirmed compliance with the code of conduct as on March 31, 2023. A declaration to the effect, confirming the same and signed by the Vice Chairman & Managing Director of the Company, forms part of this Report. In addition, adherence to the Code of Conduct has also been made applicable to the business partners, viz, dealers, distributors, vendors, and service providers.

The Company's Code of Conduct is available on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>

CORPORATE SAFETY POLICY

The Company firmly believes that the safety of its employees and all the stakeholders associated with the Company's project sites, manufacturing facilities, customer premises, and office locations is of utmost importance. Safety is an essential and integral part of the Company's work activities. The Company believes that incidents or accidents and risk to health are preventable through active involvement of all the stakeholders, thereby creating a safe and accident free workplace. Accordingly, health and safety awareness programmes and safety audits are conducted regularly. Safety protocols have been documented and get shared across the organisation regularly.

COMMITTEES OF THE BOARD

The Committees of the Board include the Audit Committee, Nomination and Remuneration Committee, Investor Grievance cum Stakeholders' Relationship Committee, Corporate Social Responsibility and Environmental, Social and Governance Committee*, Risk Management Committee, Executive Management Committee, Share Transfer Committee, and Debenture Committee. These Committees assist the Board in discharging its specific functions in which more focused and extensive discussions are required.

**The Board at its Meeting held on January 31, 2023 amended the nomenclature of the Corporate Social Responsibility Committee to Corporate Social Responsibility and Environmental, Social & Governance Committee and modified its terms of reference thereby.*

The role, composition and other details of the aforesaid Committees are given below:

A. AUDIT COMMITTEE

The Audit Committee of the Company oversees the financial reporting process of the Company. The powers and role of the Audit Committee are in accordance with the Listing Regulations and the Act. The Audit Committee is governed by the terms of reference which are in line with the regulatory requirements of the Act and the Listing Regulations.

As on March 31, 2023, the Committee comprised four directors:

- Anil Harish, Chairman
- B Thiagarajan
- Shailesh Haribhakti
- Arvind K Singhal

The composition of the Audit Committee is in line with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

NUMBER OF MEETINGS HELD BY THE COMMITTEE

During the financial year, this Committee met eight times. The meetings were held on May 5, 2022; May 16, 2022; August 4, 2022; September 3, 2022; November 3, 2022; January 31, 2023; March 1, 2023; and March 9, 2023.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Anil Harish, Chairman	7
B Thiagarajan	7
Shailesh Haribhakti	8
Arvind K Singhal	8

The gap between two consecutive meetings did not exceed 120 days.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

TERMS OF REFERENCE

A. Financial reporting and financial reporting processes, internal controls:

1. Oversee the Company's financial reporting process, its overall internal controls and the disclosure of its financial information submitted to the stock exchanges, regulatory authorities or the public, and ensure that the financial statements are correct, sufficient and credible.
2. Oversee the Company's internal control framework, its adequacy and appropriateness across business processes.
3. Review with the Management, annual financial statements and the Auditors' Report thereon, before submission to the Board for approval, with particular reference to:

- a) Matters required to be included in the Directors' Responsibility Statement to be made part of the Board's report in terms of clause (c) of subsection 3 of Section 134 of the Act.
 - b) Changes, if any, in the accounting policies and reasons for the same.
 - c) Major accounting entries based on exercise of judgment by the Management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements concerning financial statements.
 - f) Disclosures in financial statements, including related party transactions.
 - g) Modified opinion(s) in the draft Audit Report, if any.
4. Review any accounting adjustments that were noted or proposed by the statutory auditors but were not passed (as immaterial or otherwise).
 5. Review with the Management quarterly financial statements before submission to the Board for approval.
 6. Review with the Management, statement of use/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public issue or rights issue, and make appropriate recommendations to the Board to take steps in the matter whenever such fund raising happens.
 7. Review and monitor the auditors' independence and performance, and effectiveness of audit processes.
 8. Approve or any subsequent modification of transactions of the Company with the related parties.
 9. Scrutinise inter-corporate loans and investments.
 10. Conduct valuation of undertakings or assets of the Company, wherever it is necessary.
 11. Evaluate internal financial controls and risk management systems.
 12. Review with the Management the performance of statutory and internal auditors, and adequacy of the internal control systems.
 13. Review the adequacy of internal audit function, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
 14. Discuss with internal auditors any significant findings and follow up thereon.
 15. Review the findings of any internal investigations by the internal auditors in the matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.
 16. Discuss with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
 17. Look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, stakeholders (in case of non-payment of declared dividends) and creditors.
 18. Approve appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.
- B. Review of information:**
1. Review of the Management Discussion and Analysis of the financial condition and results of operations.
 2. Statement of significant related party transactions (as defined by the Committee), submitted by the Management.
 3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
 4. Internal audit reports relating to internal control weaknesses.
 5. The appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm of internal auditors.
 6. Statement of deviations:
 - a) Quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice, in terms of Regulation 32(7) of the Listing Regulations.
- C. Statutory audit:**
1. Recommend to the Board, the appointment, reappointment, terms of appointment, and if required, the replacement or removal of the statutory auditors and cost auditors after considering and reviewing their independence and effectiveness, and recommend the audit fees.
 2. Give approval for making all payments to the statutory auditors for any other services rendered by them.

3. Annually review and discuss with the statutory auditors, all significant relationships that they have with the Company or any of its related parties to determine the auditors' independence.
4. Review performance of the statutory auditors.
5. Review and discuss the scope of the statutory auditors' annual audit.
6. Review management letters and any significant findings and recommendations issued by the statutory auditors, together with the management's response thereto.
7. Following the completion of the annual audit, review with the statutory auditors on any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
8. Meet at least once in a year separately with the statutory auditors to discuss any matters that the Committee or the statutory auditors believe should be discussed separately.
9. Review the annual Cost Audit Report submitted by the Cost Auditors.

D. Internal audit:

1. Review the internal audit plan and recommend changes, for the approval of the Board.
2. Approve appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm selected to manage internal audit deliverables.
3. Consider and approve, in consultation with the Statutory Auditors and the Internal Auditors, the annual scope and plan of the Company's internal audit and any significant changes thereto.
4. Review with the Internal Auditors and the Statutory Auditors the co-ordination of audit efforts to assure adequacy of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. Review any significant findings and recommendations of Internal Audit, together with the management's responses thereto.
6. Review the findings of any internal investigations by the Internal Auditors in matters where there is suspected fraud or irregularity or a failure of an internal control system of a material nature, and report the matters to the Board.
7. Review with the Internal Auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

8. Meet at least once a year separately with the Internal Auditors, to discuss any matters that the Committee or the Chief Internal Auditor/engagement partner at the internal audit firm believes should be discussed separately.

B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for devising criteria for determining qualifications, attributes and independence of the Directors. It is also responsible for identifying persons to be appointed at Senior Management levels as well as devising remuneration policy for the Directors, Key Managerial Personnel and Senior Management Personnel.

The composition of the Committee meets the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

As on March 31, 2023, the Committee comprised four directors:

- Sam Balsara, Chairman
- Anita Ramachandran
- Dinesh N Vaswani
- Shailesh Haribhakti

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

MEETINGS HELD BY THE NOMINATION AND REMUNERATION COMMITTEE

During the financial year, the Committee met thrice. The meetings were held on April 7, 2022; April 26, 2022 (Adjourned Meeting); May 16, 2022; and July 28, 2022.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Sam Balsara, Chairman	3
Rumjhum Chatterjee*	1
Anita Ramachandran**	1
Dinesh N Vaswani	2
Shailesh Haribhakti	3

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

**Anita Ramachandran was appointed as member of the Committee with effect from June 13, 2022.

TERMS OF REFERENCE

1. Inter alia recommend nominations for Board Membership, develop and recommend policies with respect to composition of the Board, commensurate with the size, nature of the business and operations of the Company.
2. Establish criteria for selection to the Board, with respect to

the competencies, qualifications, experience, track record, integrity and gender, and to establish Directors' retirement policies and appropriate succession plans, and determine overall compensation policies of the Company.

3. Monitor/administer the Company's Employee Stock Option Schemes formulated from time to time, and take appropriate decisions in terms of the concerned Scheme(s) and such other matters as may be required under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
4. Review market practices and formulate a remuneration policy, and within the framework of the said policy:
 - a) Recommend to the Board, a remuneration package applicable to the Key Managerial Personnel and Senior Management comprising the working directors and the leadership team.
 - b) Recommend to the Board for its approval, performance parameters for them, review the same from time to time and thereafter, recommend the above to the Board for its approval.
5. Recommend to the Board, all remuneration, in whatever form, payable to the Key Managerial Personnel and Senior Management Personnel.
6. Such other matters as may be required under the Act and Listing Regulations.

REMUNERATION OF DIRECTORS

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission, performance-linked incentives and stock options (variable component) to its Vice Chairman & Managing Director and

Managing Director. Annual increments are decided by the Nomination and Remuneration Committee, within the salary scale approved by the members of the Company. The Nomination and Remuneration Committee recommends to the Board the remuneration payable to the Vice Chairman & Managing Director and Managing Director out of the net profits for the financial year, and within the ceilings prescribed under the Act, based on their performance and the performance of the Company. Services of the executive directors may be terminated by either party, giving the other party six months' notice. There is no separate provision for payment of any severance fees.

The Non-Executive Directors are paid, in addition to sitting fees, a commission not exceeding 1% of the net profits of the Company, in accordance with the Act and Nomination and Remuneration Policy of the Company. The remuneration structure and criteria for determining performance-based compensation are provided in the Nomination and Remuneration Policy.

During the financial year, none of the Non-Executive Directors had received remuneration exceeding 50% of the total remuneration paid to the Non-Executive Directors. The annual remuneration of Vir S Advani, who is an Executive Promoter Director, was within the limits approved by the shareholders by way of special resolution at the 72nd Annual General Meeting held on August 6, 2020.

The Nomination and Remuneration Policy is available on the website of the Company under the web link at: <https://www.bluestarindia.com/media/217800/blue-star-nrc-policy.pdf>

The details of amount paid/provided towards Directors' remuneration are as follows:

(₹ in lakhs)

Name	Salary	Retirals	Perquisites	Commission	Performance Linked Incentive	Sitting Fees	Total
Shailesh Haribhakti	-	-	-	45.60	-	14.00	59.60
Vir S Advani	120.55	38.35	241.11	412.29	-	-	812.30
B Thiagarajan	120.55	38.35	241.11	412.29	-	-	812.30
Sam Balsara	-	-	-	22.80	-	7.75	30.55
Rumjhum Chatterjee*	-	-	-	1.90	-	-	1.90
Anil Harish	-	-	-	22.80	-	11.75	34.55
Rajiv R Lulla	-	-	-	22.80	-	7.75	30.55
Sunaina Murthy	-	-	-	22.80	-	6.50	29.30
Arvind K Singhal	-	-	-	22.80	-	12.75	35.55
Dinesh N Vaswani	-	-	-	22.80	-	5.25	28.05
Anita Ramachandran**	-	-	-	19.00	-	4.75	23.75

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

**Anita Ramachandran was appointed as an Independent Director of the Company with effect from June 13, 2022.

DIRECTOR SHAREHOLDING

AS ON MARCH 31, 2023

Name of Director	No. of Shares held	Percentage (%)
Shailesh Haribhakti	-	-
Vir S Advani	10,74,625	1.12
B Thiagarajan	72,800	0.08
Sam Balsara	10,566	0.01
Anita Ramachandran	-	-
Anil Harish	-	-
Rajiv R Lulla	-	-
Sunaina Murthy	10,72,525	1.11
Arvind K Singhal	-	-
Dinesh N Vaswani	26,944	0.03
Total	22,57,460	2.34

C. INVESTOR GRIEVANCE CUM STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Investor Grievance cum Stakeholders' Relationship Committee specifically looks into the redressal of investors' complaints relating to investor service requests, non-receipt of annual reports, non-receipt of declared dividends, and other investor related matters.

In addition, the Committee also looks into matters which facilitate investors' relations.

The composition of the Committee meets the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations.

As on March 31, 2023, the Committee comprised three directors:

- Arvind K Singhal, Chairman
- Sunaina Murthy
- Rajiv R Lulla

During the financial year, the Committee met twice. The meetings were held on August 23, 2022, and March 29, 2023.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Arvind K Singhal, Chairman	2
Rajiv R Lulla	2
Sunaina Murthy	2

The Chairman of the Committee was present at the last Annual General Meeting.

TERMS OF REFERENCE

1. Resolve the grievances of the security holders of the Company (including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings).
2. Review measures taken for effective exercise of voting rights by the shareholders.

3. Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agent (RTA).
4. Review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
5. Review and monitor the timely transfer of the unclaimed dividend and equity shares to the Investor Education and Protection Fund (IEPF) pursuant to the relevant statutory provisions.
6. Review the Company's share price movements in relation to the benchmarks and monitor material share trading transactions undertaken by Institutional Investors involving the Company's shares.
7. Review Analysts' recommendations on the Company's stock, ensure that the management regularly holds meetings with the Fund Managers and Analysts and major concerns reported by the Fund Managers and Analysts are reviewed.
8. Review resolution of shareholders complaints.
9. Monitor investor's relations initiatives and provide an update to the Board on a half yearly basis about various activities and measures undertaken by the Company.
10. Review the outcome and response arising from various press clippings, press conference, TV interviews and formal media interaction from time to time.
11. Review adequacy of the Committee charter and recommend changes to the Board from time to time.

INVESTORS' COMPLAINTS

During the year under review, the Company received 15 complaints and all the complaints were resolved to the satisfaction of the shareholders. There were no complaints

pending for resolution as on March 31, 2023. The complaints received from the investors were mainly pertaining to non-receipt of dividend and share certificates, etc.

COMPLIANCE OFFICER

Rajesh Parte

Company Secretary & Compliance Officer

Tel: 022 6654 4000

Email: investorcomplaints@bluestarindia.com

D. CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE ('CSR & ESG COMMITTEE')

The Corporate Social Responsibility Committee was renamed to "Corporate Social Responsibility and Environmental, Social and Governance Committee" by the Board at its Meeting held on January 31, 2023.

The CSR & ESG Committee has been constituted in accordance with the requirements of Section 135 of the Act. The Committee recommends the CSR projects to be undertaken by the Company and also monitors its implementation status.

As on March 31, 2023, the Committee comprised three directors:

- B Thiagarajan, Chairman
- Anita Ramachandran
- Sunaina Murthy

During the financial year, the Committee met twice. The meetings were held on April 28, 2022, and January 11, 2023.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
B Thiagarajan, Chairman	2
Sam Balsara*	1
Anita Ramachandran**	1
Sunaina Murthy	2

*Sam Balsara was appointed as Member of the Committee with effect from April 26, 2022 and ceased to be Member of the Committee with effect from June 13, 2022.

**Anita Ramachandran was appointed as Member of the Committee with effect from June 13, 2022.

TERMS OF REFERENCE

1. Formulate and recommend to the Board a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.
2. Recommend the amount of expenditure to be incurred on the CSR activities.
3. Monitor the CSR Policy of the Company from time to time.
4. Monitor the execution of sustainability strategy including Net Zero mission.

5. Oversee communication of sustainability activities with stakeholders.
6. Provide input to the Board and other Board Committees on ESG matters.
7. Approving the Business Responsibility and Sustainability Report.

The detailed CSR Report, which forms a part of the Board's Report, may be referred to, for further information on CSR.

E. RISK MANAGEMENT COMMITTEE

The Company has a robust risk management framework to identify, monitor and mitigate applicable risks. The Company has a comprehensive Risk Management Policy which is periodically reviewed by the Risk Management Committee.

As on March 31, 2023, the Committee comprised four directors:

- Vir S Advani, Chairman
- B Thiagarajan
- Rajiv R Lulla
- Anil Harish

During the financial year, the Committee met thrice. The meetings were held on August 23, 2022; December 7, 2022; and March 23, 2023.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Vir S Advani, Chairman	3
B Thiagarajan	3
Rajiv R Lulla	3
Anil Harish	3

TERMS OF REFERENCE

1. Review the risk management plan of the Company.
2. Formulate a detailed risk management policy of the Company.
3. Ensure that risk management and governance is integrated with the Company's strategic objectives and facilitates performance management as prescribed under the COSO 2017 Enterprise Risk Management framework.
4. Ensure that the risk management framework encourages business leaders to identify potential opportunities to grow the business.
5. Ensure dissemination of pervasive risk awareness culture and the presence of appropriate two-way communication mechanism for transparency and identification of risks and opportunities.
6. Annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.

7. Ensure that the Company undertakes appropriate measures to achieve prudent balance between risk and opportunities in both ongoing and new business activities.
8. Assist the Board in effective operation of the risk management systems by performing specialised analyses and quality reviews.
9. Ensure that the Company has a robust compliance framework, review compliance reports and ensure appropriate measures for compliance adherence.
10. Maintain an aggregated view on the risk profile of the Company and its underlying business segments.
11. Periodically review cyber security risk and its related mitigation plan.
12. Report to the Board details on the risk exposures and actions taken to manage the exposures.
13. Advise the Board with regard to risk management decisions in relation to the strategic and operational matters, such as corporate strategy, mergers and acquisitions, and related matters.
14. Make regular reports to the Audit Committee and Board on risk assessment and mitigation strategies adopted by the Company.
15. Review annually its role, performance and risk management charter, structure and processes.
16. Undertake such other assignments as may be mandated by the Board from time to time.

F. EXECUTIVE MANAGEMENT COMMITTEE

The Company has constituted an Executive Management Committee to approve matters relating to availing of financial facilities pertaining to borrowings and investments, and to undertake/execute other operational and administrative matters of the Company.

As on March 31, 2023, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, the Committee met ten times. The meetings were held on May 5, 2022; August 4, 2022; August 26, 2022; November 3, 2022; November 14, 2022; December 12, 2022; January 17, 2023; January 31, 2023; February 24, 2023; and March 22, 2023.

All the meetings were attended by both the members.

G. SHARE TRANSFER COMMITTEE

The Share Transfer Committee is empowered to make allotment of any kind of shares that may be issued by the Company from time to time and providing authorisations to execute investor service requests.

As on March 31, 2023, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, there were no Committee Meetings held.

H. DEBENTURE COMMITTEE

The Debenture Committee was constituted by the Board of Directors on April 30, 2020, to look after all the matters relating to the issuance and redemption of Non-Convertible Debentures.

As on March 31, 2023, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, there were no Committee Meetings held.

CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS AND CODE OF FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has a code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders and code of fair disclosure of unpublished price sensitive information for its Designated Persons and the code is in line with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time ('Insider Trading Regulations'). The same is disclosed on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/6013/code-of-conduct-insider-trading.pdf>

Further, in accordance with the Insider Trading Regulations, the Company has formulated a written policy and procedures for inquiry in case of any leak of Unpublished Price Sensitive Information (UPSI) or suspected leak of UPSI, to initiate appropriate inquiries on becoming aware of leak or suspected leak of UPSI and inform to Stock Exchanges promptly of such leaks, inquiries and results of such inquiries. This policy is adopted and also disclosed on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/236290/policy-on-procedure-of-inquiry-in-case-of-leak-of-unpublished-price-sensitive-information.pdf>

As required under the Insider Trading Regulations, the Company has maintained a Structured Digital Database capturing the details of the Designated Persons and the UPSI shared by them for legitimate purposes. The Company also has a real time online tracking mechanism for monitoring the trades in the Company's securities by the Designated Persons and their

relatives to ensure real time detection and taking appropriate action, in case of any violation/non-compliance of the Company's Code of Conduct on Insider Trading.

The Company conducts awareness on prevention of Insider Trading through regular workshops and circulates emails on the same from time to time.

SUBSIDIARY COMPANIES

Blue Star Engineering & Electronics Limited, Blue Star Climatech Limited, Blue Star Qatar WLL, Blue Star International FZCO, Blue Star Systems and Solutions LLC, UAE, BSL AC&R (Singapore) Pte Ltd, Blue Star North America Inc., Blue Star Europe B.V., and Blue Star Innovation Japan LLC are the nine subsidiaries of the Company. As on March 31, 2023, none of the Subsidiaries have exceeded the threshold of 20% of consolidated income or net worth determining the materiality for appointment of an Independent Director of the Company on the board of the material unlisted subsidiary as per Regulation 24 of the Listing Regulations.

Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company, is a material unlisted subsidiary of the Company; however, it has not exceeded the above mentioned threshold. The financial performance, minutes of Board Meetings of these subsidiary companies and all significant transactions or arrangements entered into by the subsidiary companies are reviewed by the Board.

In accordance with the Listing Regulations, the Company has in place a policy on determining material subsidiaries and the

same has been disclosed on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/6017/policy-for-determining-material-subsidiaries-26022019.pdf>

RELATED PARTY TRANSACTIONS

All transactions entered into with related parties during the financial year, as defined under the Act and read with the Listing Regulations, were in the ordinary course of business and at an arm's length pricing basis. The requisite approvals of the Audit Committee and Board members, as applicable, are taken from time to time. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interests of the Company. The Company has in line with the requirements of the Listing Regulations formulated a Policy on Related Party Transactions (RPTs) and also on dealing with RPTs. The said policy also defines the term 'material modifications' of RPTs and the same is disclosed on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/78799/policy-for-transaction-with-related-parties.pdf>

COMMODITY PRICE RISK/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company mitigates commodity price risk by entering into appropriate rate contracts with major suppliers which factors in price commitments for a time period by the suppliers. This approach provides sufficient mitigation against volatility in commodity rates. Disclosure pursuant to SEBI circular dated November 15, 2018, is as below:

Commodity Name	Exposure (₹ in crores)	Exposure in quantity (MT)	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
Copper	336.00	3,960	-	-	-	-	-
Aluminium	121.67	3,329	-	-	-	-	-

The Company has Commodity Risk Management ('CRM') Policy which provides guidelines to manage risks associated with Commodity Exposure. During the year under review, the CRM Policy was amended to widen the platforms on which the Company can hedge its commodity exposure.

The Company has also laid out a well-defined foreign currency risk management policy which ensures proactive and regular monitoring and managing of foreign currency exposures undertaken in the normal course of the Company's business operations. The foreign currency risk management policy of the Company defines limits for uncovered exposures, management of portfolio level currency risk exposure and also the criteria for determining stop loss action triggers. The Company uses foreign exchange forward and options contracts to hedge forex exposures. The hedging strategy is to gear towards managing

currency fluctuation risk within predefined risk appetites, while complying with the applicable guidelines, rules, regulations and other statutory compliances. The Company does not use foreign exchange forward and options contracts for trading or speculative purposes. Forward and options contracts are fair valued at each reporting date. The resultant gain or loss from these transactions is recognised in the Statement of Profit and Loss.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (THE 'POSH ACT')

The details of the complaints filed, disposed of and pending during the financial year under the POSH Act, related to sexual

harassment, have been disclosed in the Business Responsibility and Sustainability Report forming part of this Annual Report.

OTHER DISCLOSURES

- The details of transactions with related parties are given in note no. 39 to the standalone financial statements for the year ended March 31, 2023. There were no materially significant related party transactions, which are likely to have potential conflict with the interests of the Company at large.
- The Company has complied with the requirements of regulatory authorities on capital markets, and no penalties/strictures have been imposed on/against it by the stock exchanges, SEBI or any statutory authority during the last three years.
- The Company has complied with all the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of Listing Regulations. The Company has also complied with the discretionary requirements such as ensuring financial statements with unmodified audit opinion, separation of the post of Chairman and Managing Director, and reporting of internal auditor directly to the Audit Committee.
- The Company has followed all relevant Indian Accounting Standards while preparing the Financial Statements.
- Pursuant to the formulation of a Whistle Blower Policy by the Company, a mechanism has been provided to all the employees and directors of the Company to enable them to report on any frauds/irregularities by way of complaints. The Whistle Blower Policy provides direct access to the Chairman of the Audit Committee in exceptional cases and no person was denied access to the Audit Committee.
- During the financial year, the Company has not raised funds through preferential allotment or qualified institutional placements as specified in Regulation 32(7A) of the Listing Regulations. However, during the financial year 2020-21 the Company had issued 3,500 Unsecured, Listed, Rated and Redeemable Non-Convertible Debentures (NCDs) of ₹10,00,000 each aggregating ₹350 crores on a private placement basis in two series, i.e., Series I and Series II of 1,750 Nos., listed on the wholesale debt market segment of National Stock Exchange of India Ltd.
Pursuant to the embedded call option at the end of two years from the deemed date of allotment as stated in the Information Memorandum dated May 29, 2020, with respect to Series II, the Company has during the year, exercised the call option on May 31, 2022, and redeemed Series II - 1,750 Nos., 7.65% Unsecured, Listed, Rated, and Redeemable Non-Convertible Debentures of ₹10,00,000 each aggregating to ₹175 crores along with interest accrued thereon. The Company affirms that there has been no deviation or variation in the utilisation of proceeds of its listed NCDs.
- During the financial year, the Company has listed its Commercial Papers on National Stock Exchange of India Ltd as required under the applicable regulations.
- The Company and its subsidiaries have not given any loans and advances in the nature of loans to any firms/companies in which Directors of the Company are interested.
- The details of total fees for all the services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

(₹ in crores)

Type of services	March 31, 2023	March 31, 2022
Audit fee	2.14	1.45
Limited review	0.34	0.28
Tax audit	0.10	0.08
Other services	0.64	0.20
Reimbursement of expenses	0.04	0.02
Total	3.26	2.02

CONFIRMATION BY THE BOARD OF DIRECTORS ON ACCEPTANCE OF RECOMMENDATION OF MANDATORY COMMITTEES

In accordance with the Listing Regulations, the Board of Directors confirms that during the financial year, it has accepted all the recommendations received from its mandatory committees.

ANNUAL SECRETARIAL COMPLIANCE REPORT

Pursuant to Regulation 24A of the Listing Regulations,

the Company is required to obtain an Annual Secretarial Compliance Report from the Practicing Company Secretary for the financial year ended March 31, 2023, for all the applicable compliance as per the SEBI Regulations/Circulars/Guidelines issued thereunder. The Company has engaged M/s N L Bhatia & Associates, Practicing Company Secretaries, for providing this certification. The Annual Secretarial Compliance Report is required to be submitted to the Stock Exchanges within 60 days from the end of the financial year.

ANNUAL GENERAL MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Venue	Time	Details of Special Resolutions
2019-20	August 6, 2020	Video Conferencing/ Other Audio Visual Means	3:30 p.m.	1) Re-appointment of Mr Vir S Advani (DIN:01571278) as Vice Chairman & Managing Director of the Company; 2) Re-appointment of Mr B Thiagarajan (DIN: 01790498) as Managing Director of the Company
2020-21	August 4, 2021	Video Conferencing/ Other Audio Visual Means	3:30 p.m.	None
2021-22	August 4, 2022	Video Conferencing/ Other Audio Visual Means	3:30 p.m.	Appointment of Ms Anita Ramachandran (DIN: 00118188), as an Independent Director of the Company to hold office for a term of five consecutive years effective from June 13, 2022 to June 12, 2027

POSTAL BALLOT

During the financial year 2022-23, special resolutions were passed through a Postal Ballot seeking members' approval. Details of these resolutions, along with their voting pattern, are provided below:

Postal Ballot No. 1

Date of Postal Ballot Notice: April 28, 2022

Cut-off Date: April 29, 2022

Voting Period: Friday, May 6, 2022 (9:00 hours IST) to Saturday, June 4, 2022 (17:00 hours IST)

Date of Declaration of Result: June 6, 2022

Date of passing the Resolution: June 4, 2022

VOTING PATTERN

Type of services	Votes in Favour			Votes Against			Invalid Votes	
	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them

Special Resolution :

Re-appointment of Mr Sam Balsara (DIN:00076942) as an Independent Director of the Company to hold office for a second consecutive term from June 20, 2022 to January 31, 2026	492	69230167	99.66	44	236437	0.34	-	-
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Postal Ballot No. 2

Date of Postal Ballot Notice: October 11, 2022

Cut-off Date: October 11, 2022

Voting Period: Saturday, October 15, 2022 (9:00 hours IST) to Sunday, November 13, 2022 (17:00 hours IST).

Date of Declaration of Result: November 14, 2022

Date of passing the Resolution: November 13, 2022

VOTING PATTERN

Type of services	Votes in Favour			Votes Against			Invalid Votes	
	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them
Special Resolution:								
Re-appointment of Mr Anil Harish (DIN: 00001685) as an Independent Director of the Company to hold office for a second consecutive term of five years commencing from November 22, 2022 to November 21, 2027	454	67642429	99.62	21	255838	0.38	-	-

Postal Ballot No. 3

Date of Postal Ballot Notice: November 3, 2022

Date of Declaration of Result: December 9, 2022

Cut-off Date: November 4, 2022

Date of passing the Resolution: December 8, 2022

Voting Period: Wednesday, November 9, 2022 (9:00 hours IST) to Thursday, December 8, 2022 (17:00 hours IST)

VOTING PATTERN

Type of services	Votes in Favour			Votes Against			Invalid Votes	
	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them
Special Resolutions:								
1. Alteration of the Memorandum of Association of the Company	469	68460263	99.99	16	593	0.01	-	-
2. Amendment of the Articles of Association of the Company	454	67980106	99.30	28	480482	0.70	-	-

PROCEDURE FOR POSTAL BALLOT:

The Board of Directors had appointed Mr Bharat Upadhyay (Membership No. FCS 5436), and failing him Mr Bhaskar Upadhyay (Membership No. FCS 8663) of M/s N L Bhatia & Associates, Practicing Company Secretaries, as the Scrutiniser for conducting all the postal ballots through the Remote E-Voting process in a fair and transparent manner and following the provisions of the Companies Act, 2013 and the rules made thereunder. In compliance with the provisions of Sections 108, 110, and

other applicable provisions, if any, of the Act read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules"), Regulation 44 of the Listing Regulations, read with General Circular No.14/2020 dated April 8, 2020, and 17/2020 dated April 13, 2020 and 20/2021 dated December 8, 2021, read with other relevant circulars including General Circular No. 3/2022 dated May 5, 2022 issued by the Ministry of Corporate Affairs (the "MCA Circulars") and any other

applicable provisions, of the Act, rules, regulations, circulars, and notifications (including any statutory modification(s), clarification(s) or re-enactment(s) thereof for the time being in force), the Company had provided electronic voting (e-voting) facility to all its Members.

Further in compliance with the requirements of MCA circulars, the Company had completed sending of Postal Ballot Notices by email to only those members who have their email addresses registered with Company/Depository Participants. The Postal Ballot Notices were sent by email to all those members whose names appeared in the Register of Members/List of Beneficial Owners received from NSDL and CDSL as on the cut-off dates mentioned in their respective notices.

The Company had also published notices in the newspaper declaring the details and requirements for postal ballot as mandated by the Act and applicable rules post circulation of postal ballot notices to all the shareholders. Post-closing of voting period, the Scrutiniser submitted his reports and the Company declared/announced the results of Postal Ballot.

SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING:

Date	: August 3, 2023
Time	: 3:30 p.m.
Venue	: No physical meeting is required to be held as per the General Circular nos. 10/2022, 2/2022, 2/2021, 20/2020, 17/2020 and 14/2020 issued by MCA, the meeting will be held through Video Conferencing/Other Audio Visual Means.
Financial Year	: April 1, 2022, to March 31, 2023

FINANCIAL CALENDAR (PROVISIONAL):

Unaudited results for the quarter ending June 30, 2023	: August, 2023
Unaudited results for the quarter ending September 30, 2023	: November, 2023
Unaudited results for the quarter ending December 31, 2023	: January, 2024
Audited results for the year ending March 31, 2024	: May, 2024
Record Date	: July 21, 2023
Dividend Payment Date (if declared)	: on or after August 3, 2023

LISTING ON STOCK EXCHANGES

DETAILS OF UNCLAIMED SHARES IN TERMS OF REGULATION 39 OF THE LISTING REGULATIONS

In terms of Regulation 39(4) of the Listing Regulations, there are no equity shares lying in the suspense account.

MEANS OF COMMUNICATION

The Company published its quarterly and half yearly results in the prescribed form within the prescribed time. The results were forthwith sent to the Stock Exchanges, where shares of the Company are listed and the same were published in *The Economic Times and Mumbai Lakshadeep*. The financial results are also displayed on the website of the Company at www.bluestarindia.com. Official press releases also feature on the website of the Company.

The Company frequently holds meetings with institutional investors and analysts after declaration of the results; details of the same are also available on the website. In addition, investor interactions by way of quarterly earnings concalls and various investor conferences are also organised throughout the year.

: BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

Listing fees as applicable have been paid

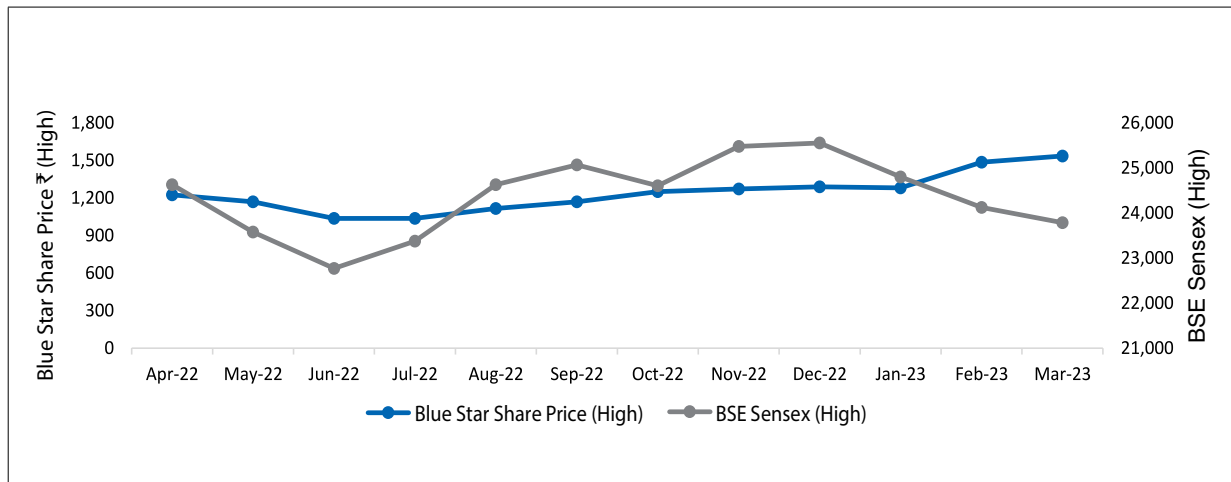
STOCK CODE	: BSE Limited – 500067 National Stock Exchange of India Ltd – BLUESTARCO
NSDL/CDSL – ISIN	: Equity - INE472A01039 Debt - Series I - INE472A08034 Listed on wholesale debt market segment of National Stock Exchange of India Ltd
CREDIT RATING OBTAINED DURING THE YEAR	: During the year, there was no change in the credit ratings. The rating for long-term bank facilities has been reaffirmed to AA+ (outlook: stable) and Non-Convertible Debentures has been reaffirmed to AA+ (outlook: stable) from CARE. CARE has reaffirmed rating for its short-term bank facilities A1+ (outlook: stable) and CARE & CRISIL have reaffirmed rating for Commercial Papers to A1+ (outlook: stable).

MARKET PRICE DATA

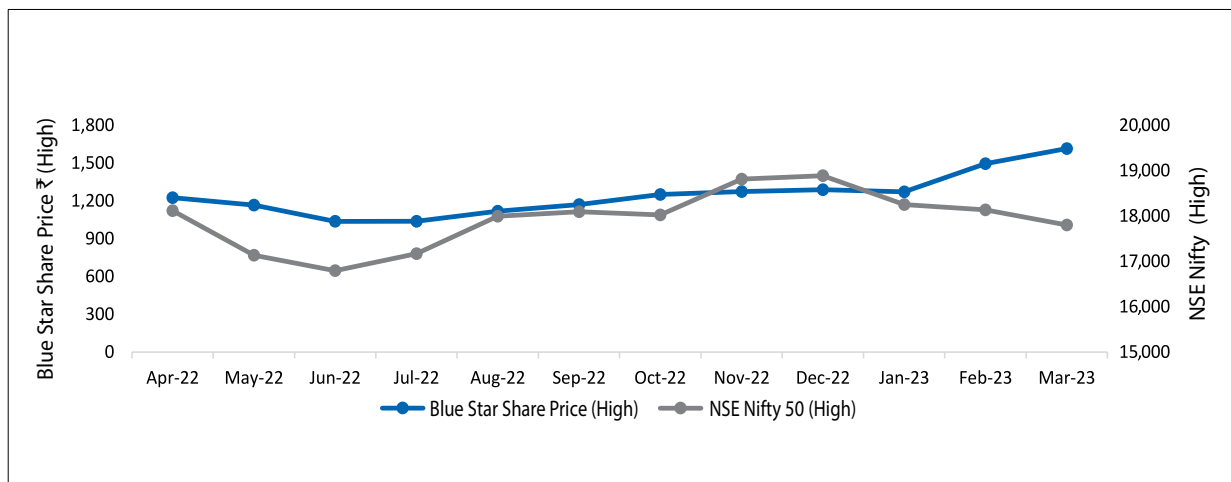
(₹ per share)

Financial Year	BSE Limited		National Stock Exchange of India Ltd	
	High	Low	High	Low
2022				
April	1,224.70	1,054.55	1,225.00	1,052.00
May	1,168.50	955.00	1,166.15	954.95
June	1,036.70	885.50	1,037.00	885.00
July	1,038.00	860.00	1,038.00	859.05
August	1,117.05	956.60	1,119.00	955.00
September	1,168.85	1,042.00	1,171.00	1,042.00
October	1,249.85	1,100.35	1,250.00	1,100.00
November	1,271.55	1,105.60	1,273.50	1,105.10
December	1,289.95	1,171.05	1,287.70	1,167.00
2023				
January	1,280.00	1,178.85	1,271.00	1,180.00
February	1,485.00	1,238.60	1,493.95	1,237.60
March	1,535.50	1,358.20	1,615.00	1,352.00

PERFORMANCE - COMPARISON WITH BSE SENSEX



PERFORMANCE - COMPARISON WITH NSE NIFTY



REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
 C 101, 247 Park,
 L.B.S. Marg, Vikhroli (West)
 Mumbai 400 083
 Tel: +91 22 4918 6000
 Fax: +91 22 4918 6060
 Email: rnt.helpdesk@linkintime.co.in

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
 Asian Building,
 Ground floor 17,
 R. Kamani Marg,
 Ballard Estate, Mumbai 400 001
 Tel: +91 22 4080 7000
 Fax: +91 22 6631 1776
 Email: itsl@idbitrustee.com; response@idbitrustee.com

SHARE TRANSFER SYSTEM

The Company's shares are traded in the Stock Exchanges in the demat mode. These transfers are effected through NSDL and CDSL.

As mandated by SEBI, securities of the Company can be transferred/traded only in dematerialised form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, renewal/exchange of securities certificate, endorsement, subdivision/splitting/consolidation of certificate, transmission and transposition which were allowed in physical form should be processed only in dematerialised form. The necessary forms for the above request are available on the website of the Company at www.bluestarindia.com. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

UNCLAIMED DIVIDENDS

In accordance with the provisions of Section 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company shall transfer the dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to the IEPF. In order to protect the rights of the Members, the Company has sent periodical reminders to the Members, to claim their unclaimed dividends/shares in order to avoid transfer of

such unclaimed dividends/shares to IEPF. Once the unclaimed dividends/shares are transferred to the IEPF, Members will not be able to claim the same from the Company. However, pursuant to the aforesaid provision, the Members can claim their unclaimed dividends/shares transferred to IEPF, by making an online application to the IEPF Authority through Form IEPF-5 available on the website of the Authority www.iepf.gov.in. The Company has appointed Rajesh Parte, Company Secretary & Compliance Officer as a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company under the weblink at: <https://www.bluestarindia.com/investors/shareholder-information>

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

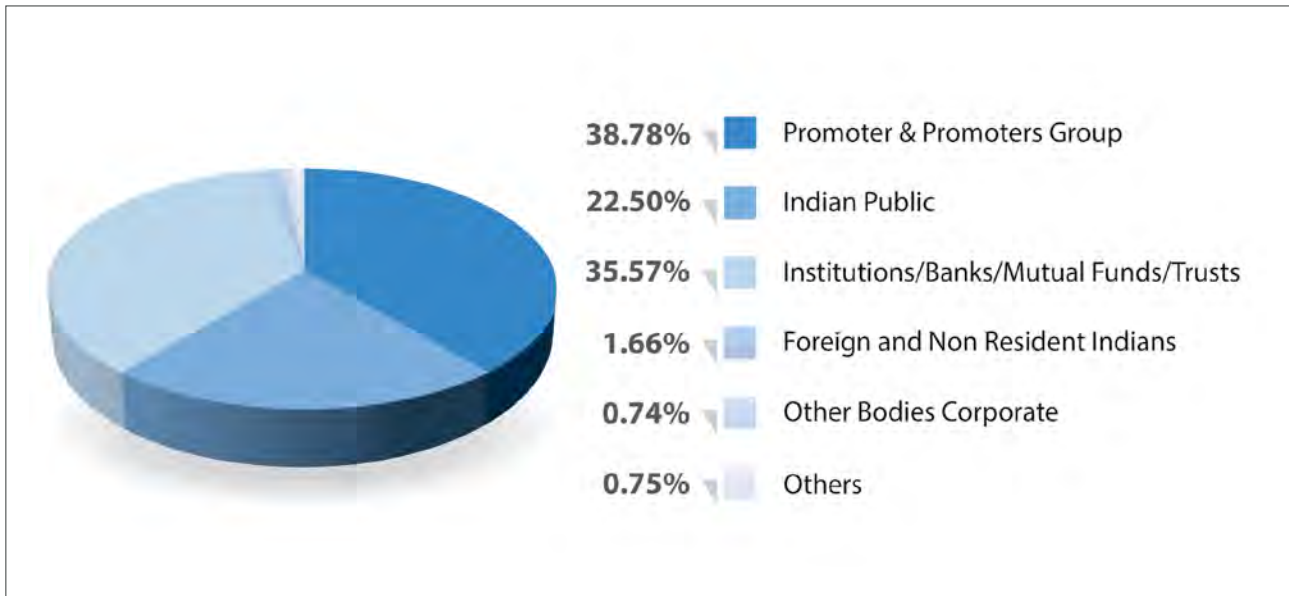
During the year under review, the Company has credited ₹ 42,58,655 as unpaid final dividend, for the financial year 2014-15, lying in the unclaimed/unpaid dividend account to the IEPF. Further the unpaid dividend of ₹ 4,67,172 for the year 2014-15, lying in unclaimed/unpaid dividend account of erstwhile Blue Star Infotech Limited was also credited to the IEPF account during the year under review.

In terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the bankers to the dividend accounts opened by the Company for the earlier years have credited back the amount of dividend lying unpaid beyond the validity period into the relevant bank accounts. The Company has reconciled the dividend pertaining to the year 2015-16, which has been transferred to Investor Education and Protection Fund.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders (%)	Total No. of Shares held	Percentage of Shares held (%)
1 - 5000	57,453	98.56	96,61,252	10.03
5001 - 10000	415	0.71	28,75,149	2.99
10001 - 20000	187	0.32	26,12,229	2.71
20001 - 30000	55	0.09	13,52,563	1.40
30001 - 40000	25	0.04	8,74,008	0.91
40001 - 50000	17	0.03	7,92,042	0.82
50001 - 100000	44	0.08	32,12,894	3.34
100001 and above	96	0.17	7,49,33,751	77.80
TOTAL	58,292	100	9,63,13,888	100

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2023



DEMATERIALISATION OF SHARES & LIQUIDITY

As on March 31, 2023, 98.75% of the equity shares of the Company were held in dematerialised form and the rest in physical form. The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company

has entered into agreements with NSDL and CDSL whereby Members have the option to dematerialise their shares with either of the Depositories. The shares are actively traded in BSE Limited and National Stock Exchange of India Ltd.

PLANT LOCATIONS

Blue Star Limited
Village - Vasuri Khurd, Khanivali Road,
P O - Khupari
Taluka - Wada
Dist: Palghar 421 312

Blue Star Limited
Survey No. 265/2,
Demni Road,
U.T. of Dadra & Nagar Haveli,
Dadra 396 191

Blue Star Limited
Nahan Road,
Village Ogli, Kala Amb
Dist: Sirmour
Himachal Pradesh 173 030

Blue Star Limited
Nahan Road,
Rampur Jattan, Kala Amb
Dist: Sirmour
Himachal Pradesh 173 030

Blue Star Limited
501/3, 503/2,
Tajpur Road,
Sarkhej-Bavla Highway, Changodar
Ahmedabad 382 213

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms a part of this Annual Report.

MD/CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, a certificate duly signed by the MD/CFO of the Company is appended as an Annexure to this Report.

AUDITOR'S CERTIFICATION

As required under Regulation 34 and Schedule V of the Listing Regulations, the certificate from M/s Deloitte Haskins & Sells LLP, Chartered Accountants, affirming compliance of Corporate Governance as stipulated in the aforesaid Regulations is appended as an Annexure to this report.

Date : May 4, 2023

Place : Mumbai

OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS

There are no outstanding convertible warrants/instruments.

ADDRESS FOR CORRESPONDENCE

Blue Star Limited
Band Box House
4th floor, 254 D
Dr Annie Besant Road
Worli, Mumbai 400 030, Maharashtra, India
CIN: L28920MH1949PLC006870
Website: www.bluestarindia.com

For and on behalf of the Board of Directors

Shailesh Haribhakti

Chairman
(DIN: 00007347)

DECLARATION

As provided under Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel have

confirmed compliance with the Code of Conduct during the financial year ended March 31, 2023

For **Blue Star Limited**

Date : May 4, 2023

Place : Mumbai

Vir S Advani
Vice Chairman & Managing Director
(DIN: 01571278)

CORPORATE GOVERNANCE CERTIFICATION

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
**The Members,
 Blue Star Limited
 Kasturi Building,
 Jamshedji Tata Road,
 Mumbai 400020**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Blue Star Limited having CIN: L28920MH1949PLC006870** and having registered office at **Kasturi Buildings, Jamshedji Tata Road, Mumbai 400 020 In (hereinafter referred to as “the Company”)**, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation - 34(3) read with Schedule V Para C sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended March 31, 2023, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Shailesh Haribhakti	00007347	04/08/2006
2	Vir S Advani	01571278	01/07/2010
3	B Thiagarajan	01790498	13/05/2013
4	Sam Balsara	00076942	20/06/2017
5	Anita Ramachandran	00118188	13/06/2022
6	Anil Harish	00001685	22/11/2017
7	Rajiv R Lulla	06384402	01/12/2016
8	Sunaina Murthy	07865860	01/04/2019
9	Arvind K Singhal	00709084	05/02/2019
10	Dinesh N Vaswani	00306990	01/12/2016

Ensuring the eligibility of the Directors for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This

certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For N. L. Bhatia & Associates
 Practicing Company Secretaries
 UIN: P1996MH055800
 P/R No: 700/2020

Bharat Upadhyay
 Partner
 FCS: 5436
 C.P. No. 4457
 UDIN: F005436E000249449

Place : Mumbai
 Date : May 4, 2023

CORPORATE GOVERNANCE CERTIFICATION

MD/CFO Certificate

To,

The Board of Directors

Blue Star Limited

Mumbai

We, Vir S Advani, Vice Chairman & Managing Director, and Nikhil Sohoni, Group Chief Financial Officer, of Blue Star Limited ('the Company'), to the best of our knowledge and belief, hereby certify that:

- a) We have reviewed the financial statements of the Company for the year ended March 31, 2023, and:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, Applicable Laws and Regulations.
- b) There are no transactions entered into by the Company during the financial year 2022-23 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have

evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.

- d) We have indicated to the Auditors and the Audit Committee, wherever applicable:
 - i. Significant changes in the internal control over financial reporting during the year;
 - ii. Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Vir S Advani

Vice Chairman & Managing Director
(DIN: 01571278)

Nikhil Sohoni

Group Chief Financial Officer

Date : May 4, 2023

Place : Mumbai

CORPORATE GOVERNANCE CERTIFICATION

Auditor's Certificate

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

**The Members,
Blue Star Limited**

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SRS/EL/2022-23/06 dated September 9, 2022.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Blue Star Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2023.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner

(Membership No. 100459)
(UDIN: 23100459BGXJHB5367)

Place : Atlanta, USA
Date : May 4, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

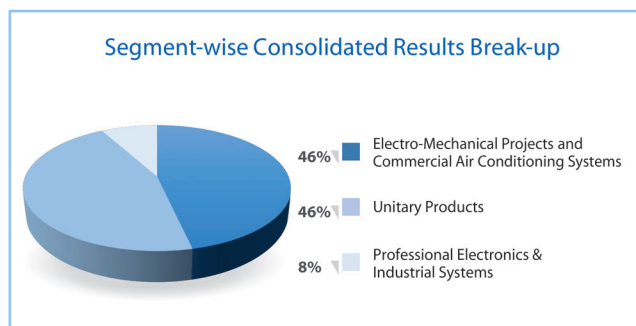
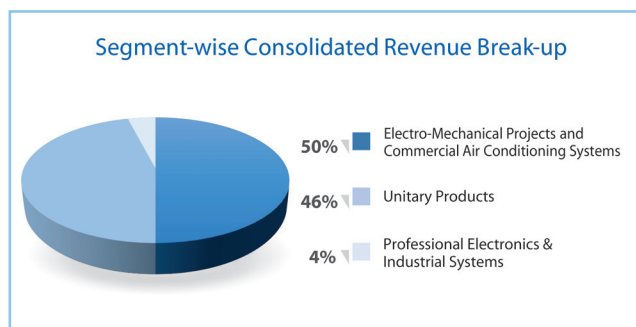
In the context of Blue Star's business operations and strategic proposition detailed in the Board's Report and the Integrated Report, an in-depth analysis of the market environment, its operating businesses as well as financial performance, are enumerated in the ensuing sections of this report.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Blue Star is a leading player in the Air Conditioning and Refrigeration industry, as well as the Mechanical, Electrical, Plumbing & Fire-fighting (MEP) industry in India. An overview of the industry and the current market dynamics are described in detail in the Integrated Report (refer Industry Structure and Developments covered in the Integrated Report on page no. 28).

SEGMENT-WISE ANALYSIS

The consolidated revenue and results break-up in terms of business segments for FY23 are as follows:



ELECTRO-MECHANICAL PROJECTS AND COMMERCIAL AIR CONDITIONING SYSTEMS

ELECTRO-MECHANICAL PROJECTS

The Electro-Mechanical Projects and Commercial Air Conditioning Systems business accounted for 50.34% of the Company's Revenue from Operations.

During FY23, the Electro-Mechanical Projects business witnessed a strong uptick in enquiries and order finalisations due to the government's thrust on infrastructure development and enhanced private capex. The Company continued to

secure healthy order inflows from across segments including Buildings, Metro Railways, Factories, and Data Centres. During FY23, the Company successfully forayed into Railway Electrification and Water MEP projects. It bagged orders totalling ₹ 575 crores from prestigious customers namely West Central Railway; CORE; and Metro Railway, Kolkata in the Railway Electrification sector; and orders totaling ₹ 375 crores in the Water Projects sector.

Blue Star, backed by its engineering prowess, proven project management expertise, and impressive track record of on-time/before-time completion of projects, remains committed to ensuring modern and best-in-class project management practices across projects executed by the Company. Blue Star's expertise in this area truly resonates with its value proposition of 'Superior Project Delivery through Intelligent Engineering, Modern Execution Practices, and Committed Teams,' due to which the Company has been successful in executing many projects across diverse sectors such as Healthcare, Hospitality, Airports, Metro Rail, IT Parks, Factories, Data Centres, and Pharmaceuticals, to name a few.

With a legacy of projects to its credit, Blue Star has been time and again recognised for its project management capabilities. Blue Star was adjudged as the 'MEP Contractor of the Year 2022' for the successful completion of Mechanical, Electrical and Plumbing (MEP) works at the OLA Future Factory, Tamil Nadu. The project scope comprised complete MEP works including electrical, fire-fighting, plumbing, fire alarm and public address system, HVAC, and compressed dry air system piping, amongst others. This coveted award was given to Blue Star after meticulous scrutiny based on several parameters by an eminent jury which included renowned leaders from the construction industry across the country. In its eight years of participation, Blue Star has won this award seven times and was once declared as a runner-up.

Some of the eminent clients of the Electro-Mechanical Projects business during FY23 include ST Telemedia; Nippon Telegraph and Telephone; Infinity Data Centres through Tata Projects; Yotta Data Services; Princeton; Ola Electric Mobility; JCB India; Salcomp Manufacturing India; TCL India; IndoSpace; Ascendas-Firstspace; Anthea Pharma; Kerry Foods; Lenskart; TPI Composites Inc.; Tata Steel; Steel Authority of India; Delhi Land & Finance (DLF); RMZ Corp; LuLu Group; K Raheja Corp; Embassy Group; Wells Fargo; Oberoi Realty; and Yashoda Hospitals; to name a few.

COMMERCIAL AIR CONDITIONING

Commercial Air Conditioning Business witnessed good demand from the Government, Healthcare, Industrial & Educational segments. Besides, other segments which also contributed to

the revenue of the business included the Builders & Developers, Hospitality, Office and Retail segments.

During the year, the business implemented various strategic initiatives including new product positioning, channel expansion and penetration in unrepresented territories.

The Company has been ahead of the curve on many fronts. For instance, the Government of India is planning to statutorily implement the Quality Control Order (QCO) for ducted systems and the Star Labelling Program for chillers during H2FY24 and Blue Star has already developed a complete range of ducted systems and packaged units which are compliant with these new norms. Blue Star has also launched a complete new series of scroll chillers which are compliant with the expected new Star Labelling norms. These two product ranges will help the Company to further consolidate its position in the ducted systems and chillers categories.

During the year gone by, the Company opened new Brand Shops in prominent locations across its potential market areas in various parts of the country. The business undertook many strategic marketing initiatives to strengthen its brand equity including participation in various coveted events such as ACREX 2023, the most prestigious event in the HVACR industry, held at Mumbai. Besides, in order to reward the Dealer fraternity, the business also successfully conducted the Star League Awards in Dubai where top performing dealers from FY20 to FY22 were recognised with Gold and Silver Awards. In all, 38 top performing dealers from across India received the prestigious Awards for their exemplary performance over the years.

The Company maintained its No. 1 position in Ducted Air Conditioning segment and No. 2 position in the VRFs segment, while it moved up to the No. 2 position in the Chillers product category. During the period under review, the Company's market share in VRF systems was 20% and in screw chillers it was more than 20%. The Company continued to dominate the ducted systems' and scroll chillers' categories with 46% and 40% market share respectively.

Some of the notable orders received by the business during the year were from Foxconn Hon Hai Technology India Mega Development, Chennai; Ahmedabad Municipal Corporation, Ahmedabad; Nouveau Diamonds, Surat; Avenue Supermarts, All India; and Brihanmumbai Municipal Corporation, Mumbai; amongst others.

INTERNATIONAL BUSINESS GROUP

With a strong focus on expanding its global footprint, the Company continued to consolidate its position in the international arena.

Despite the global slowdown, business and economic activities in the Middle Eastern markets continued to remain upbeat. The Company witnessed growth across all segments and territories with increasing demand for its new range of air conditioning and refrigeration products.

While the projects business at Qatar de-grew on account of restrictions imposed in the run up to the FIFA World Cup, the Company is witnessing an increase in inflow of enquiries and it is expected to return to a growth path in FY24. The operations of the joint venture at Malaysia continued to be impacted owing to a slowdown in construction and order finalisations amidst weak macroeconomic conditions in that country. Overall, Blue Star remains optimistic about its prospects, driven by the positive economic outlook in the GCC region and its focus on expanding its product range and exploring new markets.

In order to further expand its international presence, Blue Star incorporated wholly owned subsidiaries in North America and Europe during FY23. The Company continues to invest in R&D, product portfolio expansion and brand building in the different markets in which it is present.

UNITARY PRODUCTS

ROOM ACs

The Room Air Conditioners industry which was adversely impacted for two consecutive years due to the pandemic, finally witnessed a healthy summer and a significant pent-up demand. Owing to this, the Room ACs industry grew by 45% in FY23 over FY22 in value terms. Blue Star performed better than the industry thereby improving its market share to 13.5% in value terms.

Overall, the Company launched nearly 75 models across the spectrum of inverter, fixed speed, and Window ACs, and across price points to cater to every consumer segment. Being a tropical country, India faces summers where the external temperature can soar beyond 40°C in many locations. To make cooling more efficient and fast in such conditions, Blue Star now offers a range of 'Fast-Cooling' ACs. While a typical air conditioner delivers its rated capacity at 35°C and derates at higher ambient temperatures, these ACs can deliver 100% cooling even beyond 35°C and up to 43°C, resulting in faster and more efficient cooling even in peak summers.

The new range is also embedded with various customer-friendly features and specifications such as 'Turbo Cool' for fast cooling; Convertible 5-in-1 cooling where the customer can vary the cooling capacity upwards or downwards; NanoBlu Protect Technology and Hydrophilic 'Blue Fin' coating, for both IDUs and ODUs, to prevent coil corrosion and leakage, and for longer life, respectively; 'Eco-Mode' for

energy-saving; 'Comfort Sleep' function that auto-adjusts the AC temperature during night time for better comfort of occupants as well as for power saving; 4-way swing for uniformity; and 'Self-Diagnosis' for easy troubleshooting. Besides, these ACs have a metal enclosure for their Printed Circuit Boards (PCBs) to ensure additional safety. The entire inverter range uses R-32 eco-friendly refrigerant. All Blue Star inverter ACs are Smart Ready and can be upgraded to Smart ACs by the addition of a separate smart module.

Another important aspect of Blue Star's inverter ACs is that they have a wide operating voltage range, thus eliminating the need for an external voltage stabiliser. While this results in savings on the cost of the stabiliser, it also does away with the need for space to mount one beside the AC.

Flagship models with upgraded variants

The Company has launched a formidable range of flagship models comprising 'Super Energy-Efficient ACs,' 'Heavy-Duty ACs,' 'Smart ACs,' 'ACs with Hot & Cold Technology,' and 'ACs with Anti-Microbial Filter,' to offer a comprehensive solution to any type of consumer need.

Blue Star's 'Super Energy-Efficient ACs' include a unique Dynamic Drive Technology to achieve enhanced energy-efficiency with optimised cooling by delivering high air flow volumes. As a result, the 1.5 TR Inverter Split ACs achieve a 5.41 ISEER, which is over 40% higher than any 3-Star Inverter AC.

Every year, India witnesses a steady rise in the temperatures across the country during peak summers. The Company's range of top-of-the-line 'Heavy-Duty ACs' designed with superior specifications are extremely powerful, and can deliver faster cooling and comfort even at 56°C. These ACs also come with a powerful air throw of up to 50 feet and 4-way swing.

The Company has also rolled out a one-of-its-kind 'Smart Inverter Split AC' range that has unique and smart features such as Customised Sleep where one can pre-set the temperature, fan speed and on/off of the AC during every hour over a 12-hour period. In addition, it offers a Scheduler, multi grouping of up to 15 ACs, and remote service support through an app. With Voice Command Technology, customers can operate their ACs through their smart devices such as Amazon Alexa® or Google Home® through English or Hindi voice commands.

The Company's ACs with 'Hot & Cold Inverter Technology' can operate even in extremely low temperatures. Blue Star has developed one model which can operate at ambient temperatures of down to -10°C specifically designed for markets such as Srinagar, and another range that can operate at ambient temperatures of down to -2°C for locations in the rest of the country that face harsh winters.

Finally, the Company's new range that integrates comfort and health, 'ACs with Anti-Microbial Filter,' can effectively filter out harmful microbes and particulate matter. These ACs can also operate as just air purifiers without cooling operation. This is a useful feature, especially in winters

The Company continues to make aggressive investments in e-commerce channels where it has been a prominent player and plans to sustain its investments in in-store demonstrators in retail stores, as this has been immensely helpful in enhancing offtake. Besides, it continues to adopt appropriate promotional methods, both online and offline, to enhance offtake across all tiers. Blue Star has supplemented its product and pricing strategies with robust distribution and service mechanisms whereby the product range including its after-sales service is available in all Tier 2, 3, 4 and 5 cities and towns as well as Tier 1 cities, so as to reach the mass premium markets effectively.

AIR COOLERS & WATER PURIFIERS

The Company also launched a new range of air coolers with a unique Cross Drift Technology and Dual Cool Technology that help in faster cooling during harsh and dry summers. The range comes with different water tank capacities, from 10 litres to 90 litres and boasts of best-in-class cooling efficiency. During FY23, the Company added several distributors to make deeper inroads into this category.

During the year under review, Blue Star continued to make significant progress in its e-commerce-led distribution strategy for the Water Purifiers business. The Water Purifiers business expanded its product portfolio to add a new series of products in the RO/RO+UV range in the entry/mid-level segment including an aggressively priced product range for e-commerce platforms. Several models with High Recovery Reverse Osmosis were launched, a feature that significantly reduces water wastage even while performing an efficient RO purification process. With new BIS standards in the offing, the Company will be in a position to immediately comply with the water recovery norms with this range.

COMMERCIAL REFRIGERATION BUSINESS

The Commercial Refrigeration Business has performed well in the period under review. The business continued to witness traction across all segments with an uptick in demand from the Food and Healthcare sectors. With a substantial pickup in travel and out-of-home consumption, Blue Star witnessed strong demand from Hotels, Restaurants and Quick Service Restaurants (QSRs) as well. Blue Star continues to be the preferred partner for major food chains such as Yum! Brands; Domino's; Devyani International; Burger King India; and Lite Bite Foods; amongst others.

The demand for Blue Star's kitchen refrigeration equipment and supermarket refrigeration products also grew, driven by the revival of the Hospitality sector and continued growth in demand from the Retail segment. The Company secured multiple orders from Reliance Retail and other retail players.

Blue Star's wide range of hard top and glass top deep freezers gained excellent traction during the year on the back of increased demand from Dairy, Ice cream and Food Processing segments. Notable orders were bagged from eminent clients such as Havmor; Vadilal; Amul; Dinshaw's; and Baskin Robbins; amongst others. As part of the Company's strategic plans to reduce import dependency, Blue Star commissioned a new state-of-the-art manufacturing plant for deep freezers at Wada and launched a new indigenised range of deep freezers. The indigenised range of best-in-class deep freezers, which is BIS certified under Quality Control Order (QCO) of the Government of India, has gained good market acceptance.

Storage water coolers and bottled water dispensers had a modest growth with demand from Industrial Canteens and Educational Institutions bouncing back. The overall market for the visi coolers category has also been good.

The demand for medical refrigeration products has been steady with notable orders received from research and scientific institutions such as IIT, Vedanta Cancer Institute, Anthem Bioscience, Lambda Research, RNTCP and the Institute of Liver and Biliary Sciences, to name a few.

The cold room segment witnessed an uptick with increase in the Dairy, Ice-cream and Pharma markets. The Company secured some large cold room orders as well, making its headway into the large cold storage business space.

The Company continued to maintain its leadership position in the product categories of deep freezers, storage water coolers and modular cold rooms.

Overall, the Company's Commercial Refrigeration business with its strong and wide product range as well as solutions, and backed by an excellent pan-India Sales and Service network, holds excellent growth potential.

Blue Star added several new customers in its National Accounts Business during the period under review. The year saw order booking from customers in the Retail, Banking, Restaurant, Warehousing, Healthcare, and Office Space segments.

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS

For over six decades, the Professional Electronics and Industrial Systems (PEIS) business has been managing the exclusive

distribution in India of high-tech professional electronic equipment and services, as well as of industrial products and systems, from many internationally renowned manufacturers. Over the years, the Company has significantly scaled up operations in this business and has moved up the value chain by changing its business model from being merely a distributor to that of a system integrator and value-added reseller. This business is handled by Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company.

The PEIS business operates in three broad segments: MedTech Solutions; Data Security Solutions; and Industrial Solutions which encompasses Material Testing, Non-Destructive Testing (NDT), Metrology and Warehouse Automation. The business has been successful in capturing the pulse of the market and has carved out profitable niches for itself in most of the specialised markets that the Company operates in.

FY23 being the first full year after two consecutive years impacted by COVID, corporate spending across various segments that this business operates in saw an increase. The business managed to tap every opportunity that came its way and the revenue from all its segments including MedTech Solutions, Data Security Solutions, and Industrial Solutions, was encouraging.

The MedTech business gained momentum in FY23 compared to the previous years, driven by increase in demand for diagnostic imaging equipment in smaller towns of India. The Data Security business did well on the back of various digitisation initiatives undertaken by major banks, certification authorities, and telecom and payment technology companies. The Industrial Solutions business expanded its offerings on the automation front and won some notable orders from the Steel and Pipe segments, apart from bagging a few export orders during the review period from these segments. Research centres too continued to place orders for a wide range of inspection equipment, helping this business clock good performance throughout the year.

During the year under review, the business continued to reorient its internal organisation structure with the intent to improve its focus on certain chosen customer segments and to scale up faster. The business also continued its thrust during the year into business development, marketing initiatives, brand-building, sales automation, service management, and project execution.

During the period under review, Blue Star Engineering & Electronics Limited established two customer experience centres, one in Thane, Maharashtra, for demonstrating its range of NDT Solutions, and the other in Chennai, Tamil Nadu, for the

demonstration of Material Testing equipment and automated Metrology Solutions.

During the period under review, Blue Star Engineering & Electronics set up its new medical diagnostic equipment refurbishment facility at Bhiwandi, Maharashtra. With a total area of 15,000 sq ft, this state-of-the-art facility is fully equipped to refurbish a wide array of pre-owned medical diagnostic imaging systems, including MRI systems and CT scanners.

MEDIUM-TERM AND LONG-TERM STRATEGY

Strategy formulation for the medium- and long-term as well as its execution and review have always been a part of the Company's strategic planning process. The Board plays a key role in guiding and shaping the Company's medium- to long-term strategy. The Company regularly monitors and evaluates its internal strategies vis-à-vis the dynamic external environment and also evaluates the key strategic risks and opportunities that impact the Company and its business (refer Strategy Planning and Development covered in the Integrated Report on page no. 114).

FINANCIAL PERFORMANCE ANALYSIS

Following are the financial highlights of the Company for the year ended March 31, 2023, on a consolidated basis:

After two consecutive summers disrupted by the Pandemic, the current year witnessed a normal summer without any restrictions. With business and economic activities back to complete normalcy, demand for the Company's products and services surged during the year. The sentiments in the Indian economy continued to be positive despite the geo-political uncertainties, the impact of the strengthening dollar on the currency/exchange rates globally and the rising interest rates across most geographies. Capex investments by both the public and the private sectors continued to be encouraging. Consequently, all the sectors that the Company operates in witnessed healthy growth and enabled the Company to end the year on a positive note with record revenue and profits.

Consolidated financial performance analysis is provided below:

1. INCOME

All the Company's businesses performed well and posted record revenue during the year. With robust demand across segments, Blue Star ended the year on a strong note with the Total Income for the year ended March 31, 2023, growing by 31.3% to ₹ 8,008.19 crores as compared to ₹ 6,099.80 crores in the previous year.

2. COST OF SALES, WORK BILLS AND SERVICES

The cost of sales, work bills and services during the year was ₹ 6,181.67 crores compared to ₹ 4,733.18 crores in the

previous year. This cost declined to 77.5% of the Revenue from Operations compared to 78.1% in the previous year. Pressures on margin owing to depreciation of the Rupee was partially offset by easing in commodity prices, cost reduction initiatives and improvement in operational efficiencies.

3. EMPLOYEE REMUNERATION AND BENEFITS

Employee cost for the year at ₹ 591.44 crores increased by 16.3% compared to ₹ 508.55 crores in the previous year, in line with the increase in scale and annual increments. Employee cost was 7.4% of the Total Income compared to 8.3% for the year ended March 31 2022.

4. OPERATING AND GENERAL EXPENSES

Operating and general expenses increased to ₹ 711.43 crores from ₹ 475.88 crores in the previous year. The increase was largely on account of increased selling, general and administrative expenses, to support revenue growth. Besides, with the business and economic activities back to complete normalcy, many of the necessary business spends like travel, channel, training etc picked up. As a percentage of Total Income, the Operating and General Expenses for the year were at 8.9% as compared to 7.8% in the previous year.

5. FINANCE COST

Finance cost for the year was at ₹ 54.70 crores compared to ₹ 46.40 crores in the previous year. However, the finance cost for the year decreased to 0.7% of the Total Income compared to 0.8% in the previous year.

6. DEPRECIATION

Till Q2FY23, the Company followed the Written Down Value method of accounting depreciation. Since the Company had invested significantly into capacity expansion, it was decided to review of the expected pattern of consumption of future economic benefits embodied in Property, Plant and Equipment and consequently have a relook at the depreciation methodology. Based on a review conducted by third party advisors it was concluded by the Management that the 'straight line' method of depreciation reflected better the pattern in which such benefits from use of the assets are expected to be consummated. Accordingly, the depreciation method was changed from the 'written down value' method to the 'straight line method' with effect from October 1, 2022. This led to a lower depreciation charge for the year by ₹ 18.11 crores.

Depreciation charge for the year declined to ₹ 84.78 crores compared to ₹ 85.98 crores in the previous year.

7. PROFIT BEFORE TAX

Profit before tax and exceptional items for FY23 increased by 53.3% to ₹ 384.57 crores compared to ₹ 250.90 crores in FY22.

Profit before tax and exceptional items improved to 4.8% of the Total Income compared to 4.1% in the previous year.

8. EXCEPTIONAL ITEMS

During the year, the Company was able to successfully conclude the sale of a large land parcel at Thane, thus realising a gain of ₹ 170.81 crores.

9. KEY FINANCIAL RATIOS

Sr. No.	KEY FINANCIAL RATIOS	UOM	FY22	FY23	% change
1	Debtors Turnover Ratio	Times	6.1	5.8	-4%
2	Inventory Turnover Ratio	Times	4.7	4.8	3%
3	Interest Coverage Ratio	Times	6.4	8.0	26%
4	Current Ratio	Times	1.2	1.1	-4%
5	Debt Equity Ratio	Times	0.1	0.2	133%
6	Operating Profit Margin	%	5.7	6.2	8%
7	Net Profit Margin	%	4.1	4.8	17%
8	Return on Net Worth	%	16.8	30.7	83%

The Operating Profit Margin improved to 6.2% compared to 5.7% in the previous year due to cost reduction initiatives, operational efficiencies and economies of scale, which enabled improvement in profitability levels. Net Profit Margin and Return on Net Worth improved further owing to a decrease in depreciation and finance cost. Interest Coverage Ratio for the year improved to 8.0 (times) compared to 6.4 (times) in the previous year.

Return on Net Worth excluding the impact of Exceptional Items mentioned was 20.3%.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established an internal control system, commensurate with the size, scale and complexity of its operations. In order to enhance the standards of controls and governance, the Company has adopted the COSO 2013 framework to ensure that robust internal financial controls exist in relation to operations, financial reporting and compliance. In addition, the internal audit function reviews and reports updates on compliance with internal controls, the efficiency and effectiveness of operations as well as key process risks, to the Audit Committee. During the year, as part of the Management's control testing initiative, the internal controls were tested and found effective.

RISKS AND CONCERNS

RISKS

The primary operating risks which could impact the Company relate to slowdown in the construction, environment and investment cycles, exposure to seasonality for some of its businesses like sale of room air conditioners, competition from Indian and global players, volatile exchange rates, rising interest rates, credit risks, import dependence, procurement concentration risks, volatile commodity prices, changes in tax and other legislations, inflation especially in the case of fixed price contracts, health and site safety, exposure to frauds, inadequate cybersecurity and changes in technology which impact the Company's product offerings. In addition, geopolitical scenarios also pose a business continuity risk, apart from a general slowdown in the global and local economy which tends to intensify risks faced by the Company.

Blue Star lays great emphasis on Enterprise level Risk Management, and has put in place a robust system for risk identification, assessment and mitigation with strong internal controls, at both the business-groups and corporate level in line with the COSO 2017 Enterprise Risk Management framework. Significant risks across the entity are reviewed periodically by the Risk Management Committee. Further, the mitigation action plans are integrated with the strategy and performance management processes, and also with the internal audit plans (refer Risks and Mitigation Strategies covered in the Integrated Report on page no. 110).

CONCERNS

A confluence of factors on the global and local fronts, such as geo-political equations between countries, the usage of tariff and non-tariff barriers to address trade imbalances and volatility in the prices of crude oil, commodities, currency, and ocean freight, could impact consumer confidence. The Company will continue to closely monitor the macro and micro level trends in the global and Indian economy, and will take necessary steps to address these challenges.

OPPORTUNITIES

The Company's proven ability to innovate and offer products/solutions in line with the evolving dynamics continues to provide the Company with opportunities to grow even under the current challenging circumstances. These are opportunities related to the Company's products, projects and service businesses for varied sectors, and have been elaborated in the Integrated Report (refer Opportunities covered in the Integrated Report on page no. 117).

HUMAN RESOURCES

Blue Star has always remained committed to employee well-being. This year too, Blue Star continued its focus on the creation and maintenance of a safe and conducive environment for change management and business continuity across the organisation. The objective of employee well-being was implemented in a holistic manner, including the physical, mental and emotional ambit.

The Company received the coveted Great Place to Work certification for the second time in a row with a Trust Index of 81. This underlines the Company's endeavour to build high-quality relationships characterised by trust, pride, and camaraderie at the workplace—key drivers for a robust business performance. The Company strongly believes that in achieving the full human potential lies the path to reach its business potential in a sustainable manner.

With the objective of providing a highly conducive work environment meeting employee expectations and satisfaction, several policies were rolled out during the year under review with a focus on higher flexibility in work timings, and productivity rather than the hours clocked at workplace that enhances work-life integration; enhanced sponsorship of continuing education; augmented limits for vehicle purchase scheme, two wheeler loans and fuel reimbursement to support the extensive work-related travel; to name a few significant measures undertaken. Diversity, Equity & Inclusion (DEI) is an important expression of the Company's commitment to a fair and equitable workplace for all at Blue Star for several years. Besides the focus on gender equity measures, the Company has embraced people with varied thought processes, backgrounds, and ages in the same workforce. Firm-footed steps towards nurturing DEI in the organisation were pursued as part of the 5 Star framework of Select, Support, Sponsor, Shape and Salute. Some of these initiatives include a special women leadership development program for focused career development platforms; Begin Again – a second career recruitment initiative to hire women who have been on breaks to address family commitments; a gender-equal Child Care

policy aimed at supporting young employees with the best childcare facilities; and specific women support measures such as enhanced sick leaves, office transport facilities for outstation work travel and late evening work travel as well as ergonomic kits for maternity support, besides several others. There is a focused approach on hiring women across levels in the organisation, with noteworthy accomplishments such as over 45% women hired as part of campus recruitment, 55% women operators recruitment at the Sri City Plant of the Company's subsidiary Blue Star Climatech Limited and 14% at Wada Deep Freezer Plant, besides 34% women workforce in administrative support. Two batches of the Leadership Development programme titled 'Spark' with a focus on 'People Development' as a Group Competency were well received by the leaders in the making. iLearn, an online learning portal with both technical and developmental programmes, extended the ease of learning at one's pace and time which was adopted by the employees in a large way. A digital Rewards and Recognition portal was well appreciated by employees during the year while under the aegis of 'Real People. Real Stories', employee narratives centred around the Blue Star Way were disseminated across the organisation and featured on the LinkedIn page of 'Life at Blue Star' (refer Human Capital covered in the Integrated Report on page no. 66).

CORPORATE OUTLOOK

The Company reported record financial performance in FY23. During the fiscal year, Blue Star improved its market share in all the businesses, commissioned the Deep Freezer manufacturing plant at Wada and the Room Air Conditioner manufacturing unit in the Sri City Plant of the Company's subsidiary Blue Star Climatech Limited, enhanced its R&D capabilities, deepened its distribution reach, and set up wholly owned subsidiaries in the US, Europe, and Japan in pursuit of expanding Blue Star's global footprint. Blue Star is in its 80th year of operations, and as in the past, it has not only reinvented itself post the Pandemic, but has emerged stronger. With the weather forecast indicating a strong summer combined with a strong carry forward order book for Blue Star's B2B businesses, the Company is optimistic about the prospects for FY24.

THE DYNAMICS OF BLUE STAR'S GROWTH

5 YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

		2022-23	2021-22	2020-21	2019-20	2018-19
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OPERATING RESULTS:

	₹ Crores	8,008.19	6,099.80	4,336.68	5,420.10	5,276.49
Total income*						
EBITDA (before exceptional items excluding other income & finance income)	"	492.78	346.47	239.81	282.78	346.54
Profit for the year after tax	"	400.69	168.00	100.66	143.70	190.40
Dividend (including corporate dividend tax)	"	115.58	96.30	38.53	116.11	115.92

FINANCIAL POSITION:

	₹ Crores	19.26	19.26	19.26	19.26	19.26
Share capital						
Shareholders' funds	"	1,333.84	1,020.54	887.86	784.67	874.89
Borrowings (Net)/(Net cash balance for 2021)	"	204.43	67.14	(151.45)	166.44	246.63
Net capital employed	"	1,530.33	1,060.12	688.92	869.36	1,013.97

PERFORMANCE INDICATORS:

Revenue growth	%	31.3	40.7	(20.0)	2.7	15.8
Gross margin	%	22.5	21.9	23.2	25.0	24.8
EBITDA growth (before exceptional items excluding other income & Finance income)	%	42.2	44.5	(15.2)	(18.4)	30.3
EBITDA margin (before exceptional items excluding other income & Finance income)	%	6.2	5.7	5.6	5.3	6.6
Cash from operations/EBITDA	%	69.0	36.5	150.1	189.5	84.7
Earnings per share	₹	41.6	17.4	10.4	14.9	19.8
Dividend per share	₹	12.0	10.0	4.0	10.0	10.0
Book value per equity share	₹	138.5	106.0	92.2	81.5	90.9
Debt equity ratio	Ratio	0.15	0.07	NA	0.21	0.28
Capital turnover ratio	Ratio	6.2	6.9	5.5	5.7	5.3
Return on shareholders' funds**	%	30.7	16.8	11.6	18.6	21.4
Return on capital employed	%	33.9	33.9	26.9	25.4	29.8

OTHER INFORMATION:

Number of shareholders	Nos.	56,940	56,504	54,876	53,647	48,068
Number of employees	"	3,132	2,723	2,621	2,885	2,812

Note:

* Previous year figures have been regrouped wherever necessary to make them comparable with current year numbers.

** Return on Shareholders Funds excluding the gain on sale of Thane Land Parcel (reported as an exceptional income) in FY23 is 20.3%.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Blue Star's commitment to sustainable business practices continues to endow the Company with the ability to continuously deliver responsible and profitable growth. The Company understands the importance of focus on the environment, social value creation and adherence to strong governance practices even as it pursues profitable business growth. Hence, Blue Star has integrated sustainable business and governance practices into its core business strategy and aligned it with societal and environmental interests. The Company takes into consideration the interests of its internal and external stakeholders with equal zest. The Company seeks higher stakeholder alignment with its sustainable business and governance practices to generate sustainable value creation and growth. Blue Star continues to imbibe the latest technologies and productivity enhancing processes to align itself to modern and sustainable management practices, which ultimately result in efficient utilisation of resources.

All products and services of the Company are designed and developed keeping in view customer experience and safety, holistic community development, and environmental protection. Blue Star also seeks the involvement of its ecosystem of employees, dealers, distributors and vendors across all levels to raise awareness, enhance engagement and ensure commitment towards the cause of sustainability.

About this Report

This Business Responsibility and Sustainability Report, as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, provides general information about the Company and its business responsibility. The following three sections cover disclosures as per the Business Responsibility and Sustainability Report (BRSR) framework prescribed by SEBI.

SECTION A: GENERAL DISCLOSURES

I. Details of the Company

1.	Corporate Identity Number (CIN)	L28920MH1949PLC006870
2.	Name of the Company	Blue Star Limited
3.	Year of incorporation	1949
4.	Registered office address	Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020
5.	Corporate address	Band Box House, Dr Annie Besant Road, Worli, Mumbai 400 030
6.	E-mail	secretarialdesk@bluestarindia.com
7.	Telephone	+91 22 6654 4000
8.	Website	www.bluestarindia.com
9.	Financial year for which reporting is being done	April 1, 2022 to March 31, 2023
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Ltd and BSE Limited
11.	Paid-up Capital	₹ 19,26,00,000
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report	Company Secretary and Compliance Officer +91 22 2265 4000 secretarialdesk@bluestarindia.com
13.	Reporting boundary	The disclosures under this report are made on a standalone basis, unless otherwise specified.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of main activity	Description of business activity	% of Turnover of the entity
1.	Manufactured sales	Cooling appliances, Cold storage products, including manufacturing and after-sales service.	76.84%
2.	Project sales	Central air conditioning projects, Electrical Mechanical and Plumbing Contracting business, and Packaged air conditioning businesses including manufacturing and after-sales service.	23.16%

15. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

Sr. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Electro-Mechanical Projects and Commercial Air Conditioning Systems	43219/43229	51%
2.	Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)	28191/28192	49%

III. Operations**16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	5	30	35
International	0	8	8

17. Markets served by the entity:**a. Number of locations**

Locations	Number
National (No. of states)	28 states and 8 Union Territories
International (No. of countries)	18

b. What is the contribution of exports as a percentage of the total turnover of the entity?

3.70%

c. A brief on types of customers –

The Company through its various business segments serves the following types of customers:

Business segment	Type of customers
Electro-Mechanical Projects and Commercial Air Conditioning Systems	Key customers for this segment comprise: a) Infrastructure facilities such as airports, public utilities such as water distribution systems of the State Governments and mass transit systems including metro, railways. b) Commercial buildings such as large offices, industrial facilities including factories, malls, hotels, hospitals, shops, boutique showrooms etc. c) Data Centre Facilities
Unitary Products	Room Air Conditioners business predominantly serves the residential segment while the commercial refrigeration products, storage water coolers and cold room solutions serve the commercial segment.

IV. Employees**18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	2,552	2,312	90.6%	240	9.4%
2.	Other than Permanent (E)	956	913	95.5%	43	4.5%
3.	Total employees (D + E)	3,508	3,225	91.9%	283	8.1%

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
WORKERS						
4.	Permanent (F)	314	314	100.0%	-	-
5.	Other than Permanent (G)	2,318	2,304	99.4%	14	0.6%
6.	Total workers (F + G)	2,632	2,618	99.5%	14	0.5%

Note: Blue Star Climatech Limited, a wholly owned subsidiary of the Company has females comprising 40% of its workforce.

b. Differently abled Employees and Workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	-	-	-	-	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	Total differently abled workers (F + G)	-	-	-	-	-

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	10	2	20.0%
Key Managerial Personnel (excluding Executive Directors)	2	0	0

20. Turnover rate for permanent employees and workers for the last 3 years

	FY23 (Turnover rate in current FY)			FY22 (Turnover rate in previous FY)			FY21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	18.5%	23.4%	18.9%	16.2%	26.2%	17.2%	14.8%	15.4%	14.9%
Permanent Workers	-	-	-	0.6%	-	0.6%	1.6%	-	1.6%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures

Sr. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/subsidiary/associate/joint venture	% of shares held by the Company	Does the entity indicated at column A participate in the Business Responsibility initiatives of the Company? (Yes/No)
1.	Blue Star Engineering & Electronics Limited	Subsidiary Company	100.0%	Yes
2.	Blue Star Climatech Limited	Subsidiary Company	100.0%	Yes

Sr. No.	Name of the holding/subsidiary/ associate companies/joint ventures (A)	Indicate whether holding/subsidiary/ associate/ joint venture	% of shares held by the Company	Does the entity indicated at column A participate in the Business Responsibility initiatives of the Company? (Yes/No)
3.	Blue Star Qatar WLL ^{&}	Subsidiary Company	49%	No
4.	Blue Star International FZCO	Subsidiary Company	100.0%	No
5.	Blue Star Systems and Solutions LLC*	Subsidiary Company	100.0%	No
6.	BSL AC&R (Singapore) Pte Ltd*	Subsidiary Company	100.0%	No
7.	Blue Star North America Inc.	Subsidiary Company	100.0%	No
8.	Blue Star Europe B.V.	Subsidiary Company	100.0%	No
9.	Blue Star Innovation Japan LLC	Subsidiary Company	100.0%	No
10.	Blue Star M & E Engineering Sdn Bhd**	Joint Venture	49%	No
11.	Blue Star Oman Electro-Mechanical Company LLC	Joint Venture	51%	No

[&] It is a subsidiary of the Company under Section 2(87)(i) of the Companies Act, 2013 as the Company controls the management of this company.

*Held by Blue Star International FZCO, the wholly owned subsidiary of the Company.

**Held by BSL AC&R (Singapore) Pte Ltd.

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): ₹ 7,353.13 crores

(iii) Net worth (in ₹): ₹ 1,278.43 crores

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) <i>(If Yes, then provide web-link for grievance redress policy)</i>	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No, the business of the Company is such that it does not affect the community. However, the Plant head and HR head at the Company's manufacturing facilities engage with the communities located in the vicinity on an on-going basis	-	-	-	-	-	-
Investors (other than shareholders)	No	-	-	-	-	-	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) <i>(If Yes, then provide web-link for grievance redress policy)</i>	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes https://www.bluestarindia.com/media/343070/shareholder-inquiries-contact-person.pdf	15	-	-	25	-	-
Employees and workers	Yes https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf	1	-	-	1	-	-
Customers	Yes Web-link for complaint registration: https://consumer.bluestarindia.com/service-support Other sources for complaint registration: 24x7 call centre: Call 1800 209 1177 or 1800 206 6666 or SMS 'Service' to 57575 or mail to customerservice@bluestarindia.com or Customer Care App	23,28,974	17,355	-	18,19,834	48,305	-
Value Chain Partners	Yes https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf	4	4	-	-	-	-

24. Overview of the entity's material responsible business conduct issues:

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Climate Change	Risk	We are an organisation dedicated to sustainable growth and the environment. Ensuring sustainability and mitigating impact of climate change have always been important factors and the Company's products rate high on energy-efficiency standards.	<ul style="list-style-type: none"> • Continuous reduction of manufacturing load by excelling in lean manufacturing; • Attainment of manufacturing efficiency; • Be Green through Clean Energy. 	Negative

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Water Management	Risk	Water is a vital resource for society, and we are committed to using water responsibly.	<p>Manufacturing facilities are equipped with testing machines which use latest technology to aid in quality improvement as well as energy and water savings. This includes water harvesting facilities at its manufacturing plants. Treated water is used for flushing and local irrigation.</p> <p>Blue Star has also adopted various methods and technologies to optimise water usage which has been helpful in raising the water table in the areas around the facility.</p> <p>The manufacturing facilities are also equipped with Sewage Treatment Plants (STP) and Effluent Treatment Plants (ETP).</p> <p>The Company's Wada factory and Blue Star Innovation Centre, Thane has received IGBC Green Building Certificate under the Platinum category.</p>	Negative
3.	Waste Management	Risk	Improper disposal of waste will lead to non-compliance of regulatory laws	<p>Continuous monitoring of hazardous materials being used at work place along with measures to reduce the same by adopting modern processes and technologies.</p> <p>The Company ensures that its products do not contain lead, mercury, cadmium or any such hazardous substances beyond the levels permitted by the country's environmental laws.</p> <p>The Company has obtained authorisation as a Producer under the E-Waste (Management) Rules, 2016 (EPR), to dispose of all e-waste generated during business operations on a pan-India basis through an arrangement with authorised e-waste recyclers and PROs (Producer Responsibility Organisations).</p>	Negative

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				The Company has been meeting its e-waste recycling target every year as per EPR authorisation.	
4.	Product Stewardship	Opportunity	Maintenance of high level of product quality, safety, durability by minimising environmental and social impact. This will enhance product acceptability in the industry.	NA	Positive
5.	Diversity & Inclusion	Opportunity	<p>The Company remains committed in its efforts towards having a diverse and inclusive workforce at Blue Star through multiple conscious initiatives.</p> <p>The Company will continue to focus its commitment to foster, cultivate and preserve a culture of equal opportunities in a conducive and inclusive work environment.</p> <p>This will further strengthen Company's brand and enhance reputation.</p> <p>Note – Blue Star Climatech Ltd, a wholly owned subsidiary of the Company has females comprising 40% of its workforce.</p>	NA	Positive
6.	Corporate Governance	Opportunity	The Company has always been ahead of the curve in its governance practices. The Company's best-in-class governance practices have been recognised through the conferment of the prestigious Golden Peacock Awards consistently for Excellence in Corporate Governance and Risk Management practices.	NA	Positive

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7.	Sustainable Supply Chain	Risk	<p>Key components for manufacture of the Company's products such as compressors, copper tubes, electronic parts, indoor units for split air conditioners and inverter drives are sourced from vendors in China and some other countries. Any disruption in supply caused due to geo-political reasons, imposition of non-tariff barriers or the occurrence of a pandemic, such as COVID-19, that limits imports from China or any other countries may significantly impact the Company's ability to import, manufacture and sell. Increase in Customs Duty may also increase the cost of the components. There are also key component and finished goods suppliers located either outside or within India on whom the Company has and may continue to have strategic dependency. Any disruption in the business operations of these suppliers may also impact the Company's ability to sell underlying products and equipment seamlessly.</p>	<p>The Company has a well-defined review mechanism to identify dependencies either on a single country or single vendor for the key components required for manufacture of its products. The Company, on an on-going basis, takes steps to diversify such procurements from alternative sources and identify backward integration opportunities.</p> <p>The Company has also established a 'Supplier Excellence' programme under the ambit of which it provides suppliers with managerial and technical assistance for improvements in productivity, quality, cost, delivery and safety.</p>	Negative
8.	Business Continuity Management	Risk	<p>The Company's operations may be significantly interrupted and its financial condition, cash flow and profitability could be affected by any of the following events:</p> <ul style="list-style-type: none"> • Prolonged market, supply chain, demand and operational disruptions caused by the spread of and/or continuation of pandemics or epidemics, including but not limited to COVID-19, resulting in full or partial shutdown of business or operating activities of the Company in whole or some parts of India or in any of the global markets where the Company or any of its subsidiaries, associates or affiliated business entities have presence. 	<p>The Company has in place a robust Business Continuity Management Policy with well-defined Standard Operating Procedures stating recovery/restoration objectives to keep its manufacturing and other critical processes operational and continue serving the needs of the customers.</p>	Negative

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			<ul style="list-style-type: none"> The occurrence of natural disasters or accidents, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, or any other Act of God and/or man-made disasters, including acts of terrorism, war and military actions. 		
9.	Regulatory Compliances	Risk	<p>The Company’s products businesses are subject to changing technology, significant technological developments and adherence with a variety of regulatory compliances. Emphasis on usage of eco-friendly refrigerants and eco-friendly collection and disposal of e-wastes are some of specific requirements that the Company is required to adhere to.</p> <p>Non-compliance with the above could have a financial impact.</p>	<p>The Company is very agile and ensures complete adherence to regulatory compliances. It has built a strong compliance culture and an agile compliance management system and has also automated the compliance management process. It has adopted automated legal metrology label printing, in order to prevent non-compliance and prosecution. Besides, the Company has entered into a comprehensive agreement with its dealers.</p>	Negative
10.	Digitalisation	Opportunity	<p>Digitalisation helps to automate and streamline business processes which increases efficiency and accuracy.</p> <p>High level of digitalisation integrated with business will enable businesses to promote, elevate and adapt to a culture of insights-based decision-making resulting in customer delight.</p>	NA	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
c. Web Link of the Policies, if available	https://www.bluestarindia.com/about-us/guiding-policies								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.`	ISO 9001, ISO 45001, ISO 14001, Corporate Governance Voluntary Guidelines, CSR disclosures pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company embarked on a Net Zero Mission during the year. As a first step, it is assessing the carbon footprint of its various establishments including factories. The next step will be to identify ways and means to reduce the carbon footprint substantially. Thereafter, it will determine and share the action plan and milestones for achieving Net Zero goal.								
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	Please refer to answer to point No. 5 above								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.	<p>The Company is committed to integrating Environmental, Social and Governance (ESG) principles into its businesses which is central to improving the quality of life of the communities it serves. It adheres to the principles of product stewardship by enhancing health, safety and environmental impacts of products and services across their lifecycles.</p> <p>The Company is committed to conducting fair business practices that are beneficial to the labour and human capital and to the community. It provides employees and business associates with working conditions that are clean, safe, healthy and fair.</p> <p>It strives to be a neighbour of choice in the communities in which it operates and contributes to their equitable and inclusive development. To deliver these commitments, the Company has various policies for the same and also has well defined governance practices in line with the "Code of Conduct".</p>								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Mr Vir S Advani, Vice Chairman & Managing Director Mr B Thiagarajan, Managing Director								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes, the Corporate Social Responsibility and Environmental, Social & Governance (ESG) Committee is responsible for decision making on sustainability related issues.								

10. Details of Review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/Half Yearly/Quarterly/Any other – Please specify)																	
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9									
Performance against above policies and follow up action	As a practice, Business Responsibility policies of the Company are reviewed periodically or on a need basis by the Senior Leadership Team and/or the Board of Directors. During this assessment, the efficacy of the policies is reviewed and necessary changes to policies and procedures are implemented.																										
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company is in compliance with the existing regulations as applicable and a Statutory Compliance Certificate on applicable laws is placed before the Board of Directors on a quarterly basis.																										
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9	Blue Star has a robust internal review mechanism for its key policies. Efforts have been made to enhance management systems and the standards of performance so that they confirm to the Company’s sustainability framework.									The Internal Audit function of the Company has been outsourced to Grant Thornton. On a rotational basis, they do evaluate the policies adopted by the Company. The Company is also considering evaluation of policies by an external agency.								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P7
The entity does not consider the Principles material to its business (Yes/No)	Blue Star is a member of various industrial and trade bodies, and plays a key role in advocating issues impacting the sectors through these trade bodies. It actively participates in industry fora and also provides support in the formulation of relevant policies. Though the Company does not have a Board approved policy on advocacy currently, it continues to follow and monitor the business and regulatory environment closely. The Company leads various industry fora and provides technical and sectoral thought leadership to assist policy formulation by various bodies.
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	
It is planned to be done in the next financial year (Yes/No)	
Any other reason (please specify)	

SECTION C: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1 - BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

Essential Indicators

'Ethical Behaviour,' 'Transparency in Dealings and Conduct,' and 'Accountability for Actions,' continue to be integral parts of Blue Star's core values and beliefs, which govern the Company's conduct. The Company continues to stringently adhere to fair and transparent business practices including thrust on personal integrity and ethics. The Company's core values and beliefs, referred to as 'The Blue Star Way,' have been seamlessly integrated into its culture and operations. It is the responsibility of each and every Blue Starite to follow the Blue Star Way in their conduct and dealings. 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 which are easily accessible on the employee portal as well as on the corporate website, publicly affirm the organisation's commitment, govern its actions and provide clarity of direction.

The Board of Blue Star and its senior leadership team play a vital role in setting the right tone at the top in practising ethical conduct, transparent business practices and imbibing high standards of governance. Blue Star has in place a well-enumerated Code of Conduct applicable to its directors, employees and other business partners (<https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>). The code focuses on strict adherence to the Company's corporate values while delivering a world-class customer experience. The Company's core values and beliefs are the guiding force for all business activities and stakeholder interactions at Blue Star. The Code acts as a central guide, to align the professional conduct of its employees and business associates with its values and beliefs. It focuses on integrity in personal conduct, conflict of interest and related aspects of dealing with internal and external stakeholders. It also enumerates issues related to ethics, bribery, corruption, governance, Environment, Health & Safety, healthy work environment, brand protection/reputation and accuracy of financial records and asset protection and serves as a roadmap for its employees as well as those of its subsidiaries and joint ventures. The Company is committed to following the highest standards of professionalism and business ethics. The Board Members and Senior Management affirm their compliance to the Code of Conduct through an annual declaration. The Code is re-emphasised at all levels in the Company through an e-learning module which all employees are required to complete every year.

During the period under review, the Company organised training and awareness programmes pertaining to ethical conduct and transparency for its Directors, Key Managerial Personnel and other employees as follows:

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by awareness programmes
Board of Directors	2	<ul style="list-style-type: none"> Awareness on Code of Conduct of the Company Awareness on all 9 principles of Business Responsibility and Sustainability Reporting Impact – Created awareness on the subject.	90 100
Key Managerial Personnel (excluding executive directors)	2	<ul style="list-style-type: none"> Awareness on Code of Conduct of the Company Awareness on all 9 principles of Business Responsibility and Sustainability Reporting Prevention of Sexual Harassment Impact – Created awareness on the subject.	100
Employees other than BOD and KMPs	74	<ul style="list-style-type: none"> Awareness on Code of Conduct of the Company Prevention of Sexual Harassment Health & Safety Impact – Created awareness on the subject.	100

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by awareness programmes
Workers	4,351 man-days	<ul style="list-style-type: none"> • Health & Safety Measures – Impact - Proper usage of personal protective equipment in preventing injuries as well as information about the occupational hazards which they will face and the ways they can prevent or minimise the risks. • Skill Upgradation – Impact - Minimise any possibility for any skill-deficiency-based cause of low performance among employees. • Prevention of Sexual Harassment – Impact - To make them aware of the applicability and actions/remedies to be taken. • Code of Conduct – Impact - Created awareness on the subject. 	100

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year 2022-23:

During the year under review, neither the Company nor any of its directors or Key Managerial Personnel were subjected to fines/penalties/punishment/award/compounding fees/settlement amount in any of the judicial proceedings.

The Company has a zero tolerance towards corruption and bribery and has in place a robust vigil mechanism framework to prevent any unethical practice. Further, regular communication mailers on need for adherence to Code of Conduct and prevalence of whistle blower mechanism is sent by the Senior Management across the organisation. On quarterly basis, a communication is sent from Chief Human Resources Officer’s desk to report instances of violation of laws/unethical behaviour with a reporting mechanism.

The Whistle Blower Policy of the Company provides the framework for reporting any unethical conduct/practices to Ethics Officer and also provides direct access to the Chairman of Audit Committee at the option of the complainant.

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine			NIL		
Settlement					
Compounding fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment			NIL		
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/ judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company's Code of Conduct includes the clause pertaining to prohibition of corruption or bribery practices. The same is available on the Company's website at <https://www.bluestarindia.com/about-us/guiding-policies>. The Company conducts its business free from the influence of corruption and bribery and expects its Employees and Business Partners to be aware of and follow all laws prohibiting bribery and other corrupt practices. The employees are forbidden to offer or accept an improper payment, bribe, gratification or kickback from an existing or potential client, competitor, supplier, or service provider.

The Company has a robust whistle blower mechanism governed by the extensive 'Whistle Blower Policy', publicly available on the website of the Company at <https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf>. Any violation of the Code of Conduct of the Company, can be reported as per the vigil mechanism under Whistle Blower Policy. In addition, the Company has provided a toll-free number through which the informant can lodge their complaint.

As mentioned in the policy, if a person reports a complaint under this policy, he/she will not be at risk of suffering any form of reprisal or retaliation. Retaliation includes discrimination, reprisal, harassment or vengeance. On a quarterly basis, a communication from the Chief Human Resources Officer is sent out to all concerned reminding them about the whistle blower framework, and encouraging employees to speak up and report matters, without any fear or concern.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Directors	As per the information available with the Company, during the year under the review, there have been no cases involving disciplinary action taken by any law enforcement agency on the charges of bribery/corruption against Directors/KMPs/employees/workers that have been brought to the Company's attention.	
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

The Company has well established procedures in place to monitor conflict of interest.

The Directors and KMPs disclose their interest in Companies through annual declaration and also intimate further changes, if any, on an ongoing basis. The Company monitors the related party transactions with those companies in which the Directors and KMPs are interested and all related party transactions are conducted on arm's length. An independent Chartered Accountant's certificate is placed before the Audit Committee on regular basis. Accordingly, there were no complaints with respect to conflict of interest in relation to Directors and KMPs:

	FY23 (Current Financial Year)		FY22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

In addition, all employees are required to declare conflict of interest, if any, in business dealings through an intranet portal.

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

The value chain partners are made aware of the Company's Code of Conduct and the Whistle Blower mechanism through interactive portals i.e. Star Sampark, Star Connect and Star Serve.

Link - <https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>

The Code of Conduct is placed on the said portals for perusal of the value chain partners and a mandatory declaration is obtained confirming the compliance with provisions of the said Code.

The Company has prepared e-learning modules for the Code of Conduct and Whistle Blower mechanisms and the process of creating awareness programmes for the value chain partners is initiated.

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
NIL		

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has a process in place to manage conflict of interest. The Directors disclose their interest in Companies through annual declaration and also intimate further changes therein from time to time. The Company monitors the related party transactions with such companies in which the Directors are interested and the interested Director abstains from discussion in such transaction. All related party transactions are undertaken in the ordinary course of business and are on arm's length basis and as a good governance practice, an independent Chartered Accountant's certificate certifying the fact that the Related Party transactions are in the ordinary course of business and are on arm's length basis is placed before the Audit Committee voluntarily on a quarterly basis.

For identifying and tracking conflict of interests involving the Directors/KMPs of the Company, the list of entities in which the Directors are interested is shared with all concerned for monitoring and tracking transaction(s) entered by the Company with such parties.

PRINCIPLE 2 - BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Ensuring sustainability and mitigating impact of climate change have always been important factors for Blue Star and the Company's products rate high on 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 latest technology in products and processes across businesses, key consideration being resource-efficiency and sustainability. There is a special, in-house focus on embedding the energy-efficient inverter technology across key products of the Company, namely chillers, VRFs, ducted systems 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. Due to continuous product innovations with a focus on energy-efficiency and low global warming potential, electricity consumption during product use at the consumer's end is systematically reduced, thus lowering the environmental impact.

Energy-efficiency and climate impact have been the most important aspects considered during the new product portfolio development. The Company has adapted low global warming refrigerant R-32 for room air conditioners. A complete range of 3-star and 5-star inverter range of room air conditioners meeting new energy-efficiency norms as per BEE star labelling scheme applicable from July 1, 2022 were developed. The Company has invested in a new deep freezer manufacturing plant at Wada. A new range of eco-friendly and energy-efficient deep freezers, both in hard top and glass top versions, has been designed and developed using R-290 refrigerant and cyclopentane blowing agent based foam insulation. The Company will phase out the R-22 refrigerant from its scroll chillers with its upcoming range of R-410A based scroll chillers meeting BEE star labelling programme requirements. Investments in such initiatives undertaken during the current and previous year were as follows:

	FY23 (Current Financial Year)	FY22 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	> 90%	> 90%	The Company manufactures complete range of residential air conditioners, commercial air conditioners comprising of Chillers, VRF systems and ducted air conditioners and commercial refrigeration equipment such as water coolers, deep freezers, kitchen and medical refrigeration and cold storage solutions. The principle is to primarily develop products which are energy-efficient and in compliance with the prevailing environmental laws. There are few R & D efforts towards value engineering and cost optimisation of products. To conclude, all the R & D expenses incurred by the Company are towards developing new products and improving the existing products to make them more energy efficient to mitigate environmental impact.
Capex	> 90%	> 90%	

2. a. Does the entity have procedures in place for sustainable sourcing? Yes

b. If yes, what percentage of inputs were sourced sustainably?

Yes, the Company has well defined procedures for sourcing and supply chain management. Sustainability is extended to vendors through responsible procurement practices and selection criteria focused on the protection of the environment, societal interest seeking resource efficiency, and improving the quality of products and services. Resources used for the production of the entire product portfolio of the Company are tracked and monitored diligently and systematically. The Company is committed towards improving awareness among vendors on legal compliances, enhance eco-efficiencies, and improve employee health and safety through various initiatives. Vendors and service providers are encouraged to adopt management practices detailed under the International Standards such as ISO 9001, ISO 14001 and other Environment, Health and Safety (EHS) guidelines.

The Company continuously assesses the source of inputs from vendors and evaluates if these vendors are certified by third party agencies. Basis this assessment, around 86% of its vendors are certified to be compliant with social and environmental standards such as ISO 9001 or ISO 14001 or ISO 45001/OHSAS 18001.

The Company is committed to sourcing from suppliers who have the capacity to meet the required standards prescribed under the Energy-Efficiency norms and are REACH and RoHS compliant. The Company has a well laid out procedure in place for selecting the supplier based on quality assessment. The Company's e-waste Policy in an attempt to address sustainability issues, and mandates the procurement of products/equipments/parts of Electrical and Electronic equipment, by insertion of additional criteria as stipulated by RoHS requirements or any other criteria modified by law to the supplier requirements in how they address the environmental requirements in relation to :

- Toxics reduction
- Design for End of life
- Material Selection
- Life cycle extension
- Energy Conservation

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company has a mechanism of collection and disposal of products after end of product life in line with the applicable regulations. The Company disposes its e-waste, hazardous waste and plastic waste through authorised recyclers registered with Central Pollution Control Board and State Pollution Control Board. The Company complies with the requirement of Reduction of Hazardous Substances (RoHS) under E-Waste (Management) Rules, 2016.

Blue Star has entered into an arrangement with an authorised service provider for management of the entire process of disposal of Electronic and Electrical wastes right from collection to disposal at approved facilities of the service provider. List of collection centers can be obtained by accessing the toll-free number provided for the purpose and also available on the website of the Company at www.bluestarindia.com.

Further, a product take back program applicable to all consumers is designed by Marketing to ensure spreading awareness amongst consumers on the benefits of environment friendly disposal of end of life products.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes.

Under the E-waste (Management) Rules, 2016 ("Rules"), the Company falls under the definition of producer and is accordingly complying with the requirements envisaged in Extended Producer Responsibility (EPR). Under EPR it is the responsibility of producer of any electrical and electronic equipments to dispose it in environmentally sound manner after its end of life.

The Company has obtained authorisation as a Producer under the said Rules, to dispose of all e-waste generated during business operations on a pan-India basis through an arrangement with authorised e-waste recyclers and PROs (Producer Responsibility Organisation). The Company has been meeting its e-waste recycling target every year as per EPR authorisation.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details

Residential air conditioners and deep freezers are sold based on Bureau of energy efficiency star labelling. Sale of commercial air conditioning products such as VRF, ducted air conditioners and chillers is based on informed decision making by Heating, ventilation, and air conditioning (HVAC) consultants and facility managers who perform a detailed LCA at their end before placing the order.

NIC Code	Name of Product/Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
NIL	NIL	NIL	NIL	NIL	NIL

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
NIL	NIL	NIL

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Components Packaging	11%	9%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed.

	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	6,878.16	NA	NA	4,789	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Room AC	17.6%

PRINCIPLE 3 - BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

1. Details of measures for the well-being of employees:

Blue Star continues to empower its people through a variety of employee-engagement activities and embraces people-friendly HR practices and initiatives. The Company has been successful in establishing a high-performance, meritocracy-based culture within the organisation by adopting fair evaluation practices. The Company continues to focus on the shared growth approach, whereby it gives equal importance to its employees' individual growth and development, along with the Company's growth, and this continues to resonate extremely well with the employees. The Company's tagline, 'Built on Trust' exhibits the culture and approach towards internal and external stakeholders. The unwavering trust can be witnessed by the long-standing association of numerous employees for decades. The passion and dedication of these employees are a testimony to the collective efforts towards building a successful organisation.

With a robust HR framework already in place, the Company continues to revisit the same at regular intervals with the intention to improve it regularly and raise its benchmark to bring in a more modern, contemporary approach towards its people systems and processes. All of this is aimed at augmenting the employee-friendly ecosystem.

The broad objective of the HR framework is to, 'Develop strong leadership pipeline as well as the middle management strength for existing businesses and adjacencies to support the growth of operations'. The HR framework includes key deliverables such as Talent Acquisition, Talent Management, Leadership Development, Career Planning & Development, and Compensation & Benefits. These also aid in having a significant impact on the achievement of the Strategic Goals of Blue Star. The Directors Committee reviews these objectives bi-annually and action items for the meeting are tracked to closure. The HR team works on a three-year strategy along with the business and prepares the SIF (Strategy Implementation Framework) action plan to achieve the business goals. Even though the entire HR team works collaboratively to achieve the overall HR objectives, there are subject matter experts to handle each of the above five key impact areas in a focused way.

Blue Star follows a well-structured approach to identifying the needs of its employees and is agile and responsive towards augmenting its efforts on this front.

Employee benefits being integral to employees' performance and well-being, the Company continues to significantly invest in numerous employee benefit initiatives, thereby boosting employees' morale and performance. Blue Star follows a well-structured approach in identifying the needs of its employees and is agile and responsive towards augmenting its efforts on this front.

a. The details of measures undertaken for the well-being of employees include the following:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	2,312	2,312	100.0%	2,312	100.0%	-	-	-	-	2,312	100.0%
Female	240	240	100.0%	240	100.0%	240	100.0%	-	-	240	100.0%
Total	2,552	2,552	100.0%	2,552	100.0%	-	-	-	-	2,552	100.0%
Other than Permanent Employees											
Male	913	913	100.0%	913	100.0%	-	-	-	-	-	-
Female	43	43	100.0%	43	100.0%	43	100.0%	-	-	-	-
Total	956	956	100.0%	956	100.0%	-	-	-	-	-	-

As per the policy, employees have access to daycares across the city and can choose any daycare as per their convenience from the list of centres empaneled by ProEves on the portal with which Blue Star has tied up. Payment to the daycare centre, up to the defined limit, is managed centrally by Blue Star. The employee has to make only the balance payment directly at the daycare centre.

As per Blue Star's HR policy, the manpower agencies through whom the contract workers are employed have to adhere to all the statutory compliances such as PF, ESIC, Minimum Wages, Payment of Wages Act, Payment of Bonus Act and other applicable statutory laws. Blue Star has in place a monitoring mechanism to ensure that the manpower agencies adhere to the compliances. All Fixed Term Employees are covered under a Medicare-cum-hospitalisation policy.

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	314	314	100.0%	314	100.0%	-	-	-	-	314	100.0%
Female	-	-	-	-	-	-	-	-	-	-	-
Total	314	314	100.0%	314	100.0%	-	-	-	-	314	100.0%
Other than Permanent Workers											
Male:											
Contract Labour	1,556	1,556	100.0%	1,556	100.0%	-	-	-	-	1,556	100.0%
Temporary Operators	748	748	100.0%	748	100.0%	-	-	-	-	748	100.0%
Female:											
Contract Labour	14	14	100.0%	14	100.0%	14	100.0%	-	-	14	100.0%
Temporary Operators	-	-	-	-	-	-	-	-	-	-	-
Total	2,318	2,318	100.0%	2,318	100.0%	14	100.0%	-	-	2,318	100.0%

Note: Contractual workers are provided with health insurance, accident insurance, and maternity benefits. Paternity benefits are not provided.

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year:

Benefits	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100.0%	100.0%	Y	100.0%	100.0%	Y
Gratuity	100.0%	100.0%	Y	100.0%	100.0%	Y
Employee State Insurance (ESI)	1%	100.0%	Y	1%	100.0%	Y
Others - please specify - Workmen Compensation Act Benefits if not covered under ESIC	-	100.0%	N - Paid to the injured person	-	100.0%	N - Paid to the injured person

3. Accessibility of workplaces.

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Some of the office premises are accessible to differently abled employees; the Company has initiated action to make all its office premises accessible to differently abled employees.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes. The Company is committed to provide equal opportunity to all persons including but not limited to transgenders and persons with disabilities, and shall not subject any person to unfair treatment in relation to their employment, promotion or other related issues or terminate the employment for reasons of gender or disability. Persons with disabilities will be considered for employment in positions where their disability will not prevent them from working. The Company would also provide them with necessary facilities based on their disabilities to enable them to effectively discharge the duties for which they are employed.

The policy is hosted on the intranet portal of the Company.

5. **Return to work and retention rates of permanent employees and workers that took parental leave:**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	66.67%	75%	0	0
Total	66.67%	75%	0	0

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

Blue Star has adopted a Code of Conduct policy that is applicable to all its employees and workers and the same helps address and redress grievances of any nature of employees and workers . Besides, there is a discreet and formal mechanism in place for all the employees to voice their concerns, if any, to the Vice Chairman and the Managing Directors, in person with the open-door policy or through a dedicated email address, which is handled and managed by only the Vice Chairman and the Managing Directors.

The Company has established formal mechanisms which are administered by committees that review any grievance. Some of the mechanisms are, 'Open House,' 'One-on-One' discussions, and 'Employee Town halls,' which are organised periodically to understand and address employee concerns and grievances. Mechanisms specific to workers at manufacturing locations comprise discussions with the shop floor supervisor and deliberations with the HR and the Union committees. As a part of the review mechanism, all the meetings and action items are documented; the action plans are reviewed periodically and driven to closure; local/regional HR personnel are appointed to track the progress. They are also responsible to ensure the anonymity and confidentiality of the complainants.

Categories	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes (Discussions with Shop floor supervisor/HR, Contract Supervisor)
Other than Permanent Workers	Yes (Discussions with Shop floor supervisor/HR, Contract Supervisor)
Permanent Employees	Yes ('Open House,' 'One-on-One' discussions, and 'Employee Town halls,' and Code of Conduct Framework)
Other than Permanent Employees	Yes (Discussions with Supervisor/HR, Contract Supervisor)

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY23 (Current Financial Year)			FY 22 (Previous Financial Year)		
	Total employees/ workers respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees /workers in respective category (C)	No. of % employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	2,552	-	-	2,219	-	-
Male	2,312	-	-	2,014	-	-
Female	240	-	-	205	-	-
Total Permanent Workers	314	172	54.8%	316	172	54.4%
Male	314	172	54.8%	316	172	54.4%
Female	0	0		0	0	0

The Company does not have staff associations or Unions for employees. With regard to workers, the permanent workers at the Company's Himachal Pradesh and Wada plants are part of a Union, while the workers at the other plants are not part of any Association or Union.

8. Details of Training given to employees and workers:

The Company's shared growth approach plays a very important role with regard to trainings given to its employees and workers. The Company believes in paying close attention to each employee's career graph, in relation to his/her potential and provides relevant opportunities for individual growth. Blue Star encourages job rotation which helps employees to take on new responsibilities thereby widening their exposure and enhancing their credentials. Training programmes for all-round development of workmen are also conducted at the factories. Safety is paramount at Blue Star and it is not compromised with, at any cost. Blue Star remains committed in its endeavour to ensure and adhere to the highest standards of safety for which regular sensitisation and training workshops are conducted, mock drills are hosted and specify safety interventions are held across Blue Star's offices and manufacturing facilities. Following are the details pertaining to the same:

Category	FY23 (Current Financial Year)					FY22 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,312	2,312	100.0%	2,085	90.2%	2,014	2,014	100.0%	1,524	75.7%
Female	240	240	100.0%	223	92.9%	205	205	100.0%	149	72.7%
Total (X)	2,552	2,552	100.0%	2,308	90.4%	2,219	2,219	100.0%	1,673	75.4%
Workers										
Male	2,618	2,618	100.0%	2,618	100.0%	2,076	2,076	100.0%	2,076	100.0%
Female	14	14	100.0%	14	100.0%	-	-	-	-	-
Total (Y)	2,632	2,632	100.0%	2,632	100.0%	2,076	2,076	100.0%	2,076	100.0%

9. Details of Performance and career development reviews of employees and workers:

The Company's performance appraisal system is fair, equitable and transparent, and ensures higher employee satisfaction, leading to increased motivation and productivity. The employees of the Company are covered by a structured performance and development review twice in a year – a midterm review and an annual review. 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 and consumer products industry. A strong employee engagement programme has been put in place to build energised teams across Blue Star. Following are the details pertaining to the same:

Category	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Total (A)	No. (B)#	% (B/A)	Total (C)	No. (D)#	% (D/C)
Employees						
Male	2,312	1,994	86.2%	2,014	1,798	89.3%
Female	240	214	89.2%	205	186	90.7%
Total	2,552	2,208	86.5%	2,219	1,984	89.4%
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA

Note:

- # All Employees are covered. However, as per the Company's HR policy, individuals who have joined on or before September 30, of any year are only eligible for the review for that particular year under consideration.
- In the 'Workers' Category, the payment terms are governed by long-term settlement agreement. Permanent operators of Himachal Pradesh and Wada Plants have a 3-year wage settlement signed between the Management and the Trade Union governing the terms and conditions of their wages and service conditions, whereas the permanent operators of Dadra Plant have a 3-year wage revision cycle arising out of bilateral negotiations between workmen and management representatives.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes. All Blue Star manufacturing plants, and Electro-Mechanical project sites, Engineering Facilities Management, and revamp site operations are certified with ISO 45001:2018 - Occupational Health and Safety Management System. The other product sales groups have also implemented the Occupational Health and Safety Management Systems, though not certified.

In addition, during the year, a fourth surveillance audit, ISO 45001:2018 - Occupational Health & Safety Management System (OHSMS), was conducted by TUV Nord covering Engineering Facilities Management and revamp site operations, across India.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has in place a Hazard Identification & Risk Assessment (HIRA) framework and Context of Organisation and Risk Management (CORA) system which are used to identify work-related hazards and assess risks on a routine and non-routine basis. Change Management system is also in place at Blue Star.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, any kind of incident is directly reported to the supervisor at the workplace who immediately issues an SOS for post hazard actions which have been established by the Company.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services?

Yes, annual health check-ups are available for 40+ year-old employees and it is mandatory for every employee to undergo the check-up. All employees also have access to healthcare services via Health Insurance. Besides, Mind Matters is a mental health digital platform available for counselling avenues for employees/families, in liaison with Practo. The Company also undertakes basic health check-up of workers deployed at sites on an annual basis.

11. Details of safety related incidents:

Safety is paramount at Blue Star and it is not to be compromised with, at any cost. Blue Star remains committed in its endeavour to ensure and adhere to the highest standards of safety for which regular sensitisation and training workshops are conducted, mock drills are hosted and specific safety interventions are held across Blue Star's offices and manufacturing facilities.

Safety Incident/Number	Category	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million person-hours worked)	Employees	0	0
	Workers	0.13	0.12
Total recordable work-related injuries	Employees	0	0
	Workers	8	6
No. of fatalities	Employees	0	0
	Workers	0	2
High-consequence work-related injury or ill health (excluding fatalities)	Employees	0	0
	Workers	3	2

12. Describe the measures taken by the entity to ensure a safe and healthy work place:

The Company has been meticulous in its approach and efforts towards inculcating a 'safety first' culture within the organisation. Safety training, safety audits and implementation of corrective actions as well as review of current actions were undertaken. The Company's manufacturing facilities at Dadra, Wada, and the two plants in Himachal Pradesh are ISO 45001:2018 certified by TUV Nord. Electro-Mechanical Projects group, Engineering Facilities Management, and Revamp Sites operations are also ISO 45001:2018 certified.

13. Number of complaints on the following made by employees and workers:

	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

With regard to workers accidents during FY23 there were no prosecutions initiated by the Authorities against the Company, and hence there were no formal complaints against the Company.

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)	Audit Conducting Agency
Health and safety practices	100.0%	Integrated Management Systems (IMS) Audit/Corporate Compliance Team Compliance Audit/Grant Thornton Internal Audit etc.
Working Conditions	100.0%	Integrated Management Systems (IMS) Audit/Corporate Legal Team Compliance Audit/Grant Thornton Audit, etc

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

All deviations identified during external and internal audits were promptly addressed and rectified.

Wada Deep Freezer Plant:

1. A double pedal and safety sensor were installed and interlocked with bending machine Amada press brake to avoid human interference.
2. An acrylic guard was provided on the U-Assembly machine to prevent human fingers from entering the same during sheet-bending operation. Training was also imparted to make the operation safer.

Himachal Pradesh Plant:

1. A safety curtain (sensor) was installed and interlocked with CNC tube bending machine to avoid human interference.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

Yes, the Company has in place 'Term Insurance' and accidental insurance for its employees. The workers are covered under the Workmen Compensation Policy.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company has in place a compliance process across regions to ensure that the project associates and the sub-contractors engaged by it deduct and deposit the statutory dues.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY23 (Current Financial Year)	FY22 (Previous Financial Year)	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Employees	0	0	0	0
Workers	3	2	1	1

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes. The Company has in place a policy to facilitate its ex-employees complying with certain criteria to apply for continued association as a Dealer or a Business Associate or a service franchisee.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Top 100 Value Chain Partners were assessed
Working Conditions	Top 100 Value Chain Partners were assessed

6. Details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners:

Project sites:

1. Bangalore International Airport site:
To ensure safety at all times, the following steps have been taken: (a) Competent workmen have been deployed who possess the necessary skills, training and knowledge for handling the equipment; and (b) SoPs are religiously followed and supervision and monitoring is increased during specialised operating activities.
2. K Raheja Corp site:
To ensure safety during scaffolding operations, the following steps are being religiously followed: (a) Scheme drawings are strictly adhered to; (b) Guardrails are set up; (c) Safety harnesses are anchored to lifeline rope or sturdy structure; (d) Prescribed personal protective equipment (PPE) are used; (e) Workmen are checked for medical and physical fitness; (f) A job-specific toolbox talk (TBT) is conducted before any task to address potential hazards and safety procedures; and (g) Adequate supervision is in place to oversee the work and compliance with safety protocols.

PRINCIPLE 4 - BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company has identified its internal and external stakeholders through a stakeholder mapping exercise. The key stakeholders include employees, customers, business associates, suppliers and distributors, shareholders, bankers, debenture holders, analysts, fund managers, regulatory authorities, industry associations and communities around the Company's manufacturing facilities and project sites.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	Yes (Some of the employees will be from lower socio-economic background and differently abled)	Email, newsletters, Intranet, website, mobile applications, open house sessions addressed by Senior Management members, satisfaction surveys and trainings, social media, etc.	Ongoing	<ul style="list-style-type: none"> Update on Company's Strategic Plan and progress against the same; Addressing queries and concerns of Employees; Update on Company's business and governance structure; Action items arising out of satisfaction surveys and plans to implement them; Employees' health and safety; Advisory on retirement and post retirement; Various 'Fun at Work' activities to keep healthy engagement and stress-free work environment.
Customers	No	Emails, in person engagements and meetings, website, web application, call centre, social media, advertisements	Ongoing	<ul style="list-style-type: none"> Updated on products including features, safety and safe usage and disposal; Industry and regulatory updates; Addressing queries and concerns of customers; Service and maintenance.
Business Associates	No	Emails, in person engagements and meetings, website, interactive portal, social media, satisfaction surveys	Ongoing	<ul style="list-style-type: none"> Best practices in project execution; Updates on health and safety practices; Action items arising out of satisfaction surveys and plans to implement them; Training and awareness sessions on technical aspects and ethical practices.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Suppliers and Distributors	No	Emails, in person engagements and meetings, website, interactive portal, social media, satisfaction surveys	Ongoing	<ul style="list-style-type: none"> • Product launches for channel partners; • Update on products including features, safety and disposal; • Update on health and safety practices; • Action items arising out of satisfaction surveys and plans to implement them; • Training and awareness sessions on technical aspects and ethical practices; • Assistance provided in arranging for financing needs to suppliers and distributors from the marginalised sections from banks and lending agencies as appropriate.
Shareholders/ Institutional Investors	No	Emails, earnings call, in person engagements and meetings, website, social media, satisfaction surveys, Annual Report, newspaper communications	Ongoing	<ul style="list-style-type: none"> • Updates on Company’s quarterly performance and medium term outlook; • Major industry developments; • Action items arising out of satisfaction surveys and plans to implement them; • Addressing queries and concerns of shareholders; • Regular in person meetings with investors. • Regulatory updates.
Financiers	No	Emails, in person engagements and meetings, website, social media, Annual Report	Ongoing	<ul style="list-style-type: none"> • Updates on Company’s performance and medium term outlook; • Submissions made in compliance with lending arrangements/agreements; • Updates on major industry developments.
Regulatory Authorities	No	Emails, in person engagements and meetings	Ongoing	<ul style="list-style-type: none"> • Updates on Company’s business and governance structure; • Addressing queries and concerns; • Statutory filings on timely basis; • Industry advocacy; • Sustainability practices; • Addressing environmental and societal concerns.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Industry Associations	No	Emails, in person engagements and meetings	Ongoing	<ul style="list-style-type: none"> • Industry advocacy; • Technical and technology advancements; • Sustainability practices; • Addressing environmental and societal concerns; • Regulatory updates.
Communities around Manufacturing locations and project sites	Yes	In person engagements and meetings	Ongoing	<ul style="list-style-type: none"> • Facilitating employment opportunities; • Skill development; • Initiatives towards health, hygiene and wellness; • Education; • Affirmative action for Scheduled Castes and Scheduled Tribes.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company's Senior Management engages with the relevant stakeholders including Industry Associations, Regulatory Authorities and Communities in and around the manufacturing plants on economic, environmental, and social issues as listed in E2 and provides feedback to the Board on quarterly basis.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, Stakeholder's inputs are obtained as a part of Stakeholder's Engagement which is used to support the identification and management of environmental, and social issues. (For further details, please refer to the section on Relationship Capital and Social Capital respectively, of the Integrated Report)

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

Kindly refer to the Social Capital section of the Integrated Report.

PRINCIPLE 5 - BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:

Respecting and protecting human rights under all circumstances is paramount at Blue Star. The Company through policy advocacy, and fair and transparent business conduct which is clearly enumerated and articulated in its systems and policies, ensures strict adherence to protection of human rights and prevention of any violations thereunder. Blue Star has formulated and adopted a Code of Conduct that is applicable to its vendors, dealers, service providers and employees to address and redress grievances of any nature inter alia including those that may lead to breach of ethics or sexual harassment, etc. This comprises 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 the 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 Vice Chairman and the Managing Directors, in person with the open-door policy in place or through a dedicated email address, which is handled and managed by only the Vice Chairman and the Managing Directors. Following are details pertaining to the same:

Category	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers/ covered (D)	% (D/C)
Employees						
Permanent	2,552	2,423	94.9%	2,219	1,887	85.0%
Other than Permanent	956	-	-	779	-	-
Total Employees	3,508	2,423	69.1%	2,998	1,887	62.9%
Workers						
Permanent	314	314	100.0%	316	316	100.0%
Other than Permanent	2,318	2,318	100.0%	1,760	1,760	100.0%
Total Workers	2,632	2,632	100.0%	2,076	2,076	100.0%

Note: Employees in the 'Other than Permanent' category are also part of the Company's training calendar and the Company is in the process of formally capturing their training schedule.

2. Details of minimum wages paid to employees and workers:

Category	FY23 (Current Financial Year)					FY22 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	2,312	-	-	2,312	100.0%	2,014	-	-	2,014	100.0%
Female	240	-	-	240	100.0%	205	-	-	205	100.0%

Category	FY23 (Current Financial Year)					FY22 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Other than Permanent										
Male	913	15	1.6%	898	98.3%	748	-	-	748	100.0%
Female	43	-	-	43	100.0%	31	-	-	31	100.0%
Workers										
Permanent										
Male	314	-	-	314	100.0%	316	-	-	316	100.0%
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent										
Male	2,304	778	33.8%	1,526	66%	1,760	1,760	100.0%	-	-
Female	14	14	100.0%	-	-	-	-	-	-	-

3. Details of Remuneration/Salary/Wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (₹ in Lakhs)	Number	Median remuneration/ salary/wages of respective category (₹ in Lakhs)
Board of Directors (BoD) [^]	6	36.48	2	26.53 [§]
Key Managerial Personnel	4 ^{**}	474.77	-	-
Employees other than BoD and KMP	2267 ^{***}	10.47	240 ^{***}	7.65
Workers	314	5.88	-	-

[^] Excludes two Managing Directors

[§] Excluding remuneration of Rumjhum Chatterjee who ceased to be a Director of the Company w.e.f. April 25, 2022

^{**} Including two Managing Directors

^{***} The headcount and median is mentioned only for Management staff

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Chief Human Resources Officer is the focal point for addressing human rights impacts or issues caused or contributed to by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Human Rights at Blue Star

- Employee Welfare and Well-being at Blue Star: The Company respects human rights and is committed to ensuring that human rights are protected and governed by the Blue Star Code of Conduct.
- Work Place Harassment and Sexual Harassment: The Company has a zero-tolerance policy against any kind of harassment whether sexual, verbal, physical or an act of exclusion which interferes with an individual's work performance or creates an environment which is hostile, offensive or intimidating.

- The Company ensures that it does not employ children at its workplaces.
- Blue Star’s Code of Conduct also safeguards against forced labour of any kind.
- It is Blue Star’s endeavour to offer equal opportunities to everyone without any discrimination, whether on rolls of Blue Star, contracted labour or workmen or people on third-party contractor rolls working for Blue Star assignments.
- During the challenging times of the COVID-19 pandemic, the Company took care of its employees and ensured that the employees have access to doctors, counsellors and helpline numbers.
- Blue Star has a Whistle Blower policy in place through which employees may report the events which have, or are suspected to have, taken place involving abuse of authority, fraud, leakage of information, illegal commission or kickbacks, manipulation of documents, conflict of interest, any other forms of corrupt practices, violation of the Company’s policies, etc.
- Blue Star ensures a safe and healthy workplace for its employees.
- Open house sessions are hosted regularly to address employee grievances and suggestions.

6. Number of complaints on the following made by employees and workers:

Categories	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	1	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child labour	0	0	NA	0	0	NA
Forced labour/Involuntary labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

Yes, the Company has in place a ‘Protection to the Complainant/Victim’ mechanism.

The Company is committed to ensuring that no employee who brings forward a harassment concern is subject to any form of reprisal. Any reprisal will be subject to disciplinary action. The Company will ensure that victim or witnesses are not victimised or discriminated against while dealing with complaints of sexual harassment. Anyone who abuses the procedure (for example, by maliciously making an allegation knowing it to be untrue) will be subjected to disciplinary action.

8. Do human rights requirements form part of your business agreements and contracts?

- Yes, the Company’s Code of Conduct which enumerates details on human rights requirements, and Blue Star’s core values & beliefs referred to as ‘The Blue Star Way’ are made aware of to the value chain partners while signing agreements and contracts. Adherence with the Code and following the Blue Star way is mandatory in all contracts.
- Statutory compliances are mandatorily followed by the vendor partners.

9. Assessment for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100.0%
Forced/involuntary labour	100.0%
Sexual harassment	100.0%
Discrimination at workplace	100.0%
Wages	100.0%
Others – please specify	NA

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above:

No corrective actions were required as a result of the assessment.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing Human Rights grievances/complaints.

There was no such process modification/introduction required as a result of such assessment.

2. Details of the scope and coverage of any Human Rights due-diligence conducted.

Blue Star releases its Corporate Governance Report as part of the Annual Report. It includes annual assessment of Human Rights issues and policies of the Company, which is an assessment of code of conduct, diversity, corporate safety policy, and ethical business and operational practices.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Some of the offices of the Company are accessible to differently abled visitors. The Company is in the process of setting up necessary arrangements at the other premises.

4. Details on Assessment of Value Chain Partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	The Company lays enhanced thrust on ensuring that the major elements of its Code of Conduct are in some way or the other a part of its contracts and agreements with external stakeholders.
Discrimination at workplace	
Child labour	
Forced labour/Involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above:

No significant risks/concerns arose from the assessment.

PRINCIPLE 6 - BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total electricity consumption (A) (GJ)	65,374.02	54,961.60
Total fuel consumption (B) (GJ)	1,666.58	1,150.55
Energy consumption through other sources (C) (GJ)	2,918.28	455.53
Total energy consumption (A+B+C) (GJ)	69,958.88	56,567.68
Energy intensity per rupee of turnover (GJ per Million ₹) <i>(Total energy consumption/turnover in rupees)</i>	0.95	1.05

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable as none of the facilities have been identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water (kl)	0	0
(ii) Groundwater (kl)	1,01,922	99,747
(iii) Third party water (kl)	2,460	590
(iv) Seawater/desalinated water (kl)	0	0
(v) Others (kl)	40,614	37,111
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,44,996	1,37,448
Total volume of water consumption (in kilolitres)	1,44,996	1,37,448
Water intensity per rupee of turnover <i>(Water consumed/turnover) (kl per Million ₹)</i>	1.97	2.55

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

All the manufacturing facilities of the Company have consented to operate on a zero-discharge basis, since all the wastes generated due to industrial processes are treated onsite. This is ensured through Effluent Treatment Plants (ETP) & Sewage Treatment Plants (STP) which are advanced wastewater treatment methods that are installed at all the manufacturing sites of the Company. The treated water is then used for in house gardening purpose.

5. Please provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Please specify unit	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
NO _x	mg/Nm ³	179.98	236.59
SO _x	mg/Nm ³	92.13	72.42
Particulate matter (PM)	mg/Nm ³	240.91	222.19
Persistent organic pollutants (POP)	-	NA	NA
Volatile organic compounds (VOC)	-	NA	NA
Hazardous air pollutants (HAP)	mg/Nm ³	NA	NA
Others – please specify	-	94.20	130.93

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:

Parameter	Unit	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	-	-
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	3,289.5	506.42
Total Scope 1 and Scope 2 emissions per rupee of turnover (tCO ₂ e/million ₹)	-	0.04	0.01

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The manufacturing plant at Wada has incorporated 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. The plant also installed MW roof-top solar power plant. The Company has also replaced the Refrigerant R 134a having a GWP of 1,300 with R 290 refrigerant in deep freezers with a low GWP of 3. This change has been implemented since March 2018. Further, the Company has taken initiatives to save electricity consumption by implementing sensor-driven lighting in Thane office.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	203.31	128.25
E-waste (B)	6,921.41	4,828.59
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	4.25	-
Radioactive waste (F)	-	-

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Other Hazardous waste. Please specify, if any. (G) ETP Sludge, Waste Cutting Oil, Waste Oil, Empty barrels, liners contaminated with hazardous chemicals/wastes, Chemical sludge from waste water treatment, B 3 Copper	90.45	57.50
Other Non-hazardous waste generated (H) Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) <i>Glass wood, GP Scrap, PP Scrap, MS Scrap, Copper Scrap, Aluminium Scrap, SS Scrap, Electrical Scrap, Wood Scrap</i>	1,918.74	1,687.96
Total (A+B + C + D + E + F + G + H)	9,138.16	6,702.30
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	6,921.41	4,828.59
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	6,921.41	4,828.59
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	6.95	4.26
(iii) Other disposal operations	-	-
Total	6.95	4.26

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)
If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has been filing returns with the Central Pollution Control Board (CPCB) under E-Waste (Management) Rules, 2016, annually. All the waste generated is disposed through authorised recyclers. Zero liquid discharge is ensured through advanced wastewater treatment facilities. The Company has adopted a nano ceramic coating process in the paint shop at its manufacturing sites which has Zero discharge and Zero sludge formation. All chemicals used for and during this process are RoHS compliant. The Company closely monitors the reduction of the use of hazardous substances in the manufacturing of its products. It consistently ensures that the discharge does not, at any given time, contain lead, mercury, cadmium or any such hazardous substances higher than the concentration value permitted by the environmental laws in India.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details:

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
(Not Applicable as none of the offices or operations are present in ecologically sensitive areas)			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
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Not Applicable

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances:

Yes. The entity is compliant with all the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder.

Sr. No.	Specify the law/regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
			None	

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) (GJ)	4,400.82	3,220.71
Total fuel consumption (B) (GJ)	-	-
Energy consumption through other sources (C) (GJ)	-	-
Total energy consumed from renewable sources (A+B+C) (GJ)	4,400.82	3,220.71
From non-renewable sources		
Total electricity consumption (D) (GJ)	60,973.20	51,740.89
Total fuel consumption (E) (GJ)	1,666.58	1,150.54
Energy consumption through other sources (F) (GJ)	-	-
Total energy consumed from non-renewable sources (D+E+F) (GJ)	62,639.78	52,891.43

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

2. Provide the following details related to water discharged:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	NIL	NIL
- No treatment	NIL	NIL
- With treatment – please specify level of treatment	NIL	NIL

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
(ii) To Groundwater	NIL	NIL
- No treatment	NIL	NIL
- With treatment – please specify level of treatment	NIL	NIL
(iii) To Seawater	NIL	NIL
- No treatment	NIL	NIL
- With treatment – please specify level of treatment	NIL	NIL
(iv) Sent to third-parties	NIL	NIL
- No treatment	NIL	NIL
- With treatment – please specify level of treatment	NIL	NIL
(v) Others	NIL	NIL
- No treatment	NIL	NIL
- With treatment – please specify level of treatment	NIL	NIL
Total water discharged (in kilolitres)	NIL	NIL

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

None of our factories or offices withdraw, consume and discharge water in areas of water stress.

4. Please provide details of total Scope 3 emissions & its intensity:

Parameter	Unit	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	Not Applicable	Not Applicable
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent		
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO ₂ equivalent		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment/evaluation/assurance has been carried out by any external agencies.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable as none of the offices or operations are present in ecologically sensitive areas.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives:

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, which includes water harvesting facilities at manufacturing plants. Some of the energy saving reduction initiatives undertaken during the year and their outcome are as follows:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative
1.	Auto Water installed motor Control system	To avoid wastage of water resources	Auto Water Feeding motor control for RO to eliminate water wastage and save power cost
2.	Upgraded the Sewerage Treatment process by enhancing the treatment capacity	Investment of ₹ 20 lakhs to upgrade the sewerage treatment process by enhancing the treatment capacity	Improvements in STP outlet water parameters i.e. COD, BOD, TSS, TDS and Ph etc.
3.	Replaced old DG Set with new CPCG II complying set	Investment of ₹ 27 lakhs for replacement of old DG Set with new CPCG II complying set	Improving and complying with Environmental Parameters PM, CO NO _x & SO ₂
4.	Replaced of one old HPB having hydraulic power pack with new one having servo driven system	Investment of ₹ 60 lakhs replacement of one old HPB having hydraulic power pack with new one having servo driven system	Improved on energy-efficiency by 70% and CO ₂ emission by 571 tons and further eliminating the hydraulic oil which additionally helped improve on hazardous waste under HWM category 5.1 and 33.1
5.	Upgraded of IDU manufacturing process to improve on power cost	Investment of ₹ 80 lakhs for upgradation of IDU manufacturing process to improve on power cost	Improved on power cost/product and carbon footprint by 45%
6.	Zero ODP & Low GWP blowing agent used in puff formation	Blue Star has phased out 141b blowing agent (ODP 0.11 & GWP 0f 725) and replaced with cyclopentane (ODP 0 & GWP 11)	ODP reduced from 0.11 to 0 GWP reduced from 725 to 11
7.	Zero ODP & Low GWP refrigerant used in Deep Freezers	Blue Star has implemented environment friendly R 290 Refrigerant in Deep Freezers in place of R 134a refrigerant	GWP reduced from 1,300 to 3

7. Does the entity have a business continuity and disaster management plan?

The Company has in place a Business Continuity Management Systems Policy and has also formulated Standard Operating Procedures to keep its critical processes operational and continue serving the needs of customers during such disruptions, especially in case of essential services such as Healthcare, Pharma, Banking and Financial Institutions.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

There is no direct impact to the environment arising from the value chain partners of the entity. The Company ensures that the waste is responsibly handled as under -

- The E-Waste is collected and further sent for recycling.
- Mechanisms are in place to prevent leakage of refrigerant gases.
- The Company's energy-efficient products help to reduce energy consumption.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Top 100 value chain partners were assessed for environmental impacts.

PRINCIPLE 7 - BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

Blue Star is very active on the industry front and, through its collaborations with industrial institutions and professional bodies, works towards the betterment of the industry as a whole. The Company aspires to drive a positive change in the industry by way of providing advocacy in matters pertaining to advancement of the industry and public good. The Company also contributes to industrial and trade bodies related to governance and administration, economic reforms, inclusive development policies, energy security, water and food security, sustainable business principles, and others, seeking to create a transformational change. Blue Star’s senior leadership has been offering 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, which are as follows:

- 1. a. **Number of affiliations with trade and industry chambers/associations:**
More than 20.
- b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.**

Sr. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1	American Society of Safety Professionals (ASSP) – India Chapter	National
2	National Safety Council (NSC), India	National
3	ASHRAE	National and State level
4	ISHRAE (Indian Society of Heating, Refrigerating, and Air Conditioning Engineers)	National and State level
5	CII (Confederation of Indian Industries)	National and State level
6	IGBC (Indian Green Building Congress)	National
7	ASSOCHAM - The Associated Chambers of Commerce and Industry of India	National
8	RAMA (Refrigeration and Air-conditioning Manufacturers Association)	National
9	BEE (Bureau of Energy Efficiency)	National
10	BIS (Bureau of Indian Standards)	National
11	Ozone cell - Ministry of Environment & Forest, GoI	National
12	DST (Department of Science and Technology), GoI	National

- 2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
	None	

Leadership Indicators

1. Details of public policy positions advocated by the entity:

Sr. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/Quarterly/ Others – please specify)	Web Link, if available
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Blue Star always aims to direct its efforts towards achieving the objectives of the Indian Government and of its policies. The Company does so in a calibrated manner by engaging with officials of the Government at every level - Centre, State and Local Bodies, as well as supporting organisations, businesses, trade associations, and educational institutions, to develop, grow and nurture relationships that are mutually beneficial, and help achieve the ultimate objectives of public policy.

PRINCIPLE 8 - BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

The Company endeavours to help less privileged, rural and urban communities in the country through its social initiatives. Blue Star's social initiatives are strategically aligned to its domain knowledge and the skill sets of its employees, who are given the opportunity to volunteer in these programmes. In the long term, the Company is committed to Health, Hygiene & Wellness through its products, services, and social initiatives. The programmes are aligned to the UN's Sustainable Development Goals (SDGs), and to the country's development indices. The initiatives focus on holistic interventions in vocational training and upskilling of individuals in air conditioning as well as mechanical, electrical and plumbing services; supporting farmer communities especially women farmer producer companies; hygiene facilities around its manufacturing facilities; and supporting targeted and impact-driven interventions in the fields of education, health, women empowerment, and sustainable development. Blue Star also believes in rapid relief response in partnership with on-ground NGOs during times of national need, such as flood, earthquakes, and the most recent example of the COVID-19 pandemic. Periodic reviews of various projects help monitor the benefits received by the community, and lead to augmenting the projects. The Company's CSR policy demonstrates its commitment towards building a stronger and inclusive India by enabling lives and livelihoods through social and economic development initiatives. 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 Integrated Report.

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. 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. The Company ensures optimum utilisation of its resources and best outcomes from its CSR programs which involves on-site visits, understanding on-ground challenges, etc. In pursuit of this, as a part of the review mechanism, an impact assessment is done by the NGO partners on a periodic basis of various projects undertaken and the same is also reviewed with the CSR team of the Company. However, impact assessment to be done by an independent agency as per Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to the Company or under any applicable laws.

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
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As per applicable laws, SIA is not applicable for any of the projects undertaken by the Company. However, the Company assesses the effectiveness of all projects undertaken voluntarily as a part of Blue Star's way of giving back to society.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

Sr. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
	None of the Company's expansion projects or its operations have caused any displacement of people/disruption of livelihoods					

3. Describe the mechanisms to receive and redress grievances of the community:

The business of the Company is such that it does not affect the community. However, the Plant head and HR head at the Company's manufacturing facilities engage with the communities located in the vicinity on an on-going basis.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Directly sourced from MSMEs/small producers	25%	18%
Sourced directly from within the district and neighbouring districts	11%	12%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No.	State	Aspirational District	Amount spent (In INR)
Not Applicable			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No) - No

(b) From which marginalised/vulnerable groups do you procure? Not Applicable

(c) What percentage of total procurement (by value) does it constitute? Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sr. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1.	Apprenticeship Programmes/NETAP	959 trainees	100.0%
2.	Vocational Training & Workshops	242 trainees	100.0%
3.	Mohan T Advani Scholarships	95 Students	100.0%
4.	Digital Sakshar for Children at Wada	2,600 students	100.0%
5.	Educational support to Tribal Girl Children	25 Girls	100.0%
6.	STEM education through Science Vans	1,200 students	100.0%
7.	Digital Education for Children at Kala Ambh	814 Students	100.0%
8.	Education support to special children	40 Special Children	100.0%
9.	Support to Farming Community for Wellness	249 Farmer families	100.0%
10.	Support to ensure cleanliness and hygiene in Wada	500 households in the Village	100.0%
11.	Support to conduct eye treatment	50 cataract surgeries	100.0%

PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company currently has a defined mechanism which is documented through a policy laying out the flow of redressal of complaints received through toll-free number, customer care app, emails, SMS and WhatsApp. The policy is well defined in terms of the review process of the complaints received, resolved and closed as per the defined timelines. In addition to the policy, the Company also has a digital tool in place, named Star Serve (web & mobile application), which acts as an interface portal for channel partners and service technicians. The Company currently has a process in place wherein the complaints received through call centres and mails are collated and reviewed quarterly for closure.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100.0%
Safe and responsible usage	100.0%
Recycling and/or safe disposal	100.0%

3. Number of consumer complaints in respect of the following:

	FY23 (Current Financial Year)		Remarks	FY22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	41	*68	-	13	*59	-
Other	-	-	-	-	-	-

* Total pending consumer court cases as at the end of the respective financial year, includes cases pending from previous years that were not closed.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	NIL	
Forced recalls		

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

The Company has an Information Security Policy in place which ensures that all employees within the organisation's domain abide by the provisions of the policy regarding the security of data stored digitally within its boundaries. It is also the commitment of the organisation to ensure information is kept confidential and secured.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

For issues related to delivery of essential services, the Company takes the following corrective actions:

- Monthly MIS on escalation % trend, escalation resolution TAT, RCA, Top Branches and Dealers is updated and published to all stakeholders.
- Corrective actions are also taken through the portal through ticket resolutions. Corrective action letters are issued to the respective distributors and dealers dealing with consumer complaints.

For issues related to advertising on complaints received by ASCI, the Company takes corrective action as per ASCI's direction and implementing the changes as suggested.

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information on products and services of the entity can be accessed at the Company's website at <https://www.bluestarindia.com/>. The product information can also be found on the social media handles of the Company.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The authorised channel partners of the Company are constantly informed about the safe usage of the Company's products which is in turn communicated to the end users as well. Responsible usage intimation of the Company's products is also carried out during the periodic service that takes place at the customer site. All the product manuals issued by the Company mention in detail about the product handling and usage.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The Company ensures that services to the essential services sector such as healthcare and public delivery are not disrupted. The Company's officials inform the channel partners of any potential disruption in services. For instance, the Company continued to provide services during the COVID-19 pandemic.

The Company also has a facility for remote monitoring of chillers installed at the customer's premises which is used to alert the customers and help them mitigate any potential disruption.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. The product information is displayed as per the mandates; the Company displays additional information depending on the type of products: like the type of refrigerant; type of air conditioner – Inverter or fixed speed; customer service information; safety instructions; details on the blowing agent for commercial refrigeration products, etc.

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along with impact
- b. Percentage of data breaches involving personally identifiable information of customers

The Company did not have any incidents of data breach related to customer information.

INDEPENDENT AUDITOR'S REPORT on Consolidated Financial Statements

To The Members of Blue Star Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blue Star Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accounting for fixed price contracts:</p> <p>Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations.</p> <p>(Refer Note 15, 23, 27 and 52)</p>	<p>Principal audit procedures performed:</p> <ol style="list-style-type: none"> assessed the appropriateness of the accounting policy for recognizing revenue on fixed price contracts with the requirements of Ind AS 115. evaluated the design and implementation of internal controls over recording of actual cost till date and estimation of total cost required to complete the performance obligations. tested the operating effectiveness of the said internal controls for a selected sample of contracts. verified the Company's measurement of the actual cost till date and the total estimated cost for completion of performance obligations for a selected sample of contracts. performed substantive tests on a sample of contracts to identify, if any, significant variations in actual costs till date and total costs required to complete the performance obligations and verified whether the revenue was recognised based on such costs after considering the effects of variations, if any, in the total costs required to complete the performance obligations. identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Assessment of the carrying value of trade receivables and contract assets:</p> <p>The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment.</p> <p>(Refer Note 12 and 15)</p>	<p>Principal audit procedures performed:</p> <p>i. evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets.</p> <p>ii. tested the operating effectiveness of the said internal controls for selected samples.</p> <p>iii. scrutinised a sample of receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties to make payment based on passage of time and/ or information available with management.</p> <p>iv. verified subsequent receipts for selected samples, post balance sheet date.</p> <p>v. verified the management's estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.</p>

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board's Report, Management Discussion and Analysis, Business Responsibility Report and the Dynamics of Blue Star's Growth (herein after referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, and a joint venture, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to

the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and of its joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of three subsidiaries, whose financial statements / financial information reflect total assets of ₹ 193.89 crores as at March 31, 2023, total revenues of ₹ 151.13 crores and net cash (outflows) amounting to ₹ 6.43 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 0.40 crores for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management.

These subsidiaries and joint venture are located outside India whose financial statements / financial and other information have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by the other auditors under generally accepted auditing standards applicable in such countries. The Parent's management has converted these financial statements from accounting principles generally accepted in respective countries to accounting principles generally accepted in India, where applicable. We have audited these conversion adjustments made by the Parent's management. Our report on the financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and the joint venture is based solely on the reports of the other auditors, the conversion adjustments prepared by the Management of the Parent and audited by us, and the procedures performed by us as stated under Auditor's Responsibilities section above.

(b) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 4.48 crores as at March 31, 2023, total revenues of ₹ Nil and net cash inflows amounting to ₹ 4.01 crores for the year ended on that date, as considered in the consolidated financial statements.

These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according

to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

(c) The consolidated financial statements also include the Group's share of net profit of ₹ Nil for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements / financial information have not been audited by us. The carrying amount of investment is fully provided for by the Group. In our opinion and according to the information and explanations given to us by the Board of Directors, having regards to the above, this entity is not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries and joint ventures referred to in the Other Matters section above we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the

Company and the reports of the statutory auditors of subsidiary companies and joint venture companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its joint ventures - Refer Note 38 to the consolidated financial statements;
 - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 24 to the consolidated financial statements;
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.
 - iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the

Act, have represented to us, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Parent or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The final dividend proposed in the previous year, declared and paid by the Parent Company during the year is in accordance with section 123

of the Act, as applicable.

As stated in note 18 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent and its subsidiaries which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules,

2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora

Partner

(Membership No. 100459)
(UDIN: 23100459BGXJHD4235)

Place: Atlanta, USA
Date : May 04, 2023

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Blue Star Limited (hereinafter referred to as “the Parent”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company’s internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with

authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora

Partner

(Membership No.100459)
(UDIN: 23100459BGXJHD4235)

Place: Atlanta, USA

Date : May 04, 2023

CONSOLIDATED BALANCE SHEET as at March 31, 2023

(₹ in crores)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
A ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	4	705.97	305.53
(b) Capital work-in-progress	4	60.93	145.09
(c) Investment property	5	10.32	11.07
(d) Right-of-use assets	6	83.64	74.53
(e) Intangible assets	7	58.96	41.67
(f) Intangible assets under development	7	22.39	7.20
(g) Financial assets			
(i) Investments	8	18.22	17.31
(ii) Loans	9	4.69	3.34
(iii) Other financial assets	10	20.18	15.78
(h) Income tax assets (net)	26	68.81	71.49
(i) Deferred tax assets (net)	26	7.94	27.57
(j) Other non-current assets	15	86.40	108.63
Total non-current assets		1,148.45	829.21
2. Current assets			
(a) Inventories	11	1,433.39	1,144.24
(b) Financial assets			
(i) Investments	8	129.88	145.03
(ii) Trade receivables	12	1,548.82	1,189.74
(iii) Cash and cash equivalents	13	243.33	265.65
(iv) Other bank balances	14	3.94	4.01
(v) Loans	9	1.92	3.18
(vi) Other financial assets	10	13.97	18.93
(c) Other current assets	15	873.73	706.75
Non-current assets held for sale	4	1.63	5.90
Total current assets		4,250.61	3,483.43
Total Assets		5,399.06	4,312.64
B EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	16	19.26	19.26
(b) Other equity	17	1,311.39	998.32
Equity attributable to owners of the company		1,330.65	1,017.58
(c) Non-controlling interest		3.19	2.96
Total equity		1,333.84	1,020.54
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	161.74	241.57
(ii) Lease liabilities	21	63.41	51.91
(b) Provisions	24	11.41	10.06
(c) Government grants	25	7.57	6.96
(d) Other non-current liabilities	23	37.34	12.40
Total non-current liabilities		281.47	322.90
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	415.90	236.26
(ii) Lease liabilities	21	20.90	23.96
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	20	160.53	104.71
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	20	2,350.63	1,936.96
(iv) Other financial liabilities	22	49.06	35.04
(b) Provisions	24	65.00	60.82
(c) Government grants	25	1.08	2.74
(d) Current tax liabilities	26	14.83	9.86
(e) Other current liabilities	23	705.82	558.85
Total current liabilities		3,783.75	2,969.20
Total Equity and Liabilities		5,399.06	4,312.64

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

3
1 to 53

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Ketan Vora

Partner

Membership No. 100459

Atlanta, USA: May 04, 2023

For and on behalf of the Board of Directors of
BLUE STAR LIMITED**Shailesh Haribhakti****Vir S Advani****Nikhil Sohoni****Rajesh Parte**

Mumbai: May 04, 2023

Chairman

Vice Chairman and Managing Director

Group Chief Financial Officer

Company Secretary

DIN: 00007347

DIN: 01571278

CONSOLIDATED STATEMENT OF PROFIT & LOSS for the year ended March 31, 2023

(₹ in crores)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	27	7,977.32	6,064.08
Other income	28	30.87	35.72
Total income (I)		8,008.19	6,099.80
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	5,020.14	3,680.48
Purchase of stock-in-trade	29	1,346.86	1,103.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(185.33)	(50.94)
Employee benefits expense	30	591.44	508.55
Finance costs	31	54.70	46.40
Depreciation and amortisation expense	32	84.78	85.98
Other expenses	33	711.43	475.88
Total expenses (II)		7,624.02	5,849.99
Profit before share of profit of joint ventures, exceptional items and tax (I-II)		384.17	249.81
Share of profit of joint ventures		0.40	1.09
Profit before exceptional items and tax		384.57	250.90
Exceptional items	34	170.81	-
Profit before tax		555.38	250.90
Tax expense			
i) Current tax	26	135.03	62.98
ii) Deferred tax	26	19.66	19.92
Total tax expenses		154.69	82.90
Profit for the year		400.69	168.00
Other comprehensive income			
(A) Item that will not to be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(0.18)	(0.13)
Income tax effect	26	0.06	-
(B) Item to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		9.04	3.35
Income tax effect	26	-	-
		8.92	3.22
Total comprehensive income for the year		409.61	171.22
Attributable to:			
Owners of the parent		409.14	170.84
Non-controlling interests		0.47	0.38
Of the total comprehensive income above, profit for the year attributable to:			
Owners of the parent		400.46	167.71
Non-controlling interests		0.23	0.29
Of the total comprehensive income above, other comprehensive income attributable to:			
Owners of the parent		8.68	3.13
Non-controlling interests		0.24	0.09
Earnings per share (face value of ₹2 per share)	35		
Basic (in ₹)		41.60	17.44
Diluted (in ₹)		41.60	17.44
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.	1 to 53		

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Ketan Vora
Partner
Membership No. 100459
Atlanta, USA: May 04, 2023

For and on behalf of the Board of Directors of
BLUE STAR LIMITED
Shailesh Haribhakti Chairman
Vir S Advani Vice Chairman and Managing Director
Nikhil Sohoni Group Chief Financial Officer
Rajesh Parte Company Secretary
Mumbai: May 04, 2023

DIN: 00007347
DIN: 01571278

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2023

(A) Equity share capital

For the year ended March 31, 2023

(₹ in crores)

Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2023
19.26	-	-	-	19.26

For the year ended March 31, 2022

(₹ in crores)

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
19.26	-	-	-	19.26

(B) Other equity

For the year ended March 31, 2023

(₹ in crores)

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Other comprehensive income		Total other equity
							Remeasurement of defined benefit plan (refer note 17)	Foreign currency translation reserve (refer note 17)	
Balance as at April 1, 2022	210.15	2.34	0.60	43.43	152.21	592.64	(9.58)	6.53	998.32
Profit for the year	-	-	-	-	-	400.46	-	-	400.46
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	(0.12)	9.04	8.92
Total comprehensive income for the year						400.46	(0.12)	9.04	409.38
Dividend (refer note 18)	-	-	-	-	-	(96.31)	-	-	(96.31)
Balance as at March 31, 2023	210.15	2.34	0.60	43.43	152.21	896.79	(9.70)	15.57	1,311.39

For the year ended March 31, 2022

(₹ in crores)

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Other comprehensive income		Total other equity
							Remeasurement of defined benefit plan (refer note 17)	Foreign currency translation reserve (refer note 17)	
Balance as at April 1, 2021	210.15	2.34	0.60	43.43	152.21	463.46	(9.45)	3.18	865.92
Profit for the year	-	-	-	-	-	167.71	-	-	167.71
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(0.13)	3.35	3.22
Total comprehensive income for the year	-	-	-	-	-	167.71	(0.13)	3.35	170.93
Dividend (refer note 18)	-	-	-	-	-	(38.53)	-	-	(38.53)
Balance as at March 31, 2022	210.15	2.34	0.60	43.43	152.21	592.64	(9.58)	6.53	998.32

Summary of significant accounting policies

Refer note 3

The accompanying notes are an integral part of the financial statements. Refer note 1 to 53

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Ketan Vora

Partner

Membership No. 100459

Atlanta, USA: May 04, 2023

For and on behalf of the Board of Directors of

BLUE STAR LIMITED

Shailesh Haribhakti

Chairman

DIN: 00007347

Vir S Advani

Vice Chairman and Managing Director

DIN: 01571278

Nikhil Sohoni

Group Chief Financial Officer

Rajesh Parte

Company Secretary

Mumbai: May 04, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended March 31, 2023*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	555.38	250.90
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	84.78	85.98
Finance cost	54.70	46.40
Rental income	(1.12)	(1.02)
Interest income	(5.47)	(14.42)
Gain on sale of mutual fund	(10.34)	(2.68)
Net unrealised foreign exchange (gain) / loss	1.54	0.05
Loss on sale of property, plant and equipment other than freehold land	6.95	0.65
Profit on sale of freehold land (exceptional item)	(170.81)	-
Deferred income arising from government grant	(3.27)	(3.11)
Share of profit of joint venture	(0.40)	(1.09)
Net (gain) / loss on financial assets measured at fair value through profit & loss (FVTPL)	0.01	0.26
Bad debts written off and provision for doubtful debts	65.76	26.57
Provisions and liabilities written back	(30.14)	(25.54)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	547.57	362.95
Adjustment for movement in working capital:		
(Increase)/decrease in trade receivables	(406.03)	(394.63)
(Increase)/decrease in Inventories	(289.12)	(261.82)
(Increase)/decrease in other assets / financial assets	(177.46)	(177.44)
Increase/(decrease) in trade payables	488.56	456.17
Increase/(decrease) in other liabilities	169.75	128.31
Increase/(decrease) in government grants	2.22	1.65
Increase/(decrease) in provisions	4.55	11.20
Cash generated from operations	340.04	126.39
Income taxes paid	(92.66)	(38.99)
Net cash generated from operating activities (A)	247.38	87.40
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and other intangible assets [Including capital work-in-progress and intangible assets under developments]	(360.36)	(217.94)
Proceeds from sale of property, plant and equipment	7.41	-
Proceeds from sale of freehold land (exceptional item)	170.83	-
Direct taxes paid on sale of freehold land	(34.81)	-
Sale of current investment	25.48	136.70
Rent received	1.12	1.02
Interest received	8.67	11.21
Net cash used in investing activities (B)	(181.66)	(69.01)
Balance carried forward	65.72	18.39

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance brought forward	65.72	18.39
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment of) short term borrowings (net)	179.85	(43.63)
Proceeds from non-current borrowings	93.17	68.57
Repayment of non-current borrowings	(175.00)	(3.20)
Repayment of lease liabilities	(26.37)	(24.27)
Finance cost paid	(66.36)	(41.07)
Dividend paid to owners of the company	(96.37)	(38.77)
Net cash used in financing activities (C)	(91.08)	(82.37)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(25.36)	(63.98)
Cash and cash equivalents at the beginning of the year	265.65	327.93
Effects of exchange differences on restatement of foreign currency cash & cash equivalents	3.04	1.70
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	243.33	265.65
CASH AND CASH EQUIVALENTS COMPRISES OF:		
Balances with banks:		
– In current accounts	144.36	154.15
– In fixed deposits	98.39	110.99
Cash on hand	0.58	0.51
Balance as per statement of cash flows	243.33	265.65

Note: The above Statement of cash flows has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Ketan Vora
Partner
Membership No. 100459
Atlanta, USA: May 04, 2023

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Nikhil Sohoni	Group Chief Financial Officer	
Rajesh Parte	Company Secretary	

Mumbai: May 04, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2023

1. CORPORATE INFORMATION

Founded in 1943 by Mr. Mohan T Advani, Blue Star Limited (“the parent”) is a public listed company and India’s leading air conditioning, commercial refrigeration, and MEP (Mechanical, Electrical, Plumbing, and Fire-fighting) contracting company. As an expert in cooling, Blue Star offers a plethora of cooling solutions and has also made inroads into water and air purification, engineering facilities management, commercial kitchen, and healthcare refrigeration. The Company’s integrated business model of a Manufacturer; Engineering, Procurement, and Construction (EPC) services provider; and After-sales service provider enables it to offer comprehensive solutions for the residential, commercial, and infrastructure segments.

During the current financial year, one the wholly owned subsidiary company Blue Star Climatech Limited has commenced their commercial production from January 01, 2023.

Further to the above, three wholly owned Subsidiary Companies named “Blue Star North America INC”, “Blue Star Europe BV” and “Blue Star Innovation Japan LLC” incorporated on September 22, 2022, November 28, 2022 and February 20, 2023 respectively.

The financial statements of the Group were approved by its Board of Directors on May 04, 2023.”

2. STATEMENT OF COMPLIANCE

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and presentation

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

(b) Basis of consolidation

Subsidiaries:

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of

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

Investments in joint ventures:

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

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

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

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

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

(d) Revenue recognition

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

i. Revenue from sale of products:

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

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

ii. Revenue from construction contracts:

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

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

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

iii. Revenue from sale of services:

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

iv. Dividend and Interest income:

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

v. Rental income:

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

(e) Government grant

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

(f) Employee benefits

Short-term benefits:

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

Retirement benefits

Defined contribution plan:

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

Defined benefit plan:

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

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

Other long-term employee benefits:

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

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

(g) Leases

As a lessee

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

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

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

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

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

As a lessor

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

(h) Foreign currencies

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

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

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

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

(i) Taxes

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

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on

tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

i. Current income tax

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

ii. Deferred tax

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

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

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

(j) Exceptional items

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

(k) Property, plant and equipment

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

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

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

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

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

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

Freehold land is not depreciated.

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

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

With effect from October 1, 2022, the Group has revised the method of depreciation on property, plant and equipment (PPE) from Written Down Value (WDV) method to Straight Line Method (SLM) based on technical assessment done by independent technical consultants with regards to estimated useful lives of the assets and pattern of economic benefits expected to be generated from these assets. This change in depreciation method has resulted

in lower depreciation expense in the Statement of Profit and Loss by ₹18.11 crores for the year ended March 31, 2023. It is impracticable to estimate the impact of above change on the future periods.

(l) Intangible assets

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

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

The useful lives of intangible assets are as mentioned below:

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

Research and development costs

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

(m) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including

transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

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

(n) Impairment of non-financial assets

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

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

(o) Financial instruments

Recognition and initial measurement

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

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

Financial assets**Cash and cash equivalents**

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

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

Financial assets at amortised cost

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

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

Trade receivables

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss
Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction costs

directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities and equity instruments**Financial liabilities at fair value through profit or loss**

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

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

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

Other financial liabilities

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

Equity instruments

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

Derivative financial instruments

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

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

Derecognition of financial instruments

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

Fair value measurement

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(p) Inventories

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

(q) Provisions and contingencies**Provisions**

A provision is recognised when the Group has a

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

Warranty provisions

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

Contingencies

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

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

(r) Segment reporting

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

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

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

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

(s) Earnings per share

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

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

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

(t) Borrowing costs

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

Recent accounting pronouncements issued but not yet effective

The Ministry of Corporate Affairs (MCA) has notified, Companies (Indian Accounting Standard) Amendment

Rules, 2023 on March 31, 2023 to amend certain Ind AS's which are effective from April 01, 2023. Summary of such amendments are given below:

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Land - freehold	Buildings	Plant and equipment	Leasehold improvements	Furniture & fixtures	Office equipment	Vehicles	Computers	Total
Cost									
As at April 1, 2021	15.35	103.43	275.55	7.13	14.99	7.65	27.15	30.64	481.89
Additions during the year	-	8.17	54.42	18.67	1.69	2.09	5.55	0.87	91.46
Disposals/transfers during the year	-	(3.93)	(5.55)	-	(1.17)	(0.96)	(1.23)	(0.24)	(13.08)
Foreign currency translation	-	0.06	0.08	0.03	0.05	0.02	0.20	0.08	0.52
As at March 31, 2022	15.35	107.73	324.50	25.83	15.56	8.80	31.67	31.35	560.79
As at April 1, 2022	15.35	107.73	324.50	25.83	15.56	8.80	31.67	31.35	560.79
Additions during the year	-	172.30	252.66	6.91	3.87	7.99	17.08	2.04	462.85
Disposals/transfers during the year	(0.02)	(5.74)	(14.75)	(0.70)	(3.41)	(2.16)	(5.19)	(1.27)	(33.24)
Reclassification during the year	-	0.64	1.16	(1.12)	-	(0.68)	-	-	-
Foreign currency translation	-	0.04	0.03	0.06	0.04	0.05	0.06	0.04	0.32
As at March 31, 2023	15.33	274.97	563.60	30.98	16.06	14.00	43.62	32.16	990.72
Accumulated depreciation									
As at April 1, 2021	-	37.26	117.11	4.45	8.98	4.89	14.16	25.81	212.66
Additions during the year	-	(0.09)	(3.17)	-	(0.62)	(0.56)	(0.88)	(0.21)	(5.53)
Disposals/transfers during the year	-	7.88	29.61	1.39	1.52	1.17	4.36	2.20	48.13
As at March 31, 2022	-	45.05	143.55	5.84	9.88	5.50	17.64	27.80	255.26
As at April 1, 2022	-	45.05	143.55	5.84	9.88	5.50	17.64	27.80	255.26
Disposals/transfers during the year	-	(0.46)	(10.99)	(0.56)	(3.34)	(2.10)	(4.05)	(1.23)	(22.73)
Provided during the year (refer note 3)	-	7.26	32.53	1.93	1.27	1.60	6.03	1.60	52.22
As at March 31, 2023	-	51.85	165.09	7.21	7.81	5.00	19.62	28.17	284.75
Net book value									
As at March 31, 2023	15.33	223.12	398.51	23.77	8.25	9.00	24.00	3.99	705.97
As at March 31, 2022	15.35	62.68	180.95	19.99	5.68	3.30	14.03	3.55	305.53

(₹ in crores)

Non-current assets held for sale	As at March 31, 2023	As at March 31, 2022
Opening: Non-current assets held for sale	5.90	0.08
Additions during the year	2.51	5.82
Discard and disposals made during the year	(6.78)	-
Less: Impairment allowance	-	-
Closing: Non-current assets held for sale	1.63	5.90

5. INVESTMENT PROPERTY*(₹ in crores)*

Particulars	Building
Cost	
As at April 1, 2021	17.91
Additions during the year	-
Disposals/transfers during the year	-
As at March 31, 2022	17.91
Additions during the year	-
Disposals/transfers during the year	-
As at March 31, 2023	17.91
Depreciation	
As at April 1, 2021	5.96
Additions during the year	0.88
As at March 31, 2022	6.84
Additions during the year	0.75
As at March 31, 2023	7.59
Net Book Value	
As at March 31, 2023	10.32
As at March 31, 2022	11.07
Fair Value # (refer note 43)	
At March 31, 2023	34.88
At March 31, 2022	32.76

#Valuation is based on fair value assessment done by registered valuer as defined under rule 2 of Companies (Register Valuers and Valuation), Rules 2017

Assets given on operating lease**(i) The Group has entered into lease arrangements, for renting the following:**

Category of assets	Area (sq. ft.)	Period
Building (Sahas)	2,050	5 years
Building (Sahas_ATG Business)	5,200	Upto December 2022

(ii) Disclosure in respect of assets given on operating lease included in following heads:*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Investment property	*	*

* Indicates amount less than ₹ 1 lakh.

Movement in Fair Valuation of investment property

Particulars	(₹ in crores)
As at March 31, 2022	32.76
Increase in Fair Valuation	2.12
As at March 31, 2023	34.88

Information regarding income & expenditure of investment property

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rental income derived from investment property	1.12	1.02
Direct operating expenses (including repairs and maintenance) associated with rental income	-	-
Profit arising from investment property before depreciation and indirect expenses	1.12	1.02
Less - Depreciation	(0.75)	(0.88)
Profit arising from investment property before indirect expenses	0.37	0.14

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

6. RIGHT-OF-USE ASSETS

(₹ in crores)

Particulars	Land - leasehold	Building	Total
Cost			
As at April 1, 2021	3.41	74.88	78.29
Additions during the year	-	45.43	45.43
Disposals/transfers during the year	-	(4.63)	(4.63)
As at March 31, 2022	3.41	115.68	119.09
As at April 1, 2022	3.41	115.68	119.09
Additions during the year	1.29	27.82	29.11
As at March 31, 2023	4.70	143.50	148.20
Accumulated depreciation			
As at April 1, 2021	0.13	28.09	28.22
Disposals/transfers during the year	-	(1.90)	(1.90)
Provided during the year	0.03	18.21	18.24
As at March 31, 2022	0.16	44.40	44.56
As at April 1, 2022	0.16	44.40	44.56
Provided during the year	0.04	19.96	20.00
As at March 31, 2023	0.20	64.36	64.56
Net book value			
As at March 31, 2023	4.50	79.14	83.64
As at March 31, 2022	3.25	71.28	74.53

7. INTANGIBLE ASSETS

(₹ in crores)

Particulars	Technical knowhow	Software	Total
Cost			
As at April 1, 2021	61.16	88.62	149.78
Additions during the year	3.15	4.94	8.09
As at March 31, 2022	64.31	93.56	157.87
As at April 1, 2022	64.31	93.56	157.87
Additions during the year	20.43	12.29	32.72
Disposals/transfers during the year	-	(0.05)	(0.05)
As at March 31, 2023	84.74	105.80	190.54
Amortisation			
As at April 1, 2021	43.42	54.05	97.47
Provided during the year	7.28	11.45	18.73
As at March 31, 2022	50.70	65.50	116.20
As at April 1, 2022	50.70	65.50	116.20
Disposals/transfers during the year	-	(0.05)	(0.05)
Provided during the year	4.83	10.60	15.43
As at March 31, 2023	55.53	76.05	131.58
Net book value			
As at March 31, 2023	29.21	29.75	58.96
As at March 31, 2022	13.61	28.06	41.67

8. INVESTMENT IN JOINT VENTURES

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
I. Non-current investments		
Investment in equity instruments		
Unquoted (accounted under equity method)		
Investment in joint ventures (refer note 39 & 41)		
367,500 (March 31, 2022 : 367,500) fully paid equity shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	18.22	17.31
255,000 (March 31, 2022 : 255,000) fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC (refer note a. below)	-	-
Total non-current investments	18.22	17.31
II. Current investments		
Unquoted investment in mutual funds		
Investment in mutual funds		
Growth scheme		
38,154 Units (March 31, 2022 : 1,30,881 Units) in HDFC Mutual Fund	13.20	45.01
Nil Units (March 31, 2022 : 4,75,990 Units) in ICICI Prudential Mutual Fund	-	15.01
Nil Units (March 31, 2022 : 45,018 Units) in SBI Mutual Fund	-	15.00
78,662 Units (March 31, 2022 : Units Nil) in UTI Mutual Fund	24.14	-
3,04,193 Units (March 31, 2022 : 11,20,197 Units) in Aditya Birla Mutual Fund	25.18	70.01
2,54,832 Units (March 31, 2022 : Units Nil) in Axis Mutual Fund	30.20	-
3,10,716 Units (March 31, 2022 : Units Nil) in Kotak Mutual Fund	37.16	-
Total current investments	129.88	145.03

Note: a. Investment in joint venture - Blue Star Oman Electro- Mechanical Co. LLC

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in joint venture - Blue Star Oman Electro - Mechanical Co. LLC.	4.34	4.34
Less : Impairment loss (refer note 9.3 below)	(4.34)	(4.34)
Balance	-	-

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in crores)

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Loans to employees, considered good	4.69	3.34	1.92	3.18
Loan to joint venture (related party - refer note 39)	4.46	4.46	-	-
Less : Allowance for doubtful loan (refer point no. 3 below)	(4.46)	(4.46)	-	-
Total loans	4.69	3.34	1.92	3.18

- The Group has not made loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture. The Company has made an application to the Reserve Bank of India for its approval for a write-off of loans and investment in this Joint Venture under the provisions of the Foreign Exchange Management Act.

10. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Security deposits, considered good	14.59	8.59	13.97	18.82
Security deposits, credit impaired	-	-	1.45	0.96
Less : Allowance for doubtful deposits	-	-	(1.45)	(0.96)
Security deposits (net)	14.59	8.59	13.97	18.82
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	#	0.11
Non-current bank balances (including accrued interest thereon)*	5.59	7.19	-	-
Total other financial assets	20.18	15.78	13.97	18.93

Indicates amount less than ₹ 1 lakh.

*Margin money deposits with a carrying amount of ₹ 5.59 crores (As at March 31, 2022 : ₹ 7.19 crores) are subject to a first charge as security deposit with customers.

****Foreign exchange forward contracts**

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

11. INVENTORIES

(Valued at lower of cost or net realisable value)

(₹ in crores)

Particulars	As at	
	March 31, 2023	March 31, 2022
Raw materials & components [includes in transit : ₹ 78.29 crores (March 31, 2022 : ₹ 44.25 crores)]	536.91	434.93
Work-in-progress	101.27	78.92
Finished goods	296.29	218.61
Stock-in-trade	427.45	342.15
Stores and spares	71.47	69.63
Total inventories	1,433.39	1,144.24

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹ 65.69 crores (March 31, 2022 : ₹ 71.19 crores)

The above inventory values are net of provisions made of ₹ 18.89 crores (March 31, 2022 ₹ 15.67 crores) for slow moving, obsolete and defective inventory.

During the year, write down on value of inventory of ₹ 3.22 (March 31, 2022 ₹ 4.64 crores) recognised in statement of profit and loss.

12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
Trade receivables considered good - unsecured	1,624.23	1,253.90
Trade receivables - credit impaired	52.58	42.71
	1,676.81	1,296.61
Less : Allowance for doubtful debts and credit loss	(127.99)	(106.87)
Total trade receivables	1,548.82	1,189.74

- (i) Trade receivables are on non interest bearing credit terms and the credit period of the products are determined by the type of the products. In case of long term construction contracts, payment is generally due upon completion of milestone as per terms of contract. In certain contracts, short term advances are received as per payment terms in the contract, before the performance obligation is satisfied.
- (ii) The Group applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables and contract assets. The Group follows the simplified approach for recognition of impairment allowance on trade receivables and contract assets. The application of the simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment allowance based on lifetime ECLs at each reporting date. ECL impairment loss allowance recognised during the period is recognised in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Ageing of Trade receivables*(₹ in crores)*

Particulars	As at March 31, 2023						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	651.91	675.62	88.87	94.92	4.34	107.27	1,622.93
Trade receivables - credit impaired	-	0.78	18.32	3.17	2.74	25.62	50.63
	651.91	676.40	107.19	98.09	7.08	132.89	1,673.56
Disputed							
Trade receivables considered good - unsecured	-	-	-	-	0.12	1.18	1.30
Trade receivables - credit impaired	-	-	-	-	-	1.95	1.95
	-	-	-	-	0.12	3.13	3.25
Total trade receivables	651.91	676.40	107.19	98.09	7.20	136.02	1,676.81
Allowance for doubtful debts and credit loss							(127.99)
Total trade receivables	651.91	676.40	107.19	98.09	7.20	136.02	1,548.82

Ageing of Trade receivables*(₹ in crores)*

Particulars	As at March 31, 2022						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	483.06	551.17	80.08	46.60	22.82	67.37	1,251.10
Trade receivables - credit impaired	-	0.10	0.17	0.46	3.28	33.54	37.55
	483.06	551.27	80.25	47.06	26.10	100.91	1,288.65
Disputed							
Trade receivables considered good - unsecured	-	0.02	0.18	0.24	0.18	2.18	2.80
Trade receivables - credit impaired	-	-	-	-	0.11	5.05	5.16
	-	0.02	0.18	0.24	0.29	7.23	7.96
Total trade receivables	483.06	551.29	80.43	47.30	26.39	108.14	1,296.61
Allowance for doubtful debts and credit loss							(106.87)
Total trade receivables							1,189.74

The movement for allowance for doubtful debts and credit loss during the year in respect of trade receivables containing significant credit risk are as follows : (₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balances as on 1 st April	106.87	103.88
Impairment loss recognised	53.47	27.99
Less : Allowances provided earlier written off as bad debts	(32.35)	(25.00)
Closing balance as on 31st March	127.99	106.87

13. CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Balances with banks :		
– In current accounts	144.36	154.15
– In fixed deposits	98.39	110.99
Cash on hand	0.58	0.51
Total cash and cash equivalents	243.33	265.65

14. OTHER BANK BALANCES

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Other bank balances		
- Unpaid dividend*	3.85	3.91
- Cash & bank balance not available for immediate use	0.09	0.10
Total other bank balances	3.94	4.01

* The Group can utilise these balances only towards settlement of unpaid dividend and fractional shares.

15. OTHER ASSETS

(₹ in crores)

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Contract assets	-	-	602.58	464.70
Less : Allowance for doubtful contract assets	-	-	(26.22)	(20.60)
Net contract assets	-	-	576.36	444.10
Retention	-	-	73.30	85.39
Capital advances	27.18	58.34	-	-
Balance with statutory authorities	52.79	38.13	95.49	90.04
Less : Allowance for doubtful deposits	(5.80)	(5.80)	-	-
Balance with statutory authorities (Net)	46.99	32.33	95.49	90.04
Vendor advances	-	-	65.39	45.27
Less : Allowance for doubtful vendor advance	-	-	(1.00)	(1.00)
Vendor advances (Net)	-	-	64.39	44.27
Prepaid expenses	12.23	17.96	59.84	36.34
Government grant receivable	-	-	4.35	6.61
Total other assets	86.40	108.63	873.73	706.75

The movement for allowance for doubtful contract assets during the year are as follows :*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balances as on 1 st April	20.60	27.99
Impairment loss recognised/reversed	10.80	1.25
Less : Allowances provided earlier written off	(5.18)	(8.64)
Closing balances as on 31st March	26.22	20.60

Categorisation of financial assets :*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
At fair value through profit or loss		
Investments (refer note 8)	129.88	145.03
Other financial assets (refer note 10)	*	0.11
Total at fair value	129.88	145.14
At amortised cost		
Trade receivables (refer note 12)	1,548.82	1,189.74
Cash and cash balances (refer note 13 and 14)	247.27	269.66
Loans (refer note 9)	6.61	6.52
Other financial assets (refer note 10)	34.15	34.60
Total financial assets at amortised cost	1,836.85	1,500.52

* Indicates amount less than ₹ 1 lakh.

The carrying amount of financial assets measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

16. EQUITY SHARE CAPITAL

Authorised share capital	7.8% Cumulative convertible preference shares of ₹ 100 each		Equity shares of ₹ 2 each		Unclassified shares of ₹ 100 each		Cumulative compulsorily convertible preference shares of ₹ 10 each	
	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores
At April 1, 2021	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2022	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2023	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

Terms/Rights attached to equity shares

The Parent has one class of equity shares having par value of ₹ 2 per share. Each share holder is entitled to one vote per share. The Parent declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

Terms/Rights attached to 7.8 % Cumulative Convertible Preference Shares and Cumulative Compulsorily Convertible Preference Shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the shares of the parent in the event of increase in share capital or winding up of the parent up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

Issued share capital

Equity shares of ₹ 2 each issued, subscribed & fully paid up	No.	(₹ in crores)
At April 1, 2021	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2022	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2023	96,313,888	19.26

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	% holding in the class	Nos.	% holding in the class
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	11,955,601	12.41%	11,955,601	12.41%
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	7,719,930	8.02%	7,719,930	8.02%
SBI Small Cap Fund	7,624,216	7.92%	5,453,274	5.66%
Kotak Small Cap Fund	5,284,829	5.49%	4,795,817	4.98%

Shareholding pattern of promoters and changes in holding during the year

Share held by promoters at the end of the year		As at March 31, 2023			As at March 31, 2022		
Particulars		Numbers of shares	% of total shares	% Changes during the year	Numbers of shares	% of total shares	% Changes during the year
Suneel Mohan Advani	Promoter	1,227,496	1.27%	(56.59%)	2,827,496	2.94%	0.39%
Vir S Advani	Promoter	1,074,625	1.12%	0.00%	1,074,625	1.12%	0.00%
Sunaina Sandeep Murthy	Promoter	1,072,525	1.11%	1378.83%	72,525	0.08%	0.00%
Dinesh Nanik Vaswani	Promoter	26,944	0.03%	0.00%	26,944	0.03%	0.00%
Suneeta Nanik Vaswani	Promoter Group	954,322	0.99%	(5.36%)	1,008,322	1.05%	(5.08%)
Rohina Lulla	Promoter Group	1,168,594	1.21%	0.00%	1,168,594	1.21%	0.00%
Anissa Khanna	Promoter Group	1,126,787	1.17%	0.00%	1,126,787	1.17%	0.00%
Nargis Suneel Advani	Promoter Group	1,136,936	1.18%	111.75%	536,936	0.56%	0.00%
Sanjay N Vaswani	Promoter Group	121,975	0.13%	0.00%	121,975	0.13%	15.32%
Armaan Sandeep Murthy	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Jay Talati Advani	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%

Particulars		As at March 31, 2023			As at March 31, 2022		% Changes during the year
		Numbers of shares	% of total shares		Numbers of shares	% of total shares	
Sumer Sandeep Murthy	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Uday Vir Advani	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Anita Ashok Advani	Promoter Group	30,000	0.03%	0.00%	30,000	0.03%	0.00%
Dev Khanna	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	Promoter Group	11,955,601	12.41%	0.00%	11,955,601	12.41%	0.00%
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	Promoter Group	7,719,930	8.02%	0.00%	7,719,930	8.02%	0.00%
Ashok Mohan Advani as a Trustee of Suneeta Padmi Trust and Anissa Rohina Trust	Promoter Group	2,599,744	2.70%	0.00%	2,599,744	2.70%	0.00%
Vistra Itcl (India) Limited as a Trustee of NSA Family Trust	Promoter Group	2,300,000	2.39%	0.00%	2,300,000	2.39%	0.00%
Vistra Itcl (India) Limited as a Trustee of SNA Family Trust	Promoter Group	2,300,000	2.39%	0.00%	2,300,000	2.39%	0.00%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust	Promoter Group	555,642	0.58%	2.49%	542,142	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust	Promoter Group	555,640	0.58%	2.49%	542,140	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust 2	Promoter Group	555,640	0.58%	2.49%	542,140	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust 2	Promoter Group	555,639	0.58%	2.49%	542,139	0.56%	2.55%
J.T. Advani Finance Private Limited	Promoter Group	52,172	0.05%	0.00%	52,172	0.05%	(17.41%)
Iman Rajiv Lulla	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%
Rana Rajiv Lulla	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%

17. OTHER EQUITY*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Security premium		
Opening balance	210.15	210.15
Addition during the year	-	-
Closing balance	210.15	210.15
Capital redemption reserve		
Opening balance	2.34	2.34
Addition during the year	-	-
Closing balance	2.34	2.34
Capital subsidy from government		
Opening balance	0.60	0.60
Addition during the year	-	-
Closing balance	0.60	0.60
Capital reserve		
Opening balance	43.43	43.43
Addition during the year	-	-
Closing balance	43.43	43.43
General reserve		
Opening balance	152.21	152.21
Addition during the year	-	-
Closing balance	152.21	152.21
Retained earning		
Opening balance	589.59	463.46
Add : Net surplus in the statement of profit and loss	400.46	167.71
Less : Dividend distributed during the year	(96.31)	(38.53)
Closing balance	893.74	592.64
Other comprehensive income		
(i) Remeasurement of defined benefit plan		
Opening balance	(9.58)	(9.45)
Addition during the year	(0.12)	(0.13)
Closing balance	(9.70)	(9.58)
(ii) Foreign currency translation reserve		
Opening balance	6.53	3.18
Addition during the year	9.04	3.35
Closing balance	15.57	6.53

Securities premium – Where the Parent issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to “Securities Premium”. The Parent may issue fully paid-up bonus shares to its members out of the securities premium and Parent can use this reserve for buy-back of shares.

Capital redemption reserve - Capital redemption reserve was created for buy-back of shares.

Capital subsidy received from government - The subsidy was received against the factory setup in the state of Himachal Pradesh for the year ended March 31, 2009 and year ended 2013.

General reserve - General Reserve is created out of the profits earned by the Group by way of transfer from surplus in the statement of profit and loss. The Group can use this reserve for payment of dividend and issue of bonus shares.

Retained earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013. Thus the amounts reported above are not distributable in entirety.

Exchange difference on translation of foreign operations through other comprehensive income - For the purpose of consolidation of subsidiaries with the financial statement of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange differences which is accumulated in Foreign Currency Translation Reserve. The movement in this reserve is due to fluctuation in exchange rates of currencies during the financial year.

Capital reserve - This Reserve represents the difference between value of the net assets transferred to the Group in the course of business combinations and the consideration paid for such combinations.

18. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash dividends on equity shares declared and paid :		
Final dividend for the year ended March 31, 2022 : ₹ 10 per share (March 31, 2021 : ₹ 4 per share)	96.31	38.53
Total dividend distribution	96.31	38.53

Note: The Directors have recommended a dividend of ₹ 12 per equity share of face value ₹ 2 each for FY22-23 (pre bonus) (FY 21-22, Final Dividend of ₹ 10 per equity share), which translates into final dividend of ₹ 6 per equity share of face value ₹ 2 each (post bonus) for FY 22-23. Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

19. BORROWINGS

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Non-current borrowings		
Secured		
Term loan from bank (note a)	161.74	68.57
Unsecured		
7.65% non convertible debentures (note e)	-	175.00
Less : Unamortised upfront fees on borrowing	-	(2.00)
Total non-current borrowings	161.74	241.57

Particulars	As at March 31, 2023	As at March 31, 2022
Current borrowings		
Unsecured		
Current maturities of long term debt		
- 7.65% non convertible debentures (note e)	174.43	175.00
- Term loan from bank	-	2.49
Working capital demand loan (note b)	0.02	-
Commercial papers		
- From Bank (note d)	149.04	-
Packing credit loan account from banks (note b)	33.70	31.75
Cash credit / bank overdrafts	11.88	27.02
Secured		
Current maturity of long term debt		
- Term loan from bank (note a)	31.83	-
Working capital demand loan (note b & c)	15.00	-
Total current borrowings	415.90	236.26
Aggregate secured loans	176.74	68.57
Aggregate unsecured loans	400.90	409.26
Total borrowings	577.64	477.83

- Secured term loan availed by one of the subsidiary Company is payable in twenty equated quarterly instalments carrying interest rate in the range of 7.85% to 7.92% p.a. linked to repo rate/T bill (March 31, 2022 : 5.35% to 6%)
- Outstanding working capital loans carry an interest rate ranging from 5.4% to 7.84% p.a. (March 31, 2022 : 2.75% - 2.8% p.a.).
- The Group has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company and its subsidiaries with banks are in agreement with the books of accounts.
- Commercial papers carry average interest rate 7.57% p.a. for the current year. These are repayable within range of 70 to 172 days from the date of drawdown.
- The Group has outstanding 7.65% unsecured redeemable non-convertible debentures (Series I) which was allotted on June 1, 2020.

(₹ in crores)

Particulars	Repayment	
	Amount	Date
7.65% Non-convertible debentures (Series - I) - Principal	175.00	1-Jun-23

During the year ₹ 175 crores of NCD (Series - II) was repaid.

- The Group have not been declared as wilful defaulter by any bank, financial institutions or other lender.
- The Group has utilised the funds borrowed from banks and financial institution for the purpose it was taken.
- The Group has not received any fund from any person or entity, including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20. DISCLOSURE AS PER SECTION 22 OF MSME ACT*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	158.32	102.61
(ii) Interest due on above	0.11	0.12
(b) Amount of interest paid by the buyer in terms of section 16 of the Micro, Small & Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Micro, Small & Medium Enterprises Development Act, 2006.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.21	2.10
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small & Medium Enterprises Development Act, 2006.	2.21	2.10
	160.53	104.71

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Group.

Ageing of trade payables*(₹ in crores)*

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2023					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	298.11	-	-	-	-	298.11
Undisputed						-
Dues to micro enterprises and small enterprises	125.08	35.11	0.25	0.03	0.06	160.53
Dues of creditors other than micro and small enterprises	1,603.98	416.17	18.40	5.48	8.11	2,052.14
	2,027.17	451.28	18.65	5.51	8.17	2,510.78
Disputed						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	0.31	0.06	*	-	0.01	0.38
	0.31	0.06	*	-	0.01	0.38
Total payables	2,027.48	451.34	18.44	5.51	8.18	2,511.16

* Indicates amount less than ₹ 1 lakh.

Ageing of trade payables*(₹ in crores)*

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2022					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	331.94	-	-	-	-	331.94
Undisputed						-
Dues to micro enterprises and small enterprises	84.25	20.17	0.18	0.06	0.03	104.69
Dues of creditors other than micro and small enterprises	1,263.32	311.57	10.36	4.17	15.60	1,605.02
	1,679.51	331.74	10.54	4.23	15.63	2,041.65
Disputed						
Dues to micro enterprises and small enterprises	0.02	-	-	-	-	0.02
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
	0.02	-	-	-	-	0.02
Total payables	1,679.53	331.74	10.54	4.23	15.63	2,041.67

21. LEASE LIABILITY*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	75.87	55.33
Additions during the year	26.85	38.44
Add : Interest for the year	7.96	6.37
Paid during the year	(26.37)	(24.27)
Closing balance	84.31	75.87
Non-current lease liabilities	63.41	51.91
Current lease liabilities	20.90	23.96
Total lease liabilities	84.31	75.87

Note : For additional information refer note 50.

22. OTHER FINANCIAL LIABILITIES*(₹ in crores)*

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
Financial liabilities at amortised cost		
Other deposits	7.99	5.45
Interest accrued but not due on borrowings	11.64	23.27
Unpaid dividend (refer note a below)	3.85	3.91
Creditors - capital expenditure	25.58	2.41
Total other financial liabilities	49.06	35.04

a) Unpaid dividend*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
2014-2015 (Final)	-	0.48
2015-2016 (Interim)	0.50	0.50
2015-2016 (Final)	0.05	0.06
2016-2017 (Final)	0.69	0.70
2017-2018 (Final)	0.68	0.69
2018-2019 (Final)	0.61	0.63
2019-2020 (Interim)	0.62	0.64
2020-2021 (Final)	0.21	0.21
2021-2022 (Final)	0.49	-
Total unpaid dividend	3.85	3.91

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Categorisation of financial liabilities carried at amortised cost*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings (refer note 19)	577.64	477.83
Trade payables	2,511.16	2041.67
Other deposits (refer note 22)	7.99	5.45
Unpaid dividend (refer note 22)	3.85	3.91
Creditors- capital expenditure (refer note 22)	25.58	2.41
Interest accrued but not due on borrowings (refer note 22)	11.64	23.27
Total financial liabilities carried at amortised cost	3,137.86	2,554.54

Borrowings and interest accrued but not due on borrowings have a fair value of ₹ 588.91 crores (March 31, 2022 ₹ 500.46 crores). The carrying amount of all other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

Reconciliation between the opening and closing balances for liabilities arising from financing activities for the year ended March 31, 2023 :*(₹ in crores)*

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
At the beginning of the year	241.57	236.26	75.87
Cash flows during the year (net)	93.17	4.85	(26.37)
Current maturity of non current borrowings	(174.43)	174.43	-
Amortisation of upfront fees on borrowing	1.43	-	-
Variation in foreign exchange	-	0.36	-
At the end of the year (excluding interest liability on borrowings)	161.74	415.90	49.50
Non cash changes due to :			
- Acquisitions under finance lease	-	-	26.85
- Interest on finance lease	-	-	7.96
- Interest on borrowings (clubbed under other financial liabilities)	11.64	-	-
At the end of the year (including interest liability on borrowings)	173.38	415.90	84.31

Reconciliation between the opening and closing balances for liabilities arising from financing activities for the year ended March 31, 2022 :

(₹ in crores)

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
At the beginning of the year	349.26	105.54	55.33
Cash flows during the year (net)	68.57	(46.83)	(24.27)
Current maturity of non current borrowings	(177.49)	177.49	-
Amortisation of upfront fees on borrowing	1.14	-	-
Variation in foreign exchange	0.09	0.06	-
At the end of the year (excluding interest liability on borrowings)	241.57	236.26	31.06
Non cash changes due to :			
- Acquisitions under finance lease	-	-	38.44
- Interest on finance lease	-	-	6.37
- Interest on borrowings (clubbed under other financial liabilities)	11.63	11.64	-
At the end of the year (including interest liability on borrowings)	253.20	247.90	75.87

23. OTHER LIABILITIES

(₹ in crores)

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Contract liabilities from construction contracts	-	-	80.19	74.89
Contract liabilities from annual maintenance contract services	18.43	12.40	97.65	81.06
Advances from customers	-	-	454.15	343.04
Dues to statutory bodies	18.91	-	64.98	53.40
Others	-	-	8.85	6.47
Total other liabilities	37.34	12.40	705.82	558.85

24. PROVISIONS

(₹ in crores)

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits				
Provision for gratuity (refer note 37)	-	-	3.10	0.28
Compensated absences	-	-	18.31	22.84
Provision for other employment benefits	-	-	5.48	5.24
Additional gratuity (refer note 37)	0.45	0.45	-	-
	0.45	0.45	26.89	28.36
Other provisions				
Provision for customer warranties	10.96	9.61	25.38	17.93
Provision for foreseeable loss	-	-	2.31	3.02
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	9.33	10.42
	10.96	9.61	38.11	32.45
Total provisions	11.41	10.06	65.00	60.82

*The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture.

Provision for warranties*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	27.54	25.18
Add: Additional provisions made during the year	26.49	14.77
Less: Amount used during the year	(17.44)	(12.52)
Add: Effect of change in provision on account of discounting during the year	(0.25)	0.11
At the end of the year	36.34	27.54
Current portion	25.38	17.93
Non-current portion	10.96	9.61

Provision for service warranties relates mainly for goods sold during the year ended March 31, 2023 and March 31, 2022. The provision has been based upon historical warranty data. The above values are for standard manufacturing warranty and which are usually expected to be settled between 0 to 10 years from the date of sale of product based on component type offered by the Group.

Foreseeable loss

A provision for foreseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Other Provision for the year ended March 31, 2023*(₹ in crores)*

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	3.02	1.09	10.42
Add: Additional provisions made during the year	3.82	-	-
Less: Utilised during the year	(4.53)	-	(1.09)
At the end of the year	2.31	1.09	9.33

Other Provision for the year ended March 31, 2022*(₹ in crores)*

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.37	1.09	10.43
Add: Additional provisions made during the year	21.00	-	-
Less: Utilised during the year	(20.35)	-	(0.01)
At the end of the year	3.02	1.09	10.42

25. GOVERNMENT GRANTS*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	9.70	11.16
Additions during the year	2.22	1.65
Amortised during the year	(3.27)	(3.11)
At the end of the year	8.65	9.70
Current portion	1.08	2.74
Non-current portion	7.57	6.96

Government grants are towards the purchase of certain items of property, plant and equipment.

26. INCOME TAX**(a) Current tax asset***(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	61.63	85.61
Less: Current tax payable for the year	(134.97)	(62.98)
Add: Taxes paid	127.32	39.00
Closing Balance	53.98	61.63

The closing balance of current tax asset is net of provision of tax. The current tax payable for FY23 includes tax on Thane Freehold land sale that was paid during the year.

(b) Deferred tax assets

The breakup of deferred tax asset is as follows:

(₹ in crores)

Particulars	Balance Sheet	
	As at March 31, 2023	As at March 31, 2022
Deferred tax asset - [A]		
Provision for loss allowance	28.21	31.44
Provisions made disallowed and allowed only on payment basis	8.26	7.37
Unabsorbed Depreciation	2.51	-
Others (ROU, ICDS adjustments, etc.)	4.52	-
Deferred tax liability - [B]		
Accelerated depreciation for tax purposes	(35.56)	(6.38)
Others (ROU and ICDS adjustments)	-	(4.86)
Net deferred tax asset - [A-B]	7.94	27.57

Movement in deferred tax assets*(₹ in crores)*

Particulars	Charge/(Credit) to Statement of Profit & Loss	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax asset -		
Provision for loss allowance	3.22	7.17
Provisions made disallowed and allowed only on payment basis	(0.89)	(2.30)
Unabsorbed depreciation	(2.51)	-
Deferred tax liability -		
Accelerated depreciation for tax purposes	24.76	3.44
Others (ROU, ICDS adjustments, etc.)	(4.92)	11.61
Total	19.66	19.92

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022:*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting profit before income tax	555.38	250.90
Income tax at India's statutory income tax rate of 25.168% (March 31, 2022: 34.944%)	139.78	87.67
Expenses not allowed for tax purpose	6.24	2.34
Additional allowances for tax purpose	(1.19)	(0.10)
Savings due to tax paid at lower rate	1.91	(5.32)
Tax saving on account of lower tax rate on long term capital gain on sale of freehold land (Exceptional item)	(11.47)	-
Others	19.42	(1.69)
Income tax at effective tax rate	154.69	82.90

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i) Current tax		
Current tax on profit for the year	135.03	62.98
Total current tax expense	135.03	62.98
ii) Deferred tax		
(Decrease)/increase in deferred tax liabilities	19.41	15.05
Decrease/(increase) in deferred tax assets	0.25	4.87
Total deferred tax expense/(benefit)	19.66	19.92
Income tax expense	154.69	82.90

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i) Current tax		
Remeasurement gain/(loss) on defined benefit plans	(0.06)	-
Total current tax expense	(0.06)	-
ii) Deferred tax		
Fair value of equity investment	-	-
Effective portion of gain/(loss) on cash flow hedges	-	-
Total deferred tax expense/(benefit)	-	-
Income tax expense	(0.06)	-

27. REVENUE FROM OPERATIONS*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations		
Sale of products	5,402.88	3,895.37
Revenue from construction contracts	1,826.18	1,538.60
Sale of services	669.42	565.56
Other operating revenue		
- Commission income	1.80	3.07
- Provisions and liabilities no longer required	30.14	25.54
- Others	46.90	35.94
Total revenue from operations	7,977.32	6,064.08

28. OTHER INCOME*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		
- Bank deposits	4.51	12.70
- Others	1.07	1.57
Rental income	1.12	1.02
Gain on sale of mutual fund	10.34	2.68
Amortisation of government grant	3.27	3.11
Others	10.56	14.64
Total other income	30.87	35.72

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST) *(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cost of material consumed	3,071.52	2,292.11
Project cost (including bought outs)	1,539.51	1,052.20
AMC subcontracting cost	409.11	336.17
Total cost of raw material consumed (including direct project and service cost)	5,020.14	3,680.48
Purchase of stock-in-trade	1,346.86	1,103.64
Inventories at the end of the year		
Traded goods	427.45	342.15
Work-in-progress	101.27	78.92
Finished goods	296.29	218.61
	825.01	639.68
Inventories at the beginning of the year		
Traded goods	342.15	326.76
Work-in-progress	78.92	62.32
Finished goods	218.61	199.66
	639.68	588.74
Total changes in inventories of finished goods, work-in-progress and stock-in-trade	(185.33)	(50.94)

30. EMPLOYEE BENEFIT EXPENSE*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	527.51	460.80
Contribution to provident and other funds	18.25	15.55
Gratuity expense (refer note 37)	4.60	3.90
Staff welfare expenses	41.08	28.30
Total employee benefit expense	591.44	508.55

31. FINANCE COSTS*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
- Interest and finance charges on financial liabilities carried at amortised cost		
(a) Interest on non-convertible debenture	16.84	28.39
(b) Interest on other borrowings	21.46	4.81
(c) Interest on lease liabilities	7.96	6.37
(d) Other interest expenses	0.72	0.70
- Bank charges	7.72	6.13
Total finance costs	54.70	46.40

32. DEPRECIATION AND AMORTISATION EXPENSES*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment (refer note 4)	48.61	48.13
Depreciation on right of use of asset (refer note 6)	20.00	18.24
Amortisation expenses on intangible assets (refer note 7)	15.42	18.73
Depreciation on investment properties (refer note 5)	0.75	0.88
Total depreciation and amortisation expense	84.78	85.98

33. OTHER EXPENSES*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Stores and spares consumed	25.20	14.39
Power and fuel	27.50	17.54
Rent	59.81	47.96
Repairs and maintenance		
Buildings	4.41	3.39
Plant and machinery	8.46	4.66
Others	26.17	18.47
Insurance	6.30	5.28
Rates and taxes	1.90	1.88
Advertising expenses	71.23	55.53
Sales promotion expenses	46.46	26.89
Freight and forwarding charges	107.31	84.43
Legal and professional fees	75.11	58.74
Travelling and conveyance	55.77	25.90
Commission and sale incentives	26.78	18.34
Warranty cost	34.33	19.62
Printing and stationery	4.68	2.61
Payment to auditors	3.26	2.02
Corporate social responsibility expenses	4.13	3.67
Donations (refer details A below)	0.51	0.36
Loss on sale/discard of property, plant and equipment	6.95	0.65
Foreign exchange differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	5.14	4.94
Bad debts/advances written off	34.63	
Less: Provision for bad debts	(32.35)	0.71
Allowances for doubtful and advances	53.47	25.86
Allowances for doubtful retentions	10.01	-
Miscellaneous expenses	44.26	32.06
Total other expenses	711.43	475.88

A. Political contribution

Group has made political contribution of ₹ Nil during FY 2022-23 (FY 2021-22: ₹ 0.25 crores)

34. EXCEPTIONAL ITEMS*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Exceptional income*	170.81	-
Exceptional items (Net)	170.81	-

*Profit on sale of freehold land which was classified as asset held for sale in the previous year.

35. EARNING PER SHARE (EPS)

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

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to equity holders of the Company (₹ in crores)	400.69	168.80
Weighted average number of equity shares outstanding	96,313,888	96,313,888
Earning per share (₹) - Basic and Diluted in rupees (Face value - ₹ 2 per share)	41.60	17.44

Note: The Board of Directors at its meeting held on May 4, 2023 has approved issue of bonus equity shares, in the proportion of 1:1, i.e. 1 (one) bonus equity share for every 1 (one) fully paid-up equity shares held as on record date, subject to the approval of the Shareholders of the Parent. On completion of the said bonus issue, the Earning per share (EPS) for all the periods presented will be adjusted retrospectively.

36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Expected cost of completion of contracts

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

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Group. This requires exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Group provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Group, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been

achieved. Provision for discount and rebates is based on the Group's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

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

Fair value measurement of financial instruments

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

Intangible asset under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached

a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

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

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

Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. In assessing the realizability of deferred tax assets arising from unused tax credits, the management considers convincing evidence about availability of sufficient taxable income against which such unused tax credits can be utilised. The amount of the deferred income tax assets considered realizable, however, could be reduced if estimates of future taxable income during the carry forward period are reduced.

COVID 19 - Recoverability of assets

The Group continues to monitor the economic effects of COVID-19 on its business. Based on the current evaluation by the management, the carrying amount of the assets are considered recoverable.

Code on Social Security, 2020

The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Group will assess the impact of the Code on its books of account in the period(s) in which the provisions of the Code becomes effective.

37. EMPLOYEE BENEFITS DISCLOSURE

I. Defined benefit plans

a. Gratuity

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Group contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Group recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised as net profit in the profit or loss. The Group expects to contribute ₹ 5.46 crores to gratuity fund in FY 2023-24 (FY 2022-23 - ₹ 2.91 crores).

Change in present value of defined benefit obligation

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation at the beginning of the year	48.08	44.29	0.45	0.45
Current service cost*	4.62	4.14	0.02	0.02
Interest cost	3.07	2.74	0.03	-
Benefit payments from plan assets	(5.04)	(3.29)	(0.02)	(0.01)
Remeasurements				
a. Due to change in financial assumptions	(2.00)	(0.86)	(0.02)	(0.01)
b. Due to experience adjustments	2.21	1.06	(0.01)	-
Defined benefit obligation at the end of the year	50.94	48.08	0.45	0.45

Change in fair value of plan assets

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	47.80	47.47	-	-
Expected return on plan assets	3.15	2.98	-	-
Contribution by employer	1.95	0.64	-	-
Actual benefits paid	(5.06)	(3.29)	-	-
Fair value of plan assets at the end of the year	47.84	47.80	-	-

Components of defined benefit cost recognised in Profit or Loss*(₹ in crores)*

Particulars	Gratuity		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	4.62	4.14	0.02	0.02
Interest cost	2.86	2.74	0.03	-
Expected return on plan assets	(2.93)	(2.98)	-	-
Defined benefit cost recognised in Profit or Loss	4.55	3.90	0.05	0.02

Components of defined benefit cost recognised in other comprehensive income

a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	(2.00)	(0.86)	(0.02)	(0.01)
c. Due to change in experience adjustments	2.21	1.01	(0.01)	-
Remeasurements recognised in other comprehensive income (OCI)	0.21	0.15	(0.03)	(0.01)

* Includes ₹. 0.10 crores in March 31, 2023 towards impact of changes in Remuneration structure.

Net assets/liability recognised in the statement of financial position*(₹ in crores)*

Particulars	Gratuity		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	50.94	48.08	0.45	0.45
Fair value of plan assets	47.84	47.80	-	-
Net defined benefit liability/(asset)	3.10	0.28	0.45	0.45

The major categories of plan assets of the fair value of the total plan assets are as follows :*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	2.55	-
Insurance company products	42.49	44.97
Others	2.80	2.83
Total	47.84	47.80

The principal assumptions used in determining gratuity for the company's plan are as shown below :*(₹ in crores)*

Actuarial assumptions	Gratuity (Funded)		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	6.60%	6.60%	6.60%	6.25%
Disability rate	5% of IALM-2012-14	5% of IALM-2012-14	5% of IALM-2012-14	5% of IALM-2012-14
Normal retirement age	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others
Mortality rate	100% of IALM-2012-14	100% of IALM-2012-14	100% of IALM-2012-14	100% of IALM-2012-14
Salary escalation rate (Management-Staff-Directors)	10%, 7%, 3%	10%, 7%, 3%	10%, 7%, 3%	7%, 3%, 10%
Attrition rate	14%	14%	14%	14%

The present value of defined benefit obligation after change in assumptions are as under :*(₹ in crores)*

Assumptions	Gratuity		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Decrease in discount rate (0.5%)	50.65	47.81	2.96	0.48
Increase in discount rate (0.5%)	48.09	39.19	2.80	0.46
Decrease in salary growth rate (0.5%)	48.07	39.19	2.26	-
Increase in salary growth rate (0.5%)	50.65	47.81	2.45	-
Decrease in attrition rate (1%)	46.10	46.61	0.44	0.45
Increase in attrition rate (1%)	46.17	40.23	0.48	0.47
Decrease in mortality rate (10%)	46.14	46.53	0.47	0.47
Increase in mortality rate (10%)	46.14	46.53	0.47	0.47

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2022-23.

The average duration of the defined benefit plan obligation at the end of the reporting year 2022-23 is 6 years.

b. Provident fund

In accordance to Ind AS 19, that provident Fund set up by employers which requires interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2023. The Group's contribution to the Employee's Provident Fund aggregates to ₹ 10.48 crores (31 March, 2022 : ₹ 9.53 crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the Company has made for an estimated amount, provision on a prospective basis.

III. General description of significant defined plans :**a. Gratuity plan**

Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years' of service after continuous service for five years.

b. Additional gratuity

Additional gratuity is payable as per the specific rules of the company i.e. ₹ 5,000 for staff and ₹ 10,000 for managers subject to qualifying service of 15 years.

38. COMMITMENTS AND CONTINGENCIES**a. Contingent liabilities***(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as debts	1.35	0.05
Sales tax matters	53.54	61.76
Excise duty matters	4.90	4.90
Service tax matters	121.63	159.00
Income tax matters	137.89	125.99
GST matters	1.78	0.07

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided :

At March 31, 2023, Group had commitments (net of advances) of ₹ 138.16 crores (March 31, 2022 : ₹ 130.43 crores)

- c. The Company has an obligation to complete the Extended Producer Responsibility (EPR) targets, only if it is a participant in the market during the financial year in accordance with the E-Waste (Management) Rules, 2016, as amended. The Company has fulfilled its obligation for the current financial year. The Company will have an e-waste obligation for future years, only if it participates in the market in those years.

d. Uncertain tax position

The uncertain tax position as on March 31, 2023 is ₹ 5.81 crores (March 31, 2022 : ₹. 5.60 crores).

39. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

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

Joint ventures	Country of incorporations	% of equity interest	
		As at March 31, 2023	As at March 31, 2022
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49.00*	49.00*
Blue Star Oman Electro-Mechanical Co. LLC	Oman	51.00	51.00

*Refer Note 41

Key Management Personnel

Mr. Vir S Advani, Vice Chairman and Managing Director

Mr. B Thiagarajan, Managing Director

Mr. Neeraj Basur, Group Chief Financial Officer (Until May 31, 2022)

Mr. Nikhil Sohoni, Group Chief Financial Officer (Since July 01, 2022)

Mr. Rajesh Parte, Company Secretary

Non-Executive and Independent Directors

Mr. Shailesh Haribhakti

Mr. Rajiv R Lulla

Mr. Dinesh Vaswani

Mr. Sam Balsara

Mr. Anil Harish

Mrs. Rumjhum Chatterjee (Until April 25, 2022)

Mr. Arvind K Singhal

Ms. Sunaina Murthy

Ms. Anita Ramchandran (Since June 13, 2022)

Relative of Director

Mr. Ashok M. Advani

Mr. Suneel M. Advani

Enterprises in which a Director is/was a member/director during the year with whom company had transactions and/or balances

Moms Outdoor Media Solutions Private Limited

Madison Communications Private Limited

Somany Ceramics Limited

IBS Fintech India Private Limited

Platinum Communications Private Limited

Cerebrus Consultants Private Limited

Blue Star Helpline Trust

Transactions during the period with related parties are as under :*(₹ in crores)*

Name of related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		-		0.56
Consultancy services rendered	-		-	
Redemption of preference shares	-		-	
Blue Star Helpline Trust		1.19		1.19
Reimbursement of expenses	-		1.19	
Blue Star Oman Electro-Mechanical Co. LLC (refer note 41)		4.46		4.46

(₹ in crores)

Name of related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Enterprises in which Director is a member/director				
Sale of goods and services				
Madison Communications Private Limited	0.11	-	0.07	-
Moms Outdoor Media Solutions Private Limited	-	-	0.01	(0.01)
Somany Ceramics Limited	-	-	0.03	-
Platinum communication Private Limited	0.02	-	-	-
Services received				
Moms Outdoor Media Solutions Private Limited	2.93	(0.06)	2.08	-
Madison Communications Private Limited	39.99	(0.85)	33.50	(0.70)
IBS Fintech India Private Limited	0.13	-	0.16	-
Cerebrus Consultants Private Limited	0.26	(0.03)	-	-
Relative of director				
Fees for professional services	0.25	-	0.19	-
Compensation of key managerial personnel		(11.17)		(6.88)
Short term employee benefits	19.17		14.83	
Sitting fees to Non-executive and independent Directors	0.71		0.52	
Commission to Non-executive and independent Directors	2.03		1.71	
Retirement benefits	0.89		0.77	
Total compensation paid to key management personnel	22.80		17.83	

Note : As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

40. SEGMENT INFORMATION

A. Primary segment reporting (by business segment)

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

- Electro Mechanical Projects and Commercial Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.
- Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.
- Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

Segment revenues, results and other information :

(₹ in crores)

I. SEGMENT REVENUE	For the year ended March 31, 2023	For the year ended March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	4,015.63	3,204.49
ii. Unitary Products	3,626.93	2,612.24
iii. Professional Electronics and Industrial Systems	334.76	247.35
TOTAL SEGMENT REVENUE	7,977.32	6,064.08

(₹ in crores)

II. SEGMENT RESULT	For the year ended March 31, 2023	For the year ended March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	276.78	194.82
ii. Unitary Products	282.31	155.86
iii. Professional Electronics and Industrial Systems	50.50	42.49
TOTAL SEGMENT RESULT	609.59	393.17
Less: i) Finance cost	(54.70)	(46.40)
ii) Other un-allocable expenditure net of un-allocable income	(170.72)	(96.96)
PROFIT BEFORE SHARE OF PROFIT/(LOSS) OF JOINT VENTURE, TAXATION AND EXCEPTIONAL ITEM	384.17	249.81
Share of profit of joint ventures	0.40	1.09
Exceptional items	170.81	-
PROFIT BEFORE TAX	555.38	250.90

III. OTHER INFORMATION

(₹ in crores)

A. SEGMENT ASSETS	As at March 31, 2023	As at March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	2,197.05	1,860.72
ii. Unitary Products	2,153.34	1,655.44
iii. Professional Electronics and Industrial Systems	223.64	156.42
TOTAL SEGMENT ASSETS	4,574.03	3,672.58
Add : Un-allocable corporate assets	825.03	640.06
TOTAL ASSETS	5,399.06	4,312.64

(₹ in crores)

B. SEGMENT LIABILITIES	As at March 31, 2023	As at March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,805.77	1,527.92
ii. Unitary Products	1,405.57	999.10
iii. Professional Electronics and Industrial Systems	182.04	142.22
TOTAL SEGMENT LIABILITIES	3,393.38	2,669.24
Add : Un-allocable corporate liabilities	671.84	622.86
TOTAL LIABILITIES	4,065.22	3,292.10

(₹ in crores)

C. NON-CURRENT ASSETS (MOVEMENT)	For the year ended March 31, 2023	For the year ended March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	48.04	20.14
ii. Unitary Products	213.18	108.76
iii. Professional Electronics and Industrial Systems	5.16	0.29
iv. Un-allocable	68.10	83.72
TOTAL	334.48	212.91

(₹ in crores)

D. DEPRECIATION/AMORTISATION	For the year ended March 31, 2023	For the year ended March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	24.80	28.33
ii. Unitary Products	30.45	31.04
iii. Professional Electronics and Industrial Systems	3.09	4.21
iv. Un-allocable	26.44	22.40
TOTAL	84.78	85.98

(₹ in crores)

E. NON-CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended March 31, 2023	For the year ended March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	61.87	26.36
ii. Unitary Products	0.83	0.02
iii. Professional Electronics and Industrial Systems	1.36	1.47
iv. Un-allocable	2.45	0.60
TOTAL	66.51	28.45

(₹ in crores)

F. INTEREST INCOME	For the year ended March 31, 2023	For the year ended March 31, 2022
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	0.31	0.59
ii. Unitary Products	0.10	0.11
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	5.17	13.57
TOTAL	5.58	14.27

B. Secondary segment information :*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue (sales, services & commission) by geographical market		
India	7,343.79	5,419.95
Outside India	633.53	644.13
Total	7,977.32	6,064.08
Carrying amount of non-current assets		
India	996.91	664.40
Outside India	49.91	46.63
Total	1,046.82	711.03

41. INTEREST IN JOINT VENTURE

The Blue Star Group comprises of the following entities

Joint venture	Country of incorporation	% Shareholding	
		As at March 31, 2023	As at March 31, 2022
Foreign joint ventures-Jointly controlled entities			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49%	49%
Carrying amount of Investment (₹ crores)		18.22	17.31

Blue Star M & E Engineering (Sdn) Bhd**Summarised balance sheet as at March 31, 2023 and March 31, 2022 :***(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets	50.21	46.72
Non-current assets	14.40	12.16
Current liabilities	29.77	26.28
Non-current liabilities	3.27	2.82
EQUITY	31.57	29.78
The above amount of the assets and liabilities include the following		
- Cash and cash equivalents	4.54	8.29
- Current financial liabilities (excluding trade and other payables and provisions)	0.24	1.58
- Non-current financial liabilities (excluding trade and other payables and provisions)	0.37	0.60

Summarised statement of profit & loss for the year ended March 31, 2023 and March 31, 2022 :*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue	46.65	42.27
Other income	0.32	2.23
Cost of raw material and components consumed	38.76	34.44
Depreciation and amortisation	0.49	0.49
Finance cost	0.21	0.26
Employee benefit	5.09	4.78
Other expenses	1.44	1.37
Profit before tax	0.98	3.16
Income tax expense	0.16	0.92
Profit for the year	0.82	2.24
Group's share of profit for the year	0.40	1.09

Movement of investment in joint venture*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in joint venture	17.31	15.91
Profit for the period	0.40	1.09
Dividend received	-	-
Foreign currency translation reserve	0.51	0.31
Investment in joint venture	18.22	17.31

Notes :

1. The Company has 51% share holding in Blue Star Oman Electro-Mechanical Co. LLC however the profit/loss sharing is on 50-50 basis and is accounted as joint venture.

Since the Company has decided to exit Oman JV in FY19 and has made full provision of its investments, the above details are not applicable.

42. DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Group has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Group does not use foreign exchange forward and options contract for trading or speculative purposes.

Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Profit or Loss.

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

a. Derivative instruments : Forward contract outstanding as at balance sheet date :

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency (in lakh)	₹ in crores	Amount in foreign currency (in lakh)	₹ in crores
Particulars of Derivatives				
Forward cover to Purchase				
- USD	103.08	84.70	13.12	9.95
- CNY/RMB (including commitments)	807.22	96.44	81.53	9.73
Forward cover to Sell				
- USD	5.00	4.11	26.00	19.71
Forward cover against future capital commitments - PO based hedging :				
- USD	-	-	11.80	8.94

b. Derivative instruments : Option contract outstanding as at balance sheet date

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency (in lakh)	₹ in crores	Amount in foreign currency (in lakh)	₹ in crores
Particulars of Derivatives				
Option cover to Purchase				
- USD	-	-	88.40	67.00
- CNY	-	-	120.68	14.41

c. Particulars of Un-hedged foreign currency exposure as at the balance sheet date

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency (in lakh)	₹ in crores (Notional value)	Amount in foreign currency (in lakh)	₹ in crores (Notional value)
Bank Balances				
AED	1.69	0.38	2.14	0.44
CAD	-	-	1.92	1.16
EUR	0.99	0.89	5.04	4.25
CNY/RMB	1.02	0.12	0.21	0.03
USD	24.25	19.93	8.07	6.12
Receivables				
AED	16.81	3.76	11.60	2.39
CAD	0.04	0.03	0.47	0.28
EUR	13.01	11.63	0.90	0.76
GBP	0.38	0.39	0.08	0.08
JPY	22.22	0.14	22.75	0.14
MYR	1.59	0.30	7.92	1.43
USD	132.65	109.00	103.68	78.58
SGD	0.59	0.36	-	-

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency (in lakh)	₹ in crores (Notional value)	Amount in foreign currency (in lakh)	₹ in crores (Notional value)
Payables				
AED	0.52	0.12	0.49	0.10
CNY/RMB	265.28	31.69	223.12	26.63
EUR	14.85	13.28	1.66	1.39
JPY	604.71	3.72	117.47	0.73
MYR	0.03	0.01	0.03	0.01
GBP	0.11	0.12	-	-
CHF	0.55	0.49	-	-
USD	113.06	92.90	90.29	68.43
CAD	0.05	0.03	-	-
OMR	-	-	0.01	0.03
SGD	-	-	0.12	0.06
Loan taken				
USD	-	-	3.28	2.49

- a. The above table does not include foreign currency exposure covered by derivative contracts as stated in (a) and (b) above although not specifically designated in hedge relationships.
- b. The un-hedged foreign currency exposures have been given in respect of currencies other than functional currency of the respective enterprises.

43. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities :

Quantitative disclosures fair value measurement hierarchy as at March 31, 2023

(₹ in crores)

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed :					
Investment property (refer note 5)	As at March 31, 2023	34.88	-	-	34.88
Assets measured at fair value :					
Investment in mutual fund (refer note 8)	As at March 31, 2023	129.88	-	129.88	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	As at March 31, 2023	-	-	*	-

* Indicates amount less than ₹ 1 lakh.

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Quantitative disclosures fair value measurement hierarchy as at March 31, 2022

(₹ in crores)

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed :					
Investment property (refer note 5)	As at March 31, 2022	32.76	-	-	32.76
Assets measured at fair value :					
Investment in mutual fund (refer note 8)	As at March 31, 2022	145.03	-	145.03	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	As at March 31, 2022	0.11	-	0.11	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Fair value hierarchy of financial assets and liabilities measured at fair value :

Valuation technique and key inputs used to determine fair value :

1. Level - 1 :

Inputs are quoted prices in active market for identical assets or liabilities that the entity can access at the measurement date.

2. Level - 2 :

Mutual Fund - Inputs are inputs other than quoted price in the

active market within level 1, that are observable for the asset or liability, either directly or indirectly.

Derivative Instrument - Mark to market on forward covers is based on forward exchange rates at the end of reporting period.

3. Level - 3 :

Investment Property - Based on valuation report of independent valuer.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures.

Market risk

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

Currency risk

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

Foreign currency sensitivity

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

(₹ in crores)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
US Dollars	+5%	1.80	0.69	1.35	0.45
	-5%	(1.80)	(0.69)	(1.35)	(0.45)
CNY/RMB	+5%	(1.58)	(1.33)	(1.18)	(0.86)
	-5%	1.58	1.33	1.18	0.86
AED	+5%	0.20	0.14	0.15	0.09
	-5%	(0.20)	(0.14)	(0.15)	(0.09)
EUR	+5%	(0.04)	0.18	(0.03)	0.12
	-5%	0.04	(0.18)	0.03	(0.12)
MYR	+5%	0.01	0.07	0.01	0.05
	-5%	(0.01)	(0.07)	(0.01)	(0.05)
JPY	+5%	(0.18)	-	(0.13)	-
	-5%	0.18	-	0.13	-
CHF	+5%	0.02	-	0.01	-
	-5%	(0.02)	-	(0.01)	-

Interest rate risk

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

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables

and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The ageing analysis of trade receivables as of the reporting date is as follows :

(₹ in crores)

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		less than 1 year	more than 1 year	
Trade receivables as on March 31, 2023	651.91	764.49	207.83	1,624.23
Trade receivables as on March 31, 2022	483.06	631.45	139.39	1,253.90

Refer Note 12 for details on the impairment of trade receivables.

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Group's maximum exposure for financial guarantees is given in Note 38.

Liquidity risk

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

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments :

(₹ in crores)

Particulars	As of March 31, 2023		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	415.90	161.74	577.64
Interest on borrowing	13.97	-	13.97
Trade payables	2,511.16	-	2,511.16
Lease liabilities	20.90	89.26	110.16
Other financial liabilities	37.42	-	37.42
Total	2,999.35	251.00	3,250.35

(₹ in crores)

Particulars	As of March 31, 2022		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	236.26	241.57	477.83
Interest on borrowings	28.67	24.90	53.57
Trade payables	2,041.67	-	2,041.67
Lease liabilities	23.96	78.42	102.38
Other financial liabilities	11.77	-	11.77
Total	2,342.33	344.89	2,687.22

45. CAPITAL MANAGEMENT

The Group's objective for capital management is to maximise shareholder wealth, safeguard business continuity and support the growth of the Group. The Group determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Group's adjusted net debt and equity position is as follows :

Gearing ratio :

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	577.64	477.83
Less : Cash and cash equivalents	(243.33)	(265.65)
Net debt	334.31	212.18
Equity	1,333.84	1,020.54
Gearing ratio	25.06%	20.79%

Net debt = Borrowings - Cash and cash equivalents

Gearing ratio = (Net debt/Equity) x 100

46. ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

- The Group neither holds any benami property nor any proceedings have been initiated or pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

47. CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE :

(₹ in crores)

Particulars	Within 12 months	After 12 months	As at March 31, 2023
			Total
Assets			
Inventories	1,433.39	-	1,433.39
Trade receivables	1,548.82	-	1,548.82
Loans	1.92	-	1.92
Other financial assets	13.97	-	13.97
Other current assets	864.73	9.00	873.73
Non current assets held for sale	1.63	-	1.63
Liabilities			
Trade payables	2,511.16	-	2,511.16
Lease liabilities	20.90	-	20.90
Other financial liabilities	49.06	-	49.06
Other current liabilities	705.82	-	705.82
Provisions	65.00	-	65.00

(₹ in crores)

Particulars	Within 12 months	After 12 months	As at
			March 31, 2022
			Total
Assets			
Inventories	1,144.24	-	1,144.24
Trade receivables	1,189.74	-	1,189.74
Loans	3.18	-	3.18
Other financial assets	18.93	-	18.93
Other current assets	636.09	70.66	706.75
Non-current assets held for sale	5.90	-	5.90
Liabilities			
Trade payables	2,041.67	-	2,041.67
Lease liabilities	23.96	-	23.96
Other financial liabilities	35.04	-	35.04
Other current liabilities	558.85	-	558.85
Provisions	60.82	-	60.82

48. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 29 IN RESPECT OF SPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES, OTHER EXPENSES AND FINANCE COST VIDE NOTE 30, 33 AND 31 IS AS FOLLOWS :

(₹ in crores)

Particulars	Note 29	Note 30	Note 33	Note 31	Total
Salary & wages	-	527.51	-	-	527.51
	-	(460.80)	-	-	(460.80)
Staff welfare expenses	0.64	41.08	-	-	41.72
	(0.49)	(28.30)	-	-	(28.79)
Rent	0.95	-	59.81	-	60.76
	(0.65)	-	(47.96)	-	(48.61)
Power & fuel	2.30	-	27.50	-	29.80
	(0.93)	-	(17.54)	-	(18.47)
Insurance	5.26	-	6.30	-	11.56
	(2.22)	-	(5.28)	-	(7.50)
Travelling & conveyance	2.38	-	55.77	-	58.15
	(1.20)	-	(25.90)	-	(27.10)
Printing & stationery	0.76	-	4.68	-	5.44
	(0.75)	-	(2.61)	-	(3.36)
Freight and forwarding charges	1.31	-	107.31	-	108.62
	(1.05)	-	(84.43)	-	(85.48)
Legal & professional fees	20.92	-	75.11	-	96.03
	(15.28)	-	(58.74)	-	(74.02)
Bank charges	2.48	-	-	7.72	10.20
	(1.13)	-	-	(6.13)	(7.26)
Communication charges	0.06	-	-	-	0.06
	(0.03)	-	-	-	(0.03)

Figures in brackets are for previous year

49. (a) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT :*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee benefits expense	6.12	21.94
Cost of raw material and components consumed	5.56	4.68
Legal & Professional fees	2.16	1.13
Depreciation	5.68	11.96
Others	10.25	10.09
Total revenue expenditure directly related to research & development	29.77	49.80

(b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT :*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Tangible assets		
Building sheds and road	2.91	-
Plant & Equipment	7.79	13.80
Furniture & fixtures	0.03	-
Office equipments	0.35	-
Vehicles	0.85	0.41
Computers	0.46	-
Intangible assets (including Intangible assets under development)		
Technical knowhow	31.31	3.15
Software	0.42	0.05
Total	44.12	17.41

50. LEASE**Disclosure as per the requirement of Ind As 116****Amounts recognised in balance sheet**

The balance sheet shows the following amounts relating to leases :

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Right-of-use assets	83.64	74.53
Lease liabilities		
Current	20.90	23.96
Non-current	63.41	51.91

Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases :

(₹ in crores)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation charge of right-of-use assets	32	20.00	18.24
Interest expense (included in finance costs)	31	7.96	6.37
Expense relating to short term lease not included in lease liabilities not included in lease liabilities	33	1.32	2.67
Expense relating to variable lease payments not included in lease liabilities	33	58.49	45.29

Amount recognised in the statement of cash flows*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total cash outflow for leases	(26.37)	(24.27)

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis :

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Not later than 1 year	20.90	23.96
Later than 1 year and not later than 5 years	75.65	63.60
Later than 5 years	13.61	14.82
Total undiscounted lease liabilities	110.16	102.38

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Variable lease payments

Some property leases contain variable payment terms that are linked to space used for warehouse whenever required by the Group. Variable lease payments that depends on variable space requirement are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in some of the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets in the Group's operation. The majority of extension and termination options held are exercisable by both the Group and by the respective lessor. Further the Group expects not to use that options.

51. STATUTORY GROUP INFORMATION

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)	As % of consolidated other comprehensive Income	Amount (₹ crores)	As % of consolidated Total comprehensive Income	Amount (₹ crores)
Parent - Blue Star Limited (Standalone)								
Balance at March 31, 2023	96%	1,278.43	91%	366.58	(2%)	(0.16)	89%	366.42
Balance at March 31, 2022	99%	1,008.31	76%	127.74	0%	-	75%	127.74
Subsidiaries								
Indian								
1. Blue Star Engineering and Electronics Limited								
Balance at March 31, 2023	17%	223.51	10%	40.27	0%	0.03	10%	40.30
Balance at March 31, 2022	18%	183.19	19%	31.52	(4%)	(0.14)	18%	31.38
2. Blue Star Climatech Limited								
Balance at March 31, 2023	7%	87.58	(2%)	(6.87)	0%	0.01	(2%)	(6.86)
Balance at March 31, 2022	2%	24.44	(1%)	(2.16)	-	-	(1%)	(2.16)
Foreign								
1. Blue Star Qatar - WLL								
Balance at March 31, 2023	5%	62.11	1%	4.58	0%	-	1%	4.58
Balance at March 31, 2022	5%	53.17	3%	5.73	0%	-	3%	5.73

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount (₹ crores)	As % of consolidated profit or loss	Amount (₹ crores)	As % of consolidated other comprehensive Income	Amount (₹ crores)	As % of consolidated Total comprehensive Income	Amount (₹ crores)
2. Blue Star International FZCO								
Balance at March 31, 2023	4%	53.23	3%	12.68	0%	-	3%	12.68
Balance at March 31, 2022	4%	37.17	8%	13.61	0%	-	8%	13.61
3. Blue Systems & Solutions LLC								
Balance at March 31, 2023	(2%)	(22.39)	(2%)	(7.69)	0%	-	(2%)	(7.69)
Balance at March 31, 2022	(1%)	(13.42)	(3%)	(4.99)	0%	-	(3%)	(4.99)
4. BSL AC&R (SINGAPORE) PTE. LTD.								
Balance at March 31, 2023	2%	22.44	0%	0.07	0%	-	0%	0.07
Balance at March 31, 2022	2%	20.63	0%	(0.07)	0%	-	0%	(0.07)
5. BLUE STAR NORTH AMERICA INC								
Balance at March 31, 2023	(1%)	5.18	(2%)	(2.95)	0%	-	(1%)	(2.95)
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
6. BLUE STAR EUROPE BV								
Balance at March 31, 2023	0%	4.48	0%	-	0%	-	0%	-
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
6. BLUE STAR INNOVATION JAPAN LLC								
Balance at March 31, 2023	0%	-	0%	-	0%	-	0%	-
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
Joint ventures								
(As per proportionate consolidation/ investment as per the equity method)								
1. Blue Star M & E Engineering (Sdn) Bhd								
Balance at March 31, 2023	2%	31.56	0%	0.40	0%	-	0%	0.40
Balance at March 31, 2022	1%	14.59	1%	1.09	0%	-	1%	1.09
2. Blue Star Oman Electro-Mechanical Co. LLC								
Balance at March 31, 2023	0%	-	0%	-	0%	-	0%	-
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
Consolidated adjustments/Eliminations								
Balance at March 31, 2023		(376.25)		(6.38)		9.04		3.06
Balance at March 31, 2022		(307.54)		(5.94)		3.36		(1.40)
Total								
Balance at March 31, 2023	100%	1,333.84	100%	400.69	100%	8.92	100%	409.61
Balance at March 31, 2022	100%	1,020.54	100%	168.00	100%	3.22	100%	171.22

52. DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

1. Disaggregation of revenue :

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2023 by offerings and contract-type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors :

(₹ in crores)

Timing of transfer of goods and services	For the year ended March 31, 2023			For the year ended March 31, 2022		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,679.01	2,336.62	4,015.63	1,275.31	1,929.18	3,204.49
Unitary Products	3,582.57	44.35	3,626.92	2,566.78	45.46	2,612.24
Professional Electronics and Industrial Systems	285.03	49.74	334.77	210.35	37.00	247.35
Total	5,546.61	2,430.71	7,977.32	4,033.94	2,011.64	6,064.08

2. Reconciliation of contracted price with the revenue recognised in profit or loss :

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products at transaction price & construction and service contracts at contracted price	8,104.28	6,160.71
Reductions towards variable consideration components*	(126.96)	(96.63)
Revenue recognised in profit & loss	7,977.32	6,064.08

* Reduction towards variable consideration components include discounts, service level credits, etc.

- Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹ Nil (March 31, 2022 ₹ Nil).
- The aggregate value of Order Book as at March 31, 2023, is ₹ 5,042 crores (March 31, 2022 ₹ 3,253 crores). Out of this, the Company expects to recognise revenue of around 61% within the next one year and the remaining thereafter.
- Changes in contract assets and contract liabilities during the reporting period :

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance - Contract assets (net of impairment)	444.10	331.11
Opening balance - Contract liabilities*	(168.35)	(155.16)
Revenue recognised during the year	(2,430.71)	(2,011.64)
Less : Progress billing during the year	2,535.05	2,111.44
Closing Balance	380.09	275.75
Closing balance contract assets (net of impairment)	576.36	444.10
Closing balance contract liabilities including income received in advance	(196.27)	(168.35)
The Company has recognised revenue out of opening contract liabilities	168.35	155.16

53. PREVIOUS YEAR COMPARATIVES

Figures for the previous year have been regrouped/reclassified to conform to the figures of the current year.

For and on behalf of the Board of Directors of

BLUE STAR LIMITED**Shailesh Haribhakti**

Chairman

DIN: 00007347

Vir S Advani

Vice Chairman and Managing Director

DIN: 01571278

Nikhil Sohoni

Group Chief Financial Officer

Rajesh Parte

Company Secretary

Mumbai: May 04, 2023

INDEPENDENT AUDITOR'S REPORT on Standalone Financial Statements

To The Members of Blue Star Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Blue Star Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified

under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accounting for Fixed Price Contracts:</p> <p>Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations. (Refer note 15, 23, 27 and 49)</p>	<p>Principal audit procedures performed:</p> <ol style="list-style-type: none"> Assessed the appropriateness of the accounting policy for recognizing revenue on fixed price contracts with the requirements of Ind AS 115. Evaluated the design and implementation of internal controls over recording of actual cost till date and estimation of total cost required to complete the performance obligations. Tested the operating effectiveness of the said internal controls for a selected sample of contracts. Verified the measurement of the actual cost till date and the total estimated cost for completion of performance obligations for a selected sample of contracts. Performed substantive tests on a sample of contracts to identify, if any, significant variations in actual costs till date and total costs required to complete the performance obligations and verified whether the revenue was recognised based on such costs after considering the effects of variations, if any, in the total costs required to complete the performance obligations. Identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Assessment of the carrying value of trade receivables and contract assets:</p> <p>The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment. (Refer Note 12 and 15)</p>	<p>Principal audit procedures performed:</p> <p>i. Evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets.</p> <p>ii. Tested the operating effectiveness of the said internal controls for selected samples.</p> <p>iii. Scrutinised a sample of receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties to make payment based on passage of time and/ or information available with management.</p> <p>iv. Verified subsequent receipts for selected samples, post balance sheet date.</p> <p>v. Verified the management's estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.</p>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and the Dynamics of Blue Star's Growth (hereinafter referred to as "other information"), but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the standalone financial statements.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including

any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 24 to the standalone financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 9 to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 19 to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.
- As stated in note 18 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner

(Membership No. 100459)
(UDIN: 23100459BGXJHC4912)

Place: Atlanta, USA
Date : May 4, 2023

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to standalone financial statements of Blue Star Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company’s internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Atlanta, USA
Date : May 4, 2023

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 23100459BGXJHC4912)

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of Blue Star Limited of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress, investment property and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets (including intangible assets under development).
- (b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once every 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the registered title deeds provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment, capital work-in progress, investment property and non-current assets held for sale) are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (a) The Company has provided unsecured loans and stood guarantee during the year and details of which are given below:

(₹ in crores)

Particulars	Loans	Guarantees
A. Aggregate amount granted / provided during the year:		
- Subsidiaries	45.00	202.05
- Others (Employees)	3.40	-
B. Balance outstanding as at balance sheet date in respect of above cases:		
- Subsidiaries	35.00	307.05
- Others (Employees)	5.83	-

- (b) The investments made and the terms and conditions of the grant of all the above-mentioned loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation other than loan of ₹ 4.46 crores to a joint venture which has been fully provided for in earlier years – refer note 9 to the financial statements.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date other than the loan fully provided for in earlier years referred above.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of the cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
Income Tax Act 1961	Income Tax	High Court	PY 1997-98, PY 1999-2000, PY 2001-02, PY 2002-03, PY 2003-04	4.61	4.61
		Income Tax Appellate Tribunal (ITAT)	PY 2005-06, PY 2006-07	4.94	4.20
		Commissioner of Income Tax Appeals	PY 2007-08, PY 2008-09, PY 2013-14 to PY 2017-18, PY 2019-20, PY 2020-21	75.34	75.34

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
Local Sales Tax Act, Central Sales Tax Act and VAT Act	VAT, CST, Sales Tax, Entry Tax	Supreme Court	FY 2001-02 to FY 2010-11	7.85	7.85
		Tribunal and Appellate Board	FY 2001-02, FY 2002-03, FY 2006-07 to FY 2015-16	26.02	16.89
		Commissioner Appeals, Commercial Tax Officer and Assessing Officer (CWG)	FY 2000-01 to FY 2002-03, FY 2004-05, FY 2008-09 to FY 2017-18	25.88	23.49
Service tax under Finance Act, 1994	Service tax	High court	FY 2004-05	6.85	6.85
		CESTAT	FY 2002-03 to FY 2013-14	238.92	232.74
		Commissioner (Appeals)	FY 2003-04, FY 2005-06 to FY 2010-11, FY 2012-13, FY 2014-15 to FY 2016-17	6.61	6.45
Customs Act, 1962 and Central Excise Act, 1944	Excise Duty and Customs	CESTAT	FY 1988-89, FY 1994-95 to FY 1995-96 and FY 2007-08 to FY 2015-16	0.73	0.69
		Commissioner (Appeals) and Superintendent	FY 1987-88 to FY 1989-90, and FY 2006-07 to FY 2015-16	4.18	4.15
Goods and Service Act, 2017	Goods and Service Tax	Additional Commissioner	FY 2017-18, FY 2018-19, FY 2022-23	1.89	1.78

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures companies.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under section 143(12) of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the

financial statements etc. as required by the applicable accounting standards.

- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period up to March 31, 2023.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its subsidiary companies, or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the

financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Hence, reporting under this clause is not applicable for the year.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora

Partner

(Membership No. 100459)

(UDIN: 23100459BGXJHC4912)

Place: Atlanta, USA

Date : May 4, 2023

STANDALONE BALANCE SHEET as at March 31, 2023

(₹ in crores)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
A ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	4	420.71	269.63
(b) Capital work-in-progress	4	30.46	110.18
(c) Investment property	5	*	*
(d) Right-of-use assets	6	81.14	66.13
(e) Intangible assets	7	57.89	41.57
(f) Intangible assets under development	7	22.32	7.10
(g) Financial assets			
(i) Investments	8	330.09	247.42
(ii) Loans	9	4.32	3.05
(iii) Other financial assets	10	20.03	18.19
(h) Income tax assets (net)	26	68.81	71.48
(i) Deferred tax assets (net)	26	4.17	24.06
(j) Other non-current assets	15	47.02	57.80
Total non-current assets		1,086.96	916.61
2. Current assets			
(a) Inventories	11	1,313.80	1,126.37
(b) Financial assets			
(i) Investments	8	119.74	145.03
(ii) Trade receivables	12	1,328.14	1,018.91
(iii) Cash and cash equivalents	13	175.27	201.06
(iv) Other bank balances	14	3.94	4.00
(v) Loans	9	36.51	8.11
(vi) Other financial assets	10	13.37	18.06
(c) Other current assets	15	718.19	598.34
Non-current assets held for sale	4	1.63	5.90
Total current assets		3,710.59	3,125.78
Total assets		4,797.55	4,042.39
B EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	16	19.26	19.26
(b) Other equity	17	1,259.17	989.05
Total equity		1,278.43	1,008.31
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	-	173.00
(ii) Lease liabilities	21	67.48	50.22
(b) Provisions	24	11.38	10.09
(c) Government grants	25	7.57	6.96
Total non-current liabilities		86.43	240.27
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	477.31	366.94
(ii) Lease liabilities	21	19.51	20.96
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	20	146.88	104.65
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	20	2,109.08	1,738.40
(iv) Other financial liabilities	22	26.89	34.56
(b) Provisions	24	44.17	43.91
(c) Government grants	25	1.08	2.74
(d) Other current liabilities	23	607.77	481.65
Total current liabilities		3,432.69	2,793.81
Total Equity and Liabilities		4,797.55	4,042.39

* Indicates amount less than ₹ 1 lakh.

Summary of significant accounting policies

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

3
1 to 51

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered AccountantsKetan Vora
Partner

Membership No. 100459

Atlanta, USA : May 04, 2023

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti

Vir S Advani

Nikhil Sohoni

Rajesh Parte

Mumbai : May 04, 2023

Chairman

Vice Chairman and Managing Director

Group Chief Financial Officer

Company Secretary

DIN: 00007347

DIN: 01571278

STANDALONE STATEMENT OF PROFIT & LOSS for the year ended March 31, 2023*(₹ in crores)*

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	27	7,353.13	5,395.49
Other income	28	29.83	36.10
Total income (I)		7,382.96	5,431.59
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	4,778.37	3,397.51
Purchase of stock-in-trade	29	1,135.04	888.41
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(149.59)	(48.60)
Employee benefits expense	30	496.35	421.90
Finance costs	31	58.18	51.41
Depreciation and amortisation expense	32	80.34	80.49
Other expenses	33	650.48	444.72
Total expenses (II)		7,049.17	5,235.84
Profit before exceptional items and tax (I) – (II)		333.79	195.75
Exceptional items	34	170.81	-
Profit before tax		504.60	195.75
Tax expense			
i) Current tax	26	118.13	48.01
ii) Deferred tax	26	19.89	20.00
Total tax expense		138.02	68.01
Profit for the year		366.58	127.74
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		(0.22)	*
Income tax effect	26	0.06	-
Other comprehensive income for the year		(0.16)	*
Total comprehensive income for the year		366.42	127.74
Earnings per share			
Basic (in ₹)	35	38.06	13.26
Diluted (in ₹)		38.06	13.26

* Indicates amount less than ₹1 lakh.

Summary of significant accounting policies

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

3
1 to 51

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Ketan Vora**Partner**

Membership No. 100459

For and on behalf of the Board of Directors of

BLUE STAR LIMITED**Shailesh Haribhakti**

Chairman

DIN: 00007347

Vir S Advani

Vice Chairman and Managing Director

DIN: 01571278

Nikhil Sohoni

Group Chief Financial Officer

Rajesh Parte

Company Secretary

Atlanta, USA : May 04, 2023

Mumbai : May 04, 2023

STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2023

(A) Equity share capital

For the year ended March 31, 2023

(₹ in crores)

Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2023
19.26	-	-	-	19.26

For the year ended March 31, 2022

(₹ in crores)

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
19.26	-	-	-	19.26

(B) Other equity

For the year ended March 31, 2023

(₹ in crores)

Particulars	Reserves and surplus					Other comprehensive income	Total other equity
	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Remeasurement of defined benefit plan (refer note 17)	
Balance as at April 1, 2022	210.15	2.34	0.60	326.05	458.49	(8.58)	989.05
Profit for the period	-	-	-	-	366.58	-	366.58
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(0.16)	(0.16)
Total comprehensive income for the year	-	-	-	-	366.58	(0.16)	366.42
Dividend (refer note 18)	-	-	-	-	(96.30)	-	(96.30)
Balance as at March 31, 2023	210.15	2.34	0.60	326.05	728.77	(8.74)	1,259.17

For the year ended March 31, 2022

(₹ in crores)

Particulars	Reserves and surplus					Other comprehensive income	Total other equity
	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Remeasurement of defined benefit plan (refer note 17)	
Balance as at April 1, 2021	210.15	2.34	0.60	326.05	369.27	(8.58)	899.83
Profit for the year	-	-	-	-	127.74	-	127.74
Other comprehensive income for the year (net of tax)	-	-	-	-	-	*	*
Total comprehensive income for the year	-	-	-	-	127.74	-	127.74
Dividend (refer note 18)	-	-	-	-	(38.52)	-	(38.52)
Balance as at March 31, 2022	210.15	2.34	0.60	326.05	458.49	(8.58)	989.05

* Indicates amount less than ₹1 lakh.

Summary of significant accounting policies

Refer note 3

The accompanying notes are an integral part of the financial statements

Refer note 1 to 51

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Ketan Vora

Partner

Membership No. 100459

Atlanta, USA : May 04, 2023

For and on behalf of the Board of Directors of

BLUE STAR LIMITED

Shailesh Haribhakti

Chairman

DIN: 00007347

Vir S Advani

Vice Chairman and Managing Director

DIN: 01571278

Nikhil Sohoni

Group Chief Financial Officer

Rajesh Parte

Company Secretary

Mumbai : May 04, 2023

STANDALONE STATEMENT OF CASH FLOWS for the year ended March 31, 2023*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	504.60	195.75
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	80.34	80.49
Finance cost	58.18	51.41
Rental income	(0.47)	(0.43)
Interest income	(7.26)	(13.29)
Gain on sale of mutual fund	(10.33)	(2.68)
Dividend income	-	(2.40)
Net unrealised foreign exchange (gain)/loss	(0.49)	0.21
Loss/(profit) on sale of property, plant and equipment other than freehold land	6.91	(1.71)
Profit on sale of freehold land (exceptional item)	(170.81)	-
Deferred income arising on government grant	(3.27)	(3.11)
Net (gain)/loss on financial assets measured at fair value through profit & loss (FVTPL)	(0.05)	0.26
Bad debts written off and provision for doubtful debts	49.56	18.01
Provisions and liabilities written back	(28.91)	(21.22)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	478.00	301.29
Adjustment for movement in working capital :		
(Increase)/decrease in trade receivables	(358.90)	(324.51)
(Increase)/decrease in inventories	(187.43)	(258.68)
(Increase)/decrease in other assets/financial assets	(118.12)	(142.09)
Increase/(decrease) in trade payables	442.46	407.73
Increase/(decrease) in other liabilities	129.12	102.04
Increase/(decrease) in government grants	2.22	1.65
Increase/(decrease) in provisions	1.34	5.53
Cash generated from operations	388.69	92.96
Income taxes paid	(80.59)	(34.16)
Net cash generated from operating activities (A)	308.10	58.80
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and other intangible assets [including capital work-in-progress and intangible assets under development]	(163.15)	(146.55)
Proceeds from sale of property, plant and equipment	7.39	21.18
Proceeds from sale of freehold land (exceptional item)	170.83	-
Direct taxes paid on sale of freehold land	(34.81)	-
Sale of current investments	35.62	136.70
Non-current investments in subsidiary	(82.67)	(26.60)
Inter corporate deposit given to subsidiary	(30.00)	(5.00)
Rent received	0.47	0.43
Interest received	10.20	10.08
Dividends received from subsidiary	-	2.40
Net cash used in investing activities (B)	(86.12)	(7.36)
Balance carried forward	221.98	51.44

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance brought forward	221.98	51.44
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(repayment of) current borrowings (net)	152.35	(68.85)
Repayment of non-current borrowings	(175.00)	-
Inter corporate deposit received from subsidiary	(40.00)	30.00
Repayment of lease liabilities	(27.55)	(23.86)
Finance cost paid	(61.20)	(45.11)
Dividend paid to owners of the company	(96.37)	(38.75)
Net cash used in financing activities (C)	(247.77)	(146.57)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(25.79)	(95.13)
Cash and cash equivalents at the beginning of the year	201.06	296.19
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	175.27	201.06
CASH AND CASH EQUIVALENTS COMPRISES OF :		
Balances with banks:		
– In current accounts	87.80	110.44
– In fixed deposits	87.02	90.19
Cash on hand	0.45	0.43
Balance as per statement of cash flows	175.27	201.06

Note:

The above Statement of cash flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

Summary of significant accounting policies

Refer note 3

The accompanying notes are an integral part of the financial statements. Refer note 1 to 51

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Ketan Vora
Partner
Membership No. 100459

Atlanta, USA : May 04, 2023

For and on behalf of the Board of Directors of

BLUE STAR LIMITED

Shailesh Haribhakti Chairman DIN: 00007347
Vir S Advani Vice Chairman and Managing Director DIN: 01571278
Nikhil Sohoni Group Chief Financial Officer
Rajesh Parte Company Secretary

Mumbai : May 04, 2023

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2023

1. CORPORATE INFORMATION

Founded in 1943 by Mr. Mohan T Advani, Blue Star Limited ("the company") is a public listed company and India's leading air conditioning, commercial refrigeration, and MEP (Mechanical, Electrical, Plumbing, and Fire-fighting) contracting company. As an expert in cooling, Blue Star offers a plethora of cooling solutions and has also made inroads into water and air purification, engineering facilities management, commercial kitchen, and healthcare refrigeration. The Company's integrated business model of a Manufacturer; Engineering, Procurement, and Construction (EPC) services provider; and After-sales service provider enables it to offer comprehensive solutions for the residential, commercial, and infrastructure segments.

The financial statements of the Company were approved by its Board of Directors on May 04, 2023.

2. STATEMENT OF COMPLIANCE

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and presentation

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

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

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

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

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

(c) Revenue recognition

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

i. Revenue from sale of goods:

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

ii. Revenue from construction contracts:

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

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

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

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or the contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are

not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

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

iv. Dividend and Interest income:

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

v. Rental income:

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

(d) Government grant

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

(e) Employee benefits

Short-term benefits:

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

Retirement benefits

Defined contribution plan:

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

Defined benefit plan:

The Company makes monthly contributions towards the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Company, based on an actuarial valuation.

The present value of the defined benefit obligation of employees' provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.

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

- i. service cost – recognised in profit or loss;
- ii. net interest on the net liability or asset - recognised in profit or loss;
- iii. re-measurement of the net liability or asset - recognised in other comprehensive income.

Other long-term employee benefits:

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

(f) Leases

As a lessee

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

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

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

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

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

As a lessor

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

(g) Foreign currencies

The functional currency of the Company is the Indian rupee (₹).

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

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

(h) Taxes

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

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

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

i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions, and

exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii. Deferred tax

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

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

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

(i) Exceptional items

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

(j) Property, plant and equipment

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

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

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

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

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

Freehold land is not depreciated.

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

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

With effect from October 1, 2022, the Company has revised the method of depreciation on property, plant and equipment (PPE) from Written Down Value (WDV) method to Straight Line Method (SLM) based on technical assessment done by independent technical consultants with regards to estimated useful lives of the assets and pattern of economic benefits expected to be generated from these assets. This change in depreciation method has resulted in lower depreciation expense in the Statement of Profit and Loss by ₹ 17.15 crores for the year ended March 31, 2023.

(k) Intangible assets

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

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

Nature of intangible asset	Useful life
Software	6 years
Technical know how	6 years

Research and development costs

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

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

(l) Investment properties

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

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

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

(m) Impairment of non-financial assets

Property, plant and equipment, and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying

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

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

(n) Financial instruments

Recognition and initial measurement

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

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

Financial assets

Cash and cash equivalents

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

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

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms give rise on specified dates to

cash flows that are solely payments of principal and interest on the principal amount outstanding. Wherever the customer has raised issue on contractual/performance obligation on goods and services delivered or received and is under discussion with the customer are treated as the disputed amount.

Trade receivables

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Investment in subsidiaries and joint ventures

The Company accounts for its investments in subsidiaries and joint ventures at cost.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss

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

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

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

Other financial liabilities

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

Equity instruments

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

Derivative financial instruments

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

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

Derecognition of financial instruments

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

Fair value measurement

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

In addition, for financial reporting purposes, fair

value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in their entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(o) Inventories

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

(p) Provisions and contingencies**Provisions**

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

Warranty provisions

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

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence

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

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

(q) Segment reporting

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

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

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

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

(r) Earnings per share

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

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

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

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to

get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest on Borrowing is calculated using Effective Interest Rate (EIR) method and is recognised in profit or loss.

Recent accounting pronouncements issued but not yet effective

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

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT*(₹ in crores)*

Particulars	Land - freehold	Buildings	Plant and equipment	Leasehold improvements	Furniture & fixtures	Office equipment	Vehicles	Computers	Total
Cost									
As at April 1, 2021	15.35	76.61	273.89	6.44	13.96	6.80	22.57	29.83	445.45
Additions during the year	-	7.22	54.18	1.10	1.57	2.09	5.52	0.71	72.39
Disposals/transfers during the year	-	(3.93)	(5.57)	-	(1.14)	(0.96)	(1.23)	(0.22)	(13.05)
As at March 31, 2022	15.35	79.90	322.50	7.54	14.39	7.93	26.86	30.32	504.79
As at April 1, 2022	15.35	79.90	322.50	7.54	14.39	7.93	26.86	30.32	504.79
Additions during the year	0.00	64.13	117.08	0.08	2.41	5.44	15.85	1.90	206.89
Disposals/transfers during the year	(0.02)	(5.54)	(14.39)	(0.70)	(3.41)	(2.15)	(4.91)	(1.27)	(32.39)
Reclassification made during the year	-	0.64	1.16	(1.12)	-	(0.68)	-	-	0.00
As at March 31, 2023	15.33	139.13	426.35	5.80	13.39	10.54	37.80	30.95	679.29
Accumulated depreciation									
As at April 1, 2021	-	27.87	116.12	3.89	7.78	4.39	11.10	25.35	196.50
Disposals/transfers during the year	-	(0.07)	(3.17)	-	(0.62)	(0.54)	(0.88)	(0.21)	(5.49)
Provided during the year	-	4.94	29.60	0.62	1.55	1.07	4.16	2.21	44.15
As at March 31, 2022	-	32.74	142.55	4.51	8.71	4.92	14.38	27.35	235.16
As at April 1, 2022	-	32.74	142.55	4.51	8.71	4.92	14.38	27.35	235.16
Disposals/transfers during the year	-	(0.46)	(10.99)	(0.55)	(3.34)	(2.09)	(3.80)	(1.22)	(22.45)
Provided during the year (refer note 3)	-	5.14	30.57	0.61	1.20	1.40	5.69	1.26	45.87
As at March 31, 2023	-	37.42	162.13	4.57	6.57	4.23	16.27	27.39	258.58
Net book value									
As at March 31, 2023	15.33	101.71	264.22	1.22	6.82	6.31	21.54	3.56	420.71
As at March 31, 2022	15.35	47.16	179.95	3.03	5.68	3.01	12.48	2.97	269.63

Note :

1. All the title deed of immovable property (other than properties on lease) are in the name of the company. *(₹ in crores)*

Non-current assets held for sale	As at March 31, 2023	As at March 31, 2022
Opening : Non-current assets held for sale	5.90	17.70
Additions during the year	2.51	5.82
Discard and disposals made during the year	(6.78)	(17.62)
Less : Impairment allowance	-	-
Closing : Non-current assets held for sale	1.63	5.90

Ageing of Capital work-in-progress (CWIP)*(₹ in crores)*

Particulars	Amount of CWIP as at March 31, 2023					Amount of CWIP as at March 31, 2022				
	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	22.54	7.92	-	-	30.46	65.77	17.13	25.16	2.12	110.18
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total capital work in progress	22.54	7.92	-	-	30.46	65.77	17.13	25.16	2.12	110.18

5. INVESTMENT PROPERTY

Particulars	(₹ in crores)
Cost	
As at April 1, 2021	*
Additions during the year	-
Disposals/transfers during the year	-
As at March 31, 2022	*
Additions during the year	-
Disposals/transfers during the year	-
As at March 31, 2023	*
Depreciation	
As at April 1, 2021	*
Additions during the year	*
Disposals/transfers during the year	-
As at March 31, 2022	*
Additions during the year	*
Disposals/transfers during the year	-
As at March 31, 2023	*
Net Book Value	
As at March 31, 2023	*
As at March 31, 2022	*
Fair Value # (refer note 42)	
As at March 31, 2023	7.19
As at March 31, 2022	7.08

* Indicates amount less than ₹ 1 lakh.

Valuation is based on fair value assessment done by accredited independent valuer as defined under rule 2 of Companies (Register Valuers and Valuation), Rules 2017.

Assets given on operating lease :

i) The Company has entered into lease arrangements, for renting the following : (₹ in crores)

Category of asset	Area (Sq. ft)	Period
Building	2050	5 years

ii) Disclosure in respect of assets given on operating lease included in following heads : (₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Investment property	*	*

Movement in Fair Valuation of investment property

Particulars	(₹ in crores)
As at March 31, 2022	7.08
Increase in Fair Valuation	0.11
As at March 31, 2023	7.19

Information regarding income and expenditure of investment property*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rental income derived from investment property	0.47	0.43
Direct operating expenses (including repairs and maintenance) associated with investment property	-	-
Profit arising from investment property before depreciation and indirect expenses	0.47	0.43
Less : Depreciation	*	*
Profit arising from investment property before indirect expenses	0.47	0.43

The Company has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

6. RIGHT-OF-USE ASSETS*(₹ in crores)*

Particulars	Buildings	Total
Cost		
As at April 1, 2021	72.81	72.81
Additions during the year	42.78	42.78
Disposals/transfers during the year	(2.73)	(2.73)
As at March 31, 2022	112.86	112.86
As at April 1, 2022	112.86	112.86
Additions during the year	37.76	37.76
As at March 31, 2023	150.62	150.62
Accumulated amortisation		
As at April 1, 2021	29.03	29.03
Provided during the year	17.70	17.70
As at March 31, 2022	46.73	46.73
As at April 1, 2022	46.73	46.73
Provided during the year	22.75	22.75
As at March 31, 2023	69.48	69.48
Net book value		
As at March 31, 2023	81.14	81.14
As at March 31, 2022	66.13	66.13

7. INTANGIBLE ASSETS*(₹ in crores)*

Particulars	Technical knowhow	Software	Total
Cost			
As at April 1, 2021	61.16	83.43	144.59
Additions during the year	3.15	4.92	8.07
As at March 31, 2022	64.31	88.35	152.66
As at April 1, 2022	64.31	88.35	152.66
Additions during the year	20.44	11.20	31.64
Disposals/transfers during the year	-	(0.05)	(0.05)
As at March 31, 2023	84.75	99.50	184.25
Amortisation			
As at April 1, 2021	43.43	49.03	92.46
Provided during the year	7.28	11.35	18.63
As at March 31, 2022	50.71	60.38	111.09
As at April 1, 2022	50.71	60.38	111.09
Disposals/transfers during the year	-	(0.05)	(0.05)
Provided during the year	4.83	10.49	15.32
As at March 31, 2023	55.54	70.82	126.36
Net book value			
As at March 31, 2023	29.21	28.68	57.89
As at March 31, 2022	13.60	27.97	41.57

INTANGIBLE ASSETS UNDER DEVELOPMENT**Ageing of intangible assets under development***(₹ in crores)*

Particulars	As at March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	20.70	1.62	-	-	22.32
Projects temporarily suspended	-	-	-	-	-
Total intangible assets under development	20.70	1.62	-	-	22.32

(₹ in crores)

Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5.19	1.86	0.05	-	7.10
Projects temporarily suspended	-	-	-	-	-
Total intangible assets under development	5.19	1.86	0.05	-	7.10

8. INVESTMENTS*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
I. Non-current investments		
Unquoted investments at cost		
Investment in equity instruments		
Investment in subsidiaries		
5,29,25,052 (March 31, 2022 : 5,29,25,052) fully paid equity shares of ₹ 2 each in Blue Star Engineering and Electronics Ltd.	210.89	210.89
49 (March 31, 2022 : 49) fully paid equity shares of QR 2000 each in Blue Star Qatar (WLL)	0.12	0.12
5,350 (March 31, 2022 : 5,350) fully Paid Equity Shares of AED 1000 each in Blue Star International FZCO	9.81	9.81
9,66,00,000 (March 31, 2022 : 2,66,00,000) fully paid equity shares of ₹ 10 each in Blue Star Climatech Ltd.	96.60	26.60
10,000 (March 31, 2022 : Nil) fully paid equity shares of USD 100 each in Investment in Blue Star North America Inc	8.26	-
50,000 (March 31, 2022 : Nil) fully paid equity shares of EUR 10 each in Investment in Blue Star Europe BV	4.41	-
Investment in joint ventures (Refer Note 39)		
255,000 (March 31, 2022 : 255,000) fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC	4.34	4.34
Less : Impairment (refer note 24)	(4.34)	(4.34)
Total non-current investments	330.09	247.42
II. Current investments		
Investment in units of mutual funds		
Unquoted investment in mutual funds		
Growth scheme		
9,199 Units (March 31, 2022 : 1,30,881 Units) in HDFC Mutual Fund	3.06	45.01
Nil Units (March 31, 2022 : 4,75,990 Units) in ICICI Prudential Mutual Fund	-	15.01
Nil Units (March 31, 2022 : 45,018 Units) in SBI Mutual Fund	-	15.00
78,662 Units (March 31, 2022 : Nil Units) in UTI Mutual Fund	24.14	-
3,04,193 Units (March 31, 2022 : 11,20,197 Units) in Aditya Birla Mutual Fund	25.18	70.01
2,54,832 Units (March 31, 2022 : Nil Units) in Axis Mutual Fund	30.20	-
3,10,716 Units (March 31, 2022 : Nil Units) in Kotak Mutual Fund	37.16	-
Total current investments	119.74	145.03

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)*(₹ in crores)*

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Loans to employees, considered good	4.32	3.05	1.51	3.11
Inter corporate deposit given to subsidiary (related party - refer note no. 39)	-	-	35.00	5.00
Loan to joint venture (related party - refer note 39)	4.46	4.46	-	-
Less : Allowance for doubtful loan (refer point no. 3 below)	(4.46)	(4.46)	-	-
Total loans	4.32	3.05	36.51	8.11

Details of loans and advances in the nature of loans to related party (including interest receivable) :*(₹ in crores)*

Particulars	As at March 31, 2023		As at March 31, 2022	
	Maximum amount outstanding	Amount outstanding	Maximum amount outstanding	Amount outstanding
Loan to Blue Star Climatech Limited	50.00	35.00	5.00	5.00

- The Company has not made loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture. The Company has made an application to the Reserve Bank of India for its approval for a write-off of loans and investment in this Joint Venture under the provisions of the Foreign Exchange Management Act.

10. OTHER FINANCIAL ASSETS*(₹ in crores)*

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Security deposits, considered good	14.44	11.00	13.03	17.79
Security deposits, credit impaired	-	-	1.45	0.96
Less : Allowance for doubtful deposits	-	-	(1.45)	(0.96)
	14.44	11.00	13.03	17.79
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	0.05	0.12
Non-current bank balances (including accrued interest thereon)*	5.59	7.19	-	-
Financial guarantee commission receivable from a subsidiary (related party - refer note 39)	-	-	0.29	0.15
Total other financial assets	20.03	18.19	13.37	18.06

*Margin money deposits with a carrying amount of ₹ 5.59 crores (As at March 31, 2022 : ₹ 7.19 crores) are subject to a first charge as security deposit with customers.

****Foreign exchange forward contracts**

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

11. INVENTORIES

(Valued at lower of cost or net realisable value)

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials & components [includes in transit : ₹ 78.08 crores (March 31, 2022 : ₹ 43.89 crores)]	470.14	434.55
Work-in-progress	89.01	78.91
Finished goods	293.74	218.71
Stock-in-trade	389.45	324.99
Stores and spares	71.46	69.21
Total inventories	1,313.80	1,126.37

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹ 57.57 crores (March 31, 2022 : ₹ 70.73 crores).

The above inventory values are net of provisions made of ₹ 16.00 crores (March 31, 2022 : ₹ 12.78 crores) for slow moving, obsolete and defective inventory.

During the year, write down on value of inventory of ₹ 3.22 crores (March 31, 2022 ₹ 4.89 crores) recognised in statement of profit and loss.

12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
Trade receivables considered good - unsecured	1,384.81	1,070.58
Trade receivables - credit impaired	41.35	32.17
	1,426.16	1,102.75
Less : Allowance for doubtful debts and credit loss	(98.02)	(83.84)
Total trade receivables	1,328.14	1,018.91

Ageing of Trade receivables

(₹ in crores)

Particulars	As at March 31, 2023						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	594.14	621.93	52.44	48.40	18.85	47.83	1,383.59
Trade receivables - credit impaired	-	0.77	18.23	2.64	2.47	15.29	39.40
	594.14	622.70	70.67	51.04	21.32	63.12	1,422.99
Disputed							
Trade receivables considered good - unsecured	-	-	-	-	0.12	1.10	1.22
Trade receivables - credit impaired	-	-	-	-	-	1.95	1.95
	-	-	-	-	0.12	3.05	3.17
Total trade receivables	594.14	622.70	70.67	51.04	21.44	66.17	1,426.16
Less : Allowance for doubtful debts and credit loss							(98.02)
Total trade receivables							1,328.14

Ageing of Trade receivables*(₹ in crores)*

Particulars	As at March 31, 2022						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	387.00	482.94	76.56	46.44	21.77	53.11	1,067.82
Trade receivables - credit impaired	-	-	0.10	0.19	2.45	24.34	27.08
	387.00	482.94	76.66	46.63	24.22	77.45	1,094.90
Disputed							
Trade receivables considered good - unsecured	-	0.02	0.18	0.24	0.18	2.18	2.80
Trade receivables - credit impaired	-	-	*	*	0.11	4.94	5.05
	-	0.02	0.18	0.24	0.29	7.12	7.85
Total trade receivables	387.00	482.96	76.84	46.87	24.51	84.57	1,102.75
Less : Allowance for doubtful debts and credit loss							(83.84)
Total trade receivables	-	-	-	-	-	-	1,018.91

- (i) Trade receivables are on non interest bearing credit terms and the credit period of the products are determined by the type of the products. In case of long term construction contracts, payment is generally due upon completion of milestone as per terms of contract. In certain contracts, short term advances are received as per payment terms in the contract, before the performance obligation is satisfied.
- (ii) The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables and contract assets. The Company follows the simplified approach for recognition of impairment allowance on trade receivables and contract assets. The application of the simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment allowance based on lifetime ECLs at each reporting date. ECL impairment loss allowance recognised during the period is recognised in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

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

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balances as on 1 st April	83.84	91.30
Impairment loss recognised	46.53	17.54
Less : Allowances provided earlier written off as bad debts	(32.35)	(25.00)
Closing balances as on 31st March	98.02	83.84

* Indicates amount less than ₹ 1 lakh.

13. CASH AND CASH EQUIVALENT*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Balances with banks :		
– In current accounts	87.80	110.44
– In fixed deposits	87.02	90.19
Cash on hand	0.45	0.43
Total cash and cash equivalents	175.27	201.06

14. OTHER BANK BALANCES*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Other bank balances		
- Unpaid dividend*	3.85	3.91
- Cash & bank balance not available for immediate use	0.09	0.09
Total other bank balances	3.94	4.00

*The Company can utilise these balances only towards settlement of unclaimed dividend and fractional shares.

15. OTHER ASSETS*(₹ in crores)*

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Contract Assets	-	-	582.15	455.03
Less : Allowance for doubtful contract assets	-	-	(26.13)	(20.50)
Net contract assets	-	-	556.02	434.53
Retention	-	-	11.19	14.68
Capital advances	19.19	25.53	-	-
Balances with statutory authorities	33.34	37.45	73.48	83.88
Less : Allowance for doubtful deposits	(5.80)	(5.80)	-	-
Balance with statutory authorities (Net)	27.54	31.65	73.48	83.88
Vendor advances	-	-	42.06	34.41
Less : Allowance for doubtful vendor advance	-	-	(1.00)	(1.00)
Vendor advances (Net)	-	-	41.06	33.41
Prepaid expenses	0.29	0.62	32.09	25.23
Government grant receivable	-	-	4.35	6.61
Total other assets	47.02	57.80	718.19	598.34

The movement for allowance for doubtful contract assets during the year are as follows :

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balances as on 1 st April	20.50	27.89
Impairment loss recognised/(reversal)	10.80	1.25
Less : Allowances provided earlier written off	(5.17)	(8.64)
Closing balances as on 31st March	26.13	20.50

Categorisation of financial assets :*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
At fair value		
Investments (refer note 8)	119.74	145.03
Other financial assets (refer note 10)	0.05	0.12
Total at fair value through profit or loss	119.79	145.15
At amortised cost		
Trade receivables (refer note 12)	1,328.14	1,018.91
Cash & bank balances (refer note 13 and 14)	179.21	205.06
Loans (refer note 9)	40.83	11.16
Other financial assets (refer note 10)	33.35	36.13
Total financial assets carried at amortised cost	1,581.53	1,271.26

The carrying amount of financial assets measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

16. EQUITY SHARE CAPITAL

Authorised share capital	7.8% Cumulative convertible preference shares of ₹ 100 each		Equity shares of ₹ 2 each		Unclassified shares of ₹ 100 each		Cumulative compulsorily convertible preference shares of ₹ 10 each	
	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores
At April 1, 2021	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2022	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2023	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

Terms/Rights attached to equity shares

The Company has one class of equity shares having par value of ₹ 2 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.

Terms/Rights attached to 7.8 % cumulative convertible preference shares and cumulative compulsorily convertible preference shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the equity shares of the Company in the event of increase in share capital or winding up of the Company up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the Company.

Issued share capital

Equity shares of ₹ 2 each issued, subscribed & fully paid up	No.	(₹ in crores)
At April 1, 2021	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2022	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2023	96,313,888	19.26

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Nos.	% holding in the class	Nos.	% holding in the class
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	11,955,601	12.41%	11,955,601	12.41%
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	7,719,930	8.02%	7,719,930	8.02%
SBI Small Cap Fund	7,624,216	7.92%	5,453,274	5.66%
Kotak Small Cap Fund	5,284,829	5.49%	4,795,817	4.98%

Shareholding pattern of promoters and changes in holding during the year

Share held by promoters at the end of the year		As at March 31, 2023			As at March 31, 2022		
Name of Promoters		Numbers of shares	% of total shares	% Changes during the year	Numbers of shares	% of total shares	% Changes during the year
Suneel Mohan Advani	Promoter	1,227,496	1.27%	(56.59%)	2,827,496	2.94%	0.39%
Vir S Advani	Promoter	1,074,625	1.12%	0.00%	1,074,625	1.12%	0.00%
Sunaina Sandeep Murthy	Promoter	1,072,525	1.11%	1378.83%	72,525	0.08%	0.00%
Dinesh Nanik Vaswani	Promoter	26,944	0.03%	0.00%	26,944	0.03%	0.00%
Suneeta Nanik Vaswani	Promoter Group	954,322	0.99%	(5.36%)	1,008,322	1.05%	(5.08)%
Rohina Lulla	Promoter Group	1,168,594	1.21%	0.00%	1,168,594	1.21%	0.00%
Anissa Khanna	Promoter Group	1,126,787	1.17%	0.00%	1,126,787	1.17%	0.00%
Nargis Suneel Advani	Promoter Group	1,136,936	1.18%	111.75%	536,936	0.56%	0.00%
Sanjay N Vaswani	Promoter Group	121,975	0.13%	0.00%	121,975	0.13%	15.32%
Armaan Sandeep Murthy	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Jay Talati Advani	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Sumer Sandeep Murthy	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Uday Vir Advani	Promoter Group	50,000	0.05%	0.00%	50,000	0.05%	0.00%
Anita Ashok Advani	Promoter Group	30,000	0.03%	0.00%	30,000	0.03%	0.00%
Dev Khanna	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	Promoter Group	11,955,601	12.41%	0.00%	11,955,601	12.41%	0.00%

Share held by promoters at the end of the year		As at March 31, 2023			As at March 31, 2022		
		Numbers of shares	% of total shares	% Changes during the year	Numbers of shares	% of total shares	% Changes during the year
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	Promoter Group	7,719,930	8.02%	0.00%	7,719,930	8.02%	0.00%
Ashok Mohan Advani as a Trustee of Suneeta Padmi Trust and Anissa Rohina Trust	Promoter Group	2,599,744	2.70%	0.00%	2,599,744	2.70%	0.00%
Vistra Itcl (India) Limited as a Trustee of NSA Family Trust	Promoter Group	2,300,000	2.39%	0.00%	2,300,000	2.39%	0.00%
Vistra Itcl (India) Limited as a Trustee of SNA Family Trust	Promoter Group	2,300,000	2.39%	0.00%	2,300,000	2.39%	0.00%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust	Promoter Group	555,642	0.58%	2.49%	542,142	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust	Promoter Group	555,640	0.58%	2.49%	542,140	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust 2	Promoter Group	555,640	0.58%	2.49%	542,140	0.56%	2.55%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust 2	Promoter Group	555,639	0.58%	2.49%	542,139	0.56%	2.55%
J.T. Advani Finance Private Limited	Promoter Group	52,172	0.05%	0.00%	52,172	0.05%	(17.41)%
Iman Rajiv Lulla	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%
Rana Rajiv Lulla	Promoter Group	19,625	0.02%	0.00%	19,625	0.02%	0.00%

17. OTHER EQUITY*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Security premium		
Opening balance	210.15	210.15
Add : Additions during the year	-	-
Closing balance	210.15	210.15
Capital redemption reserve		
Opening balance	2.34	2.34
Add : Additions during the year	-	-
Closing balance	2.34	2.34
Capital subsidy from government		
Opening balance	0.6	0.6
Add : Additions during the year	-	-
Closing balance	0.6	0.6

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve		
Opening balance	326.05	326.05
Add : Additions during the year	-	-
Closing balance	326.05	326.05
Retained earnings		
Opening balance	458.49	369.27
Add : Net profit for the year as per the Statement of Profit and Loss	366.58	127.74
Less : Dividend	(96.30)	(38.52)
Closing balance	728.77	458.49
Other comprehensive income		
(i) Remeasurement of defined benefit plan		
Opening balance	(8.58)	(8.58)
Add : Additions during the year	(0.16)	*
Closing balance	(8.74)	(8.58)
Total	1,259.17	989.05

Securities premium - Where the Company issues shares at a premium, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium". The Company may use this reserve for the purpose allowed under Section 52 of the Companies Act, 2013.

Capital redemption reserve - Capital redemption reserve was created in an earlier year for buy-back of shares.

Capital subsidy received from government – Subsidy was received towards setting up of a factory in the state of Himachal Pradesh during the years ended March 31, 2009 and March 31, 2013.

General reserve - General reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue of bonus shares.

Retained earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013. Thus the amounts reported above are not distributable in entirety.

18. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash dividends on equity shares declared and paid :		
Final dividend for the year ended March 31, 2022 : ₹ 10 per share (March 31, 2021 : ₹ 4 per share)	96.30	38.52
Total dividend distribution	96.30	38.52

Note : The Directors have recommended a dividend of ₹ 12 per equity share of face value ₹ 2 each (pre-bonus) for FY22-23 (FY21-22, Final Dividend of ₹ 10 per equity share), which translates into final dividend ₹ 6 per equity share of ₹ 2 each (post-bonus) for F.Y. 22-23. Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

19. BORROWINGS*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Non-current borrowings		
7.65% Non convertible debentures - Unsecured	-	175.00
Less : Unamortised upfront fees on borrowing	-	(2.00)
Total non-current borrowings	-	173.00
Current borrowings		
Unsecured		
Current maturities of long term debt		
-7.65% Non convertible debentures - Unsecured (note c)	174.43	175.00
Working Capital Demand Loan from banks (note b)	0.02	-
Commercial papers		
- from banks (note d)	149.04	-
Inter corporate deposit received from a subsidiary (related party - refer note no. 39)	120.00	160.00
Packing credit loan from banks (note a)	33.70	31.75
Cash credit/bank overdrafts (note a)	0.12	0.19
Total current borrowings	477.31	366.94
Aggregate secured loans	-	-
Aggregate unsecured loans	477.31	539.94
Total borrowings	477.31	539.94

- Outstanding loans carry an average interest rate ranging from 5.40% - 7.84% p.a. (March 31, 2022 : 2.75% - 2.8% p.a.).
- The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.
- The Company has allotted 7.65% unsecured redeemable non-convertible debentures (Series I & Series II) on June 1, 2020.

Repayment schedule of Non-convertible debentures :*(₹ in crores)*

Particulars	Repayment	
	Amount	Date
7.65% Non-convertible debenture (Series - I) - Principal	175.00	01-Jun-23

During the year ₹ 175 crores of NCD (Series - II) was repaid.

- Commercial papers carry average interest rate 7.57% p.a. for the current year. These are repayable within range of 70 to 172 days from the date of drawdown.
- The Company does not have any borrowing which is taken for specific purpose.
- There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- The Company have not been declared as wilful defaulter by any bank, financial institutions or other lender.
- The Company has not received any fund from any person or entity, including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall :
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20. DISCLOSURE AS PER SECTION 22 OF MSME ACT*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	144.72	102.55
(ii) Interest due on above	0.06	0.12
(b) Amount of interest paid by the buyer in terms of section 16 of the Micro, Small & Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Micro, Small & Medium Enterprises Development Act, 2006.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	2.16	2.10
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small & Medium Enterprises Development Act, 2006.	2.16	2.10
	146.88	104.65

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Company.

Ageing of trade payables*(₹ in crores)*

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2023					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Acceptances	298.08	-	-	-	-	298.08
Undisputed						
Dues to micro enterprises and small enterprises	124.22	22.32	0.25	0.03	0.06	146.88
Dues of creditors other than micro and small enterprises	1,440.86	346.18	13.36	4.25	5.97	1,810.62
	1,863.16	368.50	13.61	4.28	6.03	2,255.58
Disputed						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	0.31	0.06	-	-	0.01	0.38
	0.31	0.06	-	-	0.01	0.38
Total payables	1,863.47	368.56	13.61	4.28	6.04	2,255.96

Ageing of trade payables*(₹ in crores)*

Particulars	Outstanding for following periods from due dates of payments as at March 31, 2022					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Acceptances	330.85	-	-	-	-	330.85
Undisputed						
Dues to micro enterprises and small enterprises	84.39	20.00	0.17	0.06	0.03	104.65
Dues of creditors other than micro and small enterprises	1,112.11	270.07	8.11	3.90	13.34	1,407.53
	1,527.35	290.07	8.28	3.96	13.37	1,843.03
Disputed						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	0.02	-	*	-	-	0.02
	0.02	-	-	-	-	0.02
Total payables	1,527.37	290.07	8.28	3.96	13.37	1,843.05

* Indicates amount less than ₹ 1 lakh.

21. LEASE LIABILITY*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	71.18	52.22
Additions during the year	34.75	36.53
Add : Interest for the year	8.61	6.29
Less : Paid during the year	(27.55)	(23.86)
Closing balance	86.99	71.18
Non-current lease liabilities	67.48	50.22
Current lease liabilities	19.51	20.96
Total lease liability	86.99	71.18

Note : For additional information refer note no. 50**22. OTHER FINANCIAL LIABILITIES***(₹ in crores)*

Particulars	Current	
	As at March 31, 2023	As at March 31, 2022
Financial liabilities at amortised cost		
Other deposits	7.99	4.99
Interest accrued but not due on borrowings	11.64	23.27
Unpaid dividend (refer note a below)	3.85	3.91
Creditors - capital expenditure	3.41	2.39
Total other financial liabilities	26.89	34.56

a) Unpaid dividend

Dividend	As at March 31, 2023	As at March 31, 2022
2014-15 (Final)	-	0.48
2015-16 (Interim)	0.55	0.55
2016-17 (Final)	0.69	0.70
2017-18 (Final)	0.68	0.69
2018-19 (Final)	0.61	0.63
2019-20 (Interim)	0.62	0.64
2020-21 (Final)	0.21	0.22
2021-22 (Final)	0.49	-
Total	3.85	3.91

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Categorisation of financial liabilities carried at amortised cost*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings (refer note 19)	477.31	539.94
Trade payables	2,255.96	1,843.05
Other deposits (refer note 22)	7.99	4.99
Unpaid dividend (refer note 22)	3.85	3.91
Creditor - capital expenditure (refer note 22)	3.41	2.39
Interest accrued but not due on borrowings (refer note 22)	11.64	23.27
Total financial liabilities carried at amortised cost	2,760.16	2,417.55

Borrowings and interest accrued but not due on borrowings have a fair value of ₹ 488.95 crores (March 31, 2022 ₹ 566.47 crores).

The carrying amount of all other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

Reconciliation between the opening and closing balances for liabilities arising from financing activities for the year ended March 31, 2023 :*(₹ in crores)*

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
At the beginning of the year	173.00	366.94	71.18
Cash flows during the year (net)	-	(64.06)	(27.55)
Current maturity of long term borrowings	(174.43)	174.43	-
Transaction cost written off	1.43	-	-
At the end of the year (excluding interest liability on borrowings)	-	477.31	43.63
Non cash changes due to :			
- Acquisitions under finance lease	-	-	34.75
- Interest on finance lease	-	-	8.61
- Interest on borrowings (clubbed under other financial liabilities)	-	11.64	-
At the end of the year (including interest liability on borrowings)	-	488.95	78.38

Reconciliation between the opening and closing balances for liabilities arising from financing activities for the year ended March 31, 2022 :*(₹ in crores)*

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
At the beginning of the year	346.87	231.93	52.22
Cash flows during the year (net)	-	(39.99)	(23.86)
Current maturity of long term borrowings	(175.00)	175.00	-
Transaction cost written off	1.13	-	-
At the end of the year (excluding interest liability on borrowings)	173.00	366.94	28.36
Non cash changes due to :			
- Acquisitions under finance lease	-	-	36.53
- Interest on finance lease	-	-	6.29
- Interest on borrowings (clubbed under other financial liabilities)	11.63	11.64	-
At the end of the year (including interest liability on borrowings)	184.63	378.58	71.18

23. OTHER CURRENT LIABILITIES*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Contract liabilities from construction contracts	59.28	52.88
Contract liabilities from annual maintenance contract services	75.92	64.88
Advances from customers	407.52	302.85
Dues to statutory bodies	58.07	48.60
Others	6.98	12.44
Total other current liabilities	607.77	481.65

24. PROVISIONS*(₹ in crores)*

Particulars	Non-current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits				
Provision for gratuity (refer note 37)	-	-	2.91	0.35
Compensated absences	-	-	13.48	17.69
Additional gratuity (refer note 37)	0.42	0.47	-	-
	0.42	0.47	16.39	18.04
Other provisions				
Provision for customer warranties	10.96	9.62	15.98	12.27
Provision for foreseeable loss	-	-	1.38	2.09
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	9.33	10.42
	10.96	9.62	27.78	25.87
Total	11.38	10.09	44.17	43.91

* The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture.

Provision for warranties*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	21.89	21.22
Add : Additional provisions made during the year	22.11	12.00
Less : Amount used during the year	(16.81)	(11.44)
Add : Effect of change in provision on account of discounting during the year	(0.25)	0.11
At the end of the year	26.94	21.89
Current portion	15.98	12.27
Non-current portion	10.96	9.62

Provision for service warranties relates mainly for goods sold during the year ended March 31, 2023 and March 31, 2022. The provision has been based upon historical warranty data. The above values are for standard manufacturing warranty and which are usually expected to be settled between 0 to 10 years from the date of sale of product based on the component type offered by the company.

Other Provisions for the year ended March 31, 2023*(₹ in crores)*

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.09	1.09	10.42
Add : Additional provisions made during the year	3.68	-	-
Less : Utilised during the year	(4.39)	-	(1.09)
At the end of the year	1.38	1.09	9.33

Other provisions for the year ended March 31, 2022*(₹ in crores)*

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	1.49	1.09	10.42
Add : Additional provisions made during the year	21.00	-	-
Less : Utilised during the year	(20.40)	-	-
At the end of the year	2.09	1.09	10.42

Foreseeable loss

A provision for foreseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

25. GOVERNMENT GRANTS*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
At the beginning of the year	9.70	11.16
Additions during the year	2.22	1.65
Amortised during the year	(3.27)	(3.11)
At the end of the year	8.65	9.70
Current	1.08	2.74
Non-current	7.57	6.96

Government grants are towards the purchase of certain items of property, plant and equipment.

26. INCOME TAX**(a) Current tax asset***(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	71.48	85.32
Less : Current tax payable for the year	(118.07)	(48.00)
Add : Taxes paid	115.40	34.16
Closing Balance	68.81	71.48

The closing balance of current tax asset is net of provision for tax. The current tax payable for FY23 includes tax on Thane Freehold land sale that was paid during the year.

(b) Deferred tax assets

The breakup of deferred tax asset is as follows :

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax asset - [A]		
Provision for loss allowance	24.67	28.37
Provisions made disallowed and allowed only on payment basis	8.18	7.13
Others (ROU, ICDS adjustments etc.)	4.71	-
Deferred tax liability - [B]		
Accelerated depreciation for tax purposes	(33.39)	(6.38)
Others (ROU and ICDS adjustments)	-	(5.06)
Net deferred tax asset - [A-B]	4.17	24.06

Movement in deferred tax assets*(₹ in crores)*

Particulars	Charge/(Credit) to Statement of Profit and loss	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax asset -		
Provision for loss allowance	3.70	7.08
Provisions made disallowed and allowed only on payment basis	(1.05)	(2.14)
Deferred tax liability -		
Accelerated depreciation for tax purposes	22.59	3.44
Others (ROU, ICDS adjustments etc.)	(5.35)	11.62
Total	19.89	20.00

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022 :*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Accounting profit before income tax	504.60	195.75
Income tax at India's statutory income tax rate of 25.168% (March 31, 2022 : 34.944%)	127.00	68.40
Expenses not allowed for tax purpose	4.56	1.23
Additional allowances for tax purpose	(1.19)	(0.10)
Tax saving on account of lower tax rate on long term capital gain on sale of freehold land (Exceptional item)	(11.46)	-
Others	19.12	(1.52)
Income tax at effective tax rate	138.03	68.01

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

Particulars	As at March 31, 2023	As at March 31, 2022
i) Current tax		
Current tax on profit for the year	118.13	48.01
Total current tax expense	118.13	48.01
ii) Deferred tax		
(Decrease)/increase in deferred tax liabilities	17.24	17.13
Decrease/(increase) in deferred tax assets	2.65	2.87
Total deferred tax expense/(benefit)	19.89	20.00
Income tax expense	138.02	68.01

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i) Current tax		
Remeasurement gain/(loss) on defined benefit plans	(0.06)	*
Total current tax expense	(0.06)	*
ii) Deferred tax		
Fair value of equity investment	-	-
Effective portion of gain/(loss) on cash flow hedges	-	-
Total deferred tax expense/(benefit)	-	-
Income tax expense	(0.06)	*

* Indicates amount less than ₹ 1 lakh.

27. REVENUE FROM OPERATIONS*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products	5,010.87	3,588.51
Revenue from construction contracts	1,674.01	1,247.48
Sale of services	590.82	501.29
Other operating revenue		
- Provisions and liabilities no longer required	28.91	21.22
- Shared service recovery	2.22	1.32
- Others	46.30	35.67
Total revenue from operations	7,353.13	5,395.49

28. OTHER INCOME*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income on		
- Bank deposits	4.17	12.35
- Others	3.09	0.94
Rental Income	0.47	0.43
Dividend received from subsidiary	-	2.40
Gain on sale of Mutual Fund	10.33	2.68
Amortisation of government grant	3.27	3.11
Others	8.50	14.19
Total other income	29.83	36.10

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cost of material consumed	2,976.96	2,025.53
Project cost (including bought outs)	1,449.06	1,078.16
AMC subcontracting cost	352.35	293.82
Total cost of raw material consumed (including direct project and service cost)	4,778.37	3,397.51
Purchase of stock-in-trade	1,135.04	888.41
Inventories at the end of the year		
Traded goods	389.45	324.99
Work-in-progress	89.01	78.91
Finished goods	293.74	218.71
	772.20	622.61
Inventories at the beginning of the year		
Traded goods	324.99	312.04
Work-in-progress	78.91	62.31
Finished goods	218.71	199.66
	622.61	574.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(149.59)	(48.60)

30. EMPLOYEE BENEFIT EXPENSE*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	441.47	378.28
Contribution to provident and other funds	15.03	13.31
Gratuity expense (refer note 37)	4.23	3.60
Staff welfare expenses	35.62	26.71
Total employee benefits expense	496.35	421.90

31. FINANCE COSTS*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
- Interest and finance charges on financial liabilities carried at amortised cost		
(a) Interest on non-convertible debenture	16.84	28.39
(b) Interest on other borrowings	25.54	11.41
(c) Interest on lease liabilities	8.61	6.29
(d) Other interest expenses	0.78	0.36
- Bank charges	6.41	4.96
Total finance costs	58.18	51.41

32. DEPRECIATION AND AMORTISATION EXPENSE*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment (refer note 4)	42.27	44.15
Depreciation on right of use assets (refer note 6)	22.75	17.71
Amortisation expenses on intangible assets (refer note 7)	15.32	18.63
Depreciation on investment property (refer note 5)	*	*
Total depreciation and amortisation expense	80.34	80.49

* Indicates amount less than ₹ 1 lakh.

33. OTHER EXPENSES*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Stores and spares consumed	24.12	14.39
Power and fuel	25.36	17.41
Rent	55.48	46.78
Repairs and maintenance		
- Buildings	4.15	3.03
- Plant and machinery	8.36	4.66
- Others	25.89	18.24
Insurance	4.73	4.42
Rates and taxes	1.16	1.33
Advertising expenses	68.83	53.32
Sales and promotion expenses	43.84	25.28
Freight and forwarding charges	105.32	82.72
Legal and professional fees	67.78	54.64
Travelling and conveyance	45.48	21.38
Commission and sales incentives	26.78	18.34
Warranty cost	33.67	19.27
Printing and stationery	4.24	2.42
Payment to auditors (refer details A below)	1.95	1.32
Corporate social responsibility expenses (refer details B below)	3.33	2.91
Donations (refer details C below)	0.51	0.36
Loss on sale/discard of property, plant and equipment	6.91	-
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	6.58	4.93
Bad debts/advances written off	35.38	
Less : Allowance for doubtful debts	(32.35)	3.03
Allowances for doubtful debts and advances		46.53
Miscellaneous expenses		36.45
Total other expenses	650.48	444.72

A. Payment to auditors*(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
As auditor :		
Audit fee	0.99	0.87
Limited review	0.26	0.24
Tax audit	0.09	0.08
In other capacity		
Other services	0.58	0.12
Reimbursement of expenses	0.03	0.01
	1.95	1.32

B. Corporate social responsibility expenses

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Gross amount required to be spent by the Company during the year	3.00	2.91
(ii) Amount of expenditure incurred	3.33	2.91
(iii) Shortfall in amount spent for CSR expenses	-	-
(iv) Nature of CSR activities	'Skill Development' and 'Health, Hygiene and Wellness'.	
(v) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

C. Political contribution

Company has made political contribution of ₹ Nil during FY 2022-23 (FY 2021-22 : ₹. 0.25 crores).

34. EXCEPTIONAL ITEMS

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Exceptional income*	170.81	-
Exceptional items (Net)	170.81	-

* Profit on sale of freehold land which was classified as asset held for sale in the previous year.

35. EARNING PER SHARE (EPS)

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

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to equity holders of the Company (₹ in crores)	366.58	127.74
Weighted average number of equity shares outstanding	96,313,888	96,313,888
Earning per share (₹) - Basic and Diluted in rupees (Face value - ₹ 2 per share)	38.06	13.26

Note : The Board of Directors at its meeting held on May 4, 2023 has approved issue of bonus equity shares, in the proportion of 1:1, i.e. 1 (one) bonus equity share for every 1 (one) fully paid-up equity shares held as on record date, subject to the approval of the Shareholders of the Company. On completion of the said bonus issue, the Earning per share (EPS) for all the periods presented will be adjusted retrospectively.

36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's standalone financial statements requires Management to make judgements, estimates, and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such Judgements, estimates, and associated assumptions are evaluated based on the Company's historical experience, existing market conditions, as well as forward-looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and

underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the standalone financial statements and/or key sources of estimation uncertainty that may have a significant risk of

causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

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

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and is probable that the economic benefits associated will flow to the Company. This requires the exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Company provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Company, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Company's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold that are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant, and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs and anticipated technological changes. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

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

Fair value measurement of financial instruments

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

Intangible asset under development

The Company capitalizes intangible assets under development for a project in accordance with the accounting policy. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied, and the expected period of benefits.

Impairment of financial assets

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

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

Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. In assessing the realizability of deferred tax assets arising from unused tax credits, the management considers convincing evidence about availability of sufficient taxable income against which such unused tax credits can be utilised. The amount of the deferred income tax assets considered realizable, however, could be reduced if estimates of future taxable income during the carry forward period are reduced.

COVID 19 - Recoverability of assets

The Company continues to monitor the economic effects of COVID-19 on its business. Based on the current evaluation

by the management, the carrying amounts of the assets are considered recoverable.

Code on Social Security, 2020

The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Company will record any related financial impact of the Code in the books of account, in the period(s) in which the Code becomes effective.

Additional regulatory information required by Schedule III

i. The Company neither holds any benami property nor any proceedings have been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

- ii. The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- iii. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- iv. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- v. The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- vi. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

37. EMPLOYEE BENEFITS DISCLOSURE

Defined Benefit Plans

a. Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised as net profit in the profit or loss. The Company expects to contribute ₹ 5.30 crores to gratuity fund in FY 2023-24 (FY 2022-23 : ₹ 2.49 crores).

Change in present value of defined benefit obligation

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation at the beginning of the year	44.82	41.34	0.47	0.44
Current service cost *	4.14	3.81	0.02	0.02
Interest cost	2.86	2.49	0.03	0.03
Benefits paid	(4.56)	(2.83)	(0.02)	(0.01)
Acquisition adjustment	-	-	-	-
Remeasurements				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	(1.85)	(0.83)	(0.02)	(0.01)
c. Due to experience adjustments	2.10	0.84	(0.01)	-
Defined benefit obligation at the end of the year	47.51	44.82	0.47	0.47

Change in fair value of plan assets*(₹ in crores)*

Particulars	Gratuity		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	44.47	43.91	-	-
Expected return on plan assets	2.93	2.75	-	-
Contribution	1.83	0.64	-	-
Benefits paid	(4.56)	(2.83)	-	-
Return on assets	-	-	-	-
Acquisition adjustment	-	-	-	-
Fair value of plan assets at the end	44.67	44.47	-	-

Components of defined benefit cost recognised in profit or loss*(₹ in crores)*

Particulars	Gratuity		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	4.25	3.81	0.02	0.02
Interest cost	2.86	2.49	0.03	0.03
Expected return on plan assets	(2.93)	(2.75)	-	-
Defined benefit cost recognised in profit or loss	4.18	3.55	0.05	0.05

Components of defined benefit cost recognised in other comprehensive income

a. Due to change in demographic assumptions		-	-	-
b. Due to change in financial assumptions	(1.85)	(0.83)	(0.02)	(0.01)
c. Due to change in experience adjustments	2.10	0.84	(0.01)	-
d. (Return) on plan assets (excl. interest income)		-	-	-
Remeasurements recognised in other comprehensive income (OCI)	0.25	0.01	(0.03)	(0.01)

* Includes ₹ 0.10 crores in March 31, 2022 towards impact of changes in Remuneration structure

Net liability/(assets) recognised in the balance sheet*(₹ in crores)*

Particulars	Gratuity		Additional Gratuity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation	47.51	44.82	0.47	0.47
Fair value of plan assets	44.67	44.47	-	-
Net liability/(assets)	2.84	0.35	0.47	0.47

The major categories of plan assets are as follows :*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	-	-
Insurance company products	42.49	42.30
Others	2.18	2.17
Total	44.67	44.47

The principal assumptions used in determining Gratuity and Additional Gratuity for the Company's plan are as shown below :

Particulars	Gratuity		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.35%	6.60%	7.35%	6.25%
Disability rate	5% of IALM 2012-14	5% of IALM 2012-14	5% of IALM 2012-14	5% of IALM 2012-14
Normal retirement age	65 years for Directors and 60 years for Others	65 years for Directors and 60 years for Others	65 years for Directors and 60 years for Others	65 years for Directors and 60 years for Others
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2012-14
Salary escalation rate (Directors-Management-staff)	10%,7%,3%	10%,7%,3%	-	-
Attrition Rate	14%	14%	14%	14%

The present value of defined benefit obligation after change in assumptions are as under :

(₹ in crores)

Assumptions	Gratuity		Additional Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Decrease in discount rate (0.5%)	47.30	44.58	0.49	0.48
Increase in discount rate (0.5%)	44.92	42.25	0.46	0.46
Decrease in salary growth rate (0.5%)	44.91	42.25	-	-
Increase in salary growth rate (0.5%)	47.30	44.58	-	-
Decrease in attrition rate (1%)	46.03	43.42	0.44	0.45
Increase in attrition rate (1%)	46.12	43.35	0.48	0.47
Decrease in mortality rate (10%)	46.08	43.38	0.47	0.47
Increase in mortality rate (10%)	46.08	43.38	0.47	0.47

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2022-23.

The average duration of the defined benefit plan obligation at the end of the reporting year 2022-23 is 6 years.

b. Provident fund

Eligible employees of the Company receive benefits from provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2023. The Company's contribution to the Employee's Provident fund aggregates to ₹ 9.23 crores (March 31, 2022 : ₹ 8.48 crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the company has made for an estimated amount, provision on a prospective basis.

General description of significant defined plans :

a. Gratuity plan

Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years' of service after continuous service for five years.

b. Additional gratuity

Additional gratuity is payable as per the specific rules of the Group i.e. ₹ 5,000 for staff and ₹ 10,000 for managers subject to qualifying service of 15 years.

38. COMMITMENTS AND CONTINGENCIES**a. Contingent liabilities***(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the company not acknowledged as debts	1.35	0.05
Sales tax matters	52.32	60.77
Excise duty matters	4.90	4.90
Service tax matters	121.63	159.00
Income tax matters	120.03	108.13
GST matters	1.78	0.07

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided :

At March 31, 2023, Company had commitments (net of advances) of ₹ 118.12 crores (March 31, 2022 : ₹ 34.22 crores)

c. Financial guarantees provided*(₹ in crores)*

Particulars	As at March 31, 2023	As at March 31, 2022
Corporate guarantee/Letter of comfort given on behalf of subsidiaries (to the extent utilised)	197.80	76.20

d. The Company has an obligation to complete the Extended Producer Responsibility (EPR) targets, only if it is a participant in the market during the financial year in accordance with the E-Waste (Management) Rules, 2016, as amended. The Company has fulfilled its obligation for the current financial year. The Company will have an e-waste obligation for future years, only if it participates in the market in those years.

e. Uncertain tax position

The uncertain tax position as on March 31, 2023 is ₹ 5.81 crores (March 31, 2022 : ₹ 5.60 crores)

39. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Related party disclosure	Country of incorporations	% of equity interest	
		As at March 31, 2023	As at March 31, 2022
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 (incorporated on September 22, 2022)	USA	100.00	-
Blue Star Japan LLC (incorporated on February 20, 2023)	Japan	100.00	-
Blue Star Europe BV (incorporated on November 28, 2022)	Netherlands	100.00	-

* The Company holds 49% of the share capital in Blue Star Qatar WLL (BSQ). Upon assessment of control over BSQ, the Company has concluded that the said Company is a subsidiary of the Company under Ind AS 110.

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

Joint ventures	Country of incorporations	% of equity interest	
		As at March 31, 2023	As at March 31, 2022
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49.00	49.00
Blue Star Oman Electro-Mechanical Co. LLC**	Oman	51.00	51.00

**The Company holds 51% of the share capital of Blue Star Oman Electro-Mechanical Co. LLC, however the profit sharing is on 50-50 basis and it is treated as joint venture under Ind AS 110.

Key Management Personnel

Mr. Vir S. Advani, Vice Chairman and Managing Director
 Mr. B Thiagarajan, Managing Director
 Mr. Neeraj Basur, Group Chief Financial Officer (Until May 31, 2022)
 Mr. Nikhil Sohoni, Group Chief Financial Officer (Since July 01, 2022)
 Mr. Rajesh Parte, Company Secretary

Non-Executive and Independent Directors

Mr. Shailesh Haribhakti
 Mr. Rajiv Lulla
 Mr. Dinesh Vaswani
 Mr. Sam Balsara
 Mr. Anil Harish
 Ms. Rumjhum Chatterjee (Until April 25, 2022)
 Mr. Arvind K Singhal
 Ms. Sunaina Murthy
 Ms. Anita Ramchandran (Since June 13, 2022)

Relative of Director

Mr. Ashok M. Advani
 Mr. Suneel M. Advani

Enterprises in which a Director is/was a member/director/trustee during the year with whom company had transactions and/or balances

Moms Outdoor Media Solutions Private Limited
 Madison Communications Private Limited
 Somany Ceramics Limited
 IBS Fintech India Private Limited
 Platinum Communications Private Limited
 Cerebrus Consultants Private Limited
 Blue Star Helpline Trust

Transactions during the year with related parties are as under :

(₹ in crores)

Name of related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd				0.87
Consultancy services rendered	-		-	
Blue Star Qatar WLL		4.51		0.87
Sales and services	4.42		0.80	
Guarantee commission	0.09		0.07	
Dividend received	-		2.40	

(₹ in crores)

Name of related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star Engineering and Electronics Ltd.		0.56		5.46
Reimbursement of expenses charged	0.24		0.43	
Purchase	0.49		-	
Sales of goods	0.10		0.16	
Shared service recovery	1.32		1.32	
Rent paid	3.27		3.25	
Finance cost	8.40		6.51	
Material cost reimbursement	-		1.46	
Inter corporate deposit	40.00	(120.00)	30.00	(160.00)
Project cost	6.05		9.46	
Blue Star International FZCO		47.81		36.95
Sale of goods	230.04		200.27	
Reimbursement of expenses	-		-	
Guarantee commission	*		*	
Blue Star System and Solution LLC		3.35		2.25
Sale of goods	4.73		4.57	
Guarantee commission	*		*	
BSL AC&R (SINGAPORE) PTE. LTD.		-		-
Sale of goods	0.11			
Blue Star Climatech Ltd.		54.55		1.59
Investment in equity shares	70.00		26.60	-
Transfer of leasehold land	-		4.01	-
Transfer of infrastructure development rights	-		19.59	-
Reimbursement of expenses	0.90		1.32	-
Inter corporate deposit	35.00	30.00	5.00	5.00
Reimbursement of expenses - salary	-		0.39	-
Corporate guarantee charges	0.19		0.07	-
Interest on ICD	1.93		*	-
Sale of goods	1.54			
Project revenue	21.94			
Purchase of goods	131.28			
Blue Star Helpline Trust		1.19		1.19
Reimbursement of expenses	-		1.19	
Blue Star North America INC		-		-
Investment in equity shares	8.26		-	
Blue Star Europe		-		-
Investment in equity shares	4.41		-	
Blue Star Oman Electromechanical Co. LLC#		4.46		4.46
Enterprises in which Director is a member/ director				

(₹ in crores)

Name of related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Sale of goods and services				
Madison Communications Private Limited	0.11		0.07	-
Moms Outdoor Media Solutions Private Limited	-		0.01	(0.01)
Somany Ceramics Limited	-		0.03	-
Platinum Communications Private Limited	0.02			
Services Received				
Moms Outdoor Media Solutions Private Limited	2.93	(0.06)	2.08	-
Madison Communications Private Limited	39.99	(0.85)	33.50	(0.70)
IBS Fintech India Private Limited	0.13	-	0.16	-
Cerebrus Consultants Private Limited	0.26	(0.03)		
Relative of Director				
Fees for professional services	0.25	-	0.19	-
Compensation of key managerial personnel				
Short term employee benefits	19.17		14.83	-
Sitting fees to Non-Executive and Independent Directors	0.71		0.52	-
Commission to Non-Executive and Independent Directors	2.03		1.71	-
Retirement benefits	0.89		0.77	-
Total compensation paid to key management personnel	22.80		17.83	-

* Indicates amount less than ₹ 1 lakh.

fully provided for Allowance for doubtful loan.

Note : As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

Corporate guarantees/Letter of comfort to related parties

The Company had given corporate guarantees to subsidiaries and relevant joint ventures in the ordinary course of business to meet the working capital requirements of subsidiaries and joint ventures.

(₹ in crores)

Name of related party	For the year ended March 31, 2023	As at March 31, 2023	For the year ended March 31, 2022	As at March 31, 2022
	Transactions (Utilised till date)	Balance O/S (Gross Guarantee given/LOC)	Transactions (Utilised till date)	Balance O/S (Gross Guarantee given/LOC)
Blue Star Qatar WLL	0.90	249.80	2.10	232.50
Blue Star Engineering and Electronics Ltd.	-	-	-	5.00
Blue Star International FZCO	1.90	84.00	1.77	77.47
Blue Star System and Solutions LLC	1.43	8.21	3.76	7.58
BSL AC&R Singapore	-	8.21	-	7.58
Blue Star Climatech Ltd.	193.57	305.00	68.57	105.00
Blue Star North America INC	-	2.05	-	-

The above transactions are in the ordinary course of business and are at arm's length.

40. SEGMENT INFORMATION

As per Ind AS 108, segment report is shown only in the consolidated financial statements as financial report contains both the consolidated financial statements of a parent as well as the parent's standalone financial statement.

41. DERIVATIVE INSTRUMENTS AND ATTACHED FOREIGN CURRENCY EXPOSURE

The Company has a forex risk management policy that ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Company does not use foreign exchange forward and options contract for trading or speculative purposes.

Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Profit or Loss.

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

a. Derivative Instruments : Forward contract outstanding as at balance sheet date

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency (in lakhs)	₹ in crores	Amount in foreign currency (in lakhs)	₹ in crores
Particulars of Derivatives				
Forward cover to Purchase :				
- USD	86.02	70.68	13.12	9.95
- CNY/RMB (including commitments)	670.18	80.07	81.53	9.73
Forward cover to Sell :				
- USD	5.00	4.11	26.00	19.71

b. Derivative Instruments : Option contract outstanding as at balance sheet date

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)
Particulars of Derivatives				
Option cover to Purchase :				
- USD	-	-	88.40	67.00
- CNY/RMB	-	-	120.68	14.41

c. Particulars of Un-hedged foreign currency exposure as at the balance sheet date

Foreign currency	As at March 31, 2023		As at March 31, 2022	
	Amount in foreign currency (in lakhs)	₹ in crores	Amount in foreign currency (in lakhs)	₹ in crores
Bank balances				
EUR	0.00	0.00	-	-
USD	2.89	2.37	1.36	1.03
AED	1.69	0.38	1.73	0.36
CNY/RMB	1.02	0.12	0.21	0.03
Receivables				
AED	16.87	3.77	11.20	2.31
EUR	0.04	0.04	0.04	0.04
MYR	1.59	0.30	7.92	1.43
USD	65.76	54.04	41.82	31.70
SGD	0.59	0.36	0.59	0.33
Payables				
AED	0.03	0.01	0.03	0.01
CNY/RMB	265.28	31.69	223.12	26.63
EUR	5.68	5.08	0.92	0.78
GBP	0.07	0.07	#	*
AUD	-	-	-	-
CAD	-	-	-	-
CHF	-	-	-	-
JPY	191.67	1.18	42.64	0.26
OMR	-	-	0.01	0.03
USD	61.65	50.66	59.17	44.85

Indicates amount less than GBP 1 thousand.

* Indicates amount less than ₹ 1 lakh.

The above table does not include foreign currency exposure covered by derivative contracts as stated in (a) and (b) above although not specifically in hedge relationships.

42. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities :

Quantitative disclosures fair value measurement hierarchy as at March 31, 2023 :

(₹ in crores)

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed :					
Investment Property (refer note 5)	March 31, 2023	7.19	-	-	7.19
Assets measured as fair value :					
Investment in mutual funds (refer note 8)	March 31, 2023	119.74	-	119.74	-
Derivatives not designated as hedges (refer note 10)					
- Foreign exchange forward contracts	March 31, 2023	0.05	-	0.05	-

There have been no transfers between Level 1, Level 2 and Level 3 during the period.

Quantitative disclosures fair value measurement hierarchy as at March 31, 2022 :*(₹ in crores)*

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed :					
Investment Property (refer note 5)	March 31, 2022	7.08	-	-	7.08
Assets measured as fair value :					
Investment in mutual funds (refer note 8)	March 31, 2022	145.03	-	145.03	-
Derivatives not designated as hedges (refer note 10)					
- Foreign exchange forward contracts	March 31, 2022	0.12	-	0.12	-

There have been no transfers between Level 1, Level 2 and Level 3 during the period.

Fair value hierarchy of financial assets and liabilities measured at fair value :

Valuation technique used to determine fair value :

1. Level - 1:

Inputs are quoted prices in active market for identical assets or liabilities that the entity can access at the measurement date.

2. Level - 2:

Mutual Fund - Inputs are inputs other than quoted price in the active market within level 1, that are observable for the asset or liability, either directly or indirectly.

Derivative Instrument - Mark to market on forward covers is based on forward exchange rates at the end of reporting period.

3. Level - 3:

Investment Property - Based on valuation report of independent valuer.

43. FINANCIAL RISK MANAGEMENT OBJECTIVE & POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange-related risk exposures.

Market risk

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

Currency risk

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

Foreign currency sensitivity

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

(₹ in crores)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
USD	+5%	0.29	(0.61)	0.22	(0.40)
	-5%	(0.29)	0.61	(0.22)	0.40
CNY/RMB	+5%	(1.58)	(1.33)	(1.18)	(0.87)
	-5%	1.58	1.33	1.18	0.87
AED	+5%	0.21	0.13	0.16	0.08
	-5%	(0.21)	(0.13)	(0.16)	(0.08)
EUR	+5%	(0.25)	(0.04)	(0.19)	(0.03)
	-5%	0.25	0.04	0.19	0.03
MYR	+5%	0.01	0.07	0.01	0.05
	-5%	(0.01)	(0.07)	(0.01)	(0.05)
SGD	+5%	0.02	-	0.01	-
	-5%	(0.02)	-	(0.01)	-
JPY	+5%	(0.06)	-	(0.04)	-
	-5%	0.06	-	0.04	-

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly to the company. Company does not have any exposure to the future cash flows resulting from change in interest rate as the Company's net obligations and assets carries fixed interest rate.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with

banks, foreign exchange transactions, and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures, and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit terms in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The ageing analysis of trade receivables as of the reporting date is as follows :

(₹ in crores)

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		less than 1 year	more than 1 year	
Trade receivables as of March 31, 2023	594.14	674.37	116.30	1,384.81
Trade receivables as of March 31, 2022	387.00	559.70	123.92	1,070.62

Refer Note 12 for details on the allowance for expected credit loss on trade receivables.

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Company's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Company's maximum exposure for financial guarantees is given in Note 37.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors the rolling forecast of its liquidity position based on expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all points in time. The Company has sufficient short-term fund-based lines, which provide healthy liquidity and these carry the highest credit quality rating from a reputed credit rating agency.

The table below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments :

(₹ in crores)

Particulars	As at March 31, 2023		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	477.31	-	477.31
Trade payables	2,255.96	-	2,255.96
Lease liabilities	19.51	89.07	108.58
Other financial liabilities	15.25	-	15.25
Interest on borrowings	13.97	-	13.97
Total	2,782.00	89.07	2,871.07

(₹ in crores)

Particulars	As at March 31, 2022		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	366.94	175.00	541.94
Trade payables	1,843.05	-	1,843.05
Lease liabilities	20.96	75.36	96.32
Other financial liabilities	34.56	-	34.56
Interest on borrowings	25.50	13.57	39.07
Total	2,291.01	263.93	2,554.94

44. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through an optimum mix of borrowed and owned funds.

The Company's adjusted net debt and equity position is as follows :

Gearing ratio :

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	477.31	539.94
Less : Cash and cash equivalents	(175.27)	(201.06)
Net debt	302.04	338.88
Equity	1,278.43	1,008.31
Gearing ratio	23.63%	33.61%

Net debt = Borrowings - Cash and cash equivalents

Gearing ratio = (Net debt/Equity) x 100

45. FINANCIAL RATIOS*(₹ in crores)*

	As at March 31, 2023	As at March 31, 2022	Variance	Reason
Current ratio	1.08	1.12	(3.57%)	
Debt-Equity ratio	0.37	0.54	(31.48%)	Improvement in profitability in FY 23 and repayment of NCD has resulted into better debt equity ratio.
Debt Service Coverage Ratio (DSCR)	1.73	5.88	(70.58%)	Improvement in profitability in FY 23 and reduction in borrowings have improved the Debt Service Coverage Ratio.
Return on Equity ratio (ROE)	32.06%	13.25%	141.96%	Revenue and profit in FY23 compared to FY22 has improved, resulted in higher ROE.
Inventory turnover (No. of days)	77.26	85.88	(10.04%)	
Trade receivables turnover (No. of days)	58.25	58.53	(0.47%)	
Trade payables turnover (No. of days)	116.63	128.54	(9.27%)	
Net capital turnover ratio (In times)	26.46	16.25	62.83%	Revenue growth in current year have resulted into higher Net capital turnover.
Net profit ratio	4.97%	2.35%	111.49%	Revenue growth along with efficient operating cost management has resulted in an improved net profit ratio.
Return on Capital Employed (ROCE)	22.33%	17.97%	24.26%	
Return on investment				
Investment in mutual fund	5.84%	4.59%	27.24%	Due to improvement in Market scenario in FY23 as compared to FY22, there is an improvement in Return on investment on Mutual Fund.
Investment in fixed deposit	5.28%	5.35%	(1.31%)	

Current ratio = Current assets/Current liabilities

Debt/Equity ratio = Total debt/Shareholder's equity

DSCR = [Earnings before interest and tax]/[Interest expenses + Principal repayments made during the period for long term loans]

Return on Equity ratio = Net profit after tax/ Average Shareholder's equity X 100

Inventory turnover (no. of days) = Average inventory/Cost of goods sold for the period X 365

Trade receivable turnover (no. of days) = Average debtors/Turnover for the period X 365

Trade payables turnover (no. of days) = Average payables/(Cost of material consumed + purchase of stock-in-trade + change in inventory + Other expenses) X 365

Net capital turnover ratio (In times) = Net sales/Working capital

Net profit ratio (%) = Profit/(Loss) for the period/Total income X 100

Return on capital employed (%) = (Profit before tax + Finance charges)/Capital employed X 100

Return on investment (%) = Income from investment/Average investment for the year X 100

46. CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE : *(₹ in crores)*

Particulars	Within 12 months	After 12 months	As at March 31, 2023
			Total
Assets			
Inventories	1,313.80	-	1,313.80
Trade receivables	1,328.14	-	1,328.14
Loans	36.51	-	36.51
Other financial assets	13.37	-	13.37
Other current assets	709.34	8.85	718.19
Non-current assets held for sale	1.63	-	1.63
Liabilities			
Trade payables	2,255.96	-	2,255.96
Lease liabilities	19.51	-	19.51
Other financial liabilities	26.89	-	26.89
Other current liabilities	607.77	-	607.77
Provisions	44.17	-	44.17

(₹ in crores)

Particulars	Within 12 months	After 12 months	As at March 31, 2022
			Total
Assets			
Inventories	1,126.37	-	1,126.37
Trade receivables	1,018.91	-	1,018.91
Loans	8.11	-	8.11
Other financial assets	18.06	-	18.06
Other current assets	589.13	9.21	598.34
Non-current assets held for sale	5.90	-	5.90
Liabilities			
Trade payables	1,843.05	-	1,843.05
Lease liabilities	20.96	-	20.96
Other financial liabilities	34.56	-	34.56
Other current liabilities	481.65	-	481.65
Provisions	43.91	-	43.91

47. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 29 IN RESPECT OF SPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES, OTHER EXPENSES AND FINANCE COST VIDE NOTE 30, 33 AND 31 IS AS FOLLOWS :

(₹ in crores)

Nature of expenses	Note 29	Note 30	Note 33	Note 31	Total
Salary and wages	-	441.47	-	-	441.47
	-	(378.28)	-	-	(378.28)
Staff welfare	0.64	35.62	-	-	36.26
	(0.49)	(26.71)	-	-	(27.20)
Rent	0.95	-	55.48	-	56.43
	(0.65)	-	(46.78)	-	(47.43)
Power and fuel	2.30	-	25.36	-	27.66
	(0.93)	-	(17.41)	-	(18.34)
Insurance	5.26	-	4.73	-	9.99
	(2.22)	-	(4.42)	-	(6.64)
Travelling and conveyance	2.38	-	45.48	-	47.86
	(1.18)	-	(21.38)	-	(22.56)
Printing and stationery	0.76	-	4.24	-	5.00
	(0.75)	-	(2.42)	-	(3.17)
Communication expenses	0.06	-	-	-	0.06
	(0.03)	-	-	-	(0.03)
Freight and forwarding charges	1.31	-	105.32	-	106.63
	(0.88)	-	(82.72)	-	(83.60)
Legal and professional fees	20.90	-	67.78	-	88.68
	(15.22)	-	(54.64)	-	(69.86)
Bank charges	2.48	-	-	6.44	8.92
	(1.13)	-	-	(4.97)	(6.10)

Figures in brackets are for previous year

48. (A) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT :

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee benefits expense	6.12	21.94
Cost of raw material and components consumed	5.56	4.68
Legal & professional fees	2.16	1.13
Depreciation	5.68	11.96
Others	10.25	10.09
Total	29.77	49.80

(B) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT : *(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Tangible assets		
Building sheds and road	2.91	-
Plant & equipment	7.79	13.80
Furniture & fixtures	0.03	-
Office equipments	0.35	-
Vehicles	0.85	0.41
Computers	0.46	-
Intangible assets (including intangible assets under development)		
Technical knowhow	31.31	3.15
Software	0.42	0.05
Total	44.12	17.41

49. DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS**1. Disaggregation of revenue :**

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2023 by offerings and contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors :

(₹ in crores)

Revenue by type of contract	For the year ended March 31, 2023			For the year ended March 31, 2022		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,569.03	2,151.16	3,720.19	1,167.37	1,614.96	2,782.33
Unitary Products	3,576.54	56.40	3,632.94	2,566.81	46.28	2,613.09
Professional Electronics and Industrial Systems	-	-	-	-	0.07	0.07
Total	5,145.57	2,207.56	7,353.13	3,734.18	1,661.31	5,395.49

2 Reconciliation of contracted price with the revenue recognised in statement of profit or loss : *(₹ in crores)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products at transaction price & construction and service contracts at contracted price	7,475.21	5,488.28
Reductions towards variable consideration components*	(122.08)	(92.79)
Revenue recognised in profit and loss	7,353.13	5,395.49

* Reduction towards variable consideration components include discounts, service level credits, etc.

- Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹ Nil (March 31, 2022 : ₹ Nil).
- The aggregate value of Order Book as at March 31, 2023, is ₹ 4,905 crores (March 31, 2022 : ₹ 3,004.70 crores). Out of this, the Company expects to recognize revenue of around 56% within the next one year and the remaining thereafter.

5. Changes in contract assets and contract liabilities during the reporting period :

(₹ in crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance - Contract assets (net of impairment)	434.53	325.24
Opening balance - Contract liabilities*	(117.76)	(120.50)
Revenue recognised during the year	(2,207.56)	(1,661.31)
Less : Progress billing during the year	2,311.61	1,773.34
Closing balance	420.82	316.77
Closing balance contract assets (net of impairment)	556.02	434.53
Closing balance contract liabilities including income received in advance	(135.20)	(117.76)
*The Company has recognised revenue out of opening contract liabilities	117.76	120.50

50. LEASES

Disclosure as per the requirement of Ind AS 116

Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases :

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Right-of-use assets	81.14	66.13
Lease liabilities		
Current	19.51	20.96
Non-current	67.48	50.22

Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases :

(₹ in crores)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation charge of right-of-use assets	32	22.75	17.71
Interest expense (included in finance costs)	31	8.61	6.29
Expense relating to short term lease not included in lease liabilities	33	0.74	1.37
Expense relating to variable lease payments not included in lease liabilities	33	54.74	45.41

Amounts recognised in the statement of cash flows

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total cash outflow for leases	27.55	23.86

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis :

Contractual undiscounted cash flow

(₹ in crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Not later than 1 year	19.51	20.96
Later than 1 year and not later than 5 years	75.46	60.54
Later than 5 years	13.61	14.82
Total undiscounted lease liabilities	108.58	96.32

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Variable lease payments

Some property leases contain variable payment terms that are linked to space used for warehouse whenever required by the Company. Variable lease payments that depends on variable space requirement are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in some of the leases across the Company. These are used to maximise operational flexibility in terms of managing the assets in the Company's operation. The majority of extension and termination options held are exercisable by both the Company and by the respective lessor. Further the Company expects not to use that options.

51. PREVIOUS YEAR COMPARATIVES

Figures for the previous year have been regrouped/reclassified to confirm to the figures of the current year.

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Nikhil Sohoni	Group Chief Financial Officer	
Rajesh Parte	Company Secretary	

Mumbai : May 04, 2023

Form AOC - 1

(Pursuant to first provision to Section 129(3) of the Companies Act, 2013
read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

PART A - SUBSIDIARIES

(₹ in crores)

Sr No.	Particulars	Name of the subsidiaries					
		Blue Star Engineering & Electronics Limited	Blue Star Climatech Limited	Blue Star Qatar WLL	Blue Star International FZCO	Blue Star Systems and Solutions LLC	BSL AC&R (Singapore) PTE. LTD.
1	Date since when subsidiary was acquired	June 22, 2010	May 17, 2021	February 12, 2007	April 18, 2017	August 15, 2018	August 29, 2020
2	Reporting period	April - March	April - March	April - March	April - March	April - March	April - March
3	Reporting currency	INR	INR	QAR	AED	AED	USD
4	Exchange rate as on the last date of the relevant financial year*	NA	NA	22.48	22.37	22.37	82.17
5	Share capital issued and paid up.	529,25,052 Shares of ₹ 2/- each fully paid up	96,600,000 shares of ₹ 10/- each fully paid up	100 shares of QR 2000 each	5,350 shares of AED 1000 each	300 shares of AED 1000 each	43,80,001 Shares of S\$1 each
6	Reserves & surplus (other equity)	212.90	(9.02)	61.66	41.26	(23.06)	(0.48)
7	Total assets	436.46	507.57	165.35	144.77	34.77	23.18
8	Total liabilities	212.97	419.99	103.24	91.54	57.16	0.75
9	Investments other than investments in subsidiary	10.13	-	-	-	-	-
10	Turnover (total income)	360.49	140.69	148.73	336.91	47.52	2.50
11	Profit/(loss) before taxation	54.89	(7.22)	6.69	12.68	(7.69)	0.07
12	Provision for taxation	14.62	(0.36)	2.12	-	-	-
13	Profit/(loss) after taxation	40.27	(6.87)	4.57	12.68	(7.69)	0.07
14	Other comprehensive income/(loss)	0.03	0.01	-	-	-	-
15	Total comprehensive income/(loss)	40.30	(6.86)	4.57	12.68	(7.69)	0.07
16	Proposed dividend	-	-	-	-	-	-
17	% of Shareholding	100%	100%	49%	100%	100%#	100%**

*Closing exchange rate as on March 31, 2023 has been considered

Blue Star Systems and Solutions LLC, a wholly owned subsidiary of Blue Star International FZCO.

**BSL AC&R (Singapore) Pte Ltd, a wholly owned subsidiary of Blue Star International FZCO.

Sr No.	Particulars	Name of the subsidiaries		
		Blue Star North America INC	Blue Star Europe BV	Blue Star Japan LLC
1	Date since when subsidiary was acquired	September 22, 2022	November 28, 2022	February 20, 2023
2	Reporting period	April - March	January - December	April - March
3	Reporting currency	USD	EUR	JPY
4	Exchange rate as on the last date of the relevant financial year*	82.17	80.00	0.62
5	Share capital issued and paid up	10,000 Shares of USD 100/- each fully paid up	50,000 Shares of EUR 10/- each fully paid up	-
6	Reserves & surplus (other equity)	(2.99)	-	-
7	Total assets	5.36	4.48	-
8	Total liabilities	0.18	-	-
9	Investments other than investments in subsidiary	-	-	-
10	Turnover (total income)	-	-	-
11	Profit/(loss) before taxation	(2.99)	-	-
12	Provision for taxation	-	-	-
13	Profit/(loss) after taxation	(2.99)	-	-
14	Other comprehensive income/(loss)	-	-	-
15	Total comprehensive income/(loss)	(2.99)	-	-
16	Proposed dividend	-	-	-
17	% of Shareholding	100%	100%	100%

Form AOC - 1

(Pursuant to first provision to Section 129(3) of the Companies Act, 2013
read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

PART B - ASSOCIATES AND JOINT VENTURES

(₹ in crores)

Sr. No.	Particulars	Name of the joint ventures	
		Blue Star Oman Electro-Mechanical Co LLC##	Blue Star M & E Engineering Sdn Bhd**
1	Last audited balance sheet date	December 31, 2017	March 31, 2023
2	Date on which the associate or joint venture was associated or acquired	October 29, 2015	November 30, 1993
	Number of shares held by the Company as on March 31, 2023	255,000 shares of OMR 1 each	367,500 shares of RM 1 each
	Amount of investment in joint venture/associate	4.34	3.98
	Extent of holding %	51%	49%
3	Description of how there is a significant influence	There is significant influence due to percentage (%) of Share Capital	There is significant influence due to percentage (%) of Share Capital
4	Reasons why the joint venture is not consolidated	NA	NA
5	Net worth attributable to shareholding as per latest audited balance sheet	-	18.22
6	Profit/(loss) for the year		
	i. Considered in consolidation	-	0.40
	ii. Not considered in consolidation	-	-
7	Other comprehensive income/(loss) for the year		
	i. Considered in consolidation	-	-
	ii. Not considered in consolidation	-	-
8	Total comprehensive income/(loss) for the year		
	i. Considered in consolidation	-	0.40
	ii. Not considered in consolidation	-	-

refer note 41 in Consolidated Financial Statements

** Blue Star M & E Engineering (Sdn) Bhd is a joint venture of BSL AC&R (Singapore) Pte Ltd.

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Nikhil Sohoni	Group Chief Financial Officer	
Rajesh Parte	Company Secretary	

Mumbai : May 04, 2023

SHAREHOLDERS' INFORMATION

SHAREHOLDER INQUIRIES

Shareholders may note that activities concerning share certificates, dividend, address changes (for shares in physical form), lost share certificates and all other investor related matters are attended to and processed at the office of the Company's Registrar and Transfer Agent. Address changes, bank account updation and other related matters in respect of dematerialised shares should be intimated to concerned depository participant.

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COMPANY SECRETARY & COMPLIANCE OFFICER

Rajesh Parte
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REGISTRAR AND TRANSFER AGENT

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Fax: +91 22 6631 1776
Email: itsl@idbitrustee.com; response@idbitrustee.com

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Central Depository Services (India) Limited
Marathon Futurex, A-Wing, 25th floor
NM Joshi Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2305 8640/+91 22 2305 8624

DEMATERIALISATION

The Company has made arrangements for dematerialisation of its shares through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Since the Company's shares are traded in dematerialised mode, the shareholders are requested to dematerialise their shareholding.

INVESTOR RELATIONS PROGRAMME

The Company has an active investor relations programme directed to both individual and institutional investors. The Company's investor relations mission is to maintain an ongoing awareness of the Company's performance among its shareholders and the financial community. The Company welcomes inquiries from its investors, large or small, as well as from members of the financial community.

For further information, please contact the Company's Investor Relations Department at the Corporate Office address.

BLUE STAR SHAREHOLDERS

As of March 31, 2023, the Company has 56,940 registered shareholders. The Promoters hold 38.78% of the Company's shares. 21.15% of the Company's shares are held by individual investors while Foreign Investors, Institutions, Bodies Corporate and others hold the residual shares.

STOCK EXCHANGE LISTINGS

BSE Limited
National Stock Exchange of India Ltd

GEOGRAPHICAL OUTREACH



Map is not to scale and shows approximate locations only.

