

July 8, 2021

BSE Limited Phiroze Jeejeeb Towers, Dalal Street, Mumbai - 400 001 BSE Scrip Code: 500067	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 NSE Symbol: BLUESTARCO
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Dear Sir/Ma'am,

Sub: Revised Integrated Annual Report for the financial year 2020-21 including Notice of Annual General Meeting

This is in furtherance to our letter dated June 10, 2021, wherein we have informed that the 73rd Annual General Meeting (the 'AGM') of the Members of the Company will be held on Wednesday, August 4, 2021 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) ("Circulars").

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

Event	Day, Date and Time
Cut-off date for e-voting	Wednesday, July 28, 2021
Commencement of remote e-voting	Sunday, August 1, 2021 (9:00 a.m. IST)
End of remote e-voting	Tuesday, August 3, 2021 (5:00 p.m. IST)

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith is the revised Integrated Annual Report of the Company along with the Notice of the AGM for the financial year 2020-21. A minor typographical error on page no. 11 is corrected and a revised Integrated Annual Report is uploaded.

The Integrated Annual Report of the Company along with the Notice of the AGM for the financial year 2020-21, is also being sent through electronic mode, only to those Members whose email addresses are registered with the Company/Registrar and Transfer Agent/Depository Participant(s) in accordance with the aforesaid Circulars. The same is also being made available on the Company's website at www.bluestarindia.com

This communication supersedes the earlier communication on the captioned subject filed today at 10:00 a.m.

Kindly take the same on your records.

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



Neeraj Basur
Group Chief Financial Officer & Company Secretary
Encl: a/a

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 73rd Annual General Meeting (the 'AGM') of the Members of Blue Star Limited ('the Company') will be held on Wednesday, August 4, 2021 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 Financial Statement of the Company for the financial year ended March 31, 2021, 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, 2021, together with the report of the Auditors thereon.
2. To declare a final dividend of ₹4 per equity share of ₹2 each of the Company for the financial year ended March 31, 2021.
3. To appoint a Director in place of Mrs Sunaina Murthy (DIN: 07865860), who retires by rotation, and being eligible, offers herself for re-appointment.

B. SPECIAL BUSINESS

4. 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 ₹10,40,000 (Rupees Ten Lakhs Forty Thousand 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, 2021, be and is hereby ratified and confirmed."

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

By Order of the Board of Directors

Neeraj Basur
Group Chief Financial Officer

Date : May 6, 2021

Place : Mumbai

NOTES:

1. Pursuant to the General Circular numbers 14/2020, 17/2020, 20/2020 and 2/2021 issued by the Ministry of Corporate Affairs (MCA) and Circular numbers SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 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. 4 of the accompanying Notice is 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 re-appointment at the AGM, is annexed to this Notice.
5. Corporate Members intending to authorise their representatives to participate 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 navnitlb@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 23, 2021 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 on or before Friday, July 23, 2021.
7. Pursuant to the provisions of Section 124 of the Act, the Unpaid/Unclaimed Dividend up to the financial year 2012-13 has been transferred by the Company to the Investor Education and Protection Fund (the 'IEPF') established by the Central Government.
8. Pursuant to the provisions of Section 124(5) of the Act, dividend for the financial year 2013-14 and the dividends for the subsequent years, which remain unpaid or unclaimed for a period of 7 consecutive years or more, will be transferred to IEPF. Members who have so far not encashed the dividend warrant(s) for the financial year 2013-14 are requested to make their claim to Link Intime India Private Limited, Registrar and Transfer Agent (RTA) on rnt.helpdesk@linkintime.co.in or to the Secretarial Department on secretarialdesk@bluestarindia.com, failing which the unpaid/unclaimed amount will be transferred to the IEPF in the month of September 2021. The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of IEPF.

Members are requested to take note of the aforesaid and claim their unclaimed dividends immediately to avoid transfer of the underlying shares. Details of unpaid/unclaimed dividend are uploaded on the website of the Company at www.bluestarindia.com.

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 Rules.
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. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and 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 dematerialised form. Members may contact the Company's RTA for assistance in this regard.
13. Members are requested to register their email address and update bank account details by following the below process:

Physical Holding	<p>Send a request to the RTA, Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in:</p> <ul style="list-style-type: none"> • To register email id, please provide a request letter duly signed by the registered shareholder with 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) • To update bank account details, please provide a request letter duly signed by the registered shareholder with additional documents/information as given below: <ol style="list-style-type: none"> a) Name of the bank and branch address of the bank; b) Account type and account number; c) 9 digit MICR code number; d) 11 digit IFSC Code; and e) A copy of original cancelled cheque bearing name of the first shareholder, failing which a self-attested copy of the bank passbook/statement.
Demat Holding	Please contact your DP and register your email address and bank account 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 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 made 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 2021-22 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 12, 2021 by 5:00 p.m. No communication on the tax determination/deduction in respect of the final dividend shall be considered/entertained post July 12, 2021, 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 had vide its email communication dated Saturday, June 26, 2021 had informed the 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 2020-21 alongwith 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 Limited 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 Statements shall be available for inspection through electronic mode, by sending request to the Company at secretarialdesk@bluestarindia.com on or before August 3, 2021. The same will be replied by the Company suitably.
18. M/s Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company for a period of five (5) consecutive years at the 70th AGM held on August 8, 2018. Their appointment was subject to ratification by the Members at every subsequent AGM, if so, required under the Act. In accordance with the amendment to the Act effective May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the AGM.
19. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialised form, and to the RTA, in case the shares are held in physical form.
20. 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.

21. 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 vide 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 August 1, 2021 (9:00 a.m. IST) and end on August 3, 2021 (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 July 28, 2021 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 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 and as part of increasing the efficiency of the voting process, e-voting process has been enabled to all individual shareholders holding securities in demat mode 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
Individual Shareholders holding securities in demat mode with NSDL	<p>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>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.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 (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.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi/Easiest can login through their user ID and password. The option to reach the e-voting page will be made available without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or 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 portal. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 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, the user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<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 the e-voting facility. 2. Once logged in, you will be able to see the 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. 3. Click on the 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.

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 on the toll free no.: 1800 1020 990 or 1800 22 44 30
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 on 022-23058738 or 022-23058542-43

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 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 101456 then user ID is 101456001***

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 by NSDL. 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 instructions mentioned below in the notice.

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 company 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:

Shareholders may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting:

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).
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).
3. 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.

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 navnitb@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.

In case of any queries, relating to e-voting you may refer to 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. In case of any grievances connected with facility for E-voting, please contact Ms. Pallavi Mhatre, Manager, at email: 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, 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.
3. 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.
4. 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.
5. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of atleast 1,000 Members on a 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.
6. 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, Senior Manager – NSDL or Ms Pallavi Mhatre, Manager - NSDL at evoting@nsdl.co.in.
7. 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 between August 1, 2021 (9:00 am IST) to August 3, 2021 (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 July 28, 2021.

- 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. July 28, 2021, 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. July 28, 2021 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 of M/s N L 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 after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges 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. Wednesday, August 4, 2021.

Annexure to Notice

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

ITEM NO. 4

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, 2021 at a remuneration of ₹10,40,000 (Rupees Ten Lakhs Forty Thousand 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 recommends the ordinary resolution as set out at item no. 4 of the Notice for the approval by 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

By Order of the Board of Directors

Neeraj Basur
Group Chief Financial Officer

Date : May 6, 2021

Place : Mumbai

Profile of Director seeking re-appointment at the 73rd Annual General Meeting:

	Mrs Sunaina Murthy
Age	47 years
Director Identification Number (DIN)	07865860
Date of first Appointment	01.04.2019
Brief Resume (including profile, qualification, experience and expertise in specific functional areas)	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 served on the Board of Trustees of the Blue Star Foundation for the past 6 years.
Terms and conditions of re-appointment	Liable to retire by rotation
Remuneration last drawn (including sitting fees, if any)	For details of remuneration, please refer to the Corporate Governance Report
Remuneration proposed to be paid	As per the Nomination and Remuneration policy of the Company
Shareholding in the Company	72,525 Equity Shares of ₹2/- each
Relationship with other Director/Key Managerial Personnel of the Company	Mrs Sunaina Murthy is the sister of Mr Vir S Advani, Vice Chairman & Managing Director of the Company
No. of Board Meetings attended during the year	7/7
Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	None
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



BLUE STAR



ANNUAL
REPORT
2021



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.

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BLUE STAR

BUILT ON TRUST™

**WE'VE BEEN
MAKING
IN INDIA,
MAKING FOR
THE WORLD
FOR OVER
77 YEARS
NOW.**



#VocalForLocal
#MakeInIndia

BOARD OF DIRECTORS

Shailesh Haribhakti
Chairman

Vir S Advani
Vice Chairman & Managing Director

B Thiagarajan
Managing Director

Rajiv R Lulla
Non-Executive Director

Sunaina Murthy
Non-Executive Director

Dinesh N Vaswani
Non-Executive Director

Independent Directors

Sam Balsara
Rumjhum Chatterjee
Anil Harish
Arvind K Singhal

COMPANY SECRETARY

Vijay Devadiga (*up to June 4, 2021*)

Neeraj Basur (*w.e.f. June 5, 2021*)

BANKERS

The Hongkong and Shanghai Banking Corporation Limited
BNP Paribas
State Bank of India
IDBI BANK
Kotak Mahindra Bank Ltd.
Standard Chartered Bank
Citi Bank N.A
DBS Bank India Ltd.
IDFC First Bank
Axis Bank
Bank of Baroda
Qatar National Bank (Q.P.S.C.)
HDFC Bank
ICICI Bank

AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants

INTERNAL AUDITORS

Mahajan & Aibara (*up to March 31, 2021*)

Grant Thornton Bharat LLP (*w.e.f. April 1, 2021*)

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

REGISTERED OFFICE

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

CORPORATE MANAGEMENT

Vir S Advani
Vice Chairman & Managing Director

B Thiagarajan
Managing Director

C P Mukundan Menon
President & Chief Operating Officer - Cooling & Purifications Appliances group

P Venkat Rao
President & Chief Operating Officer - Electro-Mechanical Projects & Air Conditioning Solutions Group

Neeraj Basur
Group Chief Financial Officer

V S Ashok
Chief Human Resources Officer

Wilson Jebaraj
Vice President - Electro-Mechanical Projects & Customer Service

C Haridas
Vice President - Sales & Marketing, and Customer Service, Cooling & Purification Appliances

Devidas Kasbekar
Vice President - Manufacturing (Himachal Pradesh Plants)

Nithianand S
Vice President - Procurement & Supply chain, Cooling & Purification Appliances Group

Suresh Iyer
Chief Information Officer

SUBSIDIARY COMPANIES

Prem Kalliath
Chief Executive Officer, Blue Star Engineering & Electronics Ltd

Dawood Bin Ozair
Chief Executive Officer, Blue Star International FZCO

Devashish Banerjee
Vice President - Industrial Systems, Blue Star Engineering & Electronics Ltd

Mohamed Abbas Miraj
Vice President - Operations, Middle East, Africa & SAARC; Blue Star International FZCO (w.e.f. June 14, 2021)

LETTER FROM THE CHAIRMAN



SHAILESH HARIBHAKTI
Chairman of the Board

Dear Shareholders,

As I write to you in the second year of the pandemic caused by COVID-19, my heart goes out to all those who have suffered loss and personal grief, and to those who continue to soldier on bravely to keep their families safe, their organisations functioning, and the economy running against all odds.

I recall that last year I had written to you about how difficult the financial year 2020-21 would be, and had assured you that Blue Star has been well prepared to face the challenges, given its strong fundamentals, resilience and most importantly, the sheer determination of the team to make positive things happen. True to this, we did end fiscal 2021 on a high note, with the fourth quarter delivering record profits.

None of this would have been possible without the people who make Blue Star what it is today. It is because of them that the Company has stayed buoyant, and even emerged victorious in the most daunting times. On behalf of the entire Blue Star Board, I would like to place on record my deep sense of gratitude to our customers, dealers, business associates and vendors for their trust in the Company. Most importantly, I would like to appreciate all employees who rose to the occasion and fulfilled the needs of our customers and ensured that we grew faster than the market in every line of business.

With the momentum gained in Q4FY21, we were looking forward to a great summer season. Moreover, the Union Budget announced on February 1, 2021, was expected to place India on a very high growth trajectory. The sudden turn of events consequent to the emergence of the second wave of Covid has crippled the economy and our businesses in Q1FY22, and we have had to cope with another bad summer season. With a renewed national focus on strengthening the healthcare infrastructure and an accelerating vaccination drive, I am hopeful that things will begin to improve from Q2FY22.

Enhancing our competitiveness across all business lines will be the top priority, in order to improve our market share in India and in international markets. Several strategic programmes have been initiated in this direction. These include investments in TCM, TQM, R&D, Industry 4.0, capacity expansion, de-risking of supply chains and digital initiatives, including Customer Analytics and Robotic Process Automation.

We aim to grow our market share in India by expanding our distribution reach and making the Blue Star brand relevant to emerging new customers in both B2C and B2B segments. We will continue to make significant investments in brand building as well.

Environmental, Social and Governance (ESG) as a framework is gaining momentum, and in the post-pandemic new world order, it is important for the Company to embrace the same.

While Profit, Growth and Excellence remain the corporate purpose, our business strategy is fully aligned with our ESG goals. We believe that this alignment will drive shareholder value creation.

Blue Star has remained ahead of the curve in designing and launching energy efficient and environmentally friendly products. For example, we have already launched three future-ready SKUs ahead of the next energy label change scheduled on January 1, 2022. With an objective to reduce the wastage of water in RO purification, our water purifiers are designed for high water recovery. In addition, we are pursuing various sustainability measures under Circular Economy principles, such as waste reduction and recycling. In fact we are building two significant businesses based on Circular Economy principles; AC&R revamp and retrofit solutions to extend the life and performance of existing systems, and sales and service of reconditioned MRIs and CT scanners to support affordable healthcare in the country. Our Wada manufacturing plant is a Gold rated Green Factory. Our Sri City Plant and the new offices are being designed as Green Buildings.

On the social front, we have been in the forefront since April 2020 driving relief work in several locations by distributing

food, medicines, and PPEs. We are supporting hospitals in storage of critical medicines and vaccines. Mortuary chambers, water coolers and deep freezers have been donated to COVID care hospitals. We also play an important role in education; for instance, we have embarked on a digital education programme for 2,500 tribal children in Palghar district in Maharashtra. Further, we are a leading AC&R vocational training partner for many corporates. Under the National Employability through Apprenticeship Programme (NETAP), we employ around 1,200 apprentices every year.

Our Commercial Refrigeration business plays an important role in preservation and life extension of perishables. As a part of our Corporate Social Responsibility, we support Women Farmer Producer Organisations in Uttarakhand and Tamil Nadu in producing, processing, and marketing agricultural and horticultural products. Under our supplier diversity programme, and as a signatory to the Affirmative Action agenda of CII, we encourage procurement from Scheduled Caste/Scheduled Tribe vendors.

Good governance has always been an essential pillar of Blue Star's success since the very founding of the Company. Be it Enterprise Risk Management or Related Party Transactions or Internal Financial Controls, we have not only been ahead of the curve, but ensured that we raise the bar every year. We have implemented a robust Governance, Risk and Compliance (GRC) policy. Further, we have in place a strict Integrated Vigil Mechanism framework. In the recently conducted survey among the institutional investors, we have been rated 4.5 on a 5-point scale on our investor relations programme. As testimony to our Governance Standards, we won the Golden Peacock Award for the second time in a row in FY21.

I am confident that Blue Star will emerge even stronger post the pandemic, with broadened offerings and a wider presence in international markets. While pursuing the long-term vision, we will not lose sight of immediate priorities such as restoring revenue growth and implementing profitability improvement measures.

The employees of Blue Star take pride in a job well done, as its founder Mohan T Advani, once observed!

I wish you and your family good health.

Stay cool! Stay safe!

Yours sincerely,
Shailesh Haribhakti

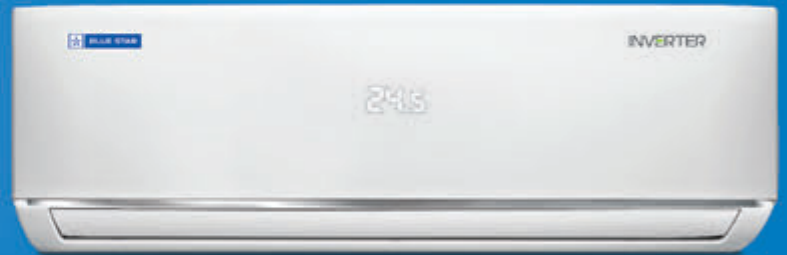


BLUE STAR

NOBODY COOLS BETTER™



KHUSHIYON KA AC.



FAST-COOLING AC.



LETTER FROM
THE VICE CHAIRMAN
& MANAGING
DIRECTOR



VIR S ADVANI
Vice Chairman &
Managing Director

Dear Shareholders,

I hope you and your family members are doing well and staying safe. As I write this letter, the second wave of the pandemic has been brought under control and there is concern that the outbreak of a third wave is imminent. With the vaccination drive underway at a good speed and a higher level of preparedness across the country, I am hopeful that the impact of the next wave is minimal.

Within Blue Star, almost all employees and their family members would have received at least one dose of the vaccine by July end. Our establishments continue to function with all safety protocols and with employees observing COVID appropriate behaviour. Most of our employees work in the field, visiting customers for installation and service, and operating from project sites. We have ensured a safe work environment for them, and I am happy with the commitment of these individuals to following all necessary safety protocols. We will need to carry on with our operations in this manner for the rest of the financial year and thanks to digital tools, we have learnt to function with the same efficiency that existed prior to the pandemic.

Consolidated Financial Performance 2020-21

As you may recall, the first quarter of the fiscal 2020-21 was severely impacted due to the onset of the first wave of the pandemic and the consequent national lockdown. We were quick to implement cost rationalisation measures apart from strengthening the balance sheet by raising capital through Non-Convertible Debentures. The B2C as well as B2B businesses revived from July onwards, and the demand growth was excellent in the festival season and in the fourth quarter. We seized the recovery opportunity and ensured that financial performance improved every quarter and ended the fiscal on a high note. In Q4FY21, the Company's Revenue from Operations recovered 124% to ₹ 1,611.56 crores compared to ₹ 1,299.36 crores in Q4FY20. Operating Profit (EBIDTA excluding Other Income and Finance Income) was ₹ 101.81 crores for Q4FY21 compared to ₹ 37.33 crores in Q4FY20. Healthy cashflow from operations and improvement in working capital efficiencies enabled significant reduction of ₹ 282.46 crores in Net Borrowings in Q4FY21.

For the full-year ended March 31, 2021, Blue Star reported a recovery of 79.5%, with consolidated Revenue from Operations at ₹ 4,263.59 crores compared to ₹ 5,360.19 crores in FY20. Operating Profit (EBIDTA excluding Other Income and Finance Income) for FY21 was ₹ 239.81 crores compared to ₹ 282.78 crores in Q4FY20. Net profit for FY21 recovered 70.1% to ₹ 100.35 crores as compared to ₹ 143.25 crores in FY20.

Owing to the healthy order inflow in the second half of the financial year, the Carried Forward Order Book as on March 31, 2021, was ₹ 2,952.42 crores compared to ₹ 2,946.59 crores as on March 31, 2020.

Business Segments

Order inflow in the Electro-Mechanical business was supported by the 'Make in India' initiatives of the government. While orders from factories and the industrial sector improved, order inflow from the commercial buildings slowed down. We prioritised and accelerated the execution of projects where cash flow was healthy. Going forward, we will focus on industrial buildings including factories, data centers and warehouses and the infrastructure sector comprising metro railways, electrical sub-stations and water distribution, which are expected to offer immediate growth opportunities.

In the Commercial Air Conditioning Systems business, with prospects starting to pick up from the second half of FY21, the Company maintained its leadership position in ducted air conditioning, and further improved its market share in the chillers and VRF categories.

In the year gone by, we repositioned Blue Star as a 'Masstige' brand in the room air conditioners market with the launch of a new affordable range of products. At the same time, the products come with Blue Star's promise of quality, reliability, and durability. This move is aligned with our 3-year strategic plan of accelerating growth and market share by garnering a mass appeal cutting across geographies and demographics.

We continued to expand our dealer network across the country and our room air conditioners are now available at 7,000 outlets in 650 locations across the country. We also have 200 exclusive brand stores, and plan to increase these to 250 stores by the end of FY22.

Simultaneously, we have strengthened our online presence in both e-commerce portals and through our own e-commerce site. Focused investments in e-commerce marketing with the help of machine learning and AI tools have created immense brand visibility and resulted in high click-through rates and conversions at optimised costs.

Virat Kohli continues to powerfully bat for us as our brand ambassador for room air conditioners, and his mass appeal continues to enable us to create a strong connect with consumers and enhance our brand salience. We believe that the expertise, trust and leadership, which Virat exemplifies, complement the Blue Star brand. Our new TV commercial is curated around the premise, 'Happiness is a fast-cooling AC', and it continues to be well-received. 'Owned by Virat, Loved by Virat,' these fast-cooling split ACs are the need of the hour.

We have also launched a wide range of powerful new products and solutions with Virus Deactivation Technologies (VDT) including 'Livinguard' Filters and Ultraviolet Germicidal Irradiation or UVGI (UVC Emitters), which can deactivate viruses when air passes through these systems. In the new norm, VDT will be integral to the Company's product offerings, and most of its components are designed for easy retrofits into existing AC systems in the field.

We continue to maintain our leadership position in commercial refrigeration products and solutions. We are the most preferred brand for water coolers, deep freezers, bottle coolers, modular cold rooms, ripening chambers, medical freezers and commercial kitchen and retail refrigeration products. We witnessed an uptick in demand from healthcare, pharma, food processing and food distribution customers. Sericulture is another upcoming avenue of growth for our commercial refrigeration business. We are playing an important and critical role in the vaccine supply chain with a wide range of product offerings including primary cold storages, medical freezers and vaccine transporters.

Blue Star Engineering & Electronics, with its wide range of professional electronics solutions and industrial systems, strengthened its position in the market. In FY21, we witnessed increased demand for our data security solutions from the Banking and Financial Services sector. Further, the demand for medical diagnostic equipment also grew and here again we are playing a critical role in the fight against COVID by supporting the needs of the diagnostics industry.

In the post-pandemic world, it is becoming increasingly clear that we need to focus on mitigating geographical concentration and seasonality risks. In this context, growing our exports is critical. In FY21, we further consolidated our position in the Middle East, North Africa and SAARC regions and continued to invest in building the Blue Star brand in the Middle East. In addition, we are ODM partners for a few international brands. The upcoming EXPO 2020 at Dubai and the FIFA tournament in Qatar continue to offer growth opportunities.

The Local Imperative: R&D, Manufacturing & Supply Chain

As a part of the Atmanirbhar Bharat Program, the Government has announced Production Linked Incentive (PLI) Schemes for many product categories. The Company's newly formed subsidiary, Blue Star Climatech Limited, will participate in the PLI scheme for some of the components which it will manufacture in its new manufacturing unit being set up in Sri City.

We are also setting up a new facility for manufacturing Deep Freezers and Water Coolers with an investment of around ₹ 130 crores at Wada, Maharashtra. This new plant, likely to be commissioned towards the end of 2021, is expected to have the capacity to produce around 2,00,000 deep freezers and 1,00,000 storage water coolers annually.

For Blue Star, self-reliance has been a focus for many decades. The source of our self-reliance comes from our R&D capabilities and engineering expertise. The Company has one of the best R&D facilities in India with world-class infrastructure and a large talent pool of AC&R engineers. In fact, we also undertake product development work for a few international players.

Quite a few localisation and backward integration initiatives are being implemented in all the 5 manufacturing units, apart from automation and digitisation programmes. Manufacturing Excellence, TQM and TCM programmes have also been implemented in the plants and with key vendors in the value chain.

The future of the Company will be determined by how effectively our R&D, Manufacturing and Supply Chain organisations innovate and bring best-in-class and cost competitive products to market. We are making significant investments to ensure success.

Gold Standard Service

As India's largest after-sales air conditioning and commercial refrigeration service provider, we offer a countrywide 24x7 Gold Standard service network. Our service offerings include Annual Maintenance Contracts, Genuine Parts, Retrofits & Upgrades, Energy Management Services, Air & Water Balancing, Remote Monitoring Services and Engineering Facilities management.

Gold Standard Service is an ongoing programme to deliver superior service to our customers and we have invested significantly in capability building and advanced digital tools.

It has been a challenging year to deliver on this promise. I am proud to report to you that through all the unprecedented lockdowns, our service teams walked the extra mile to satisfy our customers in need of service. They upheld our exceptional service standards while adhering to the Company's new standard operating procedures for COVID-safe service delivery. It is heartening to receive so much positive customer feedback through the year.

The Digital Push

We continue to invest in strengthening our digital infrastructure, in areas such as RPA, Bots, Analytics and Cyber Security to improve customer experience, improve collaboration both internally and externally, optimize productivity, and enhance information security. In the COVID-19 era, this has become particularly important. With the factory at Kala Amb having become an 'Intelligent Factory,' all our factories are now IoT-enabled, allowing for efficiency improvement and cost-saving initiatives.

While digital investments will continue at an aggressive pace across the value chain, the next frontier for us to master will be customer data mining and analytics. This, along with institutionalising and embedding a digital mindset in our people so that it becomes a part of the DNA of the organisation, are key for securing our future.

People

I am pleased to report that as in the past, in a very challenging year, Bluestarites rose to the occasion and placed the Company's interests above their own. Many of them were in the frontline, risking their lives. All employees took salary-cuts. Several internal taskforces and quick response teams extended emergency help to employees, their family members and business associates round the clock through the pandemic. Extraordinary work has been carried out by the way of administering vaccines in record time. I salute these COVID Warriors!

Unfortunately, the leadership development and succession planning programmes had to take a backseat, and it is our intention to accelerate these initiatives in the coming months.

Finance

As you are aware, with the onset of the pandemic and the national lockdown, it was important for us to secure our Balance Sheet. In June 2020, we successfully completed the issuance of ₹ 350 crores of Non-Convertible Debentures. It was the Company's debut NCD issuance and it was oversubscribed.

I am pleased to report that the Company ended the year with a Net Positive Cash Balance of ₹ 151.45 crores as of March 31, 2021, compared to a Net Borrowing of ₹ 166.44 crores as on March 31, 2020. The Debt Equity ratio stood at 0.21 as on March 31, 2020.

Apart from prudent cash management, we have a robust Internal Financial Control mechanism and Enterprise Risk Management framework in place. Both have been stress tested through the pandemic and I am more than satisfied with the results.

The Year Ahead

As preparations are underway by the public health authorities to counter the third wave, we pledge to cooperate and collaborate with them in every possible manner. The reality is that FY22 will also be a challenging one, but with the experience gained in FY21, we believe that we are well prepared.

As an enterprise that is 'Built on Trust,' I take pride in conveying that every employee of the Company and the entire Board are committed to the mission to emerge stronger and reinforce that Blue Star is 'Built to Last'!

Stay cool! Stay safe!

Yours sincerely,
Vir S Advani

BOARD OF DIRECTORS



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

Chairmen Emeriti



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 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 is a renowned Chartered and Cost Accountant, and a certified Internal Auditor, Financial Planner, and Fraud Examiner, with over four decades of experience. He has been conferred with the Global Competent Boards Designation (GCB.D) by Competent Boards Inc. He is a strong supporter of a clean and green environment, and has successfully established the concept of 'Innovate to Zero' in the social context.

Mr Haribhakti joined the Board of Blue Star in 2005 as an Independent Director and he took charge as Chairman with effect from April 1, 2019. In addition, Mr Haribhakti is currently the Non-Executive Chairman of the Board of L&T Finance Holdings Limited, L&T Mutual Fund Trustee Ltd, Future Lifestyle Fashions Limited, and NSDL e-Governance Infrastructure Limited, amongst others. He is the Vice Chairman of GOvEVA consulting Pvt Ltd. He is also a Board Member of a number of leading companies including Brookprop Services Pvt Ltd (A Brookfield REIT), Torrent Pharmaceuticals Ltd, Bennett Coleman and Company Ltd (Times Group), Ambuja Cements Ltd, ACC Ltd, Bajaj Electricals Ltd, Gaja Trustee Company Pvt Ltd (Gaja Capital Group), and Epigeneres Biotech Pvt Ltd. 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 initiatives.

Mr Haribhakti has been associated with a number of management institutions as well as industry and professional forums. He has led 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 Standards Advisory Council of the International Accounting Standards Board in London for two years and was Chairman of the NPS (National Pension Scheme) Trust from 2015-2017.

Vir S Advani holds Bachelors 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 a Director of Blue Star Engineering & Electronics Ltd. He is an elected member of the CII National Council and member of various National Committees including International and EXIM.



**B THIAGARAJAN***Managing Director*

B Thiagarajan is a Bachelor of Engineering in Electrical and Electronics from Madurai University. He has also completed the Senior Executive Program of London Business School. He has around 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 Thiagarajan has handled various assignments in the Service business, Corporate Communications & Marketing and Corporate Affairs & Planning before he was promoted as President - AC&R Products Group in 2009. He was appointed as Joint Managing Director in 2016 and took charge as Managing Director in 2019. He currently oversees Sales, Marketing, Supply Chain and Service Operations pertaining to the Products & Projects Businesses; Manufacturing and R&D; Corporate Communications; Public Relations and Corporate Marketing Services.

Mr Thiagarajan plays an active role in various industry fora, and is currently the Chairman of Confederation of Indian Industry (CII), Western Region. He is the Past Co-chairperson of the CII National Agriculture Council, Past Chairman of CII Maharashtra State Council and Past President of Refrigeration and Air Conditioning Manufacturers Association (RAMA). He is a nominated member of the CII National Council.

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 over 45 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.

**SAM BALSARA***Independent Director***RUMJHUM CHATTERJEE***Independent Director*

Rumjhum Chatterjee is one of the co-founders of Feedback Infra Group and serves as its Group Managing Director and Head-Human Capital, and is its Chief Compliance Officer. She is also the Chairperson of the Feedback Foundation Trust. She is a member of the Board of Somany Ceramics Limited. Besides, she is the Vice Chairperson of HelpAge India and a member of its Governing Board. She holds a degree in Psychology from Calcutta University. She joined the Board of Blue Star with effect from February 5, 2019. As an active member of CII, she has served as the first woman Chairperson for CII Northern Regional Council (2016-17). She is currently a Member of the National Council of CII, and co-chairs the National Committee on CSR.



ANIL HARISH
Independent Director

Anil Harish is a Partner at the law firm, DM 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 a Director of reputed companies including Hinduja Global Solutions Ltd and NXT Digital 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 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, based in New York, London, Paris and Hong Kong.



RAJIV R LULLA
Non-Executive Director



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 served on the Board of Trustees of the Blue Star Foundation for the past 8 years.



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 & Agriculture, and 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 Board of Governors of Indraprastha Institute of Information Technology – Delhi (IIIT – Delhi). 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 is the Founder and Managing Director of Acuitas Capital Advisors Pvt Ltd, a multi-family investment office focused on advising families on their investment portfolios in India. 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 the 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.






BLUE STAR

REFRIGERATION SOLUTIONS TO KEEP VACCINES EFFECTIVE FROM FACTORY TO FINAL DELIVERY





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.**

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™



BLUE STAR

BLUE STAR VACCINE TRANSPORTER.

ENSURES CONSISTENT TEMPERATURE
THROUGHOUT ITS JOURNEY.





BLUE STAR

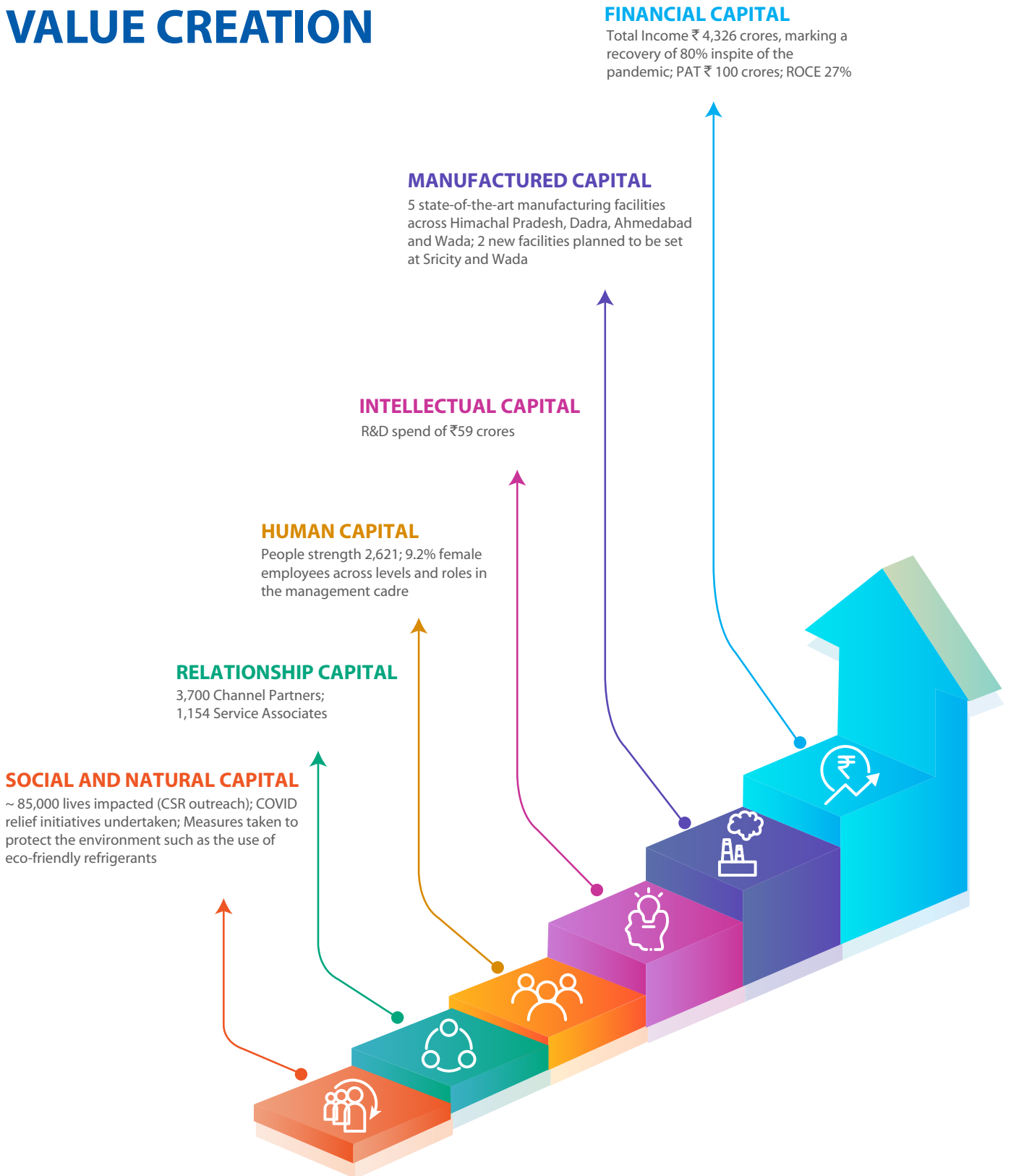
Resurgent. Resilient. Reinvented



Integrated Report 2020–2021

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

ENHANCED VALUE CREATION



01

COMPANY OVERVIEW

THE 77-YEAR-OLD CORPORATION 'BUILT ON TRUST' OF ITS STAKEHOLDERS

Blue Star, headquartered in Mumbai, is India's leading air conditioning and commercial refrigeration company, with an expansive domestic and global footprint. This 77-year-old legacy, proud of its Indian roots, is 'Built-on-Trust' of its internal and external stakeholders. Underpinned by consistent growth, systematic diversification, and driven by exemplary leadership, Blue Star has grown multi-fold over the last seven decades with many landmark achievements to its credit.

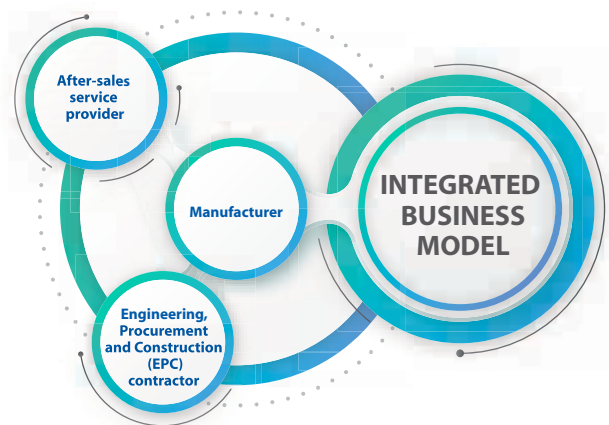
The Company is well-known for its value-driven differentiated and customer-centric products and solutions, and enjoys a preferred partnership status with most of corporate and commercial India, almost one-third of which has a Blue Star product installed in their premises. The Company continues to evolve and reinvent itself to stay relevant to the changing times.

Integrated Business Model

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 end-to-end solutions to its customers across Building, Industrial and Infrastructure segments. Empowered by deep domain knowledge, the Company's expertise in areas of cooling, commercial refrigeration, purification, and project management are unmatched.

Experts in Cooling, Refrigeration, Purification; and Project Management

The Company's potent blend of technical know-how, talented workforce, design expertise, exceptional project execution capabilities, and global footprint makes it the preferred choice for Mechanical, Electrical and Plumbing (MEP) projects. As an expert in cooling and purification, Blue Star offers a plethora of solutions in these arenas, in addition to providing Engineering



Facilities Management (EFM), as well as being present in the commercial kitchen and healthcare refrigeration segments. It entered into the residential air conditioners segment in 2011, and has since then, made deep inroads into this category, with a current market share of 13%.

Extensive Distribution Network and Excellent After-Sales Service

Known for its reliability, Blue Star is also the country's largest after-sales air conditioning and commercial refrigeration service provider with a spectrum of world-class customer service solutions. It has an extensive network of exclusive, multi-brand and modern retail format channel partners as well as service partners across the country.

“As one of the most trusted business houses in India, Blue Star diligently and prudently continues to reimagine and reinvent itself, thereby surmounting challenges, and imprinting its way well into its centennial”

Manufacturing Excellence and Ingenuity

Blue Star's manufacturing prowess, its ability to leverage on innovation and technology, along with its strategic endeavours across business segments all steered towards customer-centricity at its core, continue to give the Company an edge over its competitors. Digital interventions have efficiently sharpened its business processes, and the organisation continues to judiciously invest in state-of-the-art technologies for enhanced productivity, scalability and consistency.

Reckoned the World Over

Blue Star, through its joint ventures in Qatar and Malaysia, undertakes MEP projects for residential, commercial and infrastructure purposes. The Company exports 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. Traversing boundaries, Blue Star continues to garner global acclaim, thereby enhancing the Company's brand beyond India, while providing significant growth opportunities for its businesses on the international platform.

Other Businesses

Blue Star's other businesses include marketing, solution design and maintenance of imported professional electronic equipment and services, as well as industrial products and systems, which are handled by Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company. It holds the repute of providing 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 over 77 years now*

Blue Star's manufacturing plant in Himachal Pradesh ▶



02

BUSINESS SEGMENTS

VARIED AND 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 contracting services in electrification, plumbing and fire-fighting. It also comprises after-sales services such as revamp, retrofit and upgrades as well as Engineering Facilities Management (EFM), which cover a wide repertoire of operation and maintenance services for efficient functioning of electro-mechanical utilities.

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

Unitary Products

Blue Star offers a wide variety 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 Company also has water purifiers, air purifiers and air coolers in its product portfolio.

Professional Electronics and Industrial Systems

For over six decades, 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. This business is managed by the Company's wholly owned subsidiary, Blue Star Engineering & Electronics Limited.





03

INDUSTRY STRUCTURES & DEVELOPMENTS

AIR CONDITIONING PRODUCTS

In FY21, the overall market size for air conditioning products in India was severely impacted by COVID-19 related disruptions and the subsequent lockdowns, and declined 25% to an estimated ₹13,000 crores, compared to ₹17,500 crores in FY20. Of this, the market for central air conditioning, including central plants, packaged and ducted systems, and VRF systems was around ₹2,000 crores and the market for other ancillary equipment was estimated at around ₹2,500 crores, while the market for room air conditioners comprised the balance ₹8,500 crores.

During the year, in central air conditioning, growth was mainly driven by Government, Industrial, Healthcare and Pharmaceutical segments.

COMMERCIAL REFRIGERATION

The Commercial Refrigeration segment consists of a wide spectrum of products and solutions such as deep freezers; storage water coolers; visi coolers; visi freezers; bottled water dispensers; bottle coolers; modular cold rooms; commercial kitchen refrigeration products such as reach-in coolers, undercounter chillers and freezers, blast freezers, back bar chillers and saladettes; medical refrigeration products such as ultra-low temperature freezers, medical freezers, blood bank refrigerators and pharmacy refrigerators; and supermarket refrigeration products such as multideck chillers, vertical freezers, islands, and other merchandising units.

Recently, the Company launched vaccine storage products such as vaccine transporters and ice lined refrigerators. With the COVID vaccine inoculation drive, these new products received good acceptance from the government and private healthcare players.

While the customer segments such as ice-cream manufacturers remained temporarily challenged, segments such as Pharmaceutical and Healthcare as well as Processed Foods witnessed a surge in demand. The Company is a market leader in the product categories of modular cold rooms, deep freezers and storage water coolers.



◀ Chiller assembly line at Wada factory



◀ A view of the Dadra factory



A view of the Himachal Pradesh plant ▶



▶ The room air conditioners manufacturing facility at Himachal Pradesh

04

WIDE RANGE OF PRODUCTS



PORTABLE AC



INVERTER SPLIT AC



WINDOW AC



AIR COOLER



AIR PURIFIER



VRF V PLUS SYSTEM



WATER COOLED VRF SYSTEM



AIR COOLED INVERTER SCROLL CHILLER



WATER COOLED SCROLL CHILLER



INDOOR UNIT OF INVERTER DUCTED SYSTEM



AIR COOLED VFD SCREW CHILLER



GLASS TOP DEEP FREEZER



BOTTLE COOLER



WATER PURIFIERS



COLD ROOM



MEDICAL FREEZER



ICE LINED REFRIGERATOR



VACCINE TRANSPORTER



FOUR DOOR REACHS-IN CHILLER



SUPERCOOLER



VISICOOLER



PLATINUM SERIES WATER COOLER



SOFTPUSH BOTTLED WATER DISPENSER



TOUCHLESS WATER COOLER

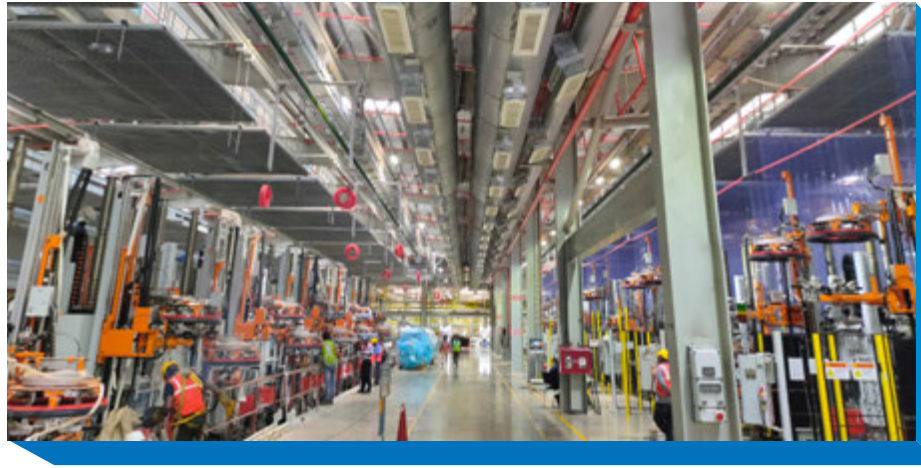


BOTTLED WATER DISPENSER

05

SOME PRESTIGIOUS INSTALLATIONS

HVAC and utility piping installation at Apollo Tyres, Tada, Andhrapradesh



Mechanical, Electrical and Plumbing (MEP) works for Wistron Infocomm's factory expansion project, Bengaluru

Chiller plant room installation at Ford, Chennai



Meher Distributors Kalher, Thane, where Blue Star supplied and installed cold rooms for Vaccine Storage



Inside view of the cold room supplied and installed at the Municipal Corporation of Greater Mumbai (MCGM), to store vaccines as a part of Vaccine inoculation program

Glimpse of the upcoming Sir M. Visvesvaraya Terminal in Bengaluru, which is the first centrally air-conditioned terminal in India, where Blue Star has supplied oil free centrifugal chillers



Blue Star Engineering & Electronics installed a Real Time Industrial Radiography System, a first of its kind of system in India, at Tata Refractory Limited (THL), Belpahar, Odisha. This was a breakthrough of the Company in Refractory segment as well

06

EXPANDING GLOBAL PRESENCE

TRAVERSING GLOBAL FRONTIERS

On the global front, Blue Star exports its products to around 18 countries in the Middle East, African, SAARC, and ASEAN regions. Blue Star International FZCO drives the exports of air conditioning and commercial refrigeration products, and Original Equipment Manufacturing (OEM)/Original Design Manufacturing (ODM) businesses for globally recognised brands such as Danfoss and Rheem.

The growing hospitality sector along with the rise in construction activities coupled with extreme ambient weather conditions across countries in the Middle East, Africa, SAARC and ASEAN regions, provide ample growth opportunities to the Company. The Blue Star brand is experiencing an increase in acceptability in the global markets. Further, with the Dubai Expo which is scheduled in October 2021 and the FIFA World Cup scheduled in Qatar in 2022, the Company foresees good prospects in these regions in times to come.

Blue Star continued to remain active on the digital platform and managed to cater to a widespread customer base. During the period under review, the Company successfully commenced its Refrigeration business in the UAE and is already serving prestigious customers.

Going forward, the Company intends to further strengthen its channel distribution and OEM/ODM businesses across countries as well as focus on expanding its consumer base and consolidating its presence in the existing regions.

Blue Star Systems and Solutions LLC, the subsidiary of Blue Star International FZCO, was incorporated in FY19 in mainland UAE to support and expand the air conditioning and service businesses in the country and tap into the market potential for those services.



“Blue Star International FZCO, a 100% subsidiary of Blue Star headquartered in Dubai Airport Freezone, manages the Company’s International business as well as its joint ventures which focus on HVAC&R, in addition to MEP projects for residential, commercial and industrial segments”



VRF systems installed by Blue Star at Technopark for Bowyer & Wick, the UAE

Indorama Eleme Fertilizer and Chemicals Limited, Nigeria, where Blue Star supplied and installed Air Handling Units (AHUs) and AC condensing units

Blue Star's mobile service van in the UAE

Blue Star's showroom in Dubai

Global footprint

ENHANCED VALUE CREATION



SOCIAL AND NATURAL CAPITAL

- ◉ Implemented CSR initiatives aimed at empowering the society
- ◉ Implemented COVID-19 emergency projects for immediate relief and response
- ◉ Concerted efforts towards sustainable growth; continued with efforts to protect the environment reaping significant savings in energy consumption.



FINANCIAL CAPITAL

- ◉ Strong Balance Sheet
- ◉ Healthy Liquidity position
- ◉ Net Positive Cash Inflow
- ◉ Efficient usage of Capital
- ◉ Reduction in Debt Equity Ratio



RELATIONSHIP CAPITAL

- ◉ Nurtured and fostered robust relationships 'Built on Trust' with all its stakeholders:
 - 1) Customers
 - 2) Employees
 - 3) Suppliers
 - 4) Channel Partners
 - 5) Shareholders
 - 6) Bankers
 - 7) Other Stakeholders



MANUFACTURED CAPITAL

- ◉ Driving towards excellence and efficiency
- ◉ Adopted new technologies
- ◉ Upgraded existing technologies
- ◉ Invested in low cost automation
- ◉ Invested in culture building
- ◉ Invested in Total Quality Management



HUMAN CAPITAL

- ◉ Enhanced people- friendly engagement initiatives
- ◉ Well-being initiatives to facilitate sustained operations while managing personal health and safety during the pandemic
- ◉ Enhanced investments in training & development
- ◉ Undertook women empowerment initiatives
- ◉ Adopted employee friendly policies
- ◉ Focused on talent management



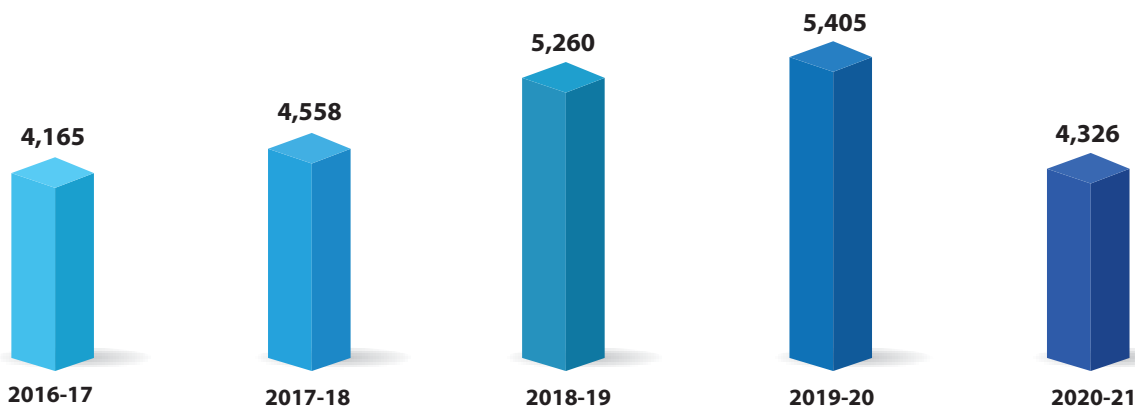
INTELLECTUAL CAPITAL

- ◉ Accelerated R&D performance
- ◉ New-age R&D infrastructure
- ◉ Innovated and rolled out environment friendly and sustainable products

07

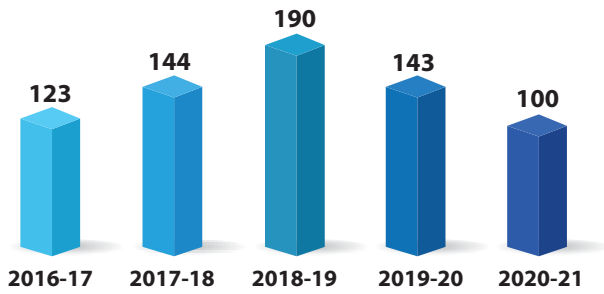
FINANCIAL
CAPITAL**STRONG BALANCE SHEET; HEALTHY LIQUIDITY POSITION; NET POSITIVE CASH INFLOW**

Robust business recovery witnessed in the second half of the financial year enabled Blue Star to end the year on a high note. The Company gained market share in each product category and closed the fiscal year with a strong balance sheet. The Company's goal is to grow faster than the market, keep operating costs under control and manage the balance sheet prudently, with a clear focus on operating cash flows. The Company closely monitors the economic health of its assets and ensures that adequate liquidity is maintained on its Balance Sheet, at all times.

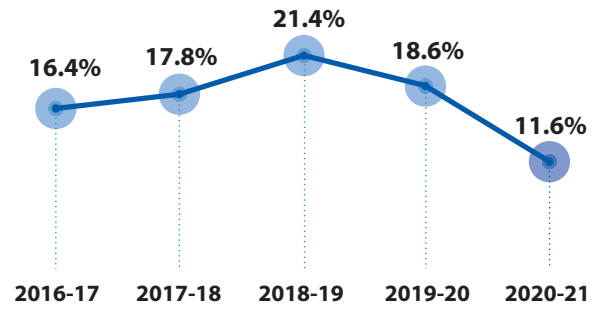
Total Income* (₹ crores)

“The Company ended the year with a Net Positive Cash Balance of ₹ 151.45 crores as of March 31, 2021, compared to a Net Borrowing of ₹ 166.44 crores as on March 31, 2020 (Debt Equity ratio of 0.21)”

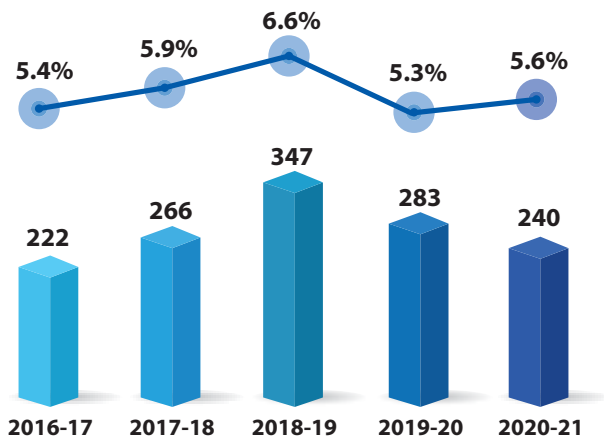
Profit After Tax (PAT)* (₹ crores)



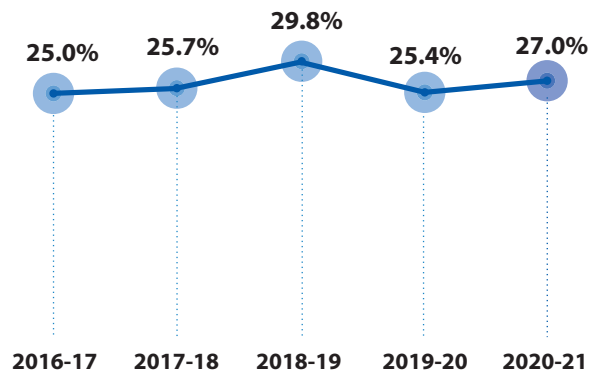
Return on Shareholders' Funds



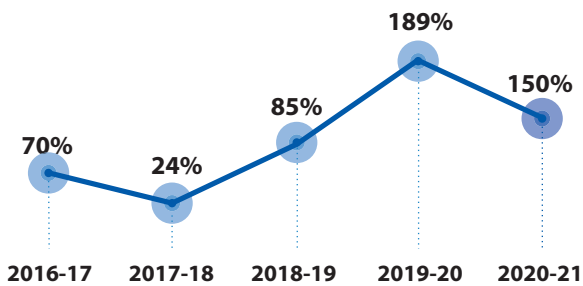
Operating Margin (EBITDA)



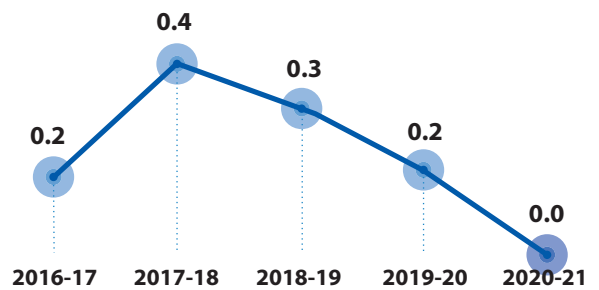
Return on Capital Employed



Cash From Operations as a % of EBITDA



Debt Equity Ratio



1. The financial information is on a consolidated basis

2.*Revenue and PAT of 2018-19 have been restated for the impact of IND AS 115

08

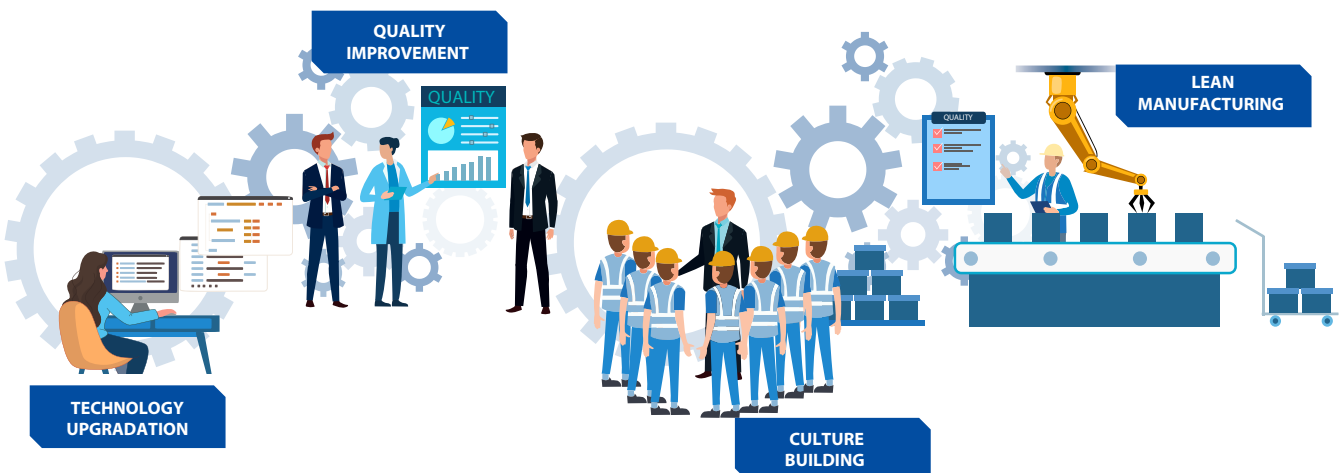
MANUFACTURED
CAPITAL**DELIVERING EXCELLENCE**

Blue Star's manufacturing footprint spans five state-of-the-art facilities across Wada, Dadra, Ahmedabad, and two in Himachal Pradesh, which are dedicated to various product lines. Acclaimed the world over for manufacturing, to keep pace with dynamic market conditions, the Company continues to strengthen its manufacturing prowess by regularly embarking on initiatives which leverage and build on its existing strengths.

Blue Star, under the aegis of the 'Manufacturing Excellence Programme' initiated in 2016, that lays strong emphasis on LEAN manufacturing, technology upgradation, quality improvement, and culture building, continues to significantly strengthen its manufacturing expertise. This has resulted in the Company having been able to continuously enhance its operational efficiency while producing robust, differentiated and acclaimed products.

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

“In line with the Company's plans to enhance its production capacity under the manufacturing footprint redesign programme that was initiated in FY17, the Company is in the process of setting up an additional facility for manufacture of deep freezers using some of the latest techniques such as virtual factory simulation and 3D modelling, amongst others, at its existing manufacturing plant in Wada which is expected to be operational by FY22”



Six Sigma is a way of life to drive process cost improvement and quality. Blue Star's manufacturing facilities are ISO 9001-2015 and ISO 45001:2018 certified by TUV Nord, for Occupational Health and Safety. In order to emphasise employee health and safety, near-miss accident campaigns are run, and safety kaizens are awarded suitably across factories. Besides, the Company's Himachal Pradesh plant is one amongst the first few plants in India to receive BIS license for IS Marking on mini split air conditioning units.

Moving ahead on the digital front, Blue Star's factories continue to imbibe new and emerging technologies under the ambit of Industry 4.0 implemented by the Company. Robotic interventions are being successfully used for automation of sheet loading and unloading on Amada machines to optimise manpower. 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.

Blower coil unit for cold rooms being manufactured at the Wada factory

Worker in Safety PPE working on the shop floor

In-house indoor unit assembly line at the Himachal Pradesh plant

Refrigeration condensing units being produced at the Wada plant

Collaborative robot (COBOT) installed at Wada for expansion process

Triumph Hairpin bender installed for cutting and bending of copper tubes at the Dadra plant

Deep Freezers being manufactured at the Wada plant

Inhouse indoor unit assembly line at the Himachal Pradesh plant

Robot for machine vending application installed at Wada

* IoT being effectively used across plants

The Company's Dadra Plant enjoys the reputation of being one of the top manufacturing facilities in India for high-quality air conditioning products. The facility manufactures packaged/ducted split air conditioners and VRF systems, and has performed particularly well during the review period. The Dadra Plant was the first plant in India to qualify for the QCO certification IS 8148:2018. The plant also embarked on a unique initiative called 'Project V Quest' to strengthen the quality systems for localised vendors. The Plant regularly embarks on equipment upgradation which results in continuous improvement in productivity levels.

The two plants in Himachal Pradesh which continue to cater efficiently to the fast-growing markets of room air conditioners and refrigeration products had an impressive performance during the review period. The Company continued to unlock enhanced value through vertical integration with the in-house design and manufacture of key components such as drives, headers and strainers. The Himachal Pradesh plant installed a new LPG operated heating oven to improve quality of heat exchangers, and a high-speed fin coil line from Japan to keep pace with the emerging trends in technology. Besides, a new assembly line was set up during the year for indoor units to enhance the manufacturing capacity of split air conditioners and encourage indigenisation. Intelligent application of LEAN/MOST practices led to efficiencies in production such as improvement in cycle time of split air conditioner units on the assembly lines and improvement in process cycle efficiency in the manufacturing of the storage water coolers/heat exchanger coils.

The Wada plant, 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 Automated Guided Vehicle (AGV) and 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. Besides, a heaterless vapouriser is also deployed at the factory, a revolutionary technology that does not consume electricity for the vapourisation of LPG, making the entire vapourisation process green, economical and efficient.

The Ahmedabad plant continues to invest in initiatives aimed at enhancing operational efficiency.

The Company is in the process of setting up a state-of-the-art, new manufacturing facility at Sri City. It will manufacture Room ACs to begin with and at a later date, could manufacture other AC&R products. The Sri City plant is not only closer to the markets in the Southern Region, but also the Krishnapatnam and Ennore ports. This will help Blue Star to significantly save on logistics costs.

09

INTELLECTUAL CAPITAL

Research & Development with a strong focus on new and emerging technologies, and innovation, has been a part of the Company's core activities over years of its existence. Today, with over 130 employees, backed by new-age infrastructure including performance test labs, reliability testing facilities, electronics lab, design studio, and high-end workstations for CAD and analysis, amongst others, the Company prides itself on having one of the best R&D centres in the Indian HVAC industry.

The Company's dedicated efforts along with a systematic and structured approach on the R&D front have enabled Blue Star to roll out new and innovative products and solutions which are the 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.

The Company's focus in its product development and R&D has been customer-centric designs and applied innovation coupled with environment-friendly and sustainable products. The Company continues to make investments into upgrading its infrastructure and design capabilities as well as imbibing cutting-edge technologies across its comprehensive range of products. The Company lays tremendous thrust on intellectual capital creation within the Company through focused skill development initiatives for its engineers and management cadre employees including organising training for NETAPs, Expert Service Associates (ESAs), and dealer technicians, amongst others.

With the adoption of the latest technology 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 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.

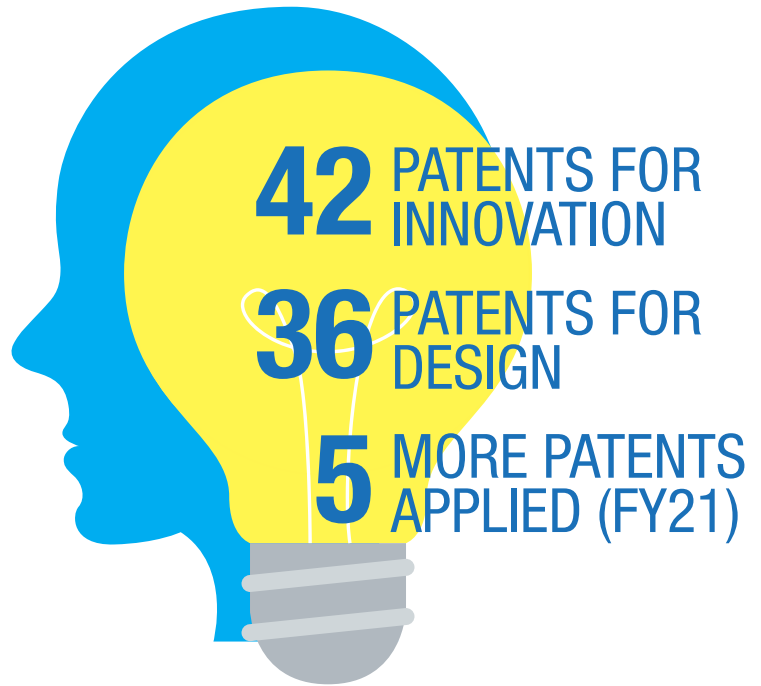
NEW PRODUCTS LAUNCHED DURING THE YEAR

- An extended range of AHRI-certified configured screw chillers was introduced. 44 new models of water cooled screw chillers in the capacity range of 400TR to 600TR, and 64 new models of air cooled screw chillers in the capacity range of 400TR to 550TR, were launched to cater to large central air conditioning applications, which has significantly enhanced the Company's market share in this arena. Quality Control Order (QCO) compliant range of air cooled and water cooled packaged air conditioners were designed and developed using R410A refrigerant. A new range of side discharge VRF systems up to 16 HP was rolled out to cater to light commercial applications in a cost-effective manner. This has resulted in the Company enhancing its market share in the VRF segment.
- A complete range of 3-star and 5-star room air conditioners with specific focus on the cost-competitive inverter model series was launched. The Company developed its own designs for indoor units and started manufacturing them, thereby successfully venturing into vertical integration and reducing dependence on vendors. Further, inverter units with the



Company's own drive were developed, and are currently undergoing field trials.

- A new range of water coolers with touch-free water dispensing mechanism was launched. Water purifiers with high-recovery RO membrane technology were also introduced to meet the upcoming regulations.
- Products and solutions with Virus Deactivation Technology (VDT) were also developed for both residential and commercial air conditioners. Room and ducted air conditioners were launched with antimicrobial filters with Livinguard technology. Room and ducted air conditioners were also designed and developed with well proven UVC germicidal lamps integrated with indoor units. Treated fresh air units were also developed to augment fresh air ventilation in commercial applications.



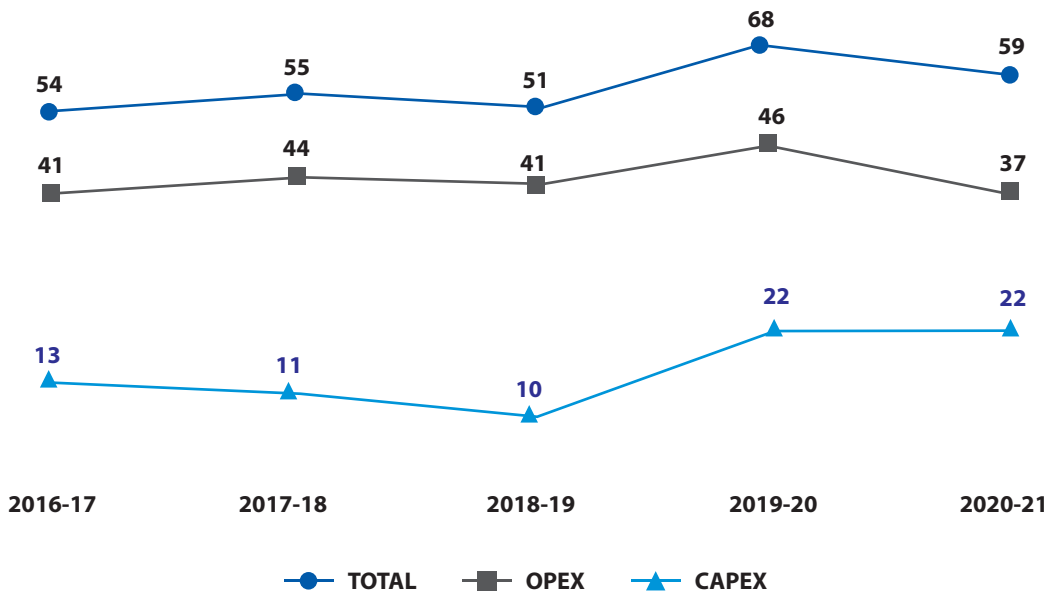
The Company's performance and reliability laboratories for air conditioning and refrigeration products have received accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL).

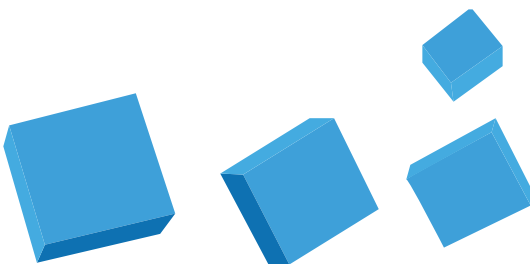
The new AHRI (Air-Conditioning, Heating and Refrigeration Institute) certified chiller test facilities, water cooled facility up to 712 TR and air cooled facility up to 200 TR, were established at the Company's R&D centre in Wada. Besides, the Product Lifecycle Management (PLM) system was further enhanced for seamless integration of the New Product Development (NPD) process with ERP.

During FY21, Blue Star added five more patents to its robust pipeline of patents. Besides, the Company has applied for around 42 patents for innovation across its various product categories in addition to filing 36 designs, and is optimistic of being granted several more patents in the near future.

Blue Starites regularly participate and contribute to webinars and discussions hosted by industry and trade forums such as CII; ASHRAE; ISHRAE; and National Productivity Council, India; amongst others.

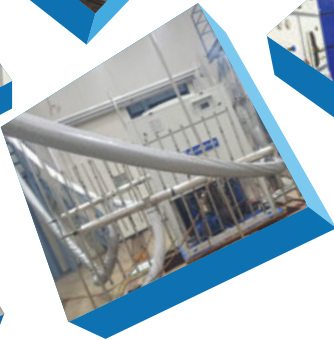
R&D INVESTMENTS





A water Ingress Protection (IP) test being conducted at Blue Star's R&D facility

Compressor Lab comprising two Compressor Test Rigs and Cut Sections of Tested Compressors at Blue Star's R&D facility in Thane



The new AHRI (Air-Conditioning, Heating and Refrigeration Institute) certified chiller test facility at Blue Star's R&D centre, Wada.



AHRI certification of the new water cooled chiller lab at Wada

AHRI certification of the new air cooled chiller lab at Wada



NABL accreditation of the Reliability Test lab at Thane



10 HUMAN CAPITAL

Blue Star believes in continuously empowering its people by way of numerous employee driven engagements as well as by embracing people-friendly HR practices and initiatives.

The COVID-19 scenario propelled the Company towards a strong focus on the physical and emotional well-being of its employees through the year under review. With the circumstances necessitating the need to work from home, the workforce was reframed to support essential and frontline staff to manage and sustain operations while keeping their personal health and safety as a priority. Various fora to understand and address employee concerns and anxieties in a timely manner attained paramount significance during the multi-faceted ebb and tide of the pandemic across the country. Reskilling of the workforce to deal with the remote working requisites was a focus during the peak of the pandemic in FY21.

'We Care,' an HR programme, was instituted and sustained through the year to reach out to employees in a systematic manner to manage their queries and concerns in a timely manner. This supported the employees in managing the disruptions as well as in combating the tremendous toll the pandemic took on them. The employees expressed that they experienced the Company's genuine care and concern for the well-being of its personnel and their families through the various people-centric initiatives including e-townhalls with the Senior Management, Managers' Meets, HR e-kiosks, besides others. The Company extended all COVID-related assistance such as online doctor consultations, and access to hospitals and medicines for employees and their families, besides ensuring maximum financial support for all medical exigencies.

Special reward and recognition initiatives such as COVID Warriors, Game Changers, Achiever Awards, and Star Awards which appreciated employees who did exceptionally well on their targets, even going beyond their call of duty, helped sustain employee morale through the challenging year under review. Optimisation of workspaces, given the changed occupancy of establishments as per their work roles, was also undertaken.



“ Ensuring a safe environment for employees across its offices and factories was a huge challenge which was met successfully through meticulous planning and speed of execution of various COVID-appropriate measures, keeping in mind the directives of the local authorities ”

▲ Rapid Antigen Test being conducted at Chennai office

Several virtual sessions, including business-specific learning modules conducted by internal and external subject matter experts covered 35,441 participants, again combating the physical constraints imposed by the pandemic. These holistic learning initiatives were aimed at augmenting technical and functional skills as well as behavioural, managerial and leadership development. Training-on-wheels sessions which also entailed product demonstrations facilitated the reachability of learning to dealers and service associates, an innovation which was covered in the local media. 'Project Orion' which was aimed at the career development of high potential employees and succession planning for senior roles was kicked off during FY21.

'VOlympics 2020,' Blue Star's first-ever nationwide virtual sports, comprising physical activity challenges, mobile app-based games and mind teasers, proved to be a splendid stress buster and bonding time for employees which effectively overcame the physical constraints posed by the current circumstances.

The Company remains committed in its efforts towards having a diverse and inclusive workforce at Blue Star. The gender ratio of Management staff stands at 9.2% females in FY21.

SAFETY



WEAR FACE MASK

The Company continues to remain committed to providing a safe ecosystem for its employees, and believes in promoting and encouraging the holistic well-being of Blue Starites. All manufacturing plants, revamp sites and Engineering Facilities Management (EFM) operations of the Service Group are ISO 45001:2018 Occupational Health & Safety Management system certified.



KEEP SOCIAL DISTANCING

During the year, Environment, Health & Safety (EHS) activities continued with great dedication and enthusiasm with an intent to inculcate a 'safety first' culture in the mind-set of Blue Starites. Safety training, safety audits across locations and implementation of corrective actions as well as review of current actions were undertaken.



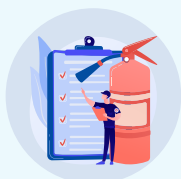
TEMPERATURE CHECKS

Safety became paramount in FY21 due to the challenges posed by the COVID-19 Pandemic. Towards this, the Company implemented several initiatives to ensure the safety and well-being of its employees across locations and project sites, including installing pedestal hand sanitisers, UV mates, foot sanitising stations, Livinguard filters, and UV lights in HVAC & VRF units, amongst others. Sensor based water dispensers, auto sensor taps and atomiser nozzles were also arranged at all establishments. Rapid Antigen Tests formed a part of the routine at major establishments. Deep fumigation and disinfection of office premises are being performed every weekend. Apart from employees, PPEs are being provided to housekeeping staff and technicians of channel partners. A video on safe practices was specially created to guide the employees, including those working on project sites and customer installations.



SANITISE YOUR HANDS

During the year, behaviour-based safety programmes were also conducted aimed at developing ownership towards safety. Digital training programmes on evacuation safety drills were organised for safety readiness at all times. Sensitisation on adhering to safety standards and procedures was communicated through various mediums like print, audio visual films, digital interactions. The Company also organised subject-specific training sessions. Overall, more than 1,471 safety audits were conducted across the Company's project sites, service sites and manufacturing facilities.



FIRE SAFETY CHECKS

Training programmes on safety management were conducted covering around 30,800 training man-days during the year.

To motivate employees to follow safety standards at project sites, a quarterly regional EHS award was rolled out from the second quarter of FY21.

A new EHS policy and guidelines for implementation of EHS during sales and service operations was rolled out during the year. This exhaustive policy enumerates guidelines to be followed right from on-boarding to exit.

During the year, the Company rolled out a Business Continuity Management Systems Policy and formulated SOPs to ensure continuity of its critical operations and services to its customers in the essential services sector.

Training on safety and COVID-19 precautions at workplace being given to Expert Service Associates



COVID-19 RT-PCR Testing Camp being held for employees across locations



Defensive Driving training session held for the Company's drivers during Road Safety Week observed in the month of February 2021 across Blue Star establishments



Participants at the training program conducted through 'Training on Wheels' at Jabalpur, Madhya Pradesh

Sanitiser stand to maintain COVID-19 safety measures, installed at office locations





**RENEWING OUR PLEDGE TO
GENDER EQUALITY, WISHING
YOU A HAPPY WOMEN'S DAY.**



International
Women's Day



#EachforEqual

11

RELATIONSHIP CAPITAL

Blue Star continues to foster strong relationships with all its external stakeholders such as customers, suppliers, channel partners, shareholders and bankers.

CUSTOMER FOCUS

The Company is completely oriented towards serving its customers' needs, with a strong focus on providing a world-class customer experience.

The Company through its differentiated products and services not only endeavours to satisfy its customers but also aspires to delight its customers whereby it has been able to significantly improve its customer satisfaction levels as well as ensure brand loyalty across categories.

The Company gives due importance to safety and environment while designing and developing all its products and services.

Value Creation through Services – Air Conditioning and Refrigeration Service

Recognising the fact that after-sales service is one of the critical success factors for the air conditioning and commercial refrigeration businesses, Blue Star strives to provide a seamless customer experience with assured response time and highest quality of service embedded in it. As a testimony to this, the Company continues to be the largest air conditioning and commercial refrigeration after-sales service provider in the country. Under the framework of its service excellence programme, the service reach has improved significantly to 3,946 taluks/tehsils with a new assured service response time of 3 hours and turnaround time of 18 hours. The Company assures same-day installation for all its retail customers. Blue Star has set up a 24x7 call desk with an interactive voice response system wherein the customer can log a call within 12 seconds without talking to any personnel.

As an add-on, there is a customer service app with a one-touch facility for logging a service requirement. A host of other digital initiatives include a technician application and remote monitoring of chillers among others that give the Company a competitive edge. The facility to generate electronic field service reports by technicians using mobile apps is another added advantage which ensures transparency and real-time data sharing, and saves paper too. More than 30 service centres were set up across the country and the Company has more than 250 service vans to reach out to its customers speedily. For its quick-service restaurant customers, refrigerated vans have been deployed for cold storage across seven major cities, and 24x7 service is provided for a select segment of its cold room customers. A fully equipped VRF commissioning van was also launched in major metros to ensure smooth commissioning of the Company's wide range of VRF units.



Backed by its strong value proposition to provide 'Gold Standard Customer Service', the Company's Customer Service is known for its credibility and reliability. Blue Star's air conditioning and refrigeration 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.

“ Through various Value Analysis & Value Engineering (VAVE) initiatives, the Company products are more competitive in the market ”

Blue Star's Engineering Facilities Management (EFM) service, which covers a wide range of Operations and Maintenance services to ensure efficient working of electro-mechanical utilities, has received a good response from customers across various segments.

As a pioneer in the AC&R service industry, the Company has several benchmarks to its credit and continues to advance rapidly on the services front.

SUPPLIER FOCUS

Supply Chain Management

The Company continued in its efforts towards reorienting its 'Supply Chain function' in order to strengthen 'Sourcing and Vendor Development' to systematically focus on cost innovation, localisation, inventory management, and risk mitigation. These efforts have brought about the desired results.

During the year under review, the supply chain function worked on many important areas such as lead time reduction, working capital management, and expanding supplier base in FTA countries, to name a few. The supply chain function also focused on the risk framework and worked on mitigation of risks such as single source dependency and import dependency. The localisation of indoor units, PCBs, Inverter AC Drives, and increased share of locally manufactured compressors were timely steps forward in the direction towards mitigation of risks.

As a part of continual improvement and to achieve cost leadership, the Company meticulously worked on Total Cost of Ownership (TCO) which helped to improve the overall sourcing and supply chain efficiency. Strong analytics and forecasting further assisted to defer/mitigate raw material price fluctuations to a great extent. Focus on cost levers like cost sheet management, competitive benchmarking, localisation (ODU and IDU drives, IDU stepper motor, Service Valves, ODU AC motor), and contract management,

VRF commissioning van ▼



▲ Mobile Refrigerated Service Vans

amongst others resulted in a cost saving of close to 5-6% (on an annualised basis).

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

Besides, early supplier involvement and cohesive working with R&D, manufacturing and marketing, has resulted in the rollout of new products and solutions.

The Supplier Excellence programme which was launched in FY19 also progressed well during the period under review. Currently, 60 suppliers are deploying the Company's best practices to upgrade the overall quality of products/components.

DEALER FOCUS

Channel Management

The Channel Management Centre, which 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, added around 568 channel partners and service associates during the year under review. The Company also expanded its retail distribution reach for room air conditioners and added about 139 retailers and distributors across the country, thereby substantially increasing its presence in Tier 2 and 3 markets over last year.

Currently, Blue Star has around 3,700 channel partners with over 7,000 stores for room air conditioners, packaged air conditioners, chillers, cold rooms, and refrigeration products and systems, as well as 1,154 service associates reaching out to customers in over 900 towns.

Blue Star's channel partners form the extended arm of the Company, and many of these dealers have been associated with the organisation for over a decade. Several dealers are ex-employees of the Company and are, therefore, well aligned to its value proposition. Dealer satisfaction surveys are conducted periodically, and their issues are addressed through various platforms.

Blue Star has been regularly conducting training programmes for its channel partners with the intention of apprising them on the latest developments with regards to the Company's products and services. Traditionally, these trainings had a classroom session format but with the growing penetration of digital interventions in business, the trainings are conducted on an e-Learning platform, which has tremendously benefitted the Dealer and Associate fraternities as they can learn at their pace and convenience.

'Star Connect' was launched in FY18 to facilitate the channel partners with the ease of doing business and has garnered wide acceptance and appreciation. Extensive 'Star Connect' training programmes were organised across all branches for dealers and their staff members, and video tutorials and manuals in local languages were created to facilitate the training. In FY21, 'Star Connect' was upgraded to handle all transactions related to both products and spares. Channel finance benefits are being extended to the channel partners through tie-ups with reputed bankers as a result of which these banks have been providing working capital finance to the channel partners at a lower interest rates.





▶ 'Service on Wheels' van

▶ Blue Star's engineer attends to a major breakdown of a CT scanner at IQRAA International Hospital, Kozhikode, which is treating COVID-19 patients, during the lockdown



▶ Blue Star's Remote Monitoring Centre, Thane, Mumbai

▶ VRF Commissioning and performance testing / evaluation at client site



▶ Female technicians attending to service call at Xerox India, Guwahati, to rectify technical issues in a water cooler



▶ Medical Equipment supplied to Kasturba Hospital, Mumbai, towards COVID-19 relief work

Rituraj Borah - 2nd Expert, Governing Body of Assam Climate Change Management Society, India. National Lead for Clim... 4d · Edited ·

Happy to see Blue Star Limited provide girls equal job opportunities at technicians level too. Niki an Industrial Training Institute (ITI) qualified technician from #Guwahati serviced my AC today with her associate Rony. #jobs #womenempowerment #skillindia



▶ Blue Star appreciated on the social media



▶ Blue Star's technician in full PPE resolving issue at Jalpaiguri District Hospital in West Bengal



Deployment of 'Star Connect' has contributed to improving dealers' satisfaction due to enhanced efficiency.

Further, in FY21, Blue Star launched 'Star Kart,' a digital transformation initiative for its Star League Dealers. This comprised a digital transformation project initiated by the Company called 'Star Kart – A Dealer Website Initiative' to support its Star League Dealers to strengthen their online presence. Through this, the Company continues to launch its digital brand shop in association with its dealers. These digital brand shops are complemented by marketing campaigns, Search Engine Optimisation (SEO), Search Engine Marketing (SEM), Google My Business, Google ads and Social Media Marketing. They also included features such as Live Chat, Virtual Store, Smart Invoice, Smart Compare Products, product videos integration with product pages and many more. These stores with the 'Virtual Tour' feature enable a 360-degree virtual walk-around experience for consumers from the comfort of their homes. The virtual store deploys a 3D visual representation of the products with options to zoom in, check the measurements of the product, and also purchase them online. These virtual stores on the dealers' websites are linked to the e-commerce site of the dealer. The intended target is to reach 100 Sales and Service Dealers in due time.

E-COMMERCE

With the advancement and penetration of digital technologies, the marketing paradigm is changing rapidly. Not only is buying behaviour changing, but also media consumption trends. E-commerce, as a distribution channel, is witnessing phenomenal growth with India ranked amongst the fastest growing e-commerce countries in the world. Currently, the e-commerce market in India is pegged at about ₹ 2,63,000 crores (USD 35 billion) and is expected to double over the next three years. Further, digital marketing has emerged as an important tool for securing the share of the mind of consumers. Integral to this development is digital content creation and management. Moreover, for targeted marketing, customer data analytics is critical. In managing and growing brand equity and market share, omni-channel marketing as a concept is gaining momentum.

On the e-commerce business front, the Company 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 unitary products from e-commerce to overall sales has doubled from around 5% in FY20 to 10% in FY21. This is likely to grow to over 20% by FY24. Online sales of room air conditioners and water purifiers in FY21 grew by 104% and 260% respectively over the previous year along with a significant share in sales of air coolers, air purifiers and deep freezers. Focused investments in e-commerce marketing with the help of machine learning and AI tools, sponsored listing and brand ads across platforms, created immense brand visibility and resulted in high click-through rates and conversions at optimised cost.

During the year, a new Digital Asset Management system was deployed for all the cooling and purification products, which is now a strong product information and digital asset repository widely used by various internal stakeholders. It has played an important role in enhancing and standardisation of content across platforms. It was instrumental in the creation of innovative digital initiatives such as Star Catalogue and Star Kart which enabled contactless selling during the lockdown period. The Company is also enhancing its 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 on 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

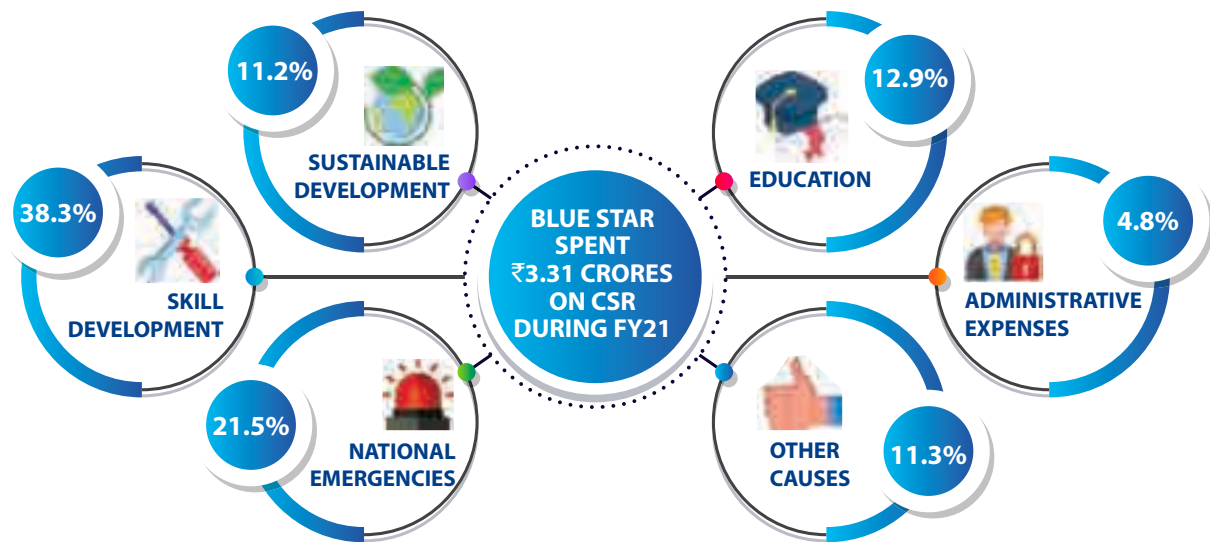
Over the years, Blue Star has built relationships with a group of banks who have supported its growth. Blue Star regularly interacts with its bankers to update them about its financial performance and support required for growth. Blue Star has been prompt in servicing all its obligations and its covenants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

12 SOCIAL CAPITAL

Blue Star remains committed in its endeavours on the social front. The Company believes in empowering society through its contributions and dedicatedly works towards this cause while also generating economic value for its stakeholders.

Blue Star's department for Corporate Social Responsibility (CSR), established over a decade ago, consists of professionals with the requisite domain knowledge for planning, implementation and monitoring of the scheduled activities with due diligence.

Blue Star spent a total of Rs 3.31 crores during the year on CSR, of which Rs 75 lakhs was attributed to Blue Star Foundation. The major CSR initiatives are skill development, sustainable development projects located in and around our manufacturing facilities, national emergencies such as relief work associated with the COVID-19 pandemic, and other philanthropic activities in the areas of education and healthcare through Blue Star Foundation, its registered public charitable Trust.



Skill Development

Blue Star is a significant stakeholder in holistic vocational training initiatives in Air Conditioning and Refrigeration Service (AC&R) as well as in Mechanical, Electrical and Plumbing (MEP) fields, 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 also encourages its employees to dedicate their time to deliver sessions on a pro bono basis to impart employable skills. As in the last couple of years, Blue Star continued its support to institutes such as Indo German Institute of Technology, Visakhapatnam; 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. The Company has also undertaken the renovation and upgradation of their labs with the new technology-aided inverter ACs, water purifiers and other suitable equipment. This ensures that training is imparted on the best of equipment and is up to date with the market requirements. A new AC&R lab was set up at Ramakrishna Mission Shilpamandira Belur Math complex.

Blue Star has enrolled apprentices under the National Employability Through Apprenticeship Programme (NETAP) a Public Private Partnership of TeamLease Skills University and Ministry of Skills, under the National Employability Enhancement

Mission of the Ministry of HRD (AICTE), CII, and NSDC. In the year under review, NETAP apprentices were oriented to the work environment at Blue Star's manufacturing facilities, R&D and supply chain functions, and across project sites of the Company. The apprenticeship programme accords the academic credit for on-the-job training students from diploma and degree programmes, and aids in bridging theory with practice. It offers real-time training at the workplace, with a much-valued experience certificate from a reputed company, post minimum service tenure of three months. All trainees are paid stipends commensurate with the unskilled minimum wages for each state, which is significantly higher than the stipends paid under the Apprenticeship Act.

Sustainable Development

Blue Star continues to support community development around its factory and prime business locations.

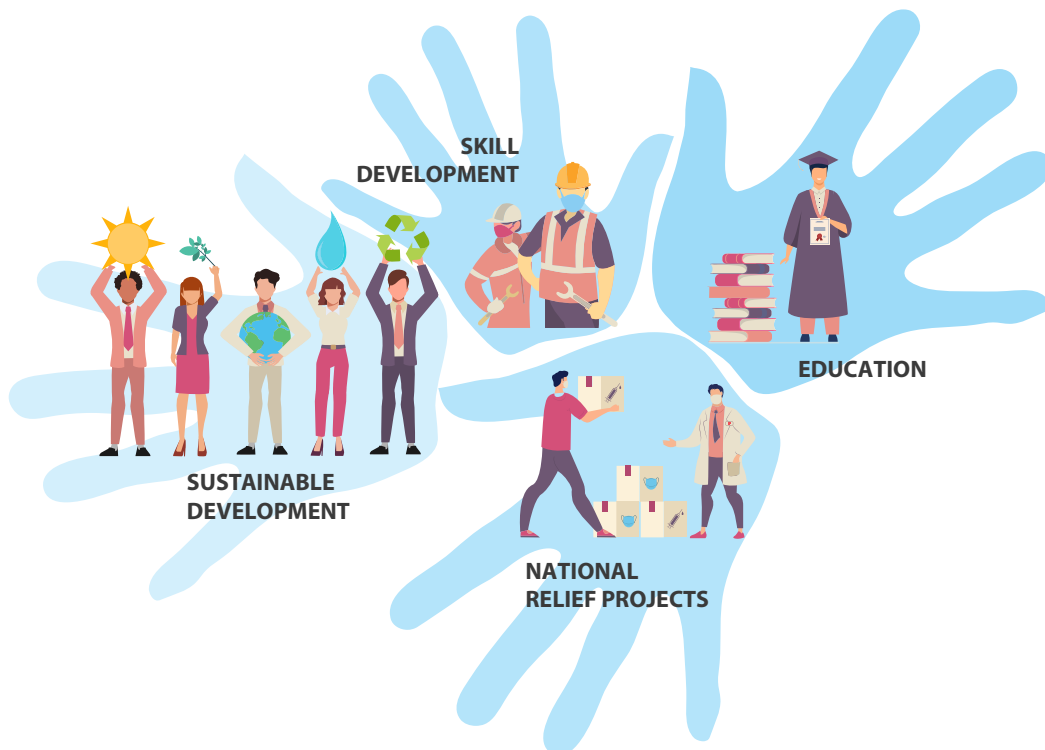
At the Women Farmer Producer Organisation, only women farmers become shareholders of the company registered under Companies Act 1956/2013. FPOs are aimed at making agriculture profitable by involving individual farmers along the entire agricultural value chain, while providing them with complete ownership of their venture.

In the southern part of the country, Blue Star in association with Research and Action Centre for Local Democracy (RACLD), Tamil Nadu, supported the development of socio-economic conditions of the local community members in the Thanjavur district. Through this project, two 'gram panchayat development plans' have been developed and rolled-out. The project covers 249 farmer families, and provides a refurbished 100MT cold storage facility that helps the farmers stock their produce, comprising banana, betel, paddy, corn, and groundnut.



Response to National Emergencies

Since the outbreak of the pandemic last year, Blue Star has been working towards providing relief and rehabilitation measures to address the COVID-19 pandemic. It reached out to the communities near the Company's manufacturing facilities, and existing CSR project sites to supply the people in these areas with ration and hygiene kits by partnering with bodies such as CII Foundation and other non profit organisations, under the guidance of local governments. The Company distributed over 1000 units of one-month worth dry ration kits on a need-basis in areas around the Wada Plant. The Company also supported an orphanage and old age home in Panvel, for which a donation of dry ration in bulk was made.



Due to the COVID-19 pandemic and countrywide lockdown, all Government departments, police and doctors have been working 24x7, and face continuous exposure to the virus. Blue Star, via CII Foundation, supported 3,500 Mumbai Traffic policemen with masks, sanitisers and hand gloves.

Blue Star has donated medical refrigeration equipment comprising three deep freezers of various categories – 450 litres -25°C, 528 litres -86°C, and 678 litres -86°C, as well as 12 air purifiers to Kasturba Hospital, which is Mumbai's largest centre for treating COVID-19 patients. The deep freezers are being used for storing test samples, while the air purifiers are installed in wards that house COVID-19 positive patients, to improve the air quality therein. Blue Star, while responding to the increasing need of hospital infrastructure during the COVID pandemic, contributed towards providing mortuary chambers at the B J Govt Medical College, Pune.

Blue Star in collaboration with CII Foundation supported the Government of Maharashtra to convert Government Medical College, Solapur, District Hospital, Jalna, and District Hospital, Aurangabad, into COVID-19 centres. These three hospital centres were provided with the facility of Tele-Intensive Care Units (ICU). A total of 98 tele-ICU beds were set up through this project. Post this intervention of tele-ICUs, the recovery rate among the admitted patients has been 95% in these three COVID-19 centres.

Apart from addressing the immediate needs of PPE kits and ration during the pandemic, Blue Star also supported in combating the long-term effects of the pandemic on the education of children. Blue Star in association with Pratham Infotech Foundation started a programme named 'Digital Sakshar', an e-learning programme for mid-school tribal children in Palghar.

Education

Blue Star through its Foundation runs a flagship programme, the 'Mohan T Advani Centennial Scholarships,' to support the engineering and architecture colleges in Mumbai and New Delhi. Till date, Blue Star has supported 96 scholars. The scholarships are inclusive of a mentorship by Blue Star personnel as well as an annual internship at the Company's facilities.

In addition, Blue Star sponsored 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.

Blue Star continues to support 20 villages in Cuddalore District of Tamil Nadu for the Eureka Walk 'n' Talk English Programme, and for a similar programme in three large centres of Perumbakkam, Chennai. This is an after-school program implemented in the villages to augment the speaking and writing capabilities of the English language in students and help enhance their confidence. The project has impacted over 1500 children between the ages of 6-14.

Other philanthropic causes

Blue Star through the Blue Star Foundation aims to create social impact through specific and targeted programmes across the spheres of health and well-being, in liaison with reputed NGO partners. Projects undertaken towards this comprise:

- The 'Waterwheels' project, an initiative which aims to reduce the drudgery of the chore of water fetching from far off sources in the scorching summer heat, primarily considered a woman's job in villages, was undertaken. This was executed in partnership with Habitat for Humanity, a reputed international NGO. Water wheels are durable cylindrical water tanks which can be rolled along the ground and can hold 45 litres at a time. These water wheels are designed, keeping in the mind the ease of carrying water from far-off distances, and are convenient for use even by children. Blue Star has distributed 400 such waterwheels in villages near its Dadra factory, in addition to the previous 500 in the villages of Wada and Dadra which face acute water shortage.
- The Foundation collaborated with Jai Vakeel Foundation & Research Centre, one of the oldest NGOs in India to work with children with special needs. BSF donated towards this project aimed at individuals with special intellectual and development needs. The project covered regular composite healthcare including medical, psychological, and socioeconomic assessments, of around 500 individuals with special needs.
- The Foundation supported the International Foundation for Fine Arts in its dedicated efforts towards fostering and promoting Indian classical music. The foundation works with needy musicians and is committed to developing a taste for Indian classical music amongst the youth.



"Complementing the CSR initiatives driven centrally, the Company's manufacturing facilities have also been engaging in community development around the plants, and have also been encouraging their employees to volunteer their time for the same"

MOHAN T ADVANI
CENTENNIAL SCHOLARSHIPS
BLUE STAR
FOUNDATION

The Genesis:

- 2012**
 - Conceptualised on the Birth Centennial of Mohan T Advani
- 2014**
 - Formally institutionalised with 4 engineering students
- 2021**
 - Supported a total of 96 students of engineering & architecture

▶ Mrs Sunaina Murthy (top), the Managing Trustee of the Blue Star Foundation and a Non-Executive Director on Board of Blue Star, presiding over the felicitation event of Mohan T Advani Centennial Scholars along with Mrs Mrinalini Kher and Mr ArunKumar D, Board Members of the Blue Star Foundation

▶ Children with Intellectual & Developmental Disabilities attending a session at the Jai Vakeel Foundation School



▶ A woman in Wada village using the water wheel sponsored by Blue Star to carry water

Apart from these focused projects, Blue Star Foundation has supported projects towards the causes of health and well-being, by partnering with empaneled implementing organisations. The organisations supported during the year include Jyot Bahuddeshiy Samajik Sanstha, Thane, towards vocational training opportunities for girls and adolescent health education; The Anchorage, Mumbai, offering opportunities for education and vocational training for the mentally challenged; Ashray Akruiti, Hyderabad, towards a special school for children with varying degrees of hearing impairment; Aishwarya Trust, Chennai, for corrective surgery for congenital heart defects in children; and Indian Association of Blood Cancer & Allied Diseases, Kolkata, for medical relief of cancer-affected children, among others.

Besides, Blue Star also launched the Blue Star Engineering & Electronics Diagnostic Scheme to help women from the underprivileged sections of the society with free diagnostic support to detect cancer. The programme catered to 600 women patients across the three partner hospitals comprising All India Institute of Medical Sciences, Rishikesh, Uttarakhand; The Kailash Cancer Hospital, Goraj, Baroda, Gujarat; and The Cancer Institute (WIA) Adyar, Chennai, Tamil Nadu.

Blue Star is committed to directly conduct or support initiatives to ensure an equal footing for socially and economically disadvantaged sections in the country at large, especially the Scheduled Caste and Scheduled Tribe communities. As part of its CSR initiatives, therefore, Blue Star actively participates in the Affirmative Action Agenda of CII and has contributed towards Development of Dalit Entrepreneurs by promoting supplier diversity, imparting management techniques and mentoring. The Company is also an active member of the CII Sub Committees on CSR and Affirmative Action, and contributes regularly to industry initiatives in this regard.

Blue Star proactively works towards protecting the environment by consciously embarking on various initiatives such as usage of eco-friendly refrigerants, planting trees at its premises and reduction of consumption of water.

Support to tribal children in Odisha during the pandemic

The first AGM of the Women Farmer Producer Organisation, Cuddalore

AC&R training session in progress at Apollo Total Health, Aragonda, Andhra Pradesh



Underprivileged children from a resettlement colony of Perumbakkam, Chennai deliberating on framing sentences

Post Harvest Training being provided to members of Women Farmer Producer Organisation in Uttarakhand

Solar panels installed at the Dadra plant ▼



▲ Rainwater harvesting at the Dadra plant



▲ Renewable energy initiatives undertaken at the Wada Plant



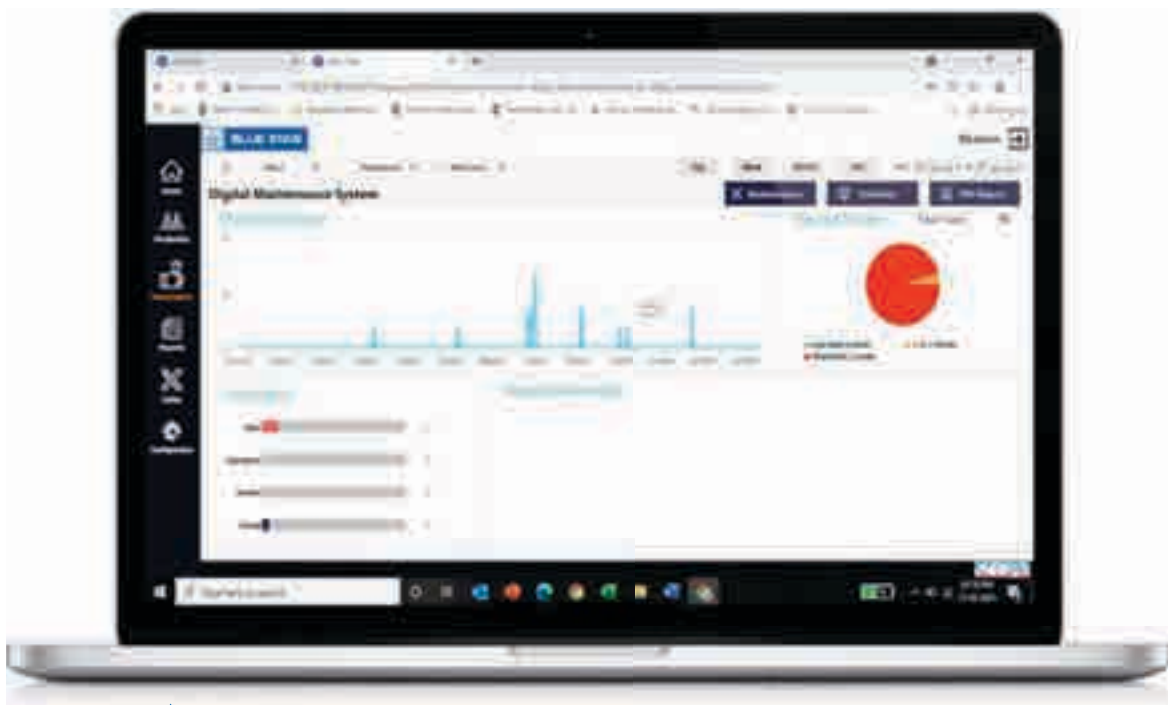
14 INFORMATION TECHNOLOGY


Blue Star continues to be at the forefront of leveraging technology for the business and has invested in digital technologies in areas such as Process Automation, BOTs, Analytics, and Cyber Security. A number of digital solutions were implemented to enable the Company to smoothly navigate through the various scenarios unfolding because of the pandemic and to further enhance customer experience, improve collaboration both internally and externally, optimise productivity, and enhance information security.

On the sales front, the Company unveiled its e-commerce site for the sale of its residential products. A fully revamped digital Product Catalogue, covering its air conditioning, air purification and water purification products, was released for all dealers which enabled them to have a contactless engagement with potential customers. Sandra, the sales bot that was launched the previous year, was equipped with analytics capabilities which provided the sales team with key insights and ensured focus on the right activities to maximise productivity.

The Company deployed its 'Intelligent Factory' solution at its Kala Amb manufacturing facility in Himachal Pradesh – with this, all of its factories are now IoT-enabled, providing complete plant level visibility and control through real-time data collation and visualisation. Using the data collected and subsequent analysis of the same using analytics, the Company has been able to drive a number of efficiency improvements and cost saving initiatives.

For improving the speed of decision-making and enhancing operational visibility, the Company rolled out a number of Business Performance dashboards across its various business units. An analytics-driven solution was implemented to monitor business controls adherence and report any violation.

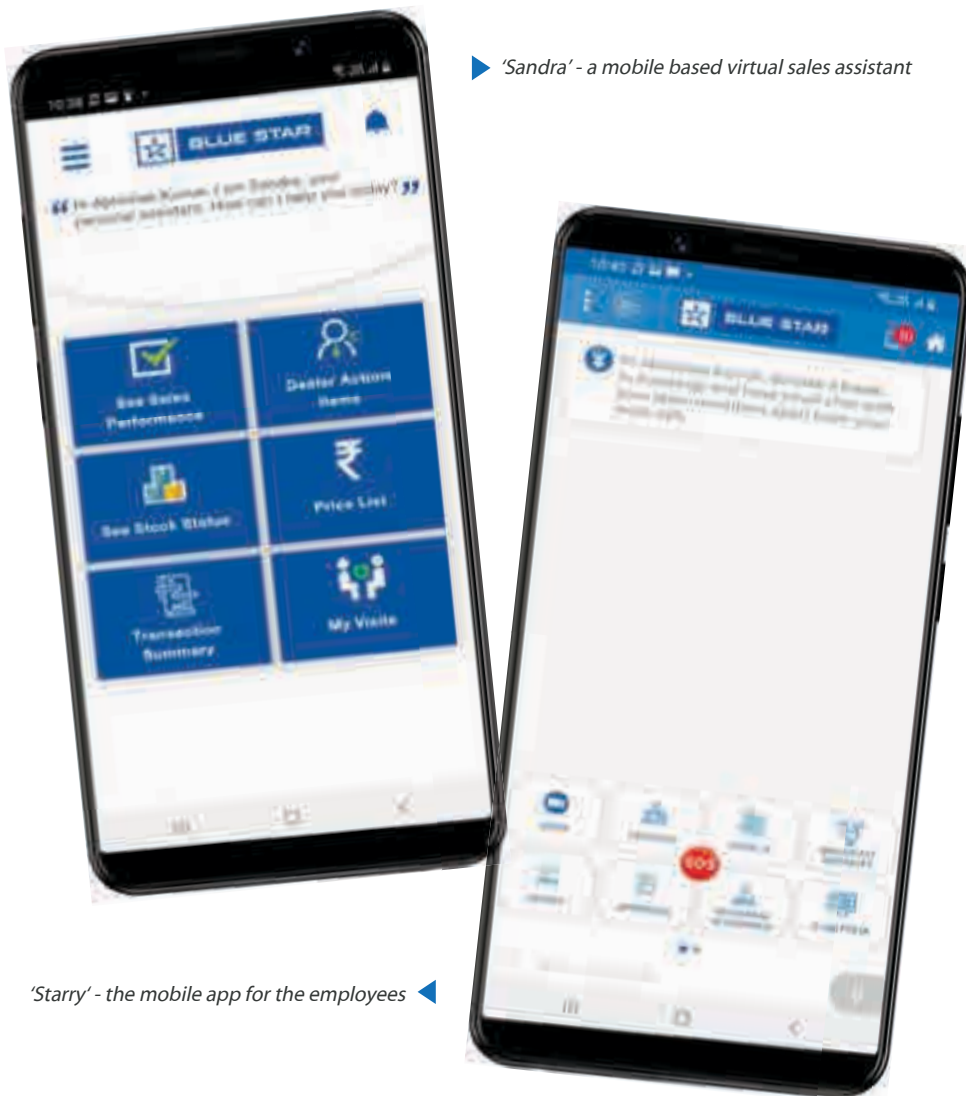


 Digital Management System at the Himachal Pradesh plant

To facilitate employee engagement, the Company launched a virtual private assistant, 'Starry', that every employee could use for various HR-related processes. 'Starry' enabled the management to interact with all of its employees and stay engaged with them during the course of the pandemic. 'Starry' also provides a digital newspaper-like ability to keep employees informed about company news and happenings across locations.

With strong focus on digitisation of its processes and productivity, during the year, the Company continued to invest in upgrading the performance of its digital assets such as 'Star Sampark,' 'Star Connect,' 'Star Serve' and 'Star Comply.' Star Sampark is Blue Star's digital vendor/supplier portal with 100% suppliers on-board; and 'Star Connect' is a digital interface for dealers and distributors. Likewise, 'Star Serve' equips authorised technicians of Blue Star to track, respond and service customer requests/complaints, and it enables the technicians to be up to date on their call requests. 'Star Comply' is a robust digital monitoring system for tracking all legal compliances applicable to the Company.

Considering the cyber security landscape and underlying threats, a number of measures were taken to safeguard the Company's critical systems and data from threats, both internal and external, through the adoption of best practices, elevating Information Security awareness amongst its employees and partners, and enhancing critical security infrastructure. This has resulted in minimising the risks from cyber security threats.



► 'Sandra' - a mobile based virtual sales assistant

'Starry' - the mobile app for the employees ◀

15 BRAND EQUITY

During the year, the Company enhanced spending with regard to advertising and brand communication.

With a proven track record as an established multi-product and service brand, the Company strategically repositioned itself as a 'Mass Premium' brand with the launch of its new range of split ACs, to cater to the mass market and expand its market reach. 'Affordability' while retaining Blue Star's 'Premium Build Quality' is the criterion which the Company has focused upon for this season's launch. This move is well aligned to last year's aim of the Company to shift orbit and accelerate growth by garnering mass appeal across geographies and demographics. Blue Star is progressing well on its chosen trajectory, and the Company continues to leverage its brand salience and association with Virat Kohli to march further ahead in this direction.

This strategic foray is supported with the revised value proposition, 'Affordable Cooling with Blue Star's High Quality ACs.' The Company has rolled-out a range of products across various price points to cater to the emerging and growing needs of the customer.

Virat Kohli continues to be Blue Star's brand ambassador for room ACs for yet another promising season. Backed by their expertise and consistent performance, both Virat and Blue Star are highly 'Trusted' in their respective fields, and it is this 'Trust' that has been the winning factor for both of them. Besides, Virat's mass appeal has been enabling the Company to connect to and widen its TG from Tier 1 and Tier 2 to Tier 3, 4 and 5 towns.

Through the latest campaign featuring Virat, the Company is promoting its new range of 'fast-cooling' ACs. Blue Star has created an upbeat commercial featuring Virat Kohli to advertise these ACs, which are designed to deliver 100% cooling even under high ambient temperatures resulting in faster cooling. The new TVC is built around a famous peppy Indian retro song.

Earlier, during the period under review, Blue Star had also launched a range of ACs with Virus Deactivation Technologies (VDT) during the festive season, which acted as a revival period post pandemic in India. The ACs used advanced technology to deactivate microbes and viruses in the air. The commercial for this campaign featured Virat Kohli and was a high end, advanced and innovative campaign which focused on VDT's unique benefits of virus deactivation, to the end consumer.

The Company also launched its advertising campaign for Blue Star's new range of air coolers for this season, in the last week of March 2021. The value proposition for this product category is 'Summer Will Now Feel Like Winter,' which is attributed to its unique cross-drift technology – a design advancement that retains water in the meshes for a longer time, resulting in 20% more cooling than other air coolers, thus giving a winter-like feeling during summers. This value proposition has been enabling Blue Star to impress upon consumers that we offer technologically superior and more efficient products in this category. The Company has created an interesting TV Commercial featuring its brand ambassador Virat Kohli, thus extending his brand association with Blue Star Air Coolers as well. This association will help Blue Star connect better with its target audience and establish Blue Star as a significant player in the product category.

Significant investments were made in brand building of water purifiers during the year. Considering it was a pandemic period, the water purifiers campaign focused on 'Health' and was based on the benefits of 'Alkaline Water.' It was a simple comprehensive linear television commercial, which retained the premium look in terms of execution and production and established Blue Star as 'Experts in Alkaline Water Purifiers.' This commercial helped cut across customer segments and geographies, and increase reach, as well as helped enhance brand equity in this product category.

In FY21, for its B2C product range, Blue Star continued to invest more in digital marketing to leverage the growing affinity of consumers towards the digital platform, and to increase its reach. The Company continued to invest in Google, Facebook and YouTube advertising. Besides, the Company also explored the digital medium for its B2B range of products. The digital plan was designed to also support the Company's strong presence and growing performance in the e-commerce space. Regular avenues apart, Blue Star also continues to explore new and innovative platforms and creative content.

The Company also hosted digital press conferences to launch Blue Star's new offerings in the room air conditioning, air coolers, and air purifiers categories as well as commercial refrigeration products and solutions including vaccine storage products.



BLUE STAR

AB SUMMER LAGE
WINTER JAISE.

AIR COOLERS WITH


**CROSS
DRIFT**
TECHNOLOGY



16

AWARDS AND RECOGNITIONS



Blue Star's Dadra plant was declared winner at the 3rd CII National Kaizen Circle Competition in the 'Innovative Stream in the Manufacturing Sector - Large Segment' category

Blue Star's Himachal Pradesh plant won the CII National LEAN Manufacturing award



Blue Star was declared winner at the 37th National Kai-Zen Competition organised by CII



Blue Star won the 'MEP Contractor of the Year' award by Construction Week India for the 5th time for its work done at Apollo's Proton Cancer Care (APCC) centre in Chennai, at the 10th Annual Construction Week India Awards 2020



Blue Star was declared winner of the 'Golden Peacock Award for Excellence in Corporate Governance' for the second time in a row



Jubilant FoodWorks recognised Blue Star with the 'Long Term Partnership' award for the sales and service support provided by Blue Star



Blue Star was recognised by Flipkart with the 'Best Customer Service Support' award for providing best support during the times of Big Billion Days and the festive season

Blue Star was recognised with 'Certificate of Appreciation' at BML Munjal Awards 2020 which recognises organisations that have demonstrated business excellence through innovations in Learning & Development





BLUE STAR

A RANGE OF CHILLERS SO WIDE YOU'LL FIND JUST THE ONE YOU WANT.



**Air Cooled
VFD
Screw Chiller**



**Air Cooled
Inverter
Scroll Chiller**



**Water Cooled
Inverter
Scroll Chiller**



**Oil Free
Chiller**

**Water Cooled
Screw Chiller**

17

RISKS &
MITIGATION
STRATEGIES**DYNAMIC MICRO ENVIRONMENT RISK**

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

MITIGATION STRATEGIES:

The Company closely monitors the macro-economic environment on a regular basis. It continuously explores opportunities in the 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 the strategic risks prior to venturing into new business segments or geographies. Enhanced thrust is placed on expanding Blue Star's global footprint 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.

BUSINESS MODEL RISK FOR PROJECT BUSINESS

The Company in its project business is significantly dependent on the Buildings sector which is highly cyclical in nature and is directly impacted by macro-economic sentiments. Flow of credit to this segment has slowed down post the NBFC crisis and the COVID related business disruptions, which in turn has impacted the pace of project execution. There has also been a gradual shift in the business model for large projects where the full contracts are assigned to civil contractors who in turn sub-contract the components of the project. Some of the Mechanical, Electrical and Plumbing jobs undertaken by the Company are through such sub-contracted route. This could impact the returns and increase the credit risk based on the credit profile of the main contractor.

MITIGATION STRATEGIES:

The Company is constantly focusing on augmenting its presence in the sectors other than Buildings such as light industrial, social infra and core infra sectors. The Company carries out independent due diligence before entering into a sub-contracting arrangement with the main contractor. The Company also enters into selective and project specific tie-ups with reputed and financially sound civil contractors.

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 or excess monsoon may impact the Company's planning and forecasting process leading to either a stock-out or excess inventory situation.

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 have seasonal dependency.

SOURCING RISK

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 custom duty may also increase the cost of the components. 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 sources and identify backward integration opportunities.

COMPETITION RISK

Several Indian and global players in the air conditioning business have set up/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 Issuer vulnerable to significant loss of business to the competitors. Competition from Indian players is also quite intense. Therefore, exposure to irrational pricing and/or commercially unviable discounting of products by competition may cause 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. The Company could encounter low demand for some of its products in certain regions.

MITIGATION STRATEGIES:

The Company focuses continuously on rationalisation of costs across the value chain without compromising on quality and reliability to maintain its competitive position. The Company is well diversified across related and new product categories. It has tie-ups with key e-commerce companies and has rolled out dedicated models meant to be sold only through online platforms. There is enhanced thrust on increasing penetration in Tier 3/4/5 cities. The Company focuses on developing more exclusive dealers.

BUSINESS MODEL RISK FOR THE PROFESSIONAL ELECTRONICS & INDUSTRIAL SYSTEMS

Each line of business within the Professional Electronics & Industrial Systems segment is dependent on the supply of products by a select few principals. There would be a significant impact on the segment's revenue, should a key principal terminate the arrangement.

MITIGATION STRATEGIES:

The Company evaluates opportunities to expand into new lines of businesses in this segment and also develops new relationships with new principals for each line of business, on an on-going basis.

PROFITABILITY RISK

The Company's profitability may be stressed due to volatility in commodity prices, increase in input costs and ocean freight and other operating costs.

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. 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.

FINANCIAL RISKS

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. Credit default by customers is also a concern for the Company.

MITIGATION STRATEGIES:

The Company has a robust policy in place for managing currency exposures and a due diligence mechanism to reduce the risk associated with credit default.

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 shut-down 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, 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 to keep its 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. Standard Operating Procedures have also been established for safe re-opening and operation of the Company's factories, offices, warehouses and the project sites upon resumption of operations post the occurrence of any such event.

INDUSTRIAL RELATIONS RISK

The Company may face industrial unrest in the nature of strikes and lockouts at its manufacturing locations due to any disputes with the trade unions which may lead to stoppage of production. Further non-availability of skilled and other labour at the manufacturing, distribution, service and project sites at the appropriate time may also have an adverse impact on the ability to meet its obligations to deliver products and services on time.

MITIGATION STRATEGIES:

The Company keeps its employees at all levels including the organised workforce engaged through various initiatives across locations for increased employee satisfaction, productivity and motivation. The two-way communication and the open culture practised by the Company's management ensures smooth industrial relations.

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 with a variety of regulatory compliances. Emphasis on usage of eco-friendly refrigerants and collection and eco-friendly disposal of e-wastes are some of 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 compliance management system and has also automated the compliance management process. It has adopted an 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. The Company follows a structured approach towards any changes in the BEE ratings and ECBC 2017 norms by conducting meetings on a regular basis 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 a robust Vulnerability Assessment and Penetration Testing framework. 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.

PEOPLE RISK

Risk of inadequate succession-planning for top and middle management positions may impact business continuity and business performance in the short term.

MITIGATION STRATEGIES:

The Company has in place a systematic framework for management and development of its talent through structured leadership development programmes. Talent councils are formed to review succession plans on a periodic basis.

FRAUD RISK

Risk of not being able to proactively identify and address potential frauds.

MITIGATION STRATEGIES:

The Company has a robust governance mechanism consisting of three lines of defence and a balanced three-tiered governance structure as required under the COSO 2013 framework. It extensively uses data analytics and rigorous monitoring to strengthen its fraud management framework.

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 are 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, revamp and electrical facility management operating sites.



18

STRATEGY PLANNING & DEVELOPMENT

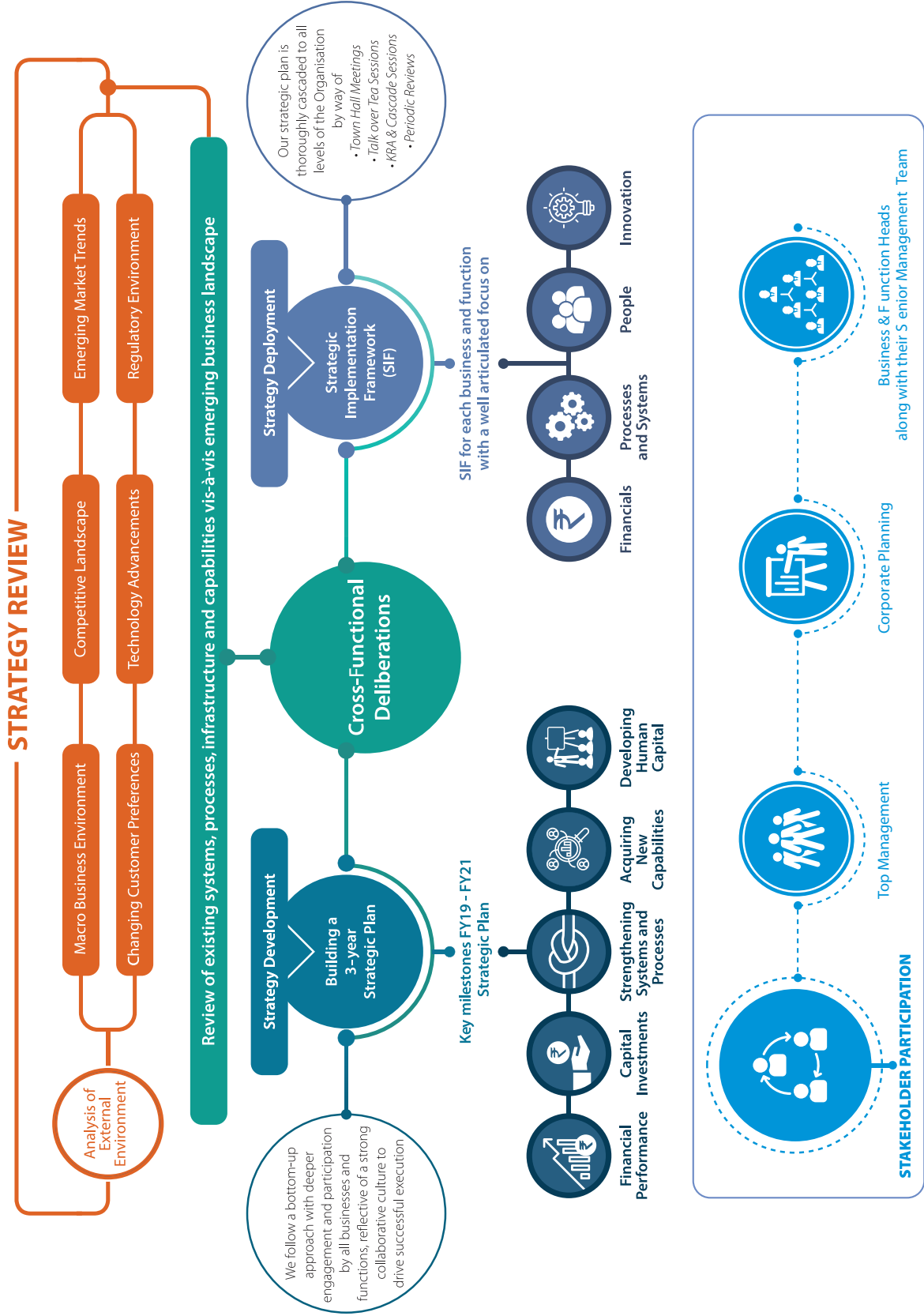
Organisations, globally and locally, face several challenges arising out of macro-economic scenarios, geo-political situations, and the global trade environment, necessitating companies to periodically review their growth strategies and draw up short-term and long-term plans. Customer profiles and expectations are fast changing, adding a complex dimension to decision-making. The Indian market is becoming a hotbed of competition in many spheres of business with several multi-nationals looking at India now. Hence, it becomes imperative to constantly review organisational strategies and underlying assumptions.

The Company had rolled out its second 3-year strategic plan, Blue Star@77, which defined the roadmap for Blue Star for three years up till FY21. As the Company entered its 77th year, the next rolling 3-year strategic plan, Blue Star@80, ending in FY24, 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 businesses 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 as well as enumerates details on intended investments to support the growth plans.

To execute strategic plans, a framework called Strategic Implementation Framework (SIF) is in place for each business and function. The SIF essentially draws upon Balanced Scorecard concepts of strategy execution, and it maintains a well-articulated focus on financials, processes and systems, people and innovation. The Company's strategic plan is thoroughly cascaded to all levels of the organisation by way of town hall meetings, KRA cascade sessions, talk over tea sessions and various appropriate internal forums to align the organisation to the Company goals.

The strategic framework provides for periodic reviews in a structured way to take stock towards the progress of key milestones. This internal process helps in periodically discussing and reviewing the underlying assumptions related to the business landscape as well as understand the Company's competitive positioning and make due 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



19 AMPLE OPPORTUNITIES

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

- The Company has a wide portfolio of products/solutions across its business segments to cater to the requirements of the pharma and healthcare sectors arising out of the pandemic situation.
- Government's focus on localisation initiatives under the Atmanirbhar Bharat program continues to offer opportunities in the manufacturing sector for the Company's projects business.
- The Company's projects business will also benefit from opportunities in the core and social infrastructure sectors and expanding footprint of large warehouses and data centres. The Company's Commercial Air Conditioning business will also benefit from the opportunities in the warehousing sector.
- Under-penetrated markets across its range of air conditioning and commercial refrigeration products will continue to offer opportunities to grow.
- Expansion of retail footprint and changing social habits continues to offer the Company's commercial refrigeration business opportunities from the organised retail, QSR and the food processing sectors.
- Digitisation initiatives in the BFSI sector continue to offer tremendous opportunities for the Company's Professional Electronics business.





ESG PRACTICES EMBEDDED IN BLUE STAR'S BUSINESS PRACTICES

While Blue Star continues to create enhanced value for all its stakeholders, the Company strongly focuses on the Environment, Social, and Governance (ESG) framework when conducting its business. Blue Star has integrated the ESG practices in to its business model, thereby elevating its commitment towards ESG. The Company remains committed to the highest standards of environment friendly practices, sustainable social endeavours, and utmost transparency and ethics in the conduct and behaviour of its Board, Top Management, employees and its extended arms such as its Channel Partners.

As a responsible corporate citizen, the Company continues to make sustainable choices in areas of Environment, Social contribution and Governance standards. The highlights of the Company's internal assessment to ESG adherence across businesses and functions, undertaken in FY21 are mentioned as follows:



ENVIRONMENT:



Blue Star has always been a frontrunner in areas related to energy-efficiency, sustainability focus and sensitivity to climate change. The Company's mainstay of product development and R&D has been around customer-centric designs and applied innovation coupled with environment-friendly and sustainable products.

Environmentally Conscious Operating Practices:

Blue Star proactively works towards protecting the environment by consciously embarking on various initiatives such as usage of eco-friendly refrigerants, planting trees at its premises and reduction of consumption of energy and water, details of which are elaborated in the Integrated

Report, Natural Capital Section on page no. 64.

Some of other initiatives in this regard are as follows:

- Blue Star is an industry leader in energy-efficiency for Room ACs, VRFs, Deep Freezers and Screw Chillers with Variable Frequency Drives.
- The Company launched three future-ready models of ACs ahead of the next envisaged energy label change.
- The Company introduced a range of products with Virus Deactivation Technology and also integrated air purifiers with ACs.
- The Company is ranked Number 1 in E-waste compliance in the Room ACs industry.
- Blue Star introduced high water recovery RO purifiers (70% reduced to 50%) and is working on achieving additional 10% reduction.
- Blue Star's Wada factory is Gold rated.
- The Company is a part of the India-EU Climate Dialogue panel coordinated by TERI.
- Under Circular Economy initiatives, the Company is pursuing:
 - Waste reduction and recycling as a part of the Total Cost Management programme.
 - Blue Star's AC&R revamp business as well as reconditioned MRI business fit well with Circular Economy principles.

Hazardous Waste Management:

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

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, which includes water harvesting facilities at its manufacturing plants.

Green Building Membership:

As a Founding Member, Blue Star continues to play an active role in the Indian Green Building Council.

SOCIAL:



Freedom of Association:

Around 194 employees, forming 7% of the permanent staff, are members of employee 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 of Management staff stands at 9.2% in FY21. Taking a cue from the Great Place to Work Survey undertaken in FY20, the Company has formed a task force headed by Senior

Managerial Personnel to drive gender diversity initiatives across various levels in 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 elaborated in the Business Responsibility Report on page no. 158 and in the Integrated Report on page no. 51.

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 institute such as ICICI Bank, Apollo Hospital Group, Thakkar Bapa, Ramakrishna Mission, and Indo-German Institute of Advanced Technology, amongst others; and so far over 12,000 participants have benefited from these programmes.
- Blue Star has embarked upon a digital education programme for tribal children through which around 2500 children in Palghar, near to our Wada manufacturing facility, will be benefitted.
- The Company has been undertaking COVID relief projects, including donation of PPE, food, cold rooms and medical freezers for storing medicines, plasma and other critical items. Blue Star also donated mortuary chambers to Government of Maharashtra.
- The Company's commercial refrigeration business plays an important role in preservation and life extension of perishables. As a part of its CSR, Blue Star supports Women FPOs in Uttarakhand and Tamil Nadu in producing and marketing processed foods.
- As a signatory to the Affirmative Action Agenda of CII, and under the Supplier Diversity programme, it is Blue Star's goal to procure at least 10% of the total value of purchases from SC/ST vendors. (The Company will also explore the inclusion of differently-abled in the Supplier Diversity Programme.)
- In its advocacy agenda, Blue Star has consistently placed the interests of India at the first level, AC&R industry at the second level and its own interests at the third level.
- As a part of Gender Diversity goals, the Company is focusing on improving the Gender Ratio in the Middle and Senior Management levels.
- Blue Star employs around 1200 apprentices every year under the NETAP scheme 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. 159 and in the Integrated Report on page no. 59.

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 applies 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 elaborated in the Business Responsibility Report on page no. 155.

Board Diversity & 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 elaborated in the Corporate Governance Report on page no. 114.

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 second 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 Enterprise Risk Management or Related Party Transactions or Internal Financial Controls processes.
- The Company has formulated a Governance, Risk and Compliance (GRC) policy to effectively deepen integration of the elements of GRC.
- The Company's disclosure standards are of a high order. In the recently conducted survey among the institutional investors, Blue Star scored above 4.5 on a 5-point scale on this parameter.

More details on the Company's Corporate Governance practices have been elaborated in the Corporate Governance Report on pages 113 to 138.



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BLUE STAR

समर लगे
विंटर जैसे



Board's Report

To the Members,

The Directors are pleased to present the 73rd Annual Report, together with the audited financial statements for the financial year ended March 31, 2021.

COMPANY OVERVIEW

Your Company offers one of India's widest ranges of air conditioning and commercial refrigeration products, as well as a comprehensive range of air purifiers, air coolers, water purifiers, cold chain equipment and specialty products. It fulfils the cooling and refrigeration 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, Infrastructure, and Heavy Industry 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 in accordance with Section 133 of the Companies Act, 2013 (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, 2021, are summarised as follows:

(₹ in crores)

Particulars	Consolidated		Standalone	
	For the year ended		For the year ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue from operations	4,263.59	5,360.19	3,842.33	4,786.49
Total revenue	4,325.94	5,404.89	3,904.40	4,859.92
Total expenses	4,180.79	5,194.87	3,806.05	4,688.22
Profit before exceptional items and tax	145.15	210.02	98.35	171.70
Profit after exceptional items and before tax	145.15	205.99	98.35	167.67
Income tax	47.09	65.32	32.42	46.80
Profit for the year	100.35	143.25	65.93	120.87

OPERATING RESULTS

The current financial year commenced in the backdrop of an unprecedented economic and business disruption caused by the COVID-19 pandemic. It was a challenging period for the economy as a whole, and the HVAC&R industry in particular due to a stringent nationwide lockdown during the peak selling season across all the business segments. Most parts of the summer season were lost and project sites remained non-functional.

Partial normalcy resumed in the second quarter and economic activities restarted. There was a healthy revival in business activities with un-locks, easing of restrictions, and consequent improvement in consumer sentiments. Your Company implemented several course correction measures with agility, flexibility, and speed. The operating cost elements were reviewed and incisively rationalised down. Several initiatives to ensure the health and safety of employees and business associates were undertaken to ensure utmost safe resumption of operating activities. In addition, your Company launched a new range of products embedded with 'Virus Deactivation Technology' as part of its endeavour to fight the pandemic through a contemporary range of products based on cutting-edge technology.

In the Electro-Mechanical project's business, the Company continued to prioritise projects execution based on an assessment of customer credit profile and operating cash flow visibility. In the Unitary Products business, channel support initiatives along with prudent inventory management enabled a sharp business recovery through the year. By the third quarter, there was demand revival in the products business on the back of the festive season and improved customer sentiment, supported by a more stable business environment. The Government's focus on localisation under the Atmanirbhar Bharat Program also brought in good opportunities for your Company. Digitisation and Healthcare initiatives continued to offer good prospects for the Professional Electronics and Industrial Systems segment.

However, sustenance of the growth momentum has been challenged by the second wave of the pandemic and the phased lockdowns in many parts of the country towards the end of the fourth quarter of the year and the months that followed. Partial lockdowns across certain states coupled with the unavailability of oxygen for industrial use have again impacted smooth conduct of the operations at the Company's manufacturing plants and at project sites.

On a consolidated basis, revenue from operations for the current financial year recovered 79.5% to ₹4,263.59 crores as compared to ₹5,360.19 crores in the previous financial year. Net profit for the current financial year recovered 70.1% to ₹100.35 crores as compared to ₹143.25 crores in the last financial year. On a standalone basis, revenue from operations of the Company recovered to the extent of 80.3% at ₹3,842.23 crores as compared to ₹4,786.49 crores in the previous year. The Company could recover standalone Net Profit after Tax up to 54.5% at ₹65.93 crores as compared to ₹120.87 crores for the previous year.

As is evident from the above, during the financial year 2020-21, your Company demonstrated resilience and made a robust recovery despite encountering severe business disruption caused by multiple waves of the pandemic and the stringent nationwide lockdown that had hit the operations of the Company during the peak selling seasons.

Your Company operates 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 Company 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

The lockdown at the beginning of the year severely impacted bookings and had a major impact on the revenue, when only around 10% of the project sites were operational. The pace of execution was impacted by a shortage of the workforce post the migration of labour to their home towns and villages. Your Company stayed focused on close monitoring of the quality of customer credit profile and followed stringent principles of cash management. Your Company focused on opportunities in the infrastructure sector such as metro railways, electrical substations, and water distribution, which are expected to offer immediate growth opportunities. The Company received prestigious orders in the metro rail and order inflows from the light industrial and factory sector improved, driven by the Make in India initiatives of the Government.

b) Commercial Air Conditioning Systems

At the start of the year under review, with segments such as light commercial, medium-sized offices, educational institutions, entertainment, and banquet halls largely closed, new order booking and billing were significantly impacted. Even though a complete shutdown of commercial complexes, education, and entertainment sectors impacted revenues, there was healthy business flow from healthcare, pharma, and Government customers. This helped with a partial recovery for this business during the year.

The Company also added new large-capacity models to its VRF product range and has now completely indigenised this product category. Your Company improved its market ranking to the number two position in this product category.

c) International Business

Your Company was focused on the expansion of the Blue Star product range and building brand awareness across its international markets. It also increased marketing efforts across digital media platforms, to build awareness and brand visibility across the major markets it serves. As a result, there was an improved demand for the Company's cooling products in the Middle East, SAARC and Africa markets, which enabled recovery of its international business during the year.

Revenue and profitability of the projects executed through the Company's joint ventures in Qatar and Malaysia were also impacted due to the pandemic.

The joint venture in Qatar received some notable large orders. The operations in Malaysia continue to be impacted owing to the pandemic and the political instability in the country.

Revenue in this Segment for the year recovered 78.5% to ₹2,218.72 crores as against ₹2,826.67 crores in the previous year. The segment result was ₹106.49 crores as compared to ₹120.26 crores in the previous year.

II. Unitary Products

In the room air conditioners business, the market de-grew by 23% during the year under review. However, due to sustained business revival and growth initiatives, your Company managed to recover faster than the market in this category and consequently improved its market share from 12.5% in FY20 to 13.0% in FY21.

The commercial refrigeration business was impacted due to the loss of summer season sales by the ice-cream manufacturers, though essential services segments such as healthcare and pharma continued to gain good traction. Your Company developed a new range of products and solutions for storage of vaccines to fulfil the requirements of the vaccination program of the Government.

Stocking of inventory by the channels in the fourth quarter, ahead of the peak selling season, the improved share of billing from e-commerce and an overall improvement in business sentiment enabled revenue recovery for the year to 81.2% at ₹1,868.28 crores in the year under review as against ₹2,300.61 crores in the previous year in this segment. Competitive pricing pressures coupled with sharp increases in material costs and other input costs, as well as cost freight and transportation costs impacted the margin profile of the business. Segment result was at ₹108.82 crores in the current year as compared to ₹162.27 crores achieved in the previous financial year.

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

In the PE&IS segment, your Company's Data Security Solutions business continued to do well on the back of digitisation initiatives in the BFSI sector. The demand for healthcare products picked up as a consequence of increased healthcare spends across customer segments. With a revival in general economic activity, order inflows from the industrial segment improved with the material testing business regaining momentum. 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 recovered by 75.8% to ₹176.59 crores as against ₹232.91 crores in the previous year. The segment result stood at ₹33.81 crores as compared to ₹54.34 crores in the previous year. Revenue and profits for the previous year included the impact of a large order in the Data Security Solutions business.

DIVIDEND

The Board, at its meeting held on May 6, 2021, recommended a dividend of ₹4 per equity share of ₹2 each for the financial year ended March 31, 2021. This dividend will be paid subject to the approval of the members at the Annual General Meeting to be held on August 4, 2021, to those members whose names appeared in the register of members as on the record date, i.e. July 23, 2021.

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 ₹64.72 crores as compared to ₹29.47 crores in the previous year, due to additional borrowings made during the year and increased cost of financing.

Healthy cash from operations, reduction in net working capital driven by good collections, and proceeds from the sale of a non-core asset enabled a reduction in net borrowings, leading to a net positive cash balance by the end of FY21.

The Company's forex cost was ₹4.18 crores for the year as compared to ₹9.70 crores in the previous year on account of relatively lower volatility and dynamic forex risk management practices followed throughout the year.

DEPOSITS

The Company has not accepted any deposits from the public, falling within the ambit of Section 73 of the Act, and 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

During the year, your Company has infused additional funds through the issuance of Unsecured Non-Convertible Debentures (NCD) of ₹350 crores on private placement basis to retain adequate liquidity primarily to finance working capital requirements and support business growth in the medium and long term. The NCDs are listed on the wholesale debt market segment of the National Stock Exchange of India Limited. 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, 2021, was ₹181.74 crores, as against its previous year's revenue of ₹244.50 crores. The subsidiary achieved a net profit of ₹23.00 crores for the year under review, as against last year's net profit of ₹41.84 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.

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, 2021, was ₹142.78 crores as compared to ₹254.14 crores in the previous financial year. Net profit after tax for the year ended March 31, 2021, was ₹6.12 crores as compared to ₹9.02 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, 2021, was ₹236.11 crores as compared to ₹238.54 crores in the previous financial period. On a consolidated basis, the company has generated a profit of ₹6.50 crores for the year ended March 31, 2021, as compared to a net profit of ₹0.33 crores in the previous period.

d) Blue Star Systems and Solutions LLC

This company was incorporated in the mainland UAE as a subsidiary of Blue Star International FZCO to directly sell central air conditioning equipment, execute mid-sized HVAC projects, and offer after-sales service.

The company's total income for the year ended March 31, 2021, was ₹12.38 crores as compared to last year's revenue of ₹8.99 crores. The Company incurred a loss of ₹3.68 crores for the year ended March 31, 2021, as compared to a loss of ₹4.86 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 owns a 49% stake in Blue Star M&E Engineering Sdn Bhd.

The subsidiary will commence its operations during the upcoming financial year.

II. Joint Venture Companies:

a) Blue Star M & E Engineering Sdn Bhd

Blue Star M & E Engineering Sdn Bhd, a joint venture between Blue Star International FZCO and Amcorp Properties Bhd, Malaysia, has been principally engaged in the business of HVAC contracting and maintenance in Malaysia. During the year, Blue Star International FZCO transferred its 49% stake in this joint venture to BSL AC&R (Singapore) Pte Ltd.

This company's total income for the year ended March 31, 2021, was ₹84.73 crores as compared to ₹115.30 crores in the previous financial year. Net profit after tax for the year ended March 31, 2021, was ₹5.31 crores as compared to ₹5.57 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.

Given cost overruns in the projects executed by this company and unattractive market potential in Oman, the Board of Directors of the Company had approved a proposal to exit this Joint Venture in FY19, 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 statement 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

A resurgence of the second wave of the COVID-19 pandemic towards the end of Q4FY21 and in Q1FY22 and the consequential partial/complete lockdown across several states and cities is expected to cause continued business and operational impact on the Company during FY22.

NEW INITIATIVES

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.

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:

- 'Innovative Stream in the Manufacturing Sector - Large Segment category' award for the Dadra Plant team, at the 3rd National Kaizen Circle Competition
- CII National Lean Manufacturing award for the HP Plant.
- Winner at the 37th National Kai-Zen competition organised by CII
- 'MEP Contractor of the Year' award by Construction Week India for the fifth time
- The prestigious 'Golden Peacock Award for Excellence in Corporate Governance' for the second year in a row
- 'Long Partnership' award by Jubilant FoodWorks
- 'Best Customer Service Support' award from Flipkart
- 'Certificate of Appreciation' at BML Munjal Awards 2020

DIRECTORS

As required under the provisions of the Act, Sunaina Murthy retires by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for re-appointment. The Board recommends her re-appointment at the ensuing Annual General Meeting.

A brief profile of Sunaina Murthy is annexed to the notice convening Annual General Meeting.

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, Company Secretary & Compliance Officer*
Vijay Devadiga	Company Secretary & Compliance Officer*

*Neeraj Basur, Group Chief Financial Officer has been appointed by the Board of Directors to assume additional charge as the Company Secretary & Compliance Officer effective June 5, 2021, after resignation of Vijay Devadiga, Company Secretary & Compliance Officer effective June 4, 2021.

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, 2021, 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, 2021, and of the profit of the Company for that period;
- 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, 2021, 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 Committee
- Share Transfer Committee
- Executive Management Committee
- Debenture Committee

AUDIT COMMITTEE

The Audit Committee comprises Anil Harish, Shailesh Haribhakti, Arvind K Singhal, and B Thiagarajan. Anil Harish is the Chairman of this Committee. 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

The Nomination and Remuneration Committee comprises Sam Balsara, Dinesh N Vaswani, Sunaina Murthy, and Rumjhum Chatterjee. Sam Balsara is the Chairman of this Committee.

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 Anil Harish, Rajiv R Lulla, and B Thiagarajan. Anil Harish is the Chairman of this Committee.

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, Rajiv R Lulla, B Thiagarajan and Neeraj Basur. Vir S Advani is the Chairman of this Committee. The Company has adopted a formal Risk Management Policy. An Enterprise Risk Management (ERM) framework prescribed under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2017 framework has been adopted for implementation by the Committee. 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 (CSR) COMMITTEE

The Committee comprises B Thiagarajan, Rumjhum Chatterjee, and Sunaina Murthy. B Thiagarajan is the Chairman of this Committee. During the year under review, the Company was required to spend an amount of ₹3.31 crores towards activities as stipulated under Schedule VII of the Act, which has been duly spent by the Company towards various CSR initiatives.

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 Policy is also 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 at its meeting held on January 18, 2021, approved the process of 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 16, 2021. 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 27, 2021, and by the Board of Directors at its meeting held on May 6, 2021. 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 of the Company was adopted by the Board based on the recommendation of the Nomination and Remuneration Committee. The Policy provides broad guidelines on appointment, removal, retirement, qualifications, attributes, and structure of remuneration, of the Directors, Key Managerial Personnel, and Senior Management. 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 Vice Chairman & Managing Director and Managing Director was evaluated and reviewed by the Nomination and Remuneration Committee at its meeting held on April 27, 2021. 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:

i.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Vir S Advani	59.95x
		B Thiagarajan	60.43x
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Vir S Advani	Nil
		B Thiagarajan	-2.61%
		Neeraj Basur	-21.5%
		Vijay Devadiga	-14.2%
iii.	The percentage increase in the median remuneration of employees in the financial year		-6.15%
iv.	The number of permanent employees on the rolls of Company		2,421
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	-9.23%
		Average increase to Managerial Personnel	-1.23%
		Exceptional circumstances for an increase to managerial remuneration	The performance of the Company for the year ended March 31, 2020 had got impacted due to the business disruption caused by COVID-19, and consequently a significant downward revision to the remuneration of the Managing Directors was carried out in FY20 itself.
vi.	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration of the Key Managerial Personnel and the Senior Management Personnel is as per the Nomination and Remuneration Policy of the Company.	

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.

The Company was declared as the winner of the Golden Peacock Award for Excellence in Corporate Governance for the year 2020, after being conferred this award in the year 2019 as well. Golden Peacock Awards were instituted by the Institute of Directors (IOD), India in 1991, and over time they have become a hallmark of excellence, both in India and globally.

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 internal and external 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 whistleblower policy to enable the Directors and employees of the Company 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 (Ethics Officer) to administer this Policy.

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

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

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:

- A well-established, independent, Internal Audit team operates 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, 2021.

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 188 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014. 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 has been adopted, and the same has been uploaded on the Company's website at https://www.bluestarindia.com/media/301925/policy-on-rpt_upload.pdf.

HUMAN RESOURCES

The Human Resources philosophy of your Company is to attract and retain the best talent in the industry. Your Company considers its employees as partners in success. Your Company constantly endeavours to adopt the best policies to keep its employees motivated, engaged, and aligned to the interests of the Company. Your Company undertakes various employee engagement programs and also fosters a culture of continuous learning and development and creating future leaders. The Company has migrated to an e-learning platform wherein role-based self-learning programs are designed to improve the proficiency level of the employees. Your Company constantly explores various possibilities to make Blue Star a better place to work. Several initiatives were undertaken during the year to ensure the health and safety of employees and their families and to contain the impact of the COVID-19 pandemic on them. Your Company continues to accord a high priority to mitigate health concerns and ensure safety at all its offices, factories and other places of work. Safeguarding the health of employees in the light of COVID-19 induced risks while ensuring business continuity remained the topmost priority of your Company in the last year.

Your Company played a pivotal role in supporting employees to build their resilience and adaptability to manage the personal and professional disruptions experienced due to the pandemic. The Company calibrated its policies and processes related to managing work remotely, travel of employees for priority business exigencies, reward and recognition for and many other aspects swiftly in accordance with the new normal. Several initiatives to bolster employee enablement and engagement to sustain their motivation while working in a hybrid model of satellite operations and attending to work in person were also undertaken during the year. Business-specific capability building sessions moved to a completely virtual platform with enhanced investment of time by employees. The new way of work created a need for some new roles, rendered some roles redundant and required upskilling of existing resources, which was attended to in a methodical manner by your Company.

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 at the Registered Office 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 for prevention and redressal of complaints of sexual harassment at the workplace. 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. During the year under review, two complaints with allegations of sexual harassment were filed with the Company, and the same were investigated and appropriate actions were taken.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company incurred a total expenditure of ₹59.10 crores on research and development for the year as against ₹68.48 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 ₹165.71 crores as against ₹181.30 crores in the previous year.

The foreign exchange outflow stood at ₹954.04 crores as compared to ₹1,160.58 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 REPORT

In compliance with Regulation 34 of the Listing Regulations, the Business Responsibility 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 third year of the audit by M/s Deloitte Haskins & Sells LLP in the Company.

AUDITORS' REPORT

The Board has duly reviewed the Statutory Auditors' 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, Hyderabad, Cost Accountants, as the Cost Auditors, to conduct the cost audit for the financial year ended March 31, 2021.

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 AUDITOR

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, Practicing Company Secretaries, as the Secretarial Auditor of the Company for conducting the secretarial audit of your Company for the financial year ended March 31, 2021.

The Secretarial Audit Report given by M/s N L Bhatia & Associates, Practicing 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

The internal auditors, Mahajan & Aibara had been providing internal audit service for the past 6 years. As a good governance practice around periodical rotation, the audit committee proposed to rotate them at the end of FY21. Accordingly, the Company has appointed M/s. Grant Thornton Bharat LLP, Chartered Accountants, as the internal auditors effective April 1, 2021.

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/fy21-mgt-7-annual-return.pdf>

RESERVES

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

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 shares with differential voting rights.
- Your Company has listed its Commercial Paper on National Stock Exchange of India Limited.
- Your Company has not issued any sweat equity shares.
- There was no revision in the financial statements.

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

Date : May 6, 2021

Place : Mumbai

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

- Initiated degreasing process at room temperature which resulted in saving energy of 10,338 kWh and reduction of carbon emission by 6,720 kgCO₂/kWh.
- Installed float-type mechanical valve for ensuring compressed air loss. This reduces loading hour by 1.8% and resulted in energy savings of 6,183 kWh and reduction of carbon emission by 3,091 kgCO₂/kWh.
- Migrated from Diesel to PNG for canteen and powder coating process which resulted in the saving of 31,477 litres of diesel and carbon emission by 20,460 kgCO₂/kg of oil.
- Replaced coil testing process from air pressure to Helium test set up which resulted in saving energy of 17,846 kWh and reduction in carbon emission by 8,923 kgCO₂/kWh.

2. WADA PLANT

- Installed digital load/unload system for high-pressure air compressor to reduce loading time. This will facilitate the saving of energy by 6,000 kWh and reduce carbon emission by 3,000 kgCO₂/kWh.
- Optimised utilisation of DG set, which resulted in the saving of 5,200 litres of diesel and reduction of carbon emission by 14,143 kgCO₂/kg of oil.
- Installed intelligent flow control system in pneumatic line to optimise the pressure and flow of air. This will result in savings of 17,000 kWh of energy and a reduction in carbon emission by 85,000 kgCO₂/kWh.

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

- Installation of 100 kWh solar system at Dadra Plant which gives energy savings of 40,852 kWh and reduces carbon emission by 63,269 KgCO₂/kWh.

III. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT:

(₹ in crores)

Particulars	Amount
Wada	
Installation of Intelligent Flow Control (IFC) and digital load/unload system for air compressor	0.09
Dadra	
Investment in Intelligent Flow Control (IFC) system, installation of float valve system for air compressor, extension of PNG and Solar System	0.59
Total Investment	0.68

(B) TECHNOLOGY ABSORPTION

I. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION:

The energy efficiency of air conditioners has become the most important driver for new product development in recent years. Regulations such as energy labeling schemes introduced by the Bureau of Energy Efficiency (BEE) for room air conditioners, chillers, and deep freezers; Energy Conservation Building Codes (ECBC), and overall awareness of residential and commercial customers about the reducing operating expenses are the main reasons for the demand for energy-efficient products.

During the year, Blue Star introduced a new extended range of configured screw chillers certified by the Air-Conditioning, Heating and Refrigeration Institute (AHRI). 44 new models of water cooled screw chillers in the capacity range of 400TR to 600TR and 64 new models of air cooled screw chillers in the capacity range of 400TR to 550TR were launched to cater to large central air conditioning applications. Both the products were developed in close technical cooperation with the compressor, heat exchanger tube, and inverter drive suppliers.

A new range of in-house design indoor units was developed to cater to the increased demand for room air conditioners. During the development, the R&D team had extensive interaction with an external design firm with competency in the area of wall mount unit design.

Virus Deactivation Technology products were also developed for both residential and commercial air conditioners. Room and ducted air conditioners were launched with antimicrobial filters with Livinguard technology. Room and ducted air conditioners were also designed and developed with well-proven UVC germicidal lamps integrated with indoor units. Treated fresh air units were also developed to augment fresh air ventilation in commercial applications. R&D engineers worked closely with these technology suppliers to understand application requirements for delivering high efficacy.

II. OUTCOME AND BENEFITS:

Extended range of higher capacity configured series air cooled and water cooled screw chillers introduced during the year are expected to enhance the Company's market share in the chiller segment, catering to larger size HVAC applications. The new range of products meets the 3, 4, and 5-star energy efficiency levels as per the voluntary chiller labeling program launched by BEE.

With an additional range of in-house wall mount indoor units, the Company will be able to cater to the increased demand for room air conditioners with reduced dependency on imported or locally sourced indoor units.

Virus Deactivation Technology products help improve indoor air quality and to limit the spread of infection.

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	2020-21	2019-20
Capital	22.27	22.57
Recurring	36.83	45.91
Total	59.10	68.48
Total R&D expenditure as a percentage of total turnover	1.39%	1.28%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crores)

Particulars	2020-21	2019-20
Total foreign exchange outgo	954.04	1,160.58
Total foreign exchange earned	165.71	181.30

For and on behalf of the Board of Directors

Date : May 6, 2021
Place : Mumbai

Shailesh Haribhakti
Chairman
(DIN: 00007347)

Annexure 2 to Board's Report

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. A brief outline of the Company's CSR policy, including an overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR Policy and project or programs:

Blue Star's CSR Committee determines the CSR activities to be undertaken, and the Company pursues such activities over a considerable period (minimum 2 or 3 years) to create long-term and sustainable impact in the areas that it works in.

Some points outlined in the Company's CSR policy are as follows:

1. In the long term, Blue Star's CSR focus areas shall comprise Health, Hygiene and Wellness.
2. Contributing to the Government's 'Skill India' mission, the Company undertakes vocational education programs in the air conditioning, plumbing, and electrical installation and maintenance trades, apprentice programs, as well as scholarships for the academically deserving and less privileged engineering/architecture students.
3. Pursuant to the 'Swachh Bharat' initiative of the Government, the Company endeavours to improve sanitation and hygiene facilities for the less privileged communities, especially school children.
4. The Committee also considers other deserving causes in the areas of health, education, poverty alleviation, and others.
5. The Committee undertakes specific projects, in case of natural calamities, based on available budgets.
6. The Company continues to actively participate in the Affirmative Action Agenda of Confederation of Indian Industries.
7. The Committee involves its employees in these CSR activities, so as to give them a sense of purpose beyond commercial objectives, as well as to build pride in the Company.

2. Composition of the CSR Committee

Sr. No.	Name	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 (Managing Director)	2	2
2	Rumjhum Chatterjee	Member (Independent Director)	2	2
3	Sunaina Murthy	Member (Non-Executive Director)	2	2

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:

Composition of CSR Committee: <https://www.bluestarindia.com/media/292474/committee-charter.pdf>

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

CSR projects: <https://www.bluestarindia.com/blue-star-csr-projects.pdf>

4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

6. Average net profit of the Company for last three financial years: ₹165.5 crores

7. (a) Two percent of the average net profit computed above: ₹3.31 crores

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

(c) Amount required to be set off for the financial year, if any: Not Applicable

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹3.31 crores

8. (a) 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	Date of transfer	Name of the Fund	Amount	Date of transfer
3.31	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
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		Amount spent for the project (in ₹ crores)	Mode of implementation on - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Apprenticeship Programme	Education	Yes	Tamil Nadu, Maharashtra, Himachal Pradesh, Dadra and Nagar Haveli		1.00	Yes		
2.	Vocational Training Programme	Education	Yes	Tamil Nadu, Andhra Pradesh, Maharashtra, West Bengal		0.27	No	Thakkar Bapa Vidyalaya, Apollo's Total Health Project, Sanskriti Samvardhan Mandal, Shilpamandira RKM, Indo-German Institute of Advanced Technology, ITI Goa & Somaiya	
3.	Support to Farming Communities	Hunger and poverty	Yes	Tamil Nadu	Tanjavur	0.15	No	Asirwad Trust, Research and Action Centre for Local Democracy	
4.	Women Food Production Organisation	Hunger and poverty	Yes	Uttarakhand	Ranikhet	0.22	No	Blue Star Foundation, Confederation of Indian Industries	
5.	Mohan T Advani Scholarships	Education	Yes	Maharashtra, New Delhi	Mumbai, New Delhi	0.43	No	Blue Star Foundation	
6.	COVID-19 Relief Projects	Health National Emergency	Yes	Maharashtra	Mumbai, Panvel, Palghar	0.36	No	Blue Star Foundation, CII Foundation, Mumbai Municipality Hospital, VHS Hospital	

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
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		Amount spent for the project (in ₹ crores)	Mode of implementation on - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
7.	Digital Sakshar	Education National Emergency (response to COVID)	Yes	Maharashtra	Palghar	0.35	No	Pratham Infotech Foundation	
8.	Support to underprivileged girl children	Education	No	Odisha		0.05	No	Kalinga Institute of Social Sciences	
9.	Support to health care and well-being projects	Health	Yes	Maharashtra	Mumbai, Palghar	0.32	No	Blue Star Foundation	
TOTAL						3.15			

(d) Amount spent in Administrative Overheads: ₹ 0.16 crore

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 3.31 crores

(g) Excess amount for set off, if any: Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):
Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):
Not Applicable

Sunaina Murthy

Director
(DIN: 07865860)

Date : May 6, 2021

Place: Mumbai

B Thiagarajan

Chairman
Corporate Social Responsibility Committee
(DIN: 01790498)

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 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. Where ever 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 M/s N L Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F005436C000249451

Bharat Upadhyay
Partner

Date : May 6, 2021
Place : Mumbai

FCS: 5436
CP No. 4457
P/R No. 700/2020

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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** (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes book, 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, 2021, has 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, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021, 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 applicable read with notifications, directions and circulars issued by the Reserve Bank of India (RBI);
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) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR');
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable to the Company during the Financial Year;**
 - g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable to the Company during the Financial Year;**
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable to the Company during the Financial Year;**

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 the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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 16, 2021, 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 has issued Non-Convertible Debentures amounting to ₹350 crores.
2. The Company has obtained the following approvals from its members on June 5, 2020 through the mechanism of postal ballot:
 - a. To increase the limits of borrowing by the Board of Directors of the Company to ₹1500 crores or the limits prescribed under Section 180(1)(c) of the Act, whichever is higher;
 - b. Approval under Section 180(1)(a) of the Act *inter alia* for creation of mortgage or charge on the assets, properties or undertaking(s) of the Company within the limits approved under Section 180(1)(c) of the Act.

For M/s N L Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

UDIN: F005436C000249451

Bharat Upadhyay

Partner

Date : May 6, 2021

Place : Mumbai

FCS: 5436

CP No. 4457

P/R No. 700/2020

‘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 Transboundary 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 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) Where ever 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 M/s N L Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

UDIN: F005436C000172691

Bharat Upadhyay

Partner

FCS: 5436

CP No. 4457

P/R No. 700/2020

Date : April 24, 2021

Place : Mumbai

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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 was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes book, 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, 2021, 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, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021, 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. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable read with notifications, directions and circulars issued by the Reserve Bank of India;
4. The Depositories Act, 1996 and amendments thereof and the Regulations and bye-laws framed thereunder; **Not applicable**
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and amendments thereto ('SEBI Act'); **Not applicable**
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 the Board of Directors of the Company is duly constituted as per Companies Act 2013. Company is not required to appoint Independent Director as per Rule 4(2) Companies (Appointment and Qualification of Directors) Rules, 2014. There were no changes in the composition of the Board of Directors during the period under review.

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 and its Committees.

All the decisions taken in the Board Meetings were passed unanimously and with 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 audit period there were no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For M/s N L Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F005436C000172691

Bharat Upadhyay
Partner

Date : April 24, 2021
Place : Mumbai

FCS: 5436
CP No. 4457
P/R No. 700/2020

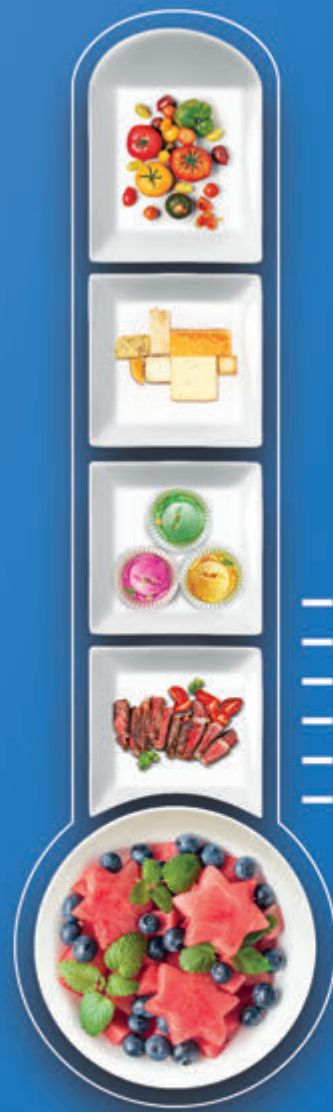
‘ANNEXURE A’

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. Employee’s State Insurance Act, 1948, and Employees’ State Insurance (Central) Rules, 1950, and Employees’ State Insurance (General) Regulations, 1950.
5. 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.
6. Equal Remuneration Act, 1976, and Equal Remuneration Rules, 1976.
7. Maternity Benefit Act, 1961, and applicable State Rules
8. Payment of Bonus Act, 1965, and Payment of Bonus Rules, 1975
9. Payment of Wages Act, 1936, and Payment of Wages (Nomination) Rules, 2009, and applicable State Rules.
10. Minimum Wages Act, 1948, and Minimum Wages Rules, 1950, and applicable State Rules.
11. Payment of Gratuity Act, 1972, and applicable State Rules.
12. Bombay Labour Welfare Fund Act, 1953 Rules thereunder and other State Acts and Rules thereunder.
13. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
14. Information Technology Act, 2000, and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.
15. 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.
16. Environment (Protection) Act, 1986, and E-Waste (Management) Rules, 2016, Batteries (Management & Handling) Rules, 2001.
17. Legal Metrology Act 2009, Legal Metrology (Packaged Commodities) Rules 2011, and Legal Metrology (Enforcement) Rules, 2011, and applicable State Rules.
18. Medical Devices Rules, 2017
19. Any other Central and State Acts and Rules made thereunder, as may be applicable.



BLUE STAR



**Refrigeration solutions
to help your business
do better.**



**Undercounter
Chillers and Freezers**



Saladettes



Ice Machines



**Blast Chillers
and Freezers**



**Reach-in Chiller
and Freezers**



Modular Cold Rooms

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 balancing the 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.

We, at Blue Star, continuously strive to adopt and implement the best in class governance practices. Responsible corporate conduct is integral to the way we do our business, referred to by us as *"The Blue Star Way"*. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. The Company's governance framework enjoins us to follow the highest standards of ethical and responsible conduct of business, so as to create value for all stakeholders. We firmly believe that, for our continued success, we will need to consistently adhere to the highest standards of corporate behaviour towards every stakeholder and the society at large. Over the years, we have strengthened our governance practices, and it is our endeavour to achieve best-in-class governance standards, benchmarked globally. Our governance practices and ethical conduct have also received recognition and acknowledgement from independent professional bodies.

VISION, CREDO, VALUES AND BELIEFS

We have consistently followed the principles of good corporate governance through transparency, accountability, fair dealings, and the promotion of mutual trust. Our Values and Beliefs have become a way of life in the Company, and each employee is responsible for adherence to our Values.

It is our commitment to do business with integrity, honesty and fairness. With a view to achieve this, we have defined our Vision, Credo, Values and Beliefs as follows:

Blue Star's Vision is, *"To dream, to strive, to care and, above all, to be the best in everything we do."*

Our Credo is, *"I am Blue Star. I take pride in delivering a world-class customer experience."*

The Company's core Values and Beliefs are:

- 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 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, 2021, 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, 2021, 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 evaluates the performance of individual directors 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 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, 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, 2021, are as under:

Name of Director	Category	Particulars of Directorships, Committee Memberships/Chairmanships as on March 31, 2021			
		Directorships ¹	Number of Directorship(s) held in public listed companies	Committee Memberships ²	Committee Chairmanships ²
Shailesh Haribhakti	Non-Executive Independent Chairman	18	7	10	5
Vir S Advani	Vice Chairman & Managing Director	3	1	-	-
B Thiagarajan	Managing Director	2	1	2	-
Sam Balsara	Independent Director	18	1	-	-
Rumjhum Chatterjee	Independent Director	5	2	-	-
Anil Harish	Independent Director	5	3	4	4
Rajiv R Lulla	Non-Executive Director	5	1	1	-
Sunaina Murthy	Non-Executive Director	1	1	-	-
Arvind K Singhal	Independent Director	10	3	2	-
Dinesh N Vaswani	Non-Executive Director	2	1	-	-

¹ Directorships held by the Directors as mentioned above consist of Directorships held in public limited companies and private limited companies but excludes directorships held in 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.

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.

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 as on March 31, 2021:

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
	- Future Lifestyle Fashions Limited	Independent Director
	- Ambuja Cements Limited	Independent Director
	- Bajaj Electricals Limited	Independent Director
	- ACC 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	- Blue Star Limited	Independent Director
	- Somany Ceramics Limited	Independent Director
Anil Harish	- Blue Star Limited	Independent Director
	- NXT Digital Limited (formerly known as Hinduja Ventures Limited)	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
Dinesh N Vaswani	- Blue Star Limited	Non-Executive Promoter Director

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 and guide statutory and regulatory compliance and 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		✓		✓	✓
Rajiv R Lulla	✓	✓		✓	✓
Sunaina Murthy			✓	✓	✓
Arvind K Singhal	✓	✓			✓
Dinesh N Vaswani	✓	✓		✓	✓

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 in the opinion of the Board the Independent Directors fulfill the said criteria and are independent of the Management.

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. During the current financial year, due to COVID-19 pandemic, all the meetings were held over video conferencing.

The agenda and agenda notes are circulated to all the Directors well in advance, usually a week before the meeting. 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, 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 April 30, 2020; May 12, 2020; July 17, 2020; August 6, 2020; October 28, 2020; January 29, 2021; and March 15, 2021. The gap between two consecutive Board meetings did not exceed 120 days.

The Company had convened its last Annual General Meeting on August 6, 2020.

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	7	Y
Sam Balsara	Independent Director	6	Y
Rumjhum Chatterjee	Independent Director	7	Y
Anil Harish	Independent Director	6	Y
Rajiv R Lulla	Non-Executive Director	7	Y
Sunaina Murthy	Non-Executive Director	7	Y
Arvind K Singhal	Independent Director	7	Y
Dinesh N Vaswani	Non-Executive Director	7	Y

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 expected from him/her 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, 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 facilitating decision making, 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, and (x) expressing independent views, opinion and judgments freely.

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 16, 2021, to discuss the following for FY21:

- 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 is necessary for the Board to effectively and reasonably perform its duties.

In the financial year 2019-20, the Independent Directors had observed that there should be a deeper management engagement with the Committees of the Board, viz., Nomination and Remuneration Committee, Investor Grievance cum Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Company was advised to organise structured education and information sharing for the Directors by inviting external experts to speak on various emerging issues impacting the governance of the Company. These observations were implemented during the financial year 2020-21, except for the interactions with external speakers, due to prioritization of focus on other strategic priorities arising from the disruptions caused by COVID-19, pandemic.

In the Board evaluation carried out for the financial year 2020-21, the Independent Directors observed that the Chairpersons of the Committees should be requested to provide key updates to the Board on the outcome of their Committee's initiatives at least twice a year. The Company was also advised to put in place a mechanism to communicate the progress on Environmental, Social, and Corporate Governance (ESG) initiatives amongst all the relevant stakeholders. Enterprise Risk Management framework shall adequately address the emerging risks associated with the strategic plan of the Company post the pandemic.

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 and business partners that requires strict adherence to our 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, 2021. A declaration to the effect, confirming the same signed by the 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. During the financial year 2021, a number of health and safety measures were taken up to mitigate the health risks presented by the Covid-19 pandemic. These measures included provision of PPE kits, rolling out health advisories and implementation of Covid safety protocols across all of the Company's establishments. The Company also provided active health management support to various stakeholders and their families during the year.

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 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 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, 2021, 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 5 times. The meetings were held on May 12, 2020; August 6, 2020; October 28, 2020; January 29, 2021; and March 4, 2021.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Anil Harish, Chairman	5
B Thiagarajan	5
Shailesh Haribhakti	5
Arvind K Singhal	5

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 sub-section 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, rights, 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 action 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, re-appointment, 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 completion of the annual audit, review with the statutory 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 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. To 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 in 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, 2021, the Committee comprised four directors:

- Sam Balsara, Chairman
- Rumjhum Chatterjee
- Sunaina Murthy
- Dinesh N Vaswani

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 three times. The meetings were held on April 23, 2020 (and adjourned on May 7, 2020); July 20, 2020; and January 18, 2021.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Sam Balsara, Chairman	3
Rumjhum Chatterjee	3
Sunaina Murthy	3
Dinesh N Vaswani	3

TERMS OF REFERENCE

1. To *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. To 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. To 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) Regulations, 2014.

4. To 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. To 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, in addition to sitting fees, paid a commission based on 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 specified under Regulation 17(6)(e) of the Listing Regulations i.e. higher of ₹5 crores or 2.5% of Net Profits.

The Nomination and Remuneration Policy is available on the website of the Company under the weblink 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	-	-	-	16.00	-	9.50	25.50
Vir S Advani	104.23	33.16	102.61	105.00	155.00	-	500.00
B Thiagarajan	104.23	33.16	102.61	105.00	159.00	-	504.00
Sam Balsara	-	-	-	8.00	-	8.00	16.00
Rumjhum Chatterjee	-	-	-	8.00	-	9.75	17.75
Anil Harish	-	-	-	8.00	-	9.25	17.25
Rajiv R Lulla	-	-	-	8.00	-	7.75	15.75
Sunaina Murthy	-	-	-	8.00	-	9.25	17.25
Arvind K Singhal	-	-	-	8.00	-	9.50	17.50
Dinesh N Vaswani	-	-	-	8.00	-	8.25	16.25

DIRECTOR SHAREHOLDING AS ON MARCH 31, 2021

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
Rumjhum Chatterjee	-	-
Anil Harish	-	-
Rajiv R Lulla	-	-
Sunaina Murthy	72,525	0.08
Arvind K Singhal	-	-
Dinesh N Vaswani	26,944	0.03
Total	12,57,460	1.31

C. INVESTOR GRIEVANCE CUM STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Investor Grievance cum Stakeholders' Relationship Committee specifically looks into the redressal of investors' complaints relating to transfer of shares, 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' services and 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, 2021, the Committee comprised three directors:

- Anil Harish, Chairman
- B Thiagarajan
- Rajiv R Lulla

During the financial year, the meeting of this Committee was held on January 13, 2021. The Meeting was attended by all the members.

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 7 complaints and all the complaints were resolved to the satisfaction of the shareholders. There were no complaints pending for resolution as on March 31, 2021. Further during the year, the complaints received from the investors were mainly pertaining to non-receipt of dividend and share certificates, etc.

COMPLIANCE OFFICER

Vijay Devadiga (*up to June 4, 2021*)

Company Secretary & Compliance Officer

Tel: 022 6654 4000

Email: investorcomplaints@bluestarindia.com

Neeraj Basur (*w.e.f. June 5, 2021*)

Group Chief Financial Officer, Company Secretary & Compliance Officer

Tel: 022 6654 4000

Email: investorcomplaints@bluestarindia.com

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR 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, 2021, the Committee comprised three directors:

- B Thiagarajan, Chairman
- Rumjhum Chatterjee
- Sunaina Murthy

During the financial year, the meeting of this Committee was held on August 19, 2020; and January 14, 2021.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
B Thiagarajan, Chairman	2
Rumjhum Chatterjee	2
Sunaina Murthy	2

TERMS OF REFERENCE

1. To 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. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the CSR Policy of the Company from time to time.

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, 2021, the Committee comprised four members:

- Vir S Advani, Chairman
- B Thiagarajan
- Rajiv R Lulla
- Neeraj Basur

During the financial year, the Committee met four times. The meetings were held on July 24, 2020; October 19, 2020; January 20, 2021; and March 24, 2021.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Vir S Advani, Chairman	4
B Thiagarajan	4
Rajiv R Lulla	4
Neeraj Basur	4

TERMS OF REFERENCE

1. 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.
2. Ensure that the risk management framework encourages business leaders to identify potential opportunities to grow the business.
3. Ensure dissemination of pervasive risk awareness culture and the presence of appropriate two-way communication mechanism for transparency and identification of risks and opportunities.
4. Annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.
5. Ensure that the Company undertakes appropriate measures to achieve prudent balance between risk and opportunities in both ongoing and new business activities.
6. Assist the Board in effective operation of the risk management systems by performing specialised analyses and quality reviews.
7. Ensure that the Company has a robust compliance framework. Review the compliance reports and ensure appropriate measures for compliance adherence.
8. Maintain an aggregated view on the risk profile of the Company and its underlying business segments.
9. Report to the Board details on the risk exposures and actions taken to manage the exposures.
10. 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.
11. Make regular reports to the Audit Committee and Board on risk assessment and mitigation strategies adopted by the Company.
12. 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, 2021, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, the Committee met eleven times. The meetings were held on April 13, 2020; May 4, 2020; May 18, 2020; July 17, 2020; August 6, 2020; September 4, 2020; October 28, 2020; December 16, 2020; January 29, 2021; February 15, 2021; and March 18, 2021.

The meetings were attended by both the members.

G. SHARE TRANSFER COMMITTEE

The Share Transfer Committee is empowered to make allotment of all kinds of shares that may be issued by the Company from time to time.

As on March 31, 2021, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, there was no meeting of the Committee.

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 of Non-Convertible Debentures.

As on March 31, 2021, the Debenture Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, the Committee met three times. The meetings were held on April 30, 2020; May 29, 2020; and June 1, 2020. The meetings were attended by both the members.

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>

SUBSIDIARY COMPANIES

Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL, Blue Star International FZCO, Blue Star Systems and Solutions LLC and BSL AC&R (Singapore) Pte Ltd are the five subsidiaries of the Company. As on March 31, 2021, 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.

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 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 a policy for related party transactions, and the same is disclosed on the website of the Company 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				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Copper	130	2146	-	-	-	-	-
Aluminium	41	1740	-	-	-	-	-

The Company has also laid out a well-defined foreign currency risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. 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 the forex exposures. The hedging strategy is to gear towards managing currency fluctuation risk within predefined risk appetite, 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 has been disclosed in the Business Responsibility Report forming part of this Annual Report.

OTHER DISCLOSURES

1. The details of transactions with related parties are given in note no. 39 to the standalone financial statements for the year ended March 31, 2021. There were no materially significant related party transactions, which are likely to have potential conflict with the interests of the Company at large.
2. 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.
3. 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.
4. The Company has followed all relevant Indian Accounting Standards while preparing the Financial Statements.
5. 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.
6. 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, the Company has issued Unsecured Non-Convertible Debentures (NCDs) amounting to ₹350 crores on a private placement basis, listed on the wholesale debt market segment of National Stock Exchange of India Limited. The Company affirms that there has been no deviation or variation in the utilisation of proceeds of its listed NCDs.
7. During the financial year, the Company has listed its Commercial Papers on National Stock Exchange of India Limited as required under the applicable regulations.

8. 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, 2021	March 31, 2020
Audit fee	1.02	1.02
Limited review	0.24	0.24
Tax audit	0.09	0.08
Other services	0.21	0.21
Reimbursement of expenses	0.08	0.04
Total	1.64	1.59

COMPLIANCE WITH NON-MANDATORY PROVISIONS

In accordance with the Listing Regulations, effective April 1, 2022, the chairman of the board shall be non-executive and shall not be related to the managing director as per the definition of the term 'relative' defined under the Act. The Company had pro-actively adopted the said non-mandatory provision effective April 1, 2019, by appointing Mr Shailesh Haribhakti who is not related to any of the Managing Directors of the Company, as the Chairman of the Board.

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 SEBI vide its circular no. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Company is required to obtain an Annual Secretarial Compliance Report from Practicing Company Secretary for the financial year ended March 31, 2021 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
2017-18	August 8, 2018	P. L. Deshpande Maharashtra Kala Academy, (Ravindra Natya Mandir), Sayani Road, Next to ICICI Bank, Prabhadevi, Mumbai - 400 025	10:00 a.m.	None
2018-19	August 13, 2019	Jai Hind College Hall, Sitaram Deora Marg, ("A" Road), Churchgate, Mumbai - 400 020	3:30 p.m.	None
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

POSTAL BALLOT

During the financial year 2020-21, special resolutions were passed through a Postal Ballot seeking members' approval. Details of these resolutions, along with their voting pattern, are provided below:

Particulars of Resolutions	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:								
Increasing the limits of borrowing by the Board of Directors of the Company under section 180(1)(c) of the Companies Act, 2013	279	66770895	99.99	29	2992	0.01	N.A.	N.A.
Seeking approval under Section 180(1)(a) of the Companies Act, 2013 <i>inter alia</i> for creation of mortgage or charge on the assets, properties or undertaking(s) of the Company	272	66685260	99.98	32	9937	0.02	N.A.	N.A.

VOTING PATTERN AND PROCEDURE FOR POSTAL BALLOT:

The Board of Directors of the Company at its meeting held on April 30, 2020, had appointed Mr Bharat Upadhyay (Membership No. FCS 5436), failing him Mr N L Bhatia (Membership No. FCS 1176), 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 the postal ballot (remote e-voting process).

Due to COVID-19 pandemic requiring social distancing, and in compliance with the General Circular no. 14/2020 and 17/2020 issued by the Ministry of Corporate Affairs (MCA), the Company had proposed special businesses for approval of the members by way of a Postal Ballot only through a remote e-voting facility and the requirement of sending hard copy of the Postal Ballot Notice along with Postal Ballot Forms and prepaid business reply envelope had been dispensed with. In compliance with the requirements of MCA circulars, the Company had completed sending of Postal Ballot Notice dated April 30, 2020, on May 6, 2020, by email to only those members who have their email addresses registered with Company/Depository Participants. The Postal Ballot Notice was sent by email to all those members, whose names were appearing on the Register of Members/List of Beneficial Owners, received from NSDL and CDSL as on the cut-off date i.e. May 1, 2020.

The e-voting period was kept open from Thursday, May 7, 2020 (9:00 hours IST) to Friday, June 5, 2020 (17:00 hours IST). NSDL was engaged for the purpose of providing a remote e-voting facility to all its members. The e-voting facility was disabled by NSDL for voting after the said date and time.

After completion of the voting process, the Scrutiniser had submitted his report dated June 5, 2020 and the results of the Postal Ballot were announced.

As on the date of this report, the Company does not propose to pass any special resolution through Postal Ballot.

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 Economic Times, Financial Express 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, the same is also available on the website. In addition, investor interactions by way of quarterly earnings concalls and participation in various investor conferences are also organised throughout the year.

SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING:

Date	: August 4, 2021
Time	: 3:30 p.m.
Venue	: No physical meeting is required to be held, as per the General Circular nos. 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, 2020 to March 31, 2021

FINANCIAL CALENDAR (PROVISIONAL):

Unaudited results for the quarter ending June 30, 2021	: August, 2021
Unaudited results for the quarter ending September 30, 2021	: October, 2021
Unaudited results for the quarter ending December 31, 2021	: February, 2022
Audited results for the year ending March 31, 2022	: May, 2022

Record Date	: July 23, 2021
Dividend Payment Date (if declared)	: on or after August 4, 2021

LISTING ON STOCK EXCHANGES	: 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	: INE472A01039

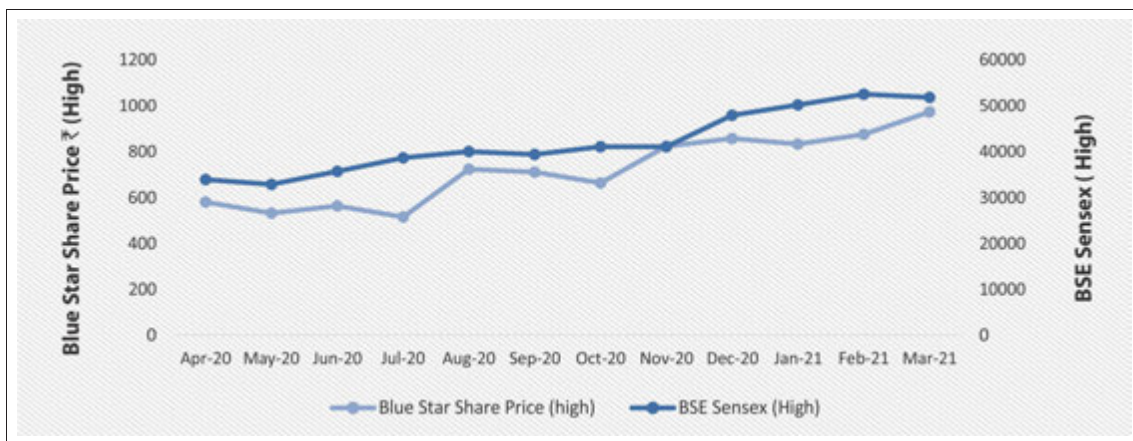
CREDIT RATING OBTAINED DURING THE YEAR	: During the year, there were no change in the credit ratings obtained whereas the rating outlook for long-term bank facilities has been revised from 'Stable' to 'Negative' on account of change in economic outlook due to impact of COVID-19 pandemic and rated to AA+ (outlook: negative). The Company has also obtained AA+ rating (outlook: negative) for its Non-Convertible Debentures from CARE. CARE has reaffirmed A1+ rating for its short-term bank facilities and Commercial Papers. CRISIL has reaffirmed A1+ rating for its Commercial Papers.
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MARKET PRICE DATA

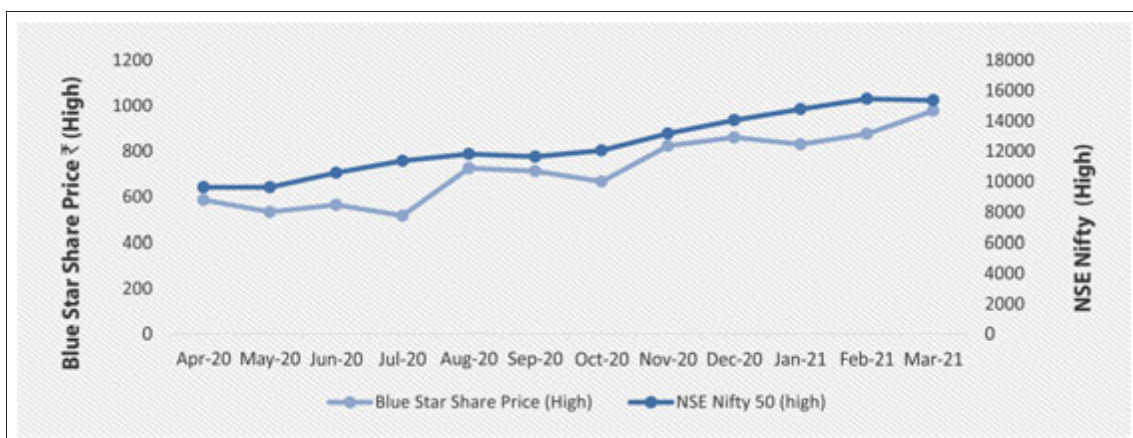
(₹ per share)

Financial Year	BSE Limited		National Stock Exchange of India Ltd	
	High	Low	High	Low
2020				
April	580.35	435.00	584.00	434.50
May	531.00	451.55	531.55	451.70
June	563.00	486.00	562.80	490.05
July	514.65	466.00	514.90	465.00
August	722.95	475.00	723.70	476.90
September	711.00	589.90	711.00	590.00
October	663.20	602.35	665.00	603.55
November	822.85	614.20	822.00	613.75
December	856.90	750.00	859.00	770.00
2021				
January	833.00	703.60	828.80	702.00
February	874.85	701.00	875.00	728.65
March	973.20	810.15	976.60	809.95

PERFORMANCE - COMPARISON WITH BSE SENSEX



PERFORMANCE - COMPARISON WITH NSE NIFTY



REGISTRAR & TRANSFER AGENTS

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
 E-mail: 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. Most of the transfers of shares take place in demat mode. SEBI vide its notification dated June 8, 2018, amended Regulation 40 of the Listing Regulations, effective April 1, 2019, wherein it is stated that transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in case of request received for transmission/transposition of securities. Further, SEBI has fixed March 31, 2021 as the cut-off date for re-lodgment of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to dematerialise their holdings at the earliest as it will not be possible to transfer shares held in physical mode. However, holding of shares in physical mode is not barred.

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 companies 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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

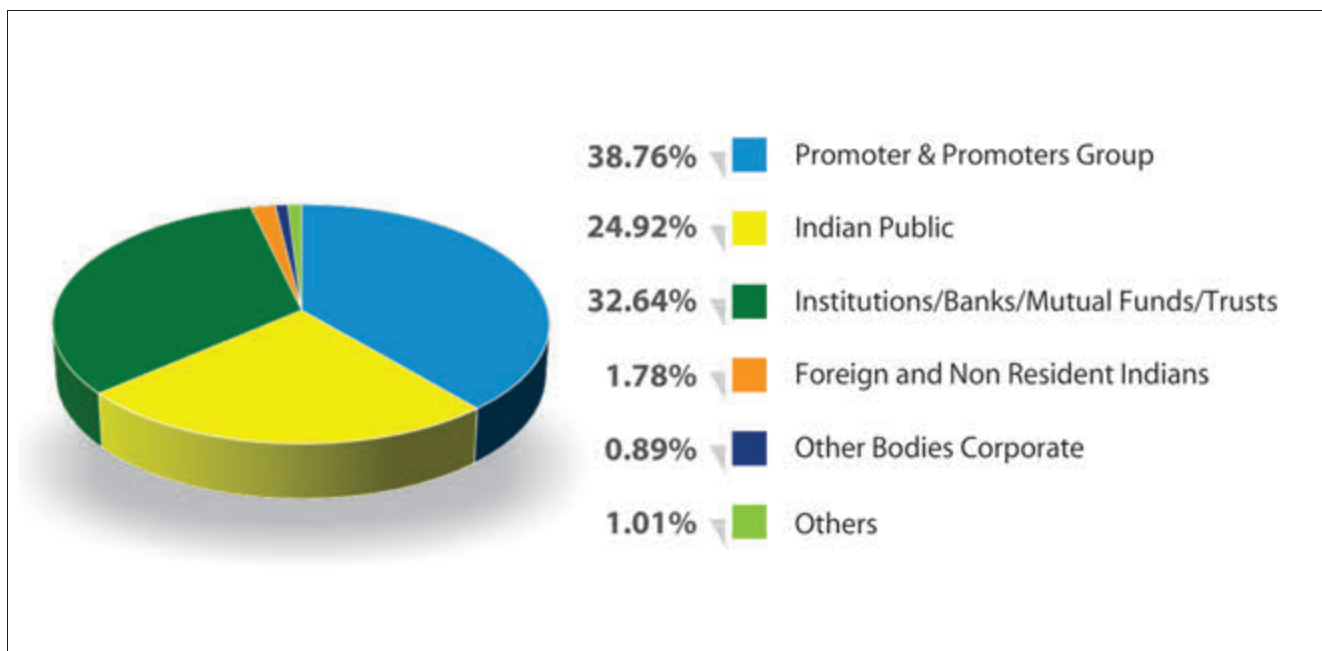
During the year under review, the Company has credited ₹27,80,928 as unpaid final dividend, for the financial year 2012-13, lying in the unclaimed/unpaid dividend account to the IEPF. Further the unpaid dividend of ₹2,36,160 for the year 2012-13, lying in unclaimed/unpaid dividend account of erstwhile 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 2013-14, to be transferred in the month of September, 2021.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders (%)	Total No. of Shares held	Percentage of Shares held (%)
1 - 5000	55,814	98.51	1,20,74,890	12.54
5001 - 10000	455	0.80	31,40,800	3.26
10001 - 20000	178	0.32	25,18,413	2.62
20001 - 30000	42	0.07	10,22,393	1.06
30001 - 40000	28	0.05	9,64,689	1.00
40001 - 50000	17	0.03	7,84,223	0.81
50001 - 100000	35	0.06	25,62,256	2.66
100001 - and above	89	0.16	7,32,46,224	76.05
TOTAL	56,658	100.00	9,63,13,888	100.00

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2021



DEMATERIALIZATION OF SHARES & LIQUIDITY

As on March 31, 2021, 98.19% of the equity shares of the Company were held in dematerialised form and 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.

AUDITORS' 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.

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
CIN: L28920MH1949PLC006870
Website: www.bluestarindia.com

For and on behalf of the Board of Directors

Date : May 6, 2021
Place : Mumbai

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, 2021.

For **Blue Star Limited**

Date : May 6, 2021
Place : Mumbai

B Thiagarajan
Managing Director
(DIN: 01790498)

Corporate Governance Certification

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS **[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI** **(Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,
The Members,
Blue Star Limited

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, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020 (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 and 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 and 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, 2021, 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.	Rumjhum Chatterjee	00283824	05/02/2019
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 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.

Date : May 6, 2021
Place : Mumbai

For N L Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F005436C000248811

Bharat Upadhyay
Partner
FCS: 5436
CP No. 4457
P/R No: 700/2020

Corporate Governance Certification

MD/CFO Certificate

To,
The Board of Directors
Blue Star Limited
Mumbai

We, B Thiagarajan, Managing Director, and Neeraj Basur, 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, 2021, 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 2020-21 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.

B Thiagarajan
Managing Director
(DIN: 01790498)

Neeraj Basur
Group Chief Financial Officer

Date : May 6, 2021

Place : Mumbai

Corporate Governance Certification

Auditors' Certificate

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
**The Members,
Blue Star Limited**

1. This certificate is issued in accordance with the terms of our engagement letter reference no. MJ/2020-2021/125A dated July 13, 2020.
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, 2021, 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, 2021.
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)

Samir R Shah
Partner

(Membership No. 101708)
(UDIN: 21101708AAAACO3779)

Date : June 2, 2021
Place : Mumbai



BLUE STAR

Can breathe the best quality air indoors with Blue Star Air Purifiers



Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

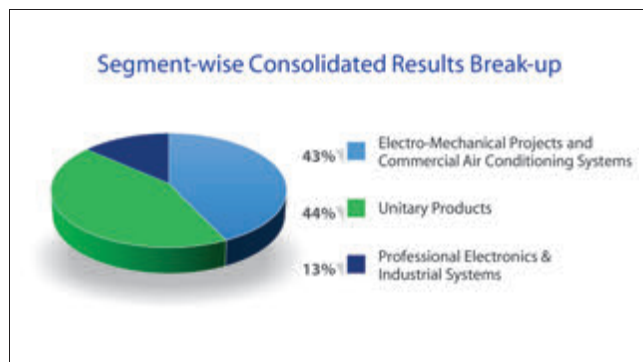
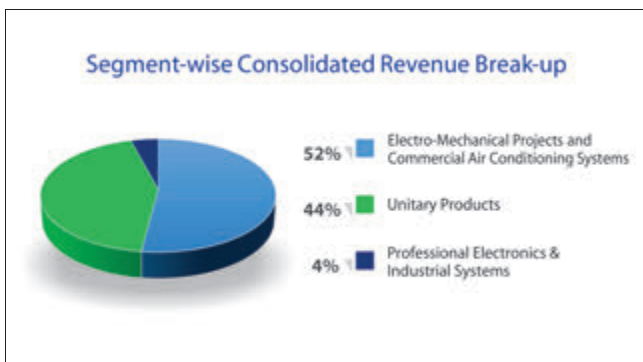
In the context of Blue Star's business operations and strategic proposition that are detailed in the Board's Report and Integrated Report, an in-depth analysis of the market environment, its operating businesses as well as financial performance are enumerated in the ensuing sections of this report.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Blue Star is a leading player in the Air Conditioning and Refrigeration industry 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 FY21 are as follows:



ELECTRO-MECHANICAL PROJECTS AND COMMERCIAL AIR CONDITIONING SYSTEMS

The Electro-Mechanical Projects and Commercial Air Conditioning Systems business accounted for 52% of the Company's Revenue from Operations.

In the Electro-Mechanical Projects' business, inflow of orders was driven mainly from the Factories and Light Industrial sectors steered by the 'Make in India' initiatives of the government. The business continued to expand into IT and Data Center spaces as well. Inflow of orders from the Commercial Buildings sector, which had slowed even before the onset of the COVID-19 pandemic due to challenges in credit inflow to the sector, further slowed down during the year. Muted government expenditure impacted order inflows from the Infrastructure sector. The Company moderated the pace of execution of certain projects based on the assessment of customers' credit profile and operating cash flow visibility for the ongoing jobs. Conversely, the focus continued on the Infrastructure sector such as metro railways, electrical substations and water distribution, which are expected to offer immediate growth opportunities. Factories, Data Centers and Warehousing sectors are also expected to unfold promising growth opportunities in the upcoming quarters.

Blue Star was adjudged as the 'MEP Contractor of the Year 2020' at the 10th Annual Construction Week India Awards 2020 in recognition of the job executed at Apollo's Proton Cancer Care (APCC) in Chennai. Blue Star's scope of work for this project consisted of end-to-end HVAC, electrical, plumbing, and fire-fighting works. APCC is a 160-bed integrated cancer hospital, a first-of-its-kind in the South/Southeast Asian region, which offers state-of-the-art comprehensive cancer care. In its six years of participation, Blue Star has won the 'MEP Contractor of the Year' award five times and was once declared as a runner-up. In 2019, Blue Star had won this award for providing MEP services to Amazon's IT Campus in Hyderabad; in 2018, for providing MEP services to Delhi Metro across overhead stations and depots; in 2017, for providing MEP services to Delhi Metro for underground stations; and in 2015, for the Mumbai International Airport project. In 2016, the Company was declared a runner-up for the services provided to Bengaluru Metro.

Some of the eminent clients of the Electro-Mechanical Projects business for FY21 include Amazon; Government of Telangana; Wistron; Vijayanagar Institute of Medical Sciences; Alpha Design Technologies; Coast Guard Admin Office; ThyssenKrupp Industries; City Industrial Development Corporation of India; HDFC Bank; Micron Technology; InstaKart Services; Inox Leisure; Telangana State Industrial Infrastructure Corporation; and Lanxess; amongst several others.

With a commitment to remain true to its value proposition of 'Superior Project Delivery through Intelligent Engineering, Modern Execution Practices, and Committed Teams,' Blue Star works towards ensuring modern and best-in-class project management practices across the projects executed by it.

In the Commercial Air Conditioning segment, while Q1FY21 was severely impacted due to the lockdown on account of the pandemic, the market started recovering from Q2FY21 onwards and the year ended on a promising note, staging a significant recovery. While order inflows from key sectors such as IT, Offices, Marriage Halls and Auditoriums continued to be muted, the Company channelised its focus on emerging sectors such as Healthcare, Pharma and Light Industrial.

In its VRF (Variable Refrigerant Flow) product range, Blue Star introduced new product models with larger capacities and side-discharge systems for residential use and has now completely indigenised this product category. Blue Star also launched ACs with Virus Deactivation Technologies such as Ducted System with Special Filters; Ducted System with Ultraviolet Germicidal Irradiation (UVGI); and Treated Fresh Air Units. The Company also rolled out large-capacity screw chillers, ranging from 400 to 600TR. Besides, the Company also circulated detailed technical bulletins and guidelines on the usage of central air conditioning systems for their safer use during the pandemic to more than 5000 customers.

Digital marketing initiatives included webinars for architects, interior designers, government customers and the Pharma segment, which were undertaken during the period under review. With the objective of penetrating unrepresented markets, 'Operation Reach' was undertaken and new dealers were brought on board across 20 new locations. 66 new dealers were inducted in FY21 taking the total dealer count to 585 as of the year end. Besides, digital sales and installation training programmes were organised for 200 dealers.

The Company maintained its No. 1 position in Ducted Air Conditioning, No. 2 in VRFs and No. 3 in the Chiller product categories. During the period under review, the market share of VRF systems increased to 19% and screw chillers increased to 17%. The Company continued to dominate the ducted system and scroll chiller categories with 41% and 44% market share respectively.

Some of the notable orders received during the year were from Invreco, Bengaluru; Avary Holding, Chennai; HDFC Bank, Mumbai; ICT Service Management Solutions, Bengaluru; Electronic Manufacturing Cluster (EMC), Hyderabad; ISRO, Bengaluru; and Gujarat Biotechnology University, Ahmedabad; amongst others.

The Company continues to consolidate its position in the international arena. In the year gone by, Blue Star continued with its focus on the expansion of its product range and building brand awareness as well as brand visibility in different markets that the Company is present in. The Company witnessed improved demand for both air conditioning and refrigeration products across SAARC and ASEAN markets with channels stocking up for the upcoming summer sales. Besides, the upcoming EXPO 2020 at Dubai and the FIFA tournament at Qatar are expected to offer growth opportunities. The macro-economic environment in the region is expected to improve, driven by the establishment of relations between Israel and UAE and the thawing of ties between Qatar and the GCC countries. In FY21, the Company bagged some prestigious MEP projects in the international arena including the Gewan district cooling plant, Qatar, and Pavilion-2 of Bukit Jalil Mall, Malaysia, amongst others.

Blue Star is the country's largest after-sales air conditioning and commercial refrigeration service provider with a spectrum of world-class customer service solutions and other value-added services. Backed by its value proposition of 'Gold Standard' service delivery, Blue Star has extensively expanded its service reach to Tier 2, 3 and 4 towns and is currently serving 3900 towns. The Company has inducted more than 150 service crew vans pan-India to enable commuting of its service technicians to various customer sites within stipulated targeted response times.

Blue Star's Engineering Facilities Management (EFM) service, which covers a wide range of Operations and Maintenance services to ensure efficient working of electro-mechanical utilities, has received a good response from customers across various segments. The Company has secured several EFM orders from prestigious clients including five manufacturing sites of Cipla Limited across India, and Alstom Transportation (Madhepura Electric Locomotive Factory), amongst others.

UNITARY PRODUCTS

In FY21, the Room Air Conditioners industry was adversely impacted by COVID-19 during the peak selling April-June quarter, on account of which the industry registered a negative growth in H1FY21. With the onset of the festival season coupled with the turnaround witnessed in the COVID-19 situation in the latter half of FY21, both online and offline channels registered an impressive growth on the back of pent-up demand. This in turn improved the customer and channel sentiments in Q4 and the channel partners responded positively by stocking up in anticipation of a good summer season. The continued uptick in demand led to an impressive growth for the industry in Q4 and FY21 ended with a market recovery of around 75% over FY20.

Under these challenging circumstances, for the period under review, the Company's Room Air Conditioners business continued to perform better than the market, staging a recovery of over 80%, thereby increasing the Company's market share to 13% in value terms.

In FY21, Blue Star strategically repositioned itself as a 'Mass Premium' brand, by rolling out a cost-competitive range of 3-star inverter split air conditioners at attractive prices, despite significant increase in the raw material cost. This new range of ACs retains the premium build quality and reliability which are the hallmark of Blue Star's air conditioners. They are built to be highly reliable and durable and are virtually trouble-free. These ACs are also highly energy-efficient, and so the running costs are low. Besides, the complete range runs on eco-friendly refrigerants. The new product portfolio has been widely accepted and has resonated well with the customers and dealers.

Apart from the 'Mass Premium' range of air conditioners, the Company also marketed a series of innovative products:

- Range of split and window ACs with the unique Virus Deactivation Technologies.
- Super-energy-efficient 5-star inverter split AC with an ISEER of 5.41, which is 55% more energy-efficient compared to a 3-star inverter split AC.
- 5-star inverter split AC with in-built air purifier, which can remove 99.78% of particulate matter down to PM 2.5 and microbial kill rate of 99.999%. This can be operated just like an air purifier in winter, without the compressor needing to be switched on.
- Next-gen wi-fi-enabled 5-star split AC, which can be controlled from anywhere in the world, with smart options such as energy budgeting, customised sleep modes, climate control, and dual user setting, amongst others; which can also be operated through voice commands in both English and Hindi by using an appropriate interface device such as Amazon's Alexa or Google Home.
- ACs with 30% more cooling than the rated cooling capacity.
- 4-star inverter split AC with Hot and Cool Technology which provides both cooling and heating solutions throughout the year.
- Inverter split AC with 'iRest', a unique fuzzy logic function, which, when activated, will switch automatically from air conditioning (cooling) mode to fan-only mode at the pre-designated time, to provide utmost comfort for undisturbed sleep.

Future-ready products:

- Future-ready 3-star inverter split AC complying to the 2022 BEE energy-efficiency norms, with an ISEER of 3.90.

The Company also launched a new range of air coolers with a unique Cross Drift Technology that helps in faster cooling in harsh and dry summers. The range comes with different water tank capacities, from 17 litres to 90 litres.

During FY21, Blue Star made significant progress in its Residential 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 the e-commerce platforms. Introduction of a High Recovery Reverse Osmosis range is aimed at significantly reducing water wastage as well and will assist in gearing up for the likely amendments in the regulatory policies in the near future. With the addition of the new ranges, Blue Star now has a comprehensive range of models across various price points from ₹8,900 to ₹46,900 in the RO range. In addition, the Company launched a range with alkaline water plus added minerals with an emphasis on good health and improving immunity. These water purifiers offer alkaline antioxidant water with added minerals that boost metabolism, reduce acidity, improve hydration and enhance immunity, in select variants.

The Company has also launched a range of commercial RO+UF as well as commercial UV water purifiers targeted at existing water cooler customers of Blue Star as well as offices, restaurants, clinics, and other commercial establishments. In addition, it launched India's first point-of-use instant UV LED purifier, which offers pure water instantly without waiting for the warm up time of the UV lamp, as this model is powered by an eco-friendly non-mercury UV LED. Moreover, it offers a lifetime warranty on the UV LED which makes this product a unique and differentiated.

During the year, the Company consolidated its distribution and began focusing on enhancing channel effectiveness as well as identifying new channel partners who could strengthen the availability of its products in the markets that the Company operates in. Blue Star water purifiers are present in 3000 touch-points across 450 towns and cities. The Company also made significant gains in the e-commerce market in which it has grown by 260% and doubled its market share, with the Company having strong presence on leading portals such as Flipkart, Amazon and Tata CLiQ. Encouraged by this, the Company will be rolling out an e-commerce-led distribution strategy in FY22 aimed at continuously improving its overall market share.

Blue Star also added several new customers in its National Accounts Business during the period under review. The year saw order booking from amongst customers in Retail, Warehousing, Healthcare, Office Spaces, and Architects and Contractors.

The Commercial Refrigeration business continued to perform consistently with its wide range of products and solutions, including deep freezers, modular cold rooms, bottle coolers, visi coolers, visi freezers, water coolers, and bottled water dispensers, to name a few.

During FY21, the Company launched new vaccine storage products and solutions such as vaccine transporters and ice lined refrigerators which received good acceptance from the Healthcare and Pharmaceutical industry driven by the vaccine inoculation program. The Company significantly contributes to the Healthcare and Pharmaceutical segments, and is a market leader in these segments.

During the period under review, the demand for commercial refrigeration products and solutions continued to be robust on the back of growing consumption in home delivered cooked food, Processed Foods, Supermarkets, and Healthcare sectors. Also, given the fact that the level of adoption in India is very low, there is a significant growth potential in the commercial refrigeration business. Blue Star is a market leader in modular cold rooms, deep freezers, and storage water coolers.

Jubilant Foodworks recognised Blue Star with the 'Long-term Partnership' award for the second time in a row at their 14th Annual Business Partners Conference. Blue Star was applauded for providing incredible sales and services support to Jubilant Foodworks for HVAC as well as cold rooms and refrigeration products over the last few years. Blue Star has always been the leading and the one and only brand catering to Jubilant for modular cold rooms, for several years. Similarly, Havmor honoured Blue Star with a certificate of appreciation for the Company's support and efforts during COVID-19. Some of Blue Star's other eminent clients in the Ice-cream segment include Amul and Hatsun.

Blue Star's foray into adjacencies such as Commercial Kitchen Refrigeration and Healthcare Refrigeration products and solutions, evoked a good response in the market. The Company bagged several notable orders from Rebel Foods, Swiggy, Dr Reddy's Labs, Apollo, Aurobindo Pharma, Zydus Cadila, Metropolis, Rivaara Labs, Nayara Energy Limited, Reliance and Thyrocare, to name a few. Supermarket refrigeration products also garnered good acceptance on the back of retail growth and the Company bagged large orders from players such as Reliance and Shell India. Considering the need for contactless water dispensing in offices, the Company has also launched new variants in the bottled water dispenser and storage water coolers categories. With the launch of an array of super coolers, the Company's range of visi coolers is further expanded and Blue Star is gaining healthy traction in this segment as well.

Blue Star is well respected in the industry for its excellent after-sales support. The Company's service network is spread across the country and is present in around 400 towns. It is backed by service offerings such as: Expert Service Associates, service at doorstep vans, spares planning, and domain experts to resolve customer service needs. Blue Star is the first company to offer stand-by refrigeration trucks as back-up to support customers in business continuity in the unlikely event of any major breakdowns.

The Company regularly launches new products and solutions in the Commercial Refrigeration space to cater to the emerging needs of varied customer segments and is a preferred partner for several reputed brands across segments. The Company's Commercial Refrigeration Business has a robust new product development process to design and launch new products. The Company continues to invest in R&D infrastructure on the commercial refrigeration front to be able to deliver highly reliable products. Blue Star's products and solutions are designed using eco-friendly technologies and remain ahead of the technology curve. Overall, the Company's Commercial Refrigeration business with its strong and wide product range as well as solutions, backed by an excellent pan-India after-sales service network, holds excellent growth potential.

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS

For over six decades, the Professional Electronics and Industrial Systems business has included exclusive distribution in India of high-tech professional electronic equipment and services, as well as for 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 business operates in two broad segments: Professional Electronics that comprises Healthcare Systems, Data Security Solutions, Infra Security Solutions and Communication Systems; and Industrial Systems that encompasses Testing Machines, Non-Destructive Testing (NDT) Systems and Industrial Automation, NDT Products and Industrial Products. 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 it operates in.

During the review period, COVID-19 impacted the business environment for most part of the year. Corporate spending was selective, with just a few exceptions in various segments that this business operates in. Though the spending in the Healthcare, BFSI, and Industrial sectors, as well as a few of the essential services in the government sector, was on the conservative side, the business managed to tap these limited opportunities - revenue from Data Security and Healthcare businesses was encouraging. Material testing businesses gained some momentum in the second half of the review period, as compared to the first half. COVID-19 created some opportunities for the Healthcare business, and the digital payments arena in the Data Security business also opened up good opportunities. 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 Communication Systems business that deals with radio frequency, microwave as well as avionics test and measuring equipment, secured a few orders from the Defence, Space and Aerospace sectors.

Research centres and agricultural universities continued to place orders for a wide range of inspection equipment including universal testing machines and customised plant growth chambers enabling the Testing Machines business to clock good performance through the year. The Non-Destructive Testing Systems and Industrial Automation business augmented its automation offerings and booked some orders from the Steel and Pipe segments, despite the slowdown. The Non-Destructive Testing Products business, with a highly diversified portfolio including technologies such as Ultrasound, Eddy-Current, RVI, X-ray, Industrial CT, Radioscopy, Portable Radiography, Metrology and Acoustic Emission, secured orders from the Automotive, Aerospace and Inspection sectors. Further, with the intent to improve its focus on certain chosen customer segments and scale up faster, the business continued to reorient its internal organisation structure. This business continues to exert greater thrust on business development, marketing initiatives, sales automation, service management and project execution functions.

MEDIUM-TERM AND LONG-TERM STRATEGY

Strategy formulation for medium to 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. 78).

FINANCIAL PERFORMANCE ANALYSIS

Following are the financials highlights of the Company for the year ended March 31, 2021, on a consolidated basis:

An improvement in the general business sentiment in H2FY21 and an early onset of summer in some parts of the country, enabled all business segments to witness healthy growth in Q4FY21 compared to Q4FY20. The overall business recovery for the year was satisfactory and better than expected at the beginning of the year. Several cost rationalisation and capital preservation measures coupled with prudent working capital management resulted in generation of healthy cash from operations. These measures enabled the Company to close FY21 with a strong Balance Sheet, healthy liquidity position and a net positive cash balance.

Consolidated financial performance analysis is provided below:

1. INCOME

The year began in a challenging environment in the backdrop of the disruption caused by the pandemic. However, improvement in general business sentiment and increased economic activities from the second quarter enabled the Total Income for the year ended March 31, 2021, to recover 80.0% to ₹4325.94 crores as compared to ₹5404.89 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 ₹3271.35 crores as compared to ₹4018.11 crores in the previous year. This cost was 76.7% of the Revenue from operations as compared to 75.0% in the previous year.

3. EMPLOYEE REMUNERATION AND BENEFITS

Employee cost for the year at ₹381.81 crores decreased by 21.0% as compared to ₹484.51 crores in the previous year due to cost rationalisation measures undertaken at the beginning of the year. Most of the compensation cuts were rolled back towards the latter part of the year.

The employee cost was 8.8% of the Total Income as compared to 9.0% in the previous year.

4. OPERATING AND GENERAL EXPENSES

Operating and general expenses decreased to ₹370.62 crores from ₹574.79 crores in the previous year in line with reduced scale and cost rationalisation measures across all categories of expenses. As a percentage of Total Income, the Operating and General Expenses for the year were at 8.6% as compared to 10.6% in the previous year.

5. FINANCIAL EXPENSES

Financial cost for the year was at ₹64.72 crores as compared to ₹29.47 crores in the previous year. The Company raised additional borrowings during the year, including unsecured Non-Convertible Debentures to manage its liquidity requirements. Accordingly, financial cost for the year increased to 1.5% of the Total Income as compared to 0.5% in the previous year due to the increase in borrowings and increase in the cost of financing.

6. DEPRECIATION

Depreciation charge for the year increased to ₹92.29 crores as compared to ₹87.99 crores in the previous year.

7. PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

Profit before tax and exceptional items for FY21 decreased by 30.9% to ₹145.15 crores as compared to ₹210.02 crores in FY20. Profit before tax and exceptional items was 3.4% of the Total Income as compared to 3.9% in the previous year.

8. EXCEPTIONAL ITEMS

There was no exceptional income or expense during the year.

9. PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS

Profit before tax and after exceptional items for FY21 decreased by 29.5% to ₹145.15 crores as compared to ₹205.99 crores in FY20. Profit before tax and after exceptional items was 3.4% of the Total Income as compared to 3.8% in the previous year.

10. KEY FINANCIAL RATIOS

SR NO	KEY FINANCIAL RATIO	UOM	FY20	FY21	% change
1	Debtors Turnover Ratio	Times	5.5	5.2	-6%
2	Inventory Turnover Ratio	Times	4.6	3.7	-19%
3	Interest Coverage Ratio	Times	8.1	3.2	-60%
4	Current Ratio	Times	1.0	1.3	21%
5	Debt Equity Ratio	Times	0.21	*	-
6	Operating Profit Margin	%	5.3	5.6	7%
7	Net Profit Margin	%	3.9	3.4	-13%
8	Return on Net Worth	%	18.6	11.6	-38%

Operating Profit Margin improved to 5.6% as compared to 5.3% in previous year driven by increase in profitability across segments coupled with cost rationalisation measures. However, Net Profit Margin and Return on Net Worth were lower due to increased finance cost on additional borrowings during the year and consequently, interest coverage ratio for the year was 3.2 (times) compared to 8.1 (times) in the previous year.

** Healthy cash from operations enabled the Company to end the year with a net positive cash balance.*

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 slow-down in the construction, environment and investment cycles, exposure to seasonality for some of its businesses, dependence on sale of room air conditioners, competition from Indian and global players, volatile exchange rates, interest rates, credit risks, import dependence, procurement concentration risks, volatile commodity prices risks, changes in tax and other legislations as well as risks arising out of higher input costs especially in the case of fixed price contracts, health and site safety, exposure to frauds and changes in technology which impact the Company's product offerings. In addition, considering the current scenario, pandemic events 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 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. 73).

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, volatility in crude oil and commodity prices, and the speed with which the spread of COVID-19 would eventually get contained in India, could impact business continuity and 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 continue to provide the Company with opportunities to grow even under the current challenging circumstances. These opportunities relate to opportunities for the Company's Projects business in the manufacturing sector, and products / solutions across its businesses for the pharmaceutical and healthcare sectors and have been elaborated in the Integrated Report (refer Opportunities covered in the Integrated Report on page no. 80).

HUMAN RESOURCES

The Company remains committed to nurturing and empowering its people. With caring for its people a way of life at Blue Star, the Company has been successful in fostering a people-centric cohesive trust-based culture within the organisation that has been instrumental in creating and retaining its diverse pool of intellectual capital. The Company continues in its endeavour towards embarking on employee-friendly initiatives and practices.

During the current trying times, the Company has been undertaking several set-up measures to ensure the safety and security of its employees including reframing and reskilling its workforce to support essential and frontline staff; revising policies to facilitate the work-from-home culture; rolling-out programmes to reach out to employees throughout the year and resolving their queries and concerns; arranging additional insurance coverage for its employees and their families; and introducing soft loan schemes to help employees tide over the uncertainty caused by the pandemic; amongst others (refer Integrated Report on page no. 50).

CORPORATE OUTLOOK

Robust business recovery witnessed in the second half of the financial year enabled Blue Star to end the year on a high note. The Company gained market share in each product category and closed the fiscal year with a strong balance sheet. While the sustenance of this growth momentum has been challenged by the second wave of the pandemic and the consequent restrictions imposed in many parts of the country, Blue Star is confident of sustaining the current phase in a prudent and balanced manner and continues its growth and expansion trajectory once the situation normalises. The Company's focus continues to be on keeping its employees, dealers, and business associates safe, fulfilling emergency needs of its customers, building resilience and operating agility. The Company's goal is to grow faster than the market, keep operating costs under control and manage the balance sheet prudently, with a clear focus on operating cash flows.

The Dynamics of Blue Star's Growth

5 YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

		2020-21	2019-20	2018-19	2017-18	2016-17
OPERATING RESULTS:						
Total Income *	₹ Crores	4,325.94	5,404.89	5,259.53	4,558.35	4,165.35
EBITDA (before exceptional items excluding other income & Finance income)	"	239.81	282.78	346.54	265.90	222.41
Profit for the Year After Tax	"	100.35	143.25	190.06	143.96	123.05
Dividend (Including corporate dividend tax)	"	38.53	116.11	115.92	115.54	86.46
FINANCIAL POSITION:						
Share Capital	₹ Crores	19.26	19.26	19.26	19.20	19.11
Shareholders' Funds	"	887.86	784.67	874.89	794.24	725.10
Borrowings (Net)/(Net cash balance for 2021)	"	(151.45)	166.44	246.63	294.72	124.55
Net Capital Employed	"	685.42	869.36	1,013.97	975.39	727.60
PERFORMANCE INDICATORS:						
Revenue Growth	%	(20.0)	2.8	15.4	9.4	14.2
Gross Margin	%	23.3	25.0	24.9	23.7	23.8
EBITDA Growth (before exceptional items excluding other income & Finance income)	%	(15.2)	(18.4)	30.3	19.6	17.2
EBITDA Margin (before exceptional items excluding other income & Finance income)	%	5.6	5.3	6.6	5.9	5.4
Cash from operations/EBITDA	%	150.1	189.3	84.7	24.1	70.2
Earnings per Share	₹	10.4	14.9	19.8	15.0	12.9
Dividend per Share	₹	4.0	10.0	10.0	10.0	7.5
Book Value per Equity Share	₹	92.2	81.5	90.9	82.7	75.9
Debt Equity Ratio	Ratio	NA	0.21	0.28	0.37	0.17
Capital Turnover Ratio	Ratio	5.5	5.7	5.3	5.3	5.0
Return on Shareholders' Funds	%	11.6	18.6	21.4	17.8	16.4
Return on Capital Employed	%	27.0	25.4	29.8	25.7	25.0
OTHER INFORMATION:						
Number of Shareholders	Nos.	54,876	53,647	48,068	39,692	25,553
Number of Employees	"	2,621	2,885	2,812	2,819	2,711

Note:

*Revenue from Operations in this statement for FY17 and FY18 have been restated to make them comparable since the reported Revenue for FY17 includes Excise Duty and that of FY18 includes Excise Duty in Q1.

Revenue from operation for FY 18 has also been adjusted and restated to make it comparable with FY19, consequent to the adoption of Ind AS 115 effective April 01, 2018.



BLUE STAR

*There's only one VRF
that can handle such heat.*



VRF V^{PLUS}

100% INVERTER

100% capacity at 43°C.

Non-stop cooling even at 56°C.



Business Responsibility 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 environment focus, 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 increasingly 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 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 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 five sections cover disclosures as per the Business Responsibility Report (BRR) framework prescribed by SEBI.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L28920MH1949PLC006870
2. Name of the Company: Blue Star Limited
3. Registered address: Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020
4. Website: www.bluestarindia.com
5. E-mail id: secretarialdesk@bluestarindia.com
6. Financial Year reported: April 1, 2020 to March 31, 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

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

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
 - i. Electro-Mechanical Projects and Commercial Air Conditioning Systems
 - ii. Unitary Products (room air conditioners, commercial refrigeration products and systems, water purifiers, air purifiers and air coolers)
 - iii. Professional Electronics and Industrial Systems
9. Total number of locations where business activity is undertaken by the Company:
 - a) Number of International Locations (Provide details of major 5):
 - i. Blue Star International FZCO (a wholly owned subsidiary): UAE
 - ii. Blue Star Qatar WLL: Qatar
 - iii. Blue Star M&E Engineering Sdn Bhd: Malaysia (a joint venture entity)[@]
 - iv. Blue Star Systems and Solutions LLC: UAE*
 - v. BSL AC&R (Singapore) Pte Ltd: Singapore (with effect from August 29, 2020)*

[@]held by BSL AC&R (Singapore) Pte Ltd effective October 16, 2020.

*held through the Company's wholly owned subsidiary, Blue Star International FZCO

b) Number of National Locations: 32 offices and 5 manufacturing facilities across the country

10. Markets served by the Company:

Apart from India, the Company caters to select countries in the Middle East, Africa, SAARC and ASEAN regions.

Section B: Financial Details of the Company

1. Paid up Capital (₹): 19.26 crores comprising 9,63,13,888 equity shares of ₹2 each
2. Total Turnover (₹): 3842.23 crores
3. Total profit after taxes (₹): 65.93 crores
4. Total spending on Corporate Social Responsibility (CSR) as a percentage of average net profit of the Company for last three financial years: 2.02% (₹3.31 crores)
5. List of activities in which expenditure in 4 above has been incurred:
 - a. Skill development in the areas of air conditioning and refrigeration as well as mechanical, electrical and plumbing services
 - b. Sustainable development through supporting Farmer Producer Company
 - c. National emergencies support through COVID relief and repatriation projects
 - d. Education programmes
 - e. Other philanthropic causes in the areas of Health and Well-being

Section C: Other Details

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

Yes. The Company has five subsidiary companies, Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL, Blue Star International FZCO, Blue Star Systems and Solutions LLC, and BSL AC&R (Singapore) Pte Ltd. Details of these companies are provided under Note 50 to the Consolidated Financial Statements.

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

Blue Star Engineering & Electronics Limited fulfills its CSR obligations. No other subsidiary participates in the BR initiatives.

If yes, then indicate the number of such subsidiary company(s): As explained above.

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

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

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

Name	Vir S Advani	B Thiagarajan
Designation	Vice Chairman & Managing Director	Managing Director
DIN	01571278	01790498
Telephone No	+91 22 6654 4000	+91 22 6654 4000
Email Id	vsa@bluestarindia.com	btn@bluestarindia.com

2. Principle-wise BR policy/policies

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

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

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

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

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

Principle 5: Businesses should respect and promote human rights.

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

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

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

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

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

Sr No	Questions	Business Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies in these areas?	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Yes, the policies conform to the nine Principles of the NVGs for business responsibilities, further described under Section E below.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y

Sr No	Questions	Business Ethics	Products Lifecycle Sustainability	Employees' Well-Being	Stakeholder Engagement	Human Rights Promotion	Environmental Protection	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Do you have a policy/policies in these areas?	Y	Y	Y	Y	Y	Y	N	Y	Y
8	Does the Company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y Note 2	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Blue Star has a robust internal review mechanism for its key policies. Efforts have been made to enhance management systems and the standards of performance so that they conform to the Company's sustainability framework. On a regular basis, employees are also trained for assimilation and application of new techniques to ensure higher standards of socially responsible performance.								

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

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

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

Principle	Response
Principle 7: Policy Advocacy	Blue Star is a member of various industrial and trade bodies, and plays a key role in advocating issues 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 stated 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.

3. Governance related to BR

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

The CSR Committee annually reviews the BR initiatives of the Company. In addition, the audit committee reviews the matters relating to governance, risk and compliance on a quarterly basis.

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

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

Section E: Principle-wise Performance

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

'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 the corporate website, publicly affirm the Organisation's commitment, govern its actions and provide clarity of direction.

The edifice of the Company rests on the foundation of 'Trust,' which is more than seven decades old, and it is this 'Trust' which continues to be deep rooted in its core even today. The Company has been 'Built on Trust' of all its internal and external stakeholders and successfully continues to foster high trust-based relationships with all its stakeholders, who consider it a pleasure to deal with Blue Star. The Company's fair and transparent business conduct has always resonated well with all its stakeholders. The Company has long sustained relationships with several channel partners who have been associated with Blue Star over a long period, and they have also imbibed the Company's values and beliefs in their conduct and dealings. Blue Star believes that sustainable economic growth can at best be achieved by imbibing shared growth dynamics whereby all the stakeholders, employees, business partners and the society are benefitted. The Company has a robust vigilance and control framework in place, and has implemented Enterprise Risk Management, Internal Audit and Whistle Blower Policies. All the policies and guidelines of the Company extend to its subsidiaries, joint ventures, employees, vendors, contractors, channel partners and associates.

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 and corruption, and serves as a roadmap for its employees as well as those of its subsidiaries and joint ventures. The Company is committed to follow 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. During the period under review the Company organised numerous training and awareness programmes pertaining to ethical conduct and transparency for its Key Managerial Personnel and other employees.

It is a matter of great pride for the Company, that for the second time in a row, Blue Star has been bestowed with the 'Golden Peacock Award for Excellence in Corporate Governance.' This award is a testimony to the highest levels of values, ethics and governance standards followed by Blue Star.

The Company's Whistle Blower policy has been communicated to the employees and other business partners, encouraging them to report any instance of wrong-doing directly to the Company Secretary, who acts as the Ethics Officer; or to the Chairman of the Audit Committee, who is an Independent Director of the Company. (Link - <https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf>). As a responsible corporate body, Blue Star is committed to transparency in its financial and other disclosures.

The Company through its regular endeavours continues to reinforce its Code of Conduct and Whistle Blower policy. It has rolled-out e-learning modules and has on a year on year basis made amendments and revisions to these e-learning modules on the Code of Conduct, Prevention of Sexual Harassment at Workplace and Whistle Blower policy for its employees. In addition, the CHRO sends out a quarterly communication to all employees reminding them of the availability of the Whistle Blower mechanism to report any concerns of unethical behaviour, violation of laws or regulations, or suspected fraud, to the Ethics Officer or the Chairman of the Audit Committee or over a dedicate toll free line set up for the purpose.

During the year, the Ethics Committee of Blue Star investigated conduct matters arising from internal reviews and also complaints received from whistle-blowers, and initiated disciplinary and other actions as appropriate. Blue Star has an established mechanism to receive and deal with whistle blower complaints from various stakeholders. The number of complaints received and appropriately disposed off in each category of employees is as follows:

(No. of employees)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	2	6
Workers	Nil	Nil

During the year 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.

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

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. Resources used for the production of the entire product portfolio of the Company are tracked and monitored diligently and systematically. Due to continuous product innovations with a focus on energy-efficiency and low global warming potential, electricity consumption during product use at the consumer's end is systematically reduced, with lower environmental impact.

The businesses strive to raise consumers' awareness of their rights through education, product labelling and details of the product composition, appropriate marketing communication, and promotion of safe usage as well as disposal of the products. The Company has been working towards higher sustainability in sourcing through a common supplier basket for multiple businesses. With respect to packaging materials, regular supplier meetings and discussions on the recommended practices to minimise waste as well as on optimising logistics to reduce fuel consumption and carbon footprint are being undertaken. The sourcing team provides suppliers with managerial and technical assistance for improvements in productivity, quality, cost, delivery and safety. The Company makes concerted efforts towards limiting waste in its production processes across factories. There is a continued focus on energy management and deployment of renewable energy sources in some of the Company's factories, and enhancement of safety practices and total productive maintenance across the Company.

Blue Star's officials are part of several national and international fora which are involved in the study of the technological feasibility and performance of new eco-friendly refrigerants with low global warming potential; related safety issues, environmental impact assessments and intellectual property rights; commercial viability; as well as energy-efficiency in high ambient temperature conditions. Over the last couple of years through various initiatives pertaining to energy-efficiency and changeover to R-290 propane gas and use of cyclopentane blowing agent in Polyurethane foam (PUF) process, the entire range of freezers offered by Blue Star are Green Freezers. Over the last couple of years, the Company has phased out refrigerants such as R-22 and R-134A, and replaced them with lower Global Warming Point environmentally friendly refrigerants such as R-32 in the Room Air Conditioning segment and R410A in the Ducted Split Air Conditioning segment. The Company's investments in such initiatives undertaken during the year were as follows:

(₹ crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
R&D expenses	11.87	6.11
Capital investments	2.50	3.50

In the Company's Electro-Mechanical Projects business, 96% of the total spend during 2020-21 was through domestic producers including micro and small vendors and 4% through imports. As Supplier Excellence entails supplier audits and physical visits, due to the COVID-19 pandemic, the activity did not happen last year and we continued business with the already on-board MSME vendors. The supplier diversity also remained at the previous level of 24 suppliers on-board under this programme. The Company actively supports development of a small and medium supplier base. Around 17% of the Company's procurement is from MSME vendors.

Under the E-waste (Management) Rules, 2016, the Company has obtained authorisation as a Producer, to dispose of all e-waste generated during business operations on a pan-India basis through an arrangement with authorised e-waste dismantlers and recyclers. The Company has been discharging its Extended Producer Responsibilities (EPR) under the e-waste rules by achieving the set target of channelising e-waste and implementing other initiatives. The Company achieved 102.5% of e-waste collection and channelisation against the set target of EPR for the financial year 2020-21.

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

Blue Star, through its continuous emphasis on employee-centric endeavours has been successful in creating a high-performing, meritocracy-based culture within the organisation. The Company values its people and is responsive towards their needs and well-being, thereby nurturing and empowering its employees. The Company's approach of shared growth, whereby it gives equal importance to its employees' individual growth and development along with the Company's growth, has been resonating well with the employees. The passion and fervour showcased by its employees, several of whom have been associated with the organisation since decades, and the pride they take in their association with Blue Star, is the highest testimony of the trust and confidence placed by its employees in the Company. Welfare of its employees is paramount for Blue Star. The Company has a robust HR framework in place, which it revisits and improves regularly in order to bring in a more modern and contemporary approach towards its people systems and processes. All of this is aimed at augmenting the employee-friendly ecosystem.

Blue Star has a rich and diversified workforce with employees from varied backgrounds, geographies, ethnicities, languages, genders, religions, castes and creeds. The core thinking of its people is ingrained with strong value systems, ethics, honesty, sincerity of purpose and teamwork, among many others. The total employee count of the Company was 2621 as on March 31, 2021. Apart from this, the Company had hired 2777 persons on a temporary or contractual basis. There are no permanent employees with permanent disabilities in the organisation. 194 employees, forming 7% of the permanent staff, are members of employee associations recognised by the Company. Around 59% of the total permanent workers deployed across the Company's manufacturing plants were members of recognised associations or unions for the year ended March 31, 2021, as against 58% in the previous year. With a strong emphasis on development of its people, Blue Star organises numerous training and developmental programmes as well as workshops for its people in addition to providing them with a well-rounded exposure to business activities, which enables them to hone their capabilities and build their career within the organisation. 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.

The Company has rolled out numerous initiatives in its endeavour towards promoting a healthy work-life balance, such as flexible timing and work-from-home policies that keep the employees positive and energised. The Management has always been open and transparent in its dealings with the employees where an open-door policy is promoted and practised under which an employee can approach any Senior Management member to discuss ideas, suggestions or concerns.

Blue Starites take pride in being associated with the Company and have a strong belief in the management's Vision, Competence and Ethics. They appreciate the Management for maintaining a strong and regular communication with them as well as cherish the friendly and family-like work environment.

There are 205 permanent women employees in the Management cadre in the organisation. The Company has augmented the strength of its female employees to approximately 9.2% across levels and roles in the Management cadre during FY21. The Company endorses equal gender representation across management and leadership positions, and regularly conducts programmes around women-centric initiatives, and honing aspiring female contenders for Senior Management positions. The HR team is committed to creating a woman-friendly ecosystem across offices, factories and work sites which encourages gender equality at all times.

With Compensation and Benefits forming an integral part of being an employer of choice, Blue Star has a well-structured Compensation and Benefits system in place, which boosts the recruitment and retention efforts of the Company. The details of measures undertaken for the well-being of employees include the following:

Category	% of employees covered by			
	Health insurance	Accident insurance	Maternity benefits	Day Care facilities
Permanent employees				
Male	100%	100%	0%	0.00%
Female	100%	100%	100%	3.49%
Total	100%	100%		0.31%
Other than Permanent employees				
Male	100%	100%		
Female	100%	100%		
Total	100%	100%		

Details of Retirement benefits provided to employees:

Benefits	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	Y	100%	Y
Gratuity	100%	Y	100%	Y
ESI (as applicable)	2%	Y	2%	Y

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. Largely, these encourage a culture of entrepreneurship and innovation in the Company. A full-fledged leadership development and succession planning programme has been put in place to develop the next set of leaders for Blue Star.

Safety is 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 specific safety interventions are held across Blue Star's offices and manufacturing facilities. In the year gone by, the Lost Time Injury Frequency Rate (LTIFR) per one million-person hours worked, was 0.0270 as on March 31, 2021, as against 0.0694 as on March 31, 2020. Besides, one employee and two workers recorded work-related injuries during FY21. No fatalities and no high consequence work-related injury or ill-health (excluding fatalities) were recorded during the period under review.

The channel partners are also familiarised with the safety standards. Around 30,803 safety training man-days were logged during the year. This has been instrumental in fostering a 'Safety First' culture within the organisation. The capability of new sub-contractors with respect to safety requisites is evaluated before assigning contracts, and compliance to the policy is ensured through regular training, site visits and audits. All new employees, dealer technicians and contract workmen receive systematic safety training before commencing work, and regular refresher sessions are conducted in the course of work. The safety performance of various divisions of the Company is reviewed during business meetings and management review meetings. In addition, key safety performance numbers are reviewed by the Board on a quarterly basis. In the period under review, 3582 touch points (permanent employees including 184 women employees) underwent the safety skills upgradation training.

Details of Training given to employees and workers on Health and Safety measures and on skill upgradation:*(% covered)*

Category	Year ended March 31, 2021		Year ended March 31, 2020	
	On Health and safety measures	On Skill upgradation	On Health and safety measures	On Skill upgradation
Employees				
Male	100%	54%	100%	69%
Female	100%	50%	100%	43%
Total	100%	54%	100%	67%
Workers				
Male	100	81%	100%	86%
Female	100	100%	100%	76%
Total	100	82%	100%	8%

The Company has been diligently ensuring the management of health and safety of its employees amidst the current pandemic situation. The physical and emotional well-being of its employees being paramount for Blue Star, the Company has been continuously monitoring the situation and is swiftly addressing employee concerns through various fora to ensure utmost safety and health precautions for its employees. Through meticulous planning the Company has implemented various COVID-appropriate measures, keeping in mind the directives of the local authorities. The Company has in place a set of guidelines to be complied with by employees while travelling, working in office or at project sites, and they have been clearly informed and educated about the safety measures to be adhered to, to prevent the spread of COVID-19. Various additional welfare measures such as additional insurance coverage to the employees and their families and soft loan schemes were introduced to help employees tide over the uncertainty caused by the pandemic.

Besides, an app, 'Star Safe App,' which gathers daily health data of the employees, is being used across Blue Star's offices to monitor the health of the employees on a daily basis. Also, the download and active usage of 'Aarogya Setu App' and another app internal to the Company's employees – 'Starry App' – have been made compulsory for all employees.

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

There were no complaints related to child labour, forced or involuntary labour filed during 2020-21. In line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company organises workshops and awareness programmes at regular intervals to sensitise employees across its offices and manufacturing facilities. In addition, an e-learning module has also been developed to acquaint the employees with the nuances of what constitutes appropriate behavior and the internal mechanism to address their concerns. During the year under review, two complaints alleging sexual harassment were filed with the Company, and the cases were investigated thoroughly and resolved as per the provisions of the aforesaid Act.

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

Blue Star regularly and effectively engages with all its stakeholders as it immensely values their contribution. The Company has clearly mapped its internal and external stakeholders which include employees, customers, business associates, suppliers and distributors, shareholders, bankers, debenture holders, regulatory authorities and industry associations, besides others, in order to understand and respond to their changing needs. The Company, through various programmes and meets held across the country, regularly disseminates information pertaining to its vision as well as its product and service portfolio to its stakeholders. Over the last 77 years, the Company, through its transparent engagement, has built high trust-based relationships with all its stakeholders which has strengthened the Company's standing and has significantly contributed to its growth.

Blue Star's dealer network is extensive and a major strength to its channel distribution businesses since dealers, as the extended arms of the Company, are responsible for quick and efficient response to customer needs all over the country. Product launch programmes and training sessions for dealers, besides performance recognition, ensure a continuing interaction with channel associates.

Through an active investor relations programme which covers both individual and institutional investors, the investors are regularly apprised of the on-going performance of the Company and the medium term outlook. The Company holds regular meets with institutional investors and analysts after declaration of its financial results. The Company participates in several investor conferences and also meets analysts and fund managers in group and one-on-one sessions, on an on-going basis. The corporate website contains information on all its products and services, policies, press releases, financial results, annual reports, investor updates and conference calls transcripts, amongst others. Proactive engagement with the bankers and credit rating agencies through the year helps the Company fulfil its financing requirements as required.

Blue Star's CSR programmes focus primarily on disadvantaged and marginalised communities. The Company is conscious of the impact of its operations on the communities around its facilities, and is committed to contributing actively towards enhancing their living standards through interventions in skill development, water, sanitation and hygiene, health, education and women empowerment. Blue Star strongly believes in affirmative action, and has been actively involved in the development of Dalit entrepreneurs by providing them with opportunities as vendors and channel partners, as well as mentoring them on various aspects of business and communication. For the initiatives undertaken by the Company towards the society, please refer to the CSR activities enumerated in Annexure 2 to the Board's Report as well as the Social Capital section in the Integrated Report section of this report on page no. 59.

Principle 5: Businesses should respect and promote human rights.

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 including those that may lead to breach of ethics and sexual harassment. 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.

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

Blue Star plays a critical role in initiatives to reduce power consumption and incorporate non-ozone depleting refrigerants with low global warming potential. The Company's room air conditioner range has always been in line with the updated energy standards prescribed by the Bureau of Energy Efficiency (BEE), and Blue Star was amongst the first companies to comply with BEE's voluntary labelling programme for inverter split air conditioners.

Effective January 1, 2018, the Government issued a notification revising the star rating plan applicable to unitary and split air conditioners. This evolved rating methodology factors in variance in higher temperature zones in the country and rates air conditioners accordingly. Consumers can now purchase air conditioners with higher efficiency leading to lower electricity bills. The Bureau has been increasing these standards such that the highest star rated air conditioner in 2010 has become the least rated air conditioner in 2018. The Company has complied with this revised star rating plan for all its room air conditioners to which the said notification is applicable.

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

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

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

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. The Company has been filing returns with the Central Pollution Control Board under E-Waste (Management) Rules, annually. All the waste generated were disposed through authorised recyclers.

Some of the energy saving reduction initiatives undertaken during the year and their outcome are as follows:

Sr No	Initiative undertaken	Outcome of the initiative
1	The Company's Himachal Plants reduced DG set operation by providing UPS supply to lab power source	Diesel consumption reduced from 71 kl/year to 39 kl/year
2	Numerous energy saving initiatives were undertaken across the Company's Himachal Pradesh (HP 1 and HP 2) and Wada plants	HP 1 plant saved 144000 kWh; HP 2 plant saved 62366 kWh; and the Wada plant saved 2,62,052 kWh of energy
3	The Company's HP 2 plant deployed the Root Bed technology at STP which helps STP water filtration in a natural way without consuming any auxiliary power and also enables creation of green flora indicating zero pollutant in the water	STP output in water sampling passed testing
4	The Company's Wada plant achieved reduction in diesel consumption by controlling the operation of the DG Set for Screw Chiller and R & D testing	Diesel consumption reduced from 38.4 kl to 33.2 kl
5	999 kW of solar power was installed and connected to the grid at the Company's Wada Plant in January 2021	Savings of 80000-90000 kWh per month
6	PNG as the fuel source was installed for paint shop and canteen at the Company's Dadra plant	Fuel consumption cost reduced by approx. ₹2 lakhs/month and exhaust parameters improved drastically
7	The Company's Dadra plant undertook solar grid installation of 100 kVA capacity	This resulted in savings of ₹0.40 lakhs/month and also helped to reduce the emissions by 10T of CO ₂ emissions per month
8	The Company's Dadra plant undertook rain water harvesting project of a recharge capacity of 137 kl/day in the monsoon season.	In FY21, Dadra Plant did not consume any water from external sources. This also helped to increase the water table of the surrounding area and villages

Blue Star introduced a range of water purifiers with High Recovery Reverse Osmosis which is aimed at significantly reducing water wastage as well and will assist in gearing up for the likely amendments in the regulatory policies in the near future.

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

In its endeavour to utilise renewable energy, Blue Star has completed the installation of a 1MW solar power plant at its manufacturing facility at Wada and another 100kW one at Dadra. These installations were initiated in FY20, and both are expected to result in significant savings in power and fuel cost.

The Management of Blue Star identifies and assesses potential environmental risks from time to time. The Company has always been sensitive towards the environmental impact of its operations, and has proactively adopted environmentally-sustainable business practices wherever possible. Regular checks are conducted by internal and independent auditors/assessors to ensure compliance with relevant environmental regulations and policies.

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

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, namely, Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Refrigeration and Air-conditioning Manufacturers Association (RAMA), Bombay Chamber of Commerce & Industry (BCCI), Indian Green Building Council (IGBC), The Energy and Resource Institute (TERI), Water Quality Association (WQA), National Safety Council, and various other collective platforms or fora, to put forth the larger interests of the industry.

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

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 and 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. The CSR Committee of the Company presently comprises the Managing Director along with one Non-Executive Director and an Independent Director. The role of the CSR Committee is to review, monitor and provide strategic direction to Blue Star's CSR practices, which is well aligned to its competencies and core people skills. This Committee formulates and monitors the CSR policy as well as recommends the annual CSR plan of the Company to the Board, in line with Companies Act, 2013. Periodic reviews help monitor the benefits received by the community, and lead to augmenting the projects.

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

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

As a customer-centric organisation, the Company strives to generate the highest value for its consumers with every product or service that it offers. All its efforts are directed towards meeting and surpassing customer expectations, and creating customer delight through enhanced value creation. Blue Star's world-class products are the result of extensive research and development and incorporate cutting edge technology with stringent quality checks. The Electro-Mechanical Projects business, with 'Superior Project Delivery' as its value proposition, offers turnkey design and build solutions to its customers; and the PE&IS business with 'Superior Technology Solutions' as its value proposition is engaged in the distribution of high-tech professional electronic equipment and services, as well as industrial products and systems. These two have proved to be major differentiators in the marketplace. The Company offers Gold Standard Service that has stringent response and turnaround time, adhered to by the teams for resolution of consumer complaints and breakdown calls. Blue Star has a defined mechanism in place whereby consumer insights are sought systematically across businesses through customer interactions and focused group discussions,

and incorporated in product development processes. All this empowers and enables the Company to respond effectively to the changing dynamics in the markets that it operates in, giving it an edge. Blue Star is also advancing well on the digital front by imbibing latest digital technologies across its lines of businesses including applications designed for smooth and enhanced customer interface across products and services as well as ease of doing business.

Blue Star's products and services are widely accepted across countries the world over. The Company's products, services and facilities have been validated and endorsed by several certification bodies for adherence to set standards and guidelines. Blue Star's room air conditioners have cleared stringent Bureau of Energy Efficiency (BEE) norms with each passing year. The Company's air conditioning and refrigeration services are ISO 9001:2015 certified. The Company was recently certified under ISO 45001:2018 for Engineering Facilities Management and Revamp Site Operation of the Customer Service Group. The manufacturing facilities have received several certifications with respect to health and safety compliance as well as quality adherence. The Company has also received multiple certifications for its products and services for international markets.

Blue Star believes in honest and transparent communication of its products and services across the media. The Senior Management regularly communicates the Company's performance, market trends, and impact of change in industry policies or Government regulations, to all its stakeholders and the public at large. Blue Star adheres to all norms and standards, as well as to voluntary codes and guidelines related to marketing communication. The brand management guidelines have been institutionalised by Blue Star's Corporate Communications and Marketing Services department, which help customers identify and distinguish Blue Star's products and services. The television commercials focus on intelligent, humour-based communication, educating customers in a unique manner about the function and benefits of its products and services.

The social media pages of the brand deliver value-based communication to customers. All marketing collaterals of the Company disseminate information truthfully and factually, so that customers can exercise their freedom to consume its products and services in a responsible manner. All products are accompanied by Operation & Maintenance manuals, in line with relevant codes and specifications. The sale of products is followed by responsible and seamless integration of its related services to enhance customer experience.

Customer engagement is an on-going process at Blue Star. The Company conducts periodical surveys through external market research firms to understand customer behaviour, requirements and satisfaction levels with respect to its products and services. There are several modes by which a customer can connect with the brand for getting their enquiries, feedback or concerns addressed. A multi-platform grievance mechanism ensures that the Company officials can be contacted for a fair, swift and transparent grievance resolution via phone, e-mail, website, feedback forms and letters, as deemed fit.

Out of the total calls received by the Company from customers, approximately 78% were related to complaints, of which 3.6% complaints were pending resolution as on March 31, 2021. All the other complaints were closed to the satisfaction of the customers. The dissatisfied customers of the Company generally file their cases before the consumer fora, which the Company defends appropriately. Out of all the consumer cases filed, 19 cases were resolved during 2020-21, and as on March 31, 2021, 74 cases were pending before various consumer fora. No case was filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour during the last five years. The organisation is compliant with all legal requirements pertaining to product information and labelling. In addition to the mandatory requisites, it also provides service and safety manuals to the customers as deemed appropriate. Further details with respect to the businesses and support functions of the Company have been enumerated in the Management Discussion and Analysis section and Integrated Report section of this report.



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 **BLUE STAR**

NOBODY COOLS BETTER™

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, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement 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 a joint venture 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, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows 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 specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and 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-paragraph (a) 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 51)</p>	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> i. assessed the appropriateness of the accounting policy for recognising revenue on fixed price contracts with the requirements of Ind AS 115. ii. 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. iii. tested the operating effectiveness of the said internal controls for a selected sample of contracts. iv. 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. v. 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. vi. identified onerous contracts to record a provision for expected costs to be incurred till completion of the contract.
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> <ul style="list-style-type: none"> i. evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets. ii. tested the operating effectiveness of the said internal controls for selected samples. 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. iv. verified subsequent receipts for selected samples, post balance sheet date. v. verified the management's estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.

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 a joint venture 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.

Management's Responsibility 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 Board of Directors 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 scepticism 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 or business activities 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 two subsidiaries, whose financial statements / financial information reflect total assets of Rs. 150.13 crore as at March 31, 2021, total revenues of Rs. 142.50 crore and net cash outflows amounting to Rs. 20.21 crore 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 Rs. 2.60 crore for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements 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) The consolidated financial statements also include the Group's share of net profit of Rs. Nil for the year ended March 31, 2021, 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 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 the said joint venture, 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.

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

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 a joint venture 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 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 Changes in Equity and the Consolidated Cash Flow Statement 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 taken on record by the Board of Directors of the Parent and the report of the statutory auditor of a subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting 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 and a subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting 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, the remuneration paid by the Parent 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures.
 - 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.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Samir R. Shah
Partner
(Membership No. 101708)
(UDIN: 21101708AAAAABS9353)

Place: Mumbai
Date : May 6, 2021

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Blue Star Limited (hereinafter referred to as “Parent”) and its subsidiary company, 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 and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 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 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 over financial reporting of the Parent and its subsidiary company, 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 (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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 ICAI.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Samir R. Shah
Partner
(Membership No. 101708)
(UDIN: 21101708AAAAABS9353)

Place: Mumbai
Date : May 6, 2021

Consolidated Balance Sheet as at March 31, 2021

(₹ in crores)

Particulars	Notes	As at 31 st March, 2021	As at 31 st March, 2020
A ASSETS			
1. Non-current assets			
Property plant and equipment	4	269.23	274.24
Right-of-use assets	5	50.07	55.45
Capital work-in-progress		68.11	56.35
Investment property	6	11.95	62.71
Intangible assets	7	52.31	51.39
Intangible assets under development		3.42	11.01
Investment in joint ventures	8	15.91	16.87
Financial assets			
- Loans	9	22.42	19.28
- Other financial assets	10	6.01	4.62
Income tax assets		86.20	91.46
Deferred tax assets (net)	26	47.49	81.75
Other non-current assets	15	56.77	62.92
Total Non-Current Assets		689.90	788.05
2. Current Assets			
Inventories	11	882.42	869.82
Financial assets			
- Investments	8	279.06	-
- Loans	9	20.12	14.63
- Trade receivables	12	810.98	837.67
- Cash and cash equivalents	13	327.93	286.15
- Other bank balances	14	4.23	7.79
- Other Financial Assets	10	0.26	-
Other current assets	15	534.47	635.07
Assets held for sale	4	0.08	0.08
Total Current Assets		2,859.55	2,651.21
Total Assets		3,549.45	3,439.26
B EQUITY AND LIABILITIES			
1. Equity			
Equity share capital	16	19.26	19.26
Other equity	17	865.92	763.11
Total Equity		885.18	782.37
Non controlling interest		2.68	2.31
Total Equity		887.86	784.68
2. Non-Current-Liabilities			
Financial liabilities			
- Borrowings	19	349.26	47.71
- Lease liabilities	21	31.23	38.54
Provisions	24	10.82	13.26
Government grants	25	8.83	9.38
Total Non-Current-Liabilities		400.14	108.89
3. Current Liabilities			
Financial liabilities			
- Borrowings	19	102.34	401.23
- Trade payables			
a. Total outstanding dues of micro enterprises and small enterprises	20	66.97	44.08
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,537.92	1,538.29
- Lease liabilities	21	24.10	21.24
- Other financial liabilities	22	36.81	33.37
Provisions	24	48.37	64.98
Government grants	25	2.33	3.52
Income tax liabilities (net)		0.59	1.43
Other current liabilities	23	442.02	437.56
Total Current Liabilities		2,261.45	2,545.69
Total Equity and Liabilities		3,549.45	3,439.26

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Samir R. Shah
Partner
Membership No. 101708
Mumbai: May 06, 2021

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Consolidated Statement of Profit & Loss for the year ended March 31, 2021

(₹ in crores)

Particulars	Notes	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Revenue from operations	27	4,263.59	5,360.19
Other income	28	62.35	44.70
Total Income (i)		4,325.94	5,404.89
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	2,360.45	3,108.84
Purchase of stock-in-trade	29	880.09	917.22
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	30.81	(7.95)
Employee benefits expense	30	381.81	484.51
Depreciation and amortisation expense	31	92.29	87.99
Finance costs	33	64.72	29.47
Other expenses	32	370.62	574.79
Total expenses (ii)		4,180.79	5,194.87
Profit before exceptional items and tax (i) – (ii)		145.15	210.02
Exceptional items	34	-	(4.03)
Profit before tax		145.15	205.99
Tax expense			
i) current tax	26	27.75	37.27
ii) deferred tax	26	19.34	28.05
Total tax expense		47.09	65.32
Net profit after tax		98.06	140.67
Share in profit/(loss) of joint ventures		2.60	3.03
Non-controlling interests		(0.31)	(0.45)
Profit for the year		100.35	143.25
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		5.94	(2.94)
Income tax effect	26	(1.85)	0.93
		4.09	(2.01)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		(1.62)	4.47
Income tax effect	26	-	-
		(1.62)	4.47
Total Comprehensive income for the year attributable to the owners of the company		102.82	145.71
Total Comprehensive income for the year attributable to Non-controlling interest		0.31	0.45
Earnings per share (face value of ₹2 per share)	35		
Basic (in ₹)		10.42	14.87
Diluted (in ₹)		10.42	14.87

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B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(A) Equity share capital

For the year ended March 31, 2021

(₹ in crores)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
19.26	-	19.26

For the year ended March 31, 2020

(₹ in crores)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
19.26	-	19.26

(B) Other equity

For the year ended March 31, 2021

(₹ in crores)

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income	Total other equity
							Foreign currency translation reserve	
Balance as at April 1, 2020	210.15	2.34	0.60	43.43	152.21	349.58	4.80	763.11
Profit for the year	-	-	-	-	-	100.35	-	100.35
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	4.08	(1.62)	2.46
Total comprehensive income for the year	-	-	-	-	-	104.43	(1.62)	102.81
As at March 31, 2021	210.15	2.34	0.60	43.43	152.21	454.01	3.18	865.92

For the year ended March 31, 2020

(₹ in crores)

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income	Total other equity
							Foreign currency translation reserve	
Balance as at April 1, 2019	210.15	2.34	0.60	43.43	152.21	444.74	0.33	853.80
Transition impact due to Ind AS 116 (net of tax)	-	-	-	-	-	(4.20)	-	(4.20)
Profit for the year	-	-	-	-	-	143.25	-	143.25
Other Comprehensive Income (net of tax)	-	-	-	-	-	(2.01)	4.47	2.46
Total comprehensive income for the year	-	-	-	-	-	141.24	4.47	145.71
Dividend and Dividend Distribution Tax thereon (refer note 18)	-	-	-	-	-	(232.20)	-	(232.20)
As at March 31, 2020	210.15	2.34	0.60	43.43	152.21	349.58	4.80	763.11

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
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Samir R. Shah
 Partner
 Membership No. 101708
 Mumbai: May 06, 2021

For and on behalf of the Board of Directors of BLUE STAR LIMITED

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B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Consolidated Cash Flow Statement for the year ended March 31, 2021

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Profit before tax	145.15	205.99
Adjustments to reconcile profit before tax to net cash flows		
Depreciation/amortisation	92.29	87.99
Amortisation of Government Grant	(2.51)	(20.29)
Fair Value (Gain)/loss on financial instruments	2.00	(5.69)
Loss/(Profit) on sale of Property, plant and equipment	(32.17)	0.19
Bad debts written off and provision for doubtful debts	34.28	48.00
Unrealised foreign exchange loss/(gain)	(7.66)	11.45
Liabilities written back	(19.48)	(11.65)
Finance Cost*	64.72	29.47
Rental Income	(6.36)	(7.47)
Interest (income)	(10.22)	(7.99)
Income form mutual fund	(5.13)	(1.81)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	254.91	328.20
Increase/(Decrease) in working capital :		
Trade payables	53.30	50.99
Provisions	(14.26)	(6.31)
Other current liabilities	(4.35)	(7.35)
Trade receivables	(12.84)	229.38
Inventories	(12.60)	(0.50)
Loans	(8.62)	(2.75)
Other assets	104.50	(56.31)
Cash generated from operations	360.03	535.35
Direct taxes paid (net of refunds)	(10.22)	(85.39)
Net cash flow from/(used in) Operating Activities (A)	349.81	449.95
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and equipments, including Capital work-in-progress and capital advances	(63.52)	(86.04)
Purchase of investments	(279.06)	-
Payment for obligation towards guarantee given for Joint Venture	-	(19.24)
Proceeds from of redemption of preference share of Joint Venture	3.48	-
Proceeds from sale of Property, Plant and Equipment	80.88	4.63
Rent received	6.36	7.47
Interest received	7.16	7.44
Dividends received from Joint Venture	-	3.17
Income from mutual fund	5.13	1.81
Net cash flow from/(used in) Investing Activities (B)	(239.57)	(80.75)
Balance carried forward	110.24	369.20

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance brought forward	110.24	369.20
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment towards) short term borrowings	(298.89)	65.92
Proceeds from long term borrowings	350.00	50.00
Repayment of long term borrowings	(53.24)	(3.11)
Repayment of lease liabilities	(26.68)	(18.51)
Interest and bank charges	(39.52)	(31.06)
Dividend paid on equity shares (including Dividend Distribution Tax)	(1.24)	(230.14)
Net cash flow from/(used in) in Financing Activities (C)	(69.57)	(166.90)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	40.67	202.29
Cash and Cash Equivalents at the beginning of the year	286.15	83.86
Effects of Exchange Difference on restatement of Foreign Currency Cash & Cash Equivalent	1.11	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 13)	327.93	286.15

* Finance cost includes ₹1.18 crores (March 31, 2020 : ₹1.34 crores) capitalised in property, plant and equipment.

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Samir R. Shah
Partner
Membership No. 101708
Mumbai: May 06, 2021

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Notes to Financial Statements for the year ended March 31, 2021

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. The financial statements of the Group were approved by its Board of Directors on May 06, 2021.

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 unrealized 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 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.

(d) Revenue recognition

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

i. Revenue from sale of goods:

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include the establishment of the 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 goods 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 amortized over the term of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or contract price. Accounting for modifications of 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 an expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan:

The Group 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 Group, based on an actuarial valuation. The present value of 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 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.

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 reserve in the statement of changes in equity.

(g) Borrowing Cost

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.

(h) 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 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 amortized 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 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.

(i) 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.

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. 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 reserve 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.

(j) 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 equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realized 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 utilized.

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 utilized.

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

(k) 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.

(l) 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 a written-down value basis over their estimated useful lives. 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
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - desktop, laptops	3
Computer - servers and networks	6
Leasehold improvements	6 or the life based on lease period, whichever is lower

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.

Freehold land is not depreciated.

Any gain or loss arising on 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.

(m) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over their 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 on derecognition is included in profit or loss.

The useful life 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.

(n) 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 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 on derecognition is included in profit or loss.

(o) 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.

(p) 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 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 recognised 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 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 amortized 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.

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 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 amortized 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 for the purpose of repurchasing in the near term.

Financial liabilities are designated upon initial recognition 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 amortized cost using the effective interest (EIR) method.

Equity instruments:

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued 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 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 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 de-recognition 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 categorized 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.

(q) 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.

(r) Provisions and contingencies

Provisions:

A provision is recognised when the Group 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/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 being 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 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 Group discloses the same in the financial statements.

(s) 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 based on 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 Group as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

(t) 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 are calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Group 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.

4. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Land - leasehold	Land - freehold	Buildings	Plant and equipment	Leasehold improvements	Furniture & fixtures	Office equipment	Vehicles	Computers	Total
Cost										
At April 1, 2019	3.41	15.15	92.48	216.60	6.77	15.74	7.08	24.25	23.87	405.35
Additions	-	0.20	1.49	36.33	0.31	0.23	1.42	5.86	5.23	51.07
Disposals	-	-	(0.11)	(2.96)	-	(0.07)	(0.18)	(3.93)	(0.10)	(7.35)
Reclassified to ROU (refer note 5)	(3.41)	-	-	-	-	-	-	-	-	(3.41)
Foreign currency translation	-	-	0.03	0.20	0.05	0.10	0.06	0.35	0.12	0.91
At March 31, 2020	-	15.35	93.89	250.17	7.13	16.00	8.38	26.53	29.12	446.57
At April 1, 2020	-	15.35	93.89	250.17	7.13	16.00	8.38	26.53	29.12	446.57
Additions	-	-	9.56	30.60	-	0.08	1.38	4.15	1.54	47.31
Disposals	-	-	-	(5.14)	-	(1.05)	(2.11)	(3.40)	-	(11.70)
Foreign currency translation	-	-	(0.02)	(0.08)	-	(0.04)	-	(0.13)	(0.02)	(0.29)
At March 31, 2021	-	15.35	103.43	275.55	7.13	14.99	7.65	27.15	30.64	481.89
Accumulated depreciation										
At April 1, 2019	0.07	-	24.56	64.17	2.43	4.60	3.05	9.15	15.86	123.89
Disposals	-	-	(0.11)	(1.97)	-	(0.07)	(0.14)	(2.86)	(0.10)	(5.25)
Foreign currency translation	-	-	-	0.12	0.06	0.06	0.04	0.25	0.08	0.61
Provided during the year	-	-	5.33	29.81	1.72	2.92	2.22	5.37	5.79	53.16
Reclassified to ROU (refer note 5)	(0.07)	-	-	-	-	-	-	-	-	(0.07)
At March 31, 2020	-	-	29.78	92.13	4.21	7.51	5.17	11.90	21.63	172.34
At April 1, 2020	-	-	29.78	92.13	4.21	7.51	5.17	11.91	21.63	172.34
Disposals	-	-	-	(3.89)	-	(0.63)	(1.42)	(2.70)	-	(8.64)
Provided during the year	-	-	7.48	28.87	0.24	2.10	1.14	4.95	4.18	48.96
At March 31, 2021	-	-	37.26	117.11	4.45	8.98	4.89	14.16	25.81	212.66
Net book value										
At March 31, 2021	-	15.35	66.17	158.44	2.68	6.01	2.76	12.99	4.83	269.23
At March 31, 2020	-	15.35	64.11	158.04	2.92	8.49	3.21	14.63	7.49	274.24

(₹ in crores)

Asset held for sale	As at 31 st March, 2021	As at 31 st March, 2020
Asset held for Sale - Plant and Equipment	0.08	0.14
Disposal/reclassified to Plant and Equipment	-	(0.06)
Asset held for Sale - Plant and Equipment	0.08	0.08

5. RIGHT OF USE ASSETS

(₹ in crores)

Particulars	Land - leasehold	Building	Total
Cost			
As at date of transition April 1, 2019	3.41	51.15	54.56
Additions	-	17.14	17.14
Disposals	-	-	-
At March 31, 2020	3.41	68.29	71.70
At April 1, 2020	3.41	68.29	71.70
Additions	-	15.79	15.79
Disposals	-	(9.20)	(9.20)
At March 31, 2021	3.41	74.88	78.29
Accumulated amortisation			
As at date of transition April 1, 2019	0.07	-	0.07
Disposals	-	-	-
Provided during the year	0.03	16.15	16.18
At March 31, 2020	0.10	16.15	16.25
At April 1, 2020	0.10	16.15	16.25
Disposals	-	(9.20)	(9.20)
Provided during the year	0.03	21.14	21.17
At March 31, 2021	0.13	28.09	28.22
Net book value			
At March 31, 2021	3.28	46.79	50.07
At March 31, 2020	3.31	52.14	55.45

6. INVESTMENT PROPERTY

Particulars	(₹ in crores)
Cost	
At April 1, 2019	86.54
Additions	-
Disposal	(1.85)
At March 31, 2020	84.69
Additions	-
Disposal	(66.78)
At March 31, 2021	17.91
Depreciation	
At April 1, 2019	18.12
Additions	4.13
Disposal	(0.27)
At March 31, 2020	21.98
Additions	3.76
Disposal	(19.78)
At March 31, 2021	5.96
Net book value	
At March 31, 2021	11.95
At March 31, 2020	62.71
Fair Value * (refer note 43)	
At March 31, 2021	26.13
At March 31, 2020	88.18

* Valuation is based on fair value assessment done by accredited independent valuer.

Movement in Fair Valuation of Investment Property

	(₹ in crores)
At March 31, 2020	88.18
Reduction due to disposal of Investment property	(61.41)
Decrease in Fair Valuation	(0.64)
At March 31, 2021	26.13

Information regarding income & expenditure of investment property

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Rental income derived from investment property	6.98	7.47
Direct operating expenses (including repairs and maintenance) associated with rental income	(0.84)	(0.89)
Profit arising from investment property before depreciation and indirect expenses	6.14	6.58
Less - Depreciation	(3.76)	(4.13)
Profit arising from investment property before indirect expenses	2.38	2.45

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.

7. INTANGIBLE ASSETS

(₹ in crores)

Particulars	Technical knowhow	Software	Total
At April 1, 2019	51.16	64.95	116.11
Additions	0.20	15.39	15.59
Disposals	-	(0.22)	(0.22)
At March 31, 2020	51.36	80.12	131.48
At April 1, 2020	51.36	80.12	131.48
Additions	9.80	9.83	19.63
Disposals	-	(1.33)	(1.33)
At March 31, 2021	61.16	88.62	149.78
Amortisation			
At April 1, 2019	26.92	38.87	65.79
Disposals	-	(0.22)	(0.22)
Provided during the year	7.32	7.20	14.52
At March 31, 2020	34.24	45.85	80.09
At April 1, 2020	34.24	45.85	80.09
Disposals	-	(1.02)	(1.02)
Provided during the year	9.18	9.22	18.40
At March 31, 2021	43.42	54.05	97.47
Net book value			
At March 31, 2021	17.74	34.57	52.31
At March 31, 2020	17.12	34.27	51.39

The Company evaluated the method of estimating the future economic benefits of software installed in various systems and accordingly applied straight line method for amortisation from April 1, 2019 instead of written down method. Due to change in amortisation method, the profit has increased by ₹6.95 crores in March 31, 2020.

8. INVESTMENT IN JOINT VENTURES

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
I. Non-current investments		
Investment in equity instruments		
<i>Unquoted (accounted under equity method)</i>		
Investment in joint ventures (refer note 39 & 41)		
367,500 (March 31,2020 : 367,500) fully paid equity shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	15.91	13.39
255,000 (March 31,2020 : 255,000) fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC (refer note a. below)	-	-
Other investment in joint venture		
Nil (March 31, 2020 : 49) Redeemable convertible preference shares of MR 40000 each in Blue Star M & E Engineering (Sdn) Bhd	-	3.48
Total non-current investments	15.91	16.87
II. Current investments		
Unquoted Investments in mutual funds		
Growth Scheme		
27,259 Units (March 31,2020: Units NIL) in HDFC Mutual Fund	67.67	-
16,80,961 Units (March 31,2020: Units NIL) in ICICI Prudential Mutual Fund	51.23	-
1,87,803 Units (March 31,2020: Units NIL) in SBI Mutual Fund	74.19	-
65,531 Units (March 31,2020: Units NIL) in UTI Mutual Fund	22.09	-
14,96,607 Units (March 31,2020: Units NIL) in Aditya Birla Mutual Fund	63.88	-
Total Current Investments	279.06	-

* Investment in preference shares are redeemed during the year at par value

Note a. Investment in Joint venture - Blue Star Oman Electro- Mechanical Co. LLC

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Investment in Joint Venture - Blue Star Oman Electro - Mechanical Co. LLC.	4.34	4.34
Less: Impairment Loss	(4.34)	(4.34)
Balance	-	-

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Security deposit considered good	15.93	14.08	11.91	12.46
Security deposit, credit impaired	-	-	0.96	0.96
Less: Allowance for doubtful deposits	-	-	(0.96)	(0.96)
Security deposit	15.93	14.08	11.91	12.46
Loans to employees	6.49	5.20	8.21	2.17
Loan to joint venture	4.46	4.46	-	-
Less: Allowance for doubtful loan	(4.46)	(4.46)	-	-
Total loans	22.42	19.28	20.12	14.63

10. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	0.26	-
Non-current bank balances (including accrued interest thereon)*	6.01	4.62	-	-
Total other financial assets	6.01	4.62	0.26	-

*Margin money deposits with a carrying amount of ₹6.01 crores (March 31, 2020 ₹4.62 crores) are subject to a first charge as security deposit with customers.

**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 and net realisable value)

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Raw materials & components (includes in transit: ₹24.16 crores (March 31, 2020 : ₹47.30 crores))	235.92	190.94
Work-in-progress	62.32	58.83
Finished goods	199.66	261.22
Stock-in-trade	326.76	299.49
Stores and Spares	57.76	59.34
Total Inventories	882.42	869.82

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹49.38 crores (March 31, 2020 : ₹102.89 crores)

The above inventory values are net of provisions made of ₹11.03 crores (March 31, 2020 ₹6.94 crores) for slow moving, obsolete and defective inventory.

12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Current	
	As at 31 st March, 2021	As at 31 st March, 2020
Trade receivables considered good - unsecured	810.98	837.67
Trade receivables which have significant increase in credit risk	50.59	43.42
Trade receivables - credit impaired	53.29	56.54
	914.86	937.63
Less: Allowance for doubtful debts	(103.88)	(99.97)
Total trade receivables	810.98	837.67

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 31 st March, 2021	As at 31 st March, 2020
Opening balances as on 1st April	99.97	103.37
Impairment loss recognised	28.91	42.60
Less: Allowances provided earlier written off as bad debts	(25.00)	(46.00)
Closing balance as on 31st March	103.88	99.97

13. CASH AND CASH EQUIVALENT

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Cash and cash equivalents		
<i>Balances with banks:</i>		
- In current accounts	96.51	112.55
- In fixed deposits	230.83	172.97
Cash on hand	0.59	0.63
Total cash and cash equivalents	327.93	286.15

14. OTHER BANK BALANCES

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Other bank balances		
- Unpaid dividend *	4.14	5.38
- Cash & bank balance not available for immediate use	0.09	2.41
Total other bank balances	4.23	7.79

* 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 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Contract assets	-	-	359.10	406.26
Less: Allowance for doubtful contract assets	-	-	(27.99)	(24.47)
Net Contract assets	-	-	331.11	381.79
Retention	-	-	78.99	89.93
Capital advances	18.90	23.60	-	-
Balance with statutory authorities	37.37	38.72	50.75	66.64
Vendor advances	-	-	36.69	52.11
Less: Allowance for doubtful Vendor Advance	-	-	(1.00)	(1.00)
Vendor advances (Net)	-	-	35.69	51.11
Prepaid expenses	0.50	0.60	32.06	34.86
Government grant receivable	-	-	5.34	8.32
Gratuity paid in advance (refer note 37)	-	-	0.53	0.22
Other assets	-	-	-	2.20
Total Other Assets	56.77	62.92	534.47	635.07

The movement for allowance for doubtful contract assets during the year are as follows:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Opening balances as on 1 st April	24.47	19.88
Impairment loss recognised	8.79	4.59
Less: Allowances provided earlier written off	(5.27)	-
Closing balances as on 31st March	27.99	24.47

Categorisation of Financial Assets:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
At fair value through profit or loss		
Investments (refer note 8)	279.06	-
Other financial assets (refer note 10)	0.26	-
Total at Fair Value	279.32	-
At Amortised cost		
Trade receivables (refer note 12)	810.98	837.67
Cash and cash Equivalents (refer note 13)	327.93	286.15
Bank Balances (refer note 14)	4.23	7.79
Loans (refer note 9)	42.54	33.91
Other financial assets (refer note 10)	6.01	4.62
Total at Amortised cost	1,191.69	1,170.14

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.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2019	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, 2020	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, 2021	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 equity shares of the Parent Company in the event of increase in share capital or winding up of the Parent 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.	₹ Crores
At April 1, 2019	96,313,888	19.26
Issue of share capital - employee stock options exercised	-	-
At March 31, 2020	96,313,888	19.26
Issue of share capital - employee stock options exercised	-	-
At March 31, 2021	96,313,888	19.26

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

Name of the shareholder	As at 31 st March, 2021		As at 31 st March, 2020	
	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	5,413,075	5.62%	3,906,842	4.06%

17. OTHER EQUITY

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 Reserve”. The Parent may issue fully paid-up bonus shares to its members out of the securities premium reserve 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. It includes impact of actuarial gains and losses on the funded obligation due to change in financial assumptions, change in demographic assumption, experience adjustments, etc. recognised through other comprehensive income.

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 31 st March, 2021	As at 31 st March, 2020
Cash dividends on equity shares declared and paid :		
Dividend paid (Previous year: Final dividend for the year ended March 31, 2019 ₹10 per share and interim dividend for the year ended March 31, 2020 ₹10 per share)	-	192.62
Dividend distribution tax	-	39.58
Total Dividend Distribution	-	232.20

Note: The Directors have recommended a dividend of ₹4 per equity share of face value ₹2 each for FY20-21 (FY19-20, Interim and Final Dividend of ₹10 per equity share). Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

19. BORROWINGS

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
At amortised cost		
Non-current borrowings		
Term loan from bank (unsecured) (note a)	5.60	9.14
Term loan from bank (secured) (note b)	-	50.01
7.65% non convertible debentures (unsecured) (note f)	350.00	-
Less: unamortised upfront fees on borrowings	(3.14)	-
Less: current maturities of long term debt clubbed under other financial liabilities (note 22)	(3.20)	(11.44)
Total non-current borrowings	349.26	47.71
Current borrowings		
Unsecured		
Working capital demand loan (note c)	-	278.50
Commercial papers		
- From others (note e)	-	49.22
Packing credit loan account from banks (note c)	40.53	16.30
Short term loan	55.00	-
Cash credit/bank overdrafts (note c)	4.06	13.40
Secured		
Packing credit loan account from banks (note c & d)	2.75	27.80
Cash credit/bank overdrafts (note c & d)	-	16.01
Total current borrowings	102.34	401.23
Aggregate secured loans	2.75	93.82
Aggregate unsecured loans	448.85	355.12
Total borrowings	451.60	448.94

- Unsecured Term loan availed by one of the subsidiary company is payable in sixteen equated quarterly instalments @ 3M Libor plus 1.6% p.a (March 31, 2020 : 3M Libor plus 1.60%)
- Term loan was secured against Plant and Machinery @ 3 months Treasury bill plus 1.90%
- Outstanding loans carry an interest rate ranging from 2.3% - 6.8% p.a. (March 31, 2020 : 7.40% - 9.8% p.a.).
- Outstanding secured loans is secured by hypothecation of inventory and trade receivables.
- Commercial papers carried average interest rate of 6.65% p.a. for the current year (March 31, 2020 : 8% p.a.). These were repayable within 80 days from the date of drawdown.
- 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 Debentures (Series - I) - Principal	175.00	1-Jun-23
7.65% Non Convertible Debentures (Series - II) - Principal	175.00	1-Jun-23

20. DISCLOSURE AS PER SECTION 22 OF MSME ACT

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	64.99	41.93
(ii) Interest due on above	0.06	0.23
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(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 this Act).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.98	2.15
(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 Act, 2006	1.98	2.15
	66.97	44.08

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.

21. LEASE LIABILITY

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Opening balance	59.78	-
Addition during the year	17.71	74.60
Add: interest for the year	6.19	5.89
Paid during the year	(28.35)	(20.71)
Closing balance	55.33	59.78
Non-current lease liability	31.23	38.54
Current lease liability	24.10	21.24
Total lease liability	55.33	59.78

22. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Financial liabilities at amortised cost				
Other deposits	-	-	4.09	6.85
Interest accrued but not due on borrowings	-	-	23.30	-
Unpaid dividend*	-	-	4.14	5.38
Current maturities of long term borrowings	-	-	3.20	11.44
Creditors - capital expenditure	-	-	2.08	2.43
Leave encashment payable to employees	-	-	-	7.27
Total other financial liabilities	-	-	36.81	33.37

*Unpaid Dividend

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 31 st March, 2021	As at 31 st March, 2020
Borrowings (refer note 19 and 22)	454.80	460.38
Trade payables	1,604.89	1,582.36
Other deposits (refer note 22)	4.09	6.85
Unpaid dividend (refer note 22)	4.14	5.38
Creditors- capital expenditure (refer note 22)	2.08	2.43
Interest accrued but not due on borrowings (refer note 22)	23.30	-
Leave encashment	-	7.27
Total financial liabilities carried at amortized cost	2,093.30	2,064.68

Borrowings and Interest Accrued but not due on Borrowings have a fair value of ₹476.83 Crores (March 31, 2020 ₹460.38 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 opening and closing balances of liabilities arising from financing activities for the year ended 31st March 2021

(₹ in crores)

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
As the beginning of the year	47.71	401.23	59.78
Current maturities of long term borrowings at the beginning of year	11.44		
Cashflows during the year (net)	296.76	(298.89)	(28.35)
Current maturities of long term borrowings at the end of year	(3.20)	-	-
Transaction costs on borrowings	(3.14)	-	-
Variations in exchange rates	(0.31)	-	-
At the end of the year	349.26	102.34	31.43
Non Cash changes due to:			
- Acquisitions under Lease	-	-	23.90
- Interest on borrowings (clubbed under other financial liabilities)	23.30	-	-
At the end of the year	372.56	102.34	55.33

23. OTHER CURRENT LIABILITIES

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Contract liabilities from construction contracts	84.40	90.59
Contract liabilities from annual maintenance contract services	70.76	61.18
Advances from customers	241.82	265.49
Dues to statutory bodies	35.92	17.94
Others	9.12	2.36
Total other current liabilities	442.02	437.56

24. PROVISIONS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Provision for employee benefits				
Compensated absences	-	-	17.42	18.31
Provision for other employment benefits	-	0.10	2.25	4.04
Additional gratuity (refer note 37)	0.45	0.45	-	-
	0.45	0.55	19.67	22.35
Other provisions				
Provision for customer warranties	10.37	12.71	14.81	15.46
Provision for foreseeable loss	-	-	2.37	2.11
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	10.43	23.97
	10.37	12.71	28.70	42.63
Total provisions	10.82	13.26	48.37	64.98

*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 the earlier year, the Company decided to exit from this joint venture.

Provision for warranties

(₹ in crores)

Particulars	As at 31 st March, 2021
At the beginning of the year	28.17
Add: Additional provisions made during the year	11.06
Less: Amount used during the year	(14.31)
Add: Effect of change in provision on account of discounting during the year	0.26
At the end of the year	25.18
Current portion	14.81
Non-current portion	10.37

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, 2021

(₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.11	1.09	23.97
Add: Additional provisions made during the year	2.10	-	-
Less: Utilized during the year	(1.84)	-	(13.54)
At the end of the year	2.37	1.09	10.43

25. GOVERNMENT GRANTS

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
At 1st April	12.90	10.53
Additions during the year	0.77	22.67
Amortised during the year	(2.51)	(20.30)
At 31st March	11.16	12.90
Current	2.33	3.52
Non-current	8.83	9.38

Government grants are towards the purchase of certain items of property, plant and equipment.

26. INCOME TAX

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2021 and 31st March, 2020.

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Accounting profit before tax	145.15	205.99
Other Comprehensive Income before tax	4.32	1.53
Profit before tax	149.47	207.52
Income Tax expense calculated at 34.944% (Previous Year 34.944%)	52.23	72.52
Expenses not allowed for tax purpose	3.24	8.45
Additional allowances for tax purpose	(5.52)	(10.24)
Savings due to tax paid at lower rate (see footnote)	(4.23)	(7.48)
Other	3.22	1.14
Tax Expenses	48.94	64.39
Income tax expense reported in the statement of profit and loss	47.09	65.32
Income tax effect on other comprehensive expense/(income)	1.85	(0.93)
Total Current Tax Expense	48.94	64.39

Deferred tax

Deferred tax relates to the following

(₹ in crores)

Particulars	Balance Sheet	
	As at 31 st March, 2021	As at 31 st March, 2020
Provision for loss allowance	38.59	36.39
Provisions made disallowed and allowed only on payment basis	4.94	9.65
Accelerated Depreciation for tax purposes	(2.95)	(10.26)
Others (including Transition impact of Ind AS 116 of ₹2.30 crores during PY)	(11.54)	(4.65)
Total (excluding MAT credit entitlement)	29.04	31.13
MAT Credit Entitlement	18.45	50.62
Total Deferred Tax	47.49	81.75

Reflected in the balance sheet as follows

(₹ in crores)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
Deferred tax assets	50.44	92.01
Deferred tax liabilities	(2.95)	(10.26)
Deferred Tax Asset, net	47.49	81.75

Footnote:

Savings due to tax paid at lower rate includes impact on account of BSEEL (a group entity) having opted to pay the tax under section 115BAA of the Income Tax Act, 1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17%, (b) the deferred tax assets and deferred tax liabilities as on April 1, 2020 have been restated at the rate of 25.17% and (c) the unutilised credit for minimum alternate tax as on April 1, 2020 has been written-off.

27. REVENUE FROM OPERATIONS

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Revenue from operations		
Sale of products	2,770.89	3,410.76
Sale of services	500.61	528.10
Revenue from construction contracts	963.54	1,397.55
Other operating revenue		
- Commission income	2.35	4.11
- Provisions and liabilities no longer required	19.48	11.65
- Others	6.72	8.02
Total revenue from operations	4,263.59	5,360.19

28. OTHER INCOME

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Interest income	-	-
- Bank deposits	9.07	3.34
- Others	1.15	4.65
Rental income	6.36	7.47
Income on Mutual Fund Investment	5.13	1.81
Profit on sale of investment property	32.95	-
Others	7.69	27.43
Total other income	62.35	44.70

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Cost of material consumed	1,343.63	1,828.56
Project cost (including bought outs)	729.69	973.06
AMC subcontracting cost	287.13	307.22
Total Cost of Raw Material and Components Consumed and Project related cost	2,360.45	3,108.84
Purchase of stock-in-trade	880.09	917.22
Inventories at the end of the year		
Traded goods	327.19	299.49
Work-in-progress	62.32	58.83
Finished goods	199.22	261.22
	588.73	619.54
Inventories at the beginning of the year		
Traded goods	299.49	327.91
Work-in-progress	58.83	47.09
Finished goods	261.22	236.59
	619.54	611.59
(Increase)/Decrease in inventories	30.81	(7.95)

30. EMPLOYEE BENEFIT EXPENSE

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Salaries, wages and bonus	339.51	434.65
Contribution to provident and other funds	13.48	14.51
Gratuity expense (refer note 37)	5.21	3.95
Staff welfare expenses	23.61	31.40
Total employee benefit expense	381.81	484.51

31. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Depreciation on Property, plant and equipment (refer note 4)	48.96	53.16
Depreciation on right of use asset (refer note 5)	21.17	16.18
Amortisation expenses on intangible assets (refer note 7)	18.40	14.52
Depreciation on investment properties (refer note 6)	3.76	4.13
Total depreciation and amortisation expense	92.29	87.99

32. OTHER EXPENSES

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Stores and spares consumed	10.61	13.76
Power and fuel	13.85	17.59
Rent	33.97	47.95
Repairs and maintenance		
- Buildings	4.19	5.25
- Plant and machinery	3.21	4.06
- Others	12.99	15.00
Insurance	5.06	4.00
Rates and taxes	2.75	2.29
Advertising Expenses	45.83	57.99
Sales Promotion Expenses	23.81	66.08
Freight and forwarding charges	67.64	84.01
Legal and professional fees	37.66	59.90
Travelling and conveyance	16.43	48.71
Commission and Sale Incentives	16.86	26.59
Warranty Cost	13.55	25.59
Printing and stationery	1.97	4.34
Payment to auditors (Refer details A below)	1.64	1.59
Corporate social responsibility expenses	3.81	3.49
Donations	0.04	0.43
Loss on sale of Property, Plant and equipment (net)	-	0.19
Foreign Exchange differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	4.18	9.70
Bad debts/advances written off	25.10	
Less: Provision for bad debts	(25.00)	0.10
Allowances for doubtful debts and advances		47.98
Miscellaneous expenses	16.29	28.28
Total other expenses	370.62	574.79

A. Payment to auditors

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
As auditor		
Audit fee	1.02	1.02
Limited review	0.24	0.24
Tax Audit	0.09	0.08
In other capacity		
Other services	0.21	0.21
Reimbursement of expenses	0.08	0.04
	1.64	1.59

33. FINANCE COSTS

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Interest	53.95	17.92
Bank charges	4.58	5.66
Interest on Lease Liabilities	6.19	5.89
Total finance costs	64.72	29.47

34. EXCEPTIONAL ITEMS

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Exceptional expenses		
Platinum jubilee expenses*	-	(4.03)
Exceptional Items (Net)	-	(4.03)

*Exceptional item for F.Y 20 comprises one time costs of events and programmes held to mark momentous milestone of platinum jubilee year of the Company.

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 31 st March, 2021	For the year ended 31 st March, 2020
Profit attributable to equity holders of the Company	100.35	143.25
Weighted average number of Equity shares	9.63	9.63
Basic and diluted Earning per share in rupees (Face Value ₹2 per share) (in ₹)	10.42	14.87

36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the 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 judgements, 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 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 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 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 they will probably result in revenue that can be reliably measured and is probable that the economic benefits associated will flow to the Group. 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 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 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 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 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 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 assets under development for a project in accordance with the accounting policy. The initial capitalization 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 capitalized, 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 past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not to be 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 utilized. 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, including the recoverability of assets based on current indicators of future economic conditions and has taken steps to improve operational and financial efficiencies. The ultimate impact of the pandemic may be different from that presently estimated and would be recognised in the financial statements, if and when material changes to economic conditions arise.

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 record any related financial impact of the Code in the books of account, in the period(s) in which 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 in net profit in the profit or loss. The Group expects to contribute ₹1.9 crore to gratuity fund in 2021-22 (FY 2019-20 - ₹3.78 crore).

Change in present value of defined benefit obligation

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Defined benefit obligation at the beginning of the year	44.24	37.79	0.45	0.38
Current service cost*	5.21	3.86	0.02	0.02
Interest cost	2.82	2.77	0.03	0.03
Benefit payments from plan assets	(5.70)	(3.49)	(0.05)	(0.02)
Acquisition adjustment	-	0.53	-	-
Remeasurements	-	-	-	-
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	0.33	2.07	-	0.02
c. Due to experience adjustments	(2.61)	0.71	-	0.02
Defined benefit obligation at the end of the year	44.29	44.24	0.45	0.45

Change in fair value of plan assets

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Fair value of plan assets at the beginning of the year	44.46	37.33	-	-
Expected return on plan assets	2.84	2.73	-	-
Contribution by employer	2.21	7.48	-	-
Actual benefits paid	(5.70)	(3.49)	-	-
Return on assets	3.66	(0.12)	-	-
Acquisition adjustment	-	0.53	-	-
Fair value of plan assets at the end of the year	47.47	44.46	-	-

Components of defined benefit cost recognised in Profit or Loss

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Current service cost	5.21	3.86	0.02	0.02
Interest Cost	2.82	2.77	0.03	0.03
Expected return on plan assets	(2.84)	(2.73)	-	-
Defined benefit cost recognised in Profit or Loss	5.19	3.90	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	0.33	2.07	-	0.02
c. Due to change in experience adjustments	(2.61)	0.71	-	0.02
d. (Return) on plan assets (excl. amount recognised in net interest)	(3.66)	0.12	-	-
Remeasurements recognised in other comprehensive income (OCI)	(5.94)	2.90	-	0.04

*Includes ₹1.40 Crores (March 31, 2020: Nil) provided towards impact of changes in Remuneration structure.

Net Assets/ Liability recognised in the balance sheet
(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Defined benefit obligation	44.29	44.24	0.45	0.45
Fair value of plan assets	47.47	44.46	-	-
Net defined benefit liability/(asset)	(3.18)	(0.22)	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 31 st March, 2021	As at 31 st March, 2020
Cash and cash equivalents	1.14	0.94
Insurance Group products	38.10	32.64
Others	8.23	10.88
Total	47.47	44.46

The principal assumptions used in determining gratuity for the Group's plan are as shown below

Actuarial Assumptions	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Discount rate	6.25%	6.40%	6.25%	6.40%
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 for others	65 years for Directors and 60 for others	65 years for Directors and 60 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)	7%,3%,10%	7%,3%,10%	-	-
Attrition rate	14% throughout	14% throughout	14% throughout	14% throughout

The present value of defined benefit obligation after change in assumptions are as under

Assumptions	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Decrease in discount Rate (0.5%)	44.47	45.49	0.48	0.46
Increase in discount Rate (0.5%)	42.08	43.07	0.46	0.44
Decrease in salary Growth Rate (0.5%)	42.08	43.07	-	-
Increase in salary Growth Rate (0.5%)	44.46	45.47	-	-
Decrease in attrition Rate (1% of attrition rates)	43.39	44.33	0.45	0.44
Increase in attrition Rate (1% of attrition rates)	43.12	44.19	0.46	0.44
Decrease in Mortality Rate (10% of mortality rates)	43.24	44.25	0.47	0.45
Increase in Mortality Rate (10% of mortality rates)	43.24	44.24	0.47	0.45

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 2020-21.

The average duration of the defined benefit plan obligation at the end of the reporting year 2020-21 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, 2021. The Group's contribution to the Employee's Provident Fund aggregates to ₹6.85 Crores (March 31, 2020: ₹7.18 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 Group has made for an estimated amount, provision on a prospective basis.

II. 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

Particulars	(₹ in crores)	
	As at 31 st March, 2021	As at 31 st March, 2020
Claims against the Group not acknowledged as debts	0.34	0.15
Sales Tax matters	96.68	113.25
Excise Duty matters	4.90	6.03
Service Tax matters	159.00	159.00
Income Tax matters	126.80	108.94
GST matters	0.07	0.07

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:- At March 31, 2021, Group had commitments (net of advances) of ₹61.56 crores (March 31, 2020: ₹126.94 crores)

c. The Group 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 Group has fulfilled its obligation for the current financial year. The Group 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, 2021 is ₹11.84 crores (March 31, 2020 : ₹11.84 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 Incorporation	% of equity interest	
		As at 31 st March, 2021	As at 31 st March, 2020
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. Vijay Devadiga, Company Secretary
 Mr. Neeraj Basur, Group Chief Financial Officer

Non Executive and Independent Directors

Mr. Shailesh Haribhakti
 Mr. Rajiv R Lulla
 Mr. Dinesh N Vaswani
 Mr. Sam Balsara
 Mr. Anil Harish
 Mrs. Rumjhum Chatterjee
 Mr. Arvind K Singhal
 Mrs. Sunaina Murthy
 Mr. Gurdeep Singh (till July 31, 2019)
 Ms. Shobana Kamineni (till May 29, 2019)

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 Pvt. Ltd.
 Madison Communications Pvt. Ltd.
 Somany Ceramics Ltd.
 IBS Fintech India Pvt. Ltd.

Transactions during the year and balances with Related Parties are as under:

(₹ in crores)

Name of Related party	31-March-2021		31-March-2020	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		1.21		1.91
Consultancy services rendered	1.58		1.75	
Redemption of preference shares	3.45		-	
Blue Star Oman Electro-Mechanical Co. LLC		4.46		4.46
Enterprises in which Director is a member/director				
Sale of Goods and Services				
Madison Communications Pvt. Ltd.	0.06	0.01	0.10	-
Moms Outdoor Media Solutions Pvt. Ltd.	0.01	(0.01)	0.01	(0.01)
Somany Ceramics Ltd.	0.02	-	0.02	0.01

Name of Related party	31-March-2021		31-March-2020	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Services Received				
Moms Outdoor Media Solutions Pvt Ltd	0.20	0.01	7.83	0.01
Madison Communications Pvt Ltd	15.91	(0.71)	29.78	(1.43)
IBS Fintech India Pvt. Ltd.	0.35	-	0.53	(0.10)
Relative of Director				
Fees for Professional Services	0.11	(0.01)	0.43	(0.05)
Compensation of key managerial personnel		(6.20)		(4.18)
Short term employee benefits	11.95		12.61	
Sitting fees to Non Executive and Independent Directors	0.71		0.55	
Commission to Non Executive and Independent Directors	0.72		0.90	
Retirement benefits	0.74		0.73	
Total compensation paid to key management personnel	14.12		14.79	

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 to Related Parties

The Parent has given corporate guarantees to joint venture in the ordinary course of business to meet the working capital requirements of the joint venture.

(₹ in crores)

Name of Related party	As at 31 st March, 2021	As at 31 st March, 2020
Blue Star Oman Electro-Mechanical Co. LLC		
Payment made towards invocation of Corporate Guarantee	-	19.24

40. SEGMENT INFORMATION

A. Primary segment reporting (by business segment)

The Group's business segments are organized around product lines as under:

- Electro-Mechanical Projects and Commercial Air-conditioning Systems include central air-conditioning projects, Electrical Contracting business, and Packaged air-conditioning businesses including manufacturing and after-sales service.
- Unitary Products include cooling appliances, cold storage products, including manufacturing and after-sales service.
- Professional Electronics and Industrial Systems include trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products, and systems.

Segment revenues, results and other information:

I. SEGMENT REVENUE

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	2,218.72	2,826.67
ii. Unitary Products	1,868.28	2,300.61
iii. Professional Electronics and Industrial Systems	176.59	232.91
TOTAL SEGMENT REVENUE	4,263.59	5,360.19
Add: Other Income	62.35	44.70
TOTAL INCOME	4,325.94	5,404.89

II. SEGMENT RESULT

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	106.49	120.26
ii. Unitary Products	108.82	162.27
iii. Professional Electronics and Industrial Systems	33.81	54.34
TOTAL SEGMENT RESULT	249.12	336.87
Less: i) Finance Cost	(64.72)	(29.47)
ii) Other un-allocable Expenditure Net of un-allocable Income	(39.25)	(97.38)
TOTAL PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM	145.15	210.02
Exceptional Items	-	(4.03)
PROFIT BEFORE TAXATION	145.15	205.99

III. OTHER INFORMATION

(₹ in crores)

A. SEGMENT ASSETS	As at 31 st March, 2021	As at 31 st March, 2020
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,664.85	1,737.05
ii. Unitary Products	986.97	1,001.45
iii. Professional Electronics and Industrial Systems	62.36	76.29
TOTAL SEGMENT ASSETS	2,714.18	2,814.79
Add: Un-allocable Corporate Assets	835.27	624.47
TOTAL ASSETS	3,549.45	3,439.26

(₹ in crores)

B. SEGMENT LIABILITIES	As at 31 st March, 2021	As at 31 st March, 2020
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	1,240.69	1,288.63
ii. Unitary Products	757.71	697.00
iii. Professional Electronics and Industrial Systems	78.50	83.52
TOTAL SEGMENT LIABILITIES	2,076.90	2,069.15
Add: Un-allocable Corporate Liabilities	584.69	585.43
TOTAL LIABILITIES	2,661.59	2,654.58

(₹ in crores)

C. NON CURRENT ASSETS (MOVEMENT)	As at 31 st March, 2021	As at 31 st March, 2020
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	53.42	65.02
ii. Unitary Products	30.20	28.63
iii. Professional Electronics and Industrial Systems	0.27	0.50
iv. Un-allocable	15.40	74.79
TOTAL	99.29	168.94

(₹ in crores)

D. DEPRECIATION/AMORTISATION	For the year ended 31st March, 2021	For the year ended 31st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	29.96	25.97
ii. Unitary Products	22.34	24.04
iii. Professional Electronics and Industrial Systems	0.24	0.36
iv. Un-allocable	39.75	37.62
TOTAL	92.29	87.99

(₹ in crores)

E. NON CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended 31st March, 2021	For the year ended 31st March, 2020
i. Electro -Mechanical Projects and Commercial Air Conditioning Systems	32.12	43.68
ii. Unitary Products	0.45	3.07
iii. Professional Electronics and Industrial Systems	1.71	1.23
iv. Un-allocable	1.19	0.22
TOTAL	35.47	48.20

B. Secondary segment information:

(₹ in crores)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue (Sales, Services & Commission) by Geographical Market		
India	3,854.49	4,842.62
Outside India	409.10	517.57
Total	4,263.59	5,360.19

(₹ in crores)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Carrying amount of Non Current Assets		
India	512.27	582.38
Outside India	7.28	8.56
Total	519.55	590.94

41. INTEREST IN JOINT VENTURE

The Blue Star Group comprises of the following entities

Joint Ventures	Country of Incorporation	% Shareholding	
		As at 31st March, 2021	As at 31st March, 2020
Foreign Joint Ventures- Jointly Controlled Entities			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49%	49%
Carrying amount of Investment (₹ crores)		15.91	16.87

Blue Star M & E Engineering (Sdn) Bhd

Summarized Balance sheet as at March 31, 2021 and March 31, 2020:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Current assets	58.65	86.88
Non-current Assets	17.76	19.70
Current Liabilities	43.81	70.28
Non-current Liabilities	5.75	7.86
EQUITY	26.85	28.44
The above amount of the assets and liabilities include the following		
- Cash and Cash equivalents	3.30	4.89
- Current financial liabilities (excluding trade and other payables and provisions)	20.83	20.57
- Non Current financial liabilities (excluding trade and other payables and provisions)	0.96	1.33

Summarised statement of Profit & Loss for the year ended March 31,2021 and March 31, 2020:

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Revenue	83.36	113.17
Other Income	2.71	2.13
Cost of raw material and components consumed	67.09	96.40
Depreciation and amortization	0.50	0.54
Finance cost	0.23	0.18
Employee Benefit	5.02	6.16
Other Expenses	6.78	2.14
Profit before Tax	6.45	9.88
Income Tax Expense	1.13	4.31
Profit for the year	5.32	5.57
Group's share of profit for the year	2.60	2.73

Movement of investment in Joint Venture

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Investment in Joint venture	16.87	14.63
Profit for the period	2.60	2.73
Dividend received	-	(3.17)
Redemption of preference shares	(3.45)	-
Foreign currency translation reserve	(0.11)	2.68
Investment in Joint venture	15.91	16.87

Note:

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 the earlier year, the Company decided to exit from this joint venture.

42. DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Group 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 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 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 31 st March, 2021		As at 31 st March, 2020	
	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)
Particulars of Derivatives				
Forward cover to Purchase				
- USD	127.30	93.07	73.40	55.54
- CNY (including commitments)	221.64	24.69	726.48	77.33
- EUR	-	-	0.86	0.71
Forward cover to Sell				
- USD	15.00	10.97	-	-

b. Derivative instruments: Option contract outstanding as at balance sheet date

Foreign currency	As at 31 st March, 2021		As at 31 st March, 2020	
	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)
Particulars of Derivatives				
Option cover to Purchase				
- USD	30.00	21.93	59.48	45.01
- CNY	-	-	353.73	37.65

c. Particulars of foreign currency exposure as at the Balance Sheet date

Foreign currency	As at 31 st March, 2021		As at 31 st March, 2020	
	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)
Bank Balances				
EUR	1.93	1.66	4.03	3.34
USD	6.79	4.96	11.09	8.39
CAD	0.39	0.23	0.22	0.12
AED	3.88	0.77	0.23	0.05

Foreign currency	As at 31 st March, 2021		As at 31 st March, 2020	
	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)	Amount in Foreign Currency (in Lakh)	₹ Crores (Notional value)
Receivables				
EUR	2.19	1.87	5.72	4.74
MYR	6.86	1.21	10.10	1.77
USD	26.93	19.69	50.50	38.21
JPY	22.75	0.15	83.60	0.58
CAD	-	-	2.26	1.20
GBP	0.08	0.08	0.09	0.08
Payables				
EUR	6.76	5.79	8.89	7.36
JPY	49.62	0.33	0.14	-
CNY	20.13	2.24	34.04	3.62
USD	73.07	53.42	113.94	86.21
AED	0.49	0.10	23.12	4.76
CAD	0.15	0.09	0.01	-
GBP	0.01	0.01	(0.01)	(0.01)

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.

43. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures of fair value measurement hierarchy as at 31st March, 2021:

(₹ 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 6)	31 st March, 2021	26.13	-	-	26.13
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	31 st March, 2021	279.06	-	279.06	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	31 st March, 2021	0.26	-	0.26	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

Quantitative disclosures of fair value measurement hierarchy as at 31st March, 2020:

(₹ 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 6)	31 st March, 2020	88.18	-	-	88.18
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	31 st March, 2020	-	-	-	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 15)	31 st March, 2020	2.20	-	2.20	-

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 - 2:

Mutual Fund - Quoted price in the active market

Derivative Instrument - Mark to market on forward covers is based on forward exchange rates at the end of reporting period.

2. 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 minimize 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 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 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 utilizing foreign exchange forward contracts.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, CNY and EURO 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 including foreign currency derivatives.

(₹ in crores)

Foreign currency	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
US Dollars	+5%	(1.44)	(7.01)	(0.94)	(4.56)
	-5%	1.44	7.01	0.94	4.56
CNY	+5%	(0.11)	(5.93)	(0.07)	(3.86)
	-5%	0.11	5.93	0.07	3.86
EURO	+5%	(0.11)	0.04	(0.07)	0.03
	-5%	0.11	(0.04)	0.07	(0.03)

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. Company does not have any exposure to the future cash flows resulting from change in interest rate as the Company'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 terms 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.

(₹ 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, 2021	230.61	439.05	141.32	810.98
Trade Receivables as on March 31, 2020	107.64	587.44	142.59	837.67

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.

Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations. The Group monitors the rolling forecast of its liquidity position based on expected cash flows. The Group's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all points in time. The Group 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 Group's financial liabilities based on contractual undiscounted payments:

(₹ in crores)

Particulars	As at 31 st March, 2021		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	102.34	352.40	454.74
Interest on borrowings	26.82	53.56	80.38
Trade Payables	1,604.89	-	1,604.89
Lease Liabilities	24.10	50.24	74.34
Other financial liabilities	13.51	-	13.51
Total	1,771.67	456.20	2,227.87

(₹ in crores)

Particulars	As at 31 st March, 2020		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	401.23	59.15	460.38
Trade Payables	1,582.37	-	1,582.37
Lease Liabilities	21.24	55.43	76.67
Other financial liabilities	33.37	-	33.37
Total	2,038.21	114.58	2,152.79

45. CAPITAL MANAGEMENT

The Group's objective for capital management is to maximize 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 an 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 31 st March, 2021	As at 31 st March, 2020
Borrowings	454.80	460.38
Less: Cash and cash equivalents	327.93	286.15
Net debt	126.87	174.23
Equity	887.86	784.68
Total capital	887.86	784.68
Capital and net debt	1,014.73	958.91
Gearing ratio	12.50%	18.17%

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 31 st March 2021
			Total
Assets			
Inventories	882.42	-	882.42
Trade receivables	810.98	-	810.98
Loans	20.12	-	20.12
Other financial assets	0.26	-	0.26
Other current assets	518.93	15.54	534.47
Assets held for sale	0.08	-	0.08
Liabilities			
Trade Payables	1,604.89	-	1,604.89
Lease Liabilities	24.10	-	24.10
Other financial liabilities	36.81	-	36.81
Other current liabilities	442.02	-	442.02
Provisions	48.37	-	48.37

(₹ in crores)

Particulars	Within 12 months	After 12 months	As at
			31 st March 2020
			Total
Assets			
Inventories	869.32	-	869.32
Trade receivables	837.67	-	837.67
Loans	14.63	-	14.63
Other current assets	581.38	53.69	635.07
Assets held for sale	0.08	-	0.08
Liabilities			
Trade payables	1,582.36	-	1,582.36
Lease liabilities	21.24	-	21.24
Other financial liabilities	33.37	-	33.37
Other current liabilities	437.46	-	437.46
Provisions	64.98	-	64.98

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, 32 AND 33 IS AS FOLLOWS:

(₹ in crores)

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Salary & wages	41.39	339.51	-	-	380.90
	(7.90)	(434.65)	-	-	(442.55)
Rent	0.70	-	33.97	-	34.67
	(0.89)	-	(47.95)	-	(48.84)
Power & fuel	1.26	-	13.85	-	15.11
	(1.88)	-	(17.59)	-	(19.47)
Insurance	2.12	-	5.06	-	7.18
	(6.06)	-	(4.00)	-	(10.06)
Travelling & Conveyance	0.55	-	16.43	-	16.98
	(1.09)	-	(48.71)	-	(49.80)
Printing & Stationery	0.44	-	1.97	-	2.41
	(0.49)	-	(4.34)	-	(4.83)
Freight and Forwarding Charges	0.50	-	67.64	-	68.14
	(1.45)	-	(84.01)	-	(85.46)
Legal & Professional fees	7.00	-	37.66	-	44.66
	(17.85)	-	(59.90)	-	(77.75)
Bank charges	1.04	-	-	4.58	5.62
	(1.93)	-	-	(5.66)	(7.59)
Communication charges	0.03	-	-	-	0.03
	-	-	-	-	-

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 31 st March, 2021	For the year ended 31 st March, 2020
Employee benefit expense	15.27	21.47
Cost of raw material and components consumed	3.52	4.66
Legal & Professional fees	1.34	2.51
Depreciation	13.43	10.66
Others	3.27	6.61
Total	36.83	45.91

48. (b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Tangible Assets		
Building sheds and road	6.77	6.95
Plant & Equipment	4.06	10.79
Office equipments	0.98	0.65
Vehicles	0.12	0.39
Computers	0.26	0.35
Intangible Assets		
Technical knowhow	9.80	3.04
Software	0.28	0.41
Total	22.27	22.58

49. LEASE

a) 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 31 st March, 2021	As at 31 st March, 2020
Right-of-use assets	50.07	55.45
Lease Liabilities		
Current	24.10	21.24
Non-current	31.23	38.54

Amounts recognised in the consolidated statement of profit and loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

(₹ in crores)

Particulars	Note	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Depreciation charge of right-of-use assets	31	21.17	16.18
Interest expense (included in finance costs)	33	6.19	5.89
Expense relating to short term lease not included in lease liabilities	32	2.07	1.77
Expense relating to variable lease payments not included in lease liabilities	32	31.90	46.18

The total cash outflow for leases for the year ended March 31, 2021 was ₹60.78 cr (March 31, 2020: ₹70.72 cr)

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

(₹ in crores)

Contractual undiscounted cash flows	As at 31st March, 2021	As at 31st March, 2020
Not later than 1 year	24.10	20.47
Later than 1 year and not later than 5 years	43.34	42.76
Later than 5 years	6.90	12.67
Total undiscounted lease liabilities	74.34	75.90

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.

50. 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, 2021	104%	919.09	66%	65.93	141%	3.47	67%	69.40
Balance at March 31, 2020	108%	849.69	84%	120.87	(70%)	(1.73)	82%	119.14
Subsidiaries								
Indian								
1. Blue Star Engineering and Electronics Limited								
Balance at March 31, 2021	17%	151.81	23%	23.00	26%	0.63	23%	23.63
Balance at March 31, 2020	16%	128.18	29%	41.84	(11%)	(0.28)	29%	41.56
Foreign								
1. Blue Star Qatar - WLL								
Balance at March 31, 2021	5%	48.13	6%	6.12	0%	-	6%	6.12
Balance at March 31, 2020	6%	46.09	6%	9.02	0%	-	6%	9.02
2. Blue Star International FZCO								
Balance at March 31, 2021	3%	22.42	13%	12.74	0%	-	12%	12.74
Balance at March 31, 2020	1%	10.31	4%	5.70	0%	-	4%	5.70

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)
3. Blue Systems & Solutions LLC								
Balance at March 31, 2021	(1%)	(8.04)	(4%)	(3.68)	0%	-	(4%)	(3.68)
Balance at March 31, 2020	(1%)	(4.56)	(3%)	(4.86)	0%	-	(3%)	(4.86)
4. BSL AC&R (SINGAPORE) PTE. LTD.								
Balance at March 31, 2021	3%	23.10	(0.29%)	(0.42)	0%	-	0%	(0.42)
Balance at March 31, 2020	-	-	-	-	-	-	-	-
Joint Ventures								
(As per proportionate consolidation/investment as per the equity method)								
1. Blue Star M & E Engineering (Sdn) Bhd								
Balance at March 31, 2021	1%	13.15	3%	2.60	0%	-	3%	2.60
Balance at March 31, 2020	2%	13.94	2%	2.73	0%	-	2%	2.73
2. Blue Star Oman Electro-Mechanical Co. LLC								
Balance at March 31, 2021	0%	-	0%	-	0%	-	0%	-
Balance at March 31, 2020	0%	-	0%	-	0%	-	0%	-
Consolidated adjustments/ Eliminations								
Balance at March 31, 2021		(258.69)		(5.93)		(1.63)		(7.98)
Balance at March 31, 2020		(258.97)		(32.05)		4.47		(27.58)
Total								
Balance at March 31, 2021	100%	887.86	100%	100.35	100%	2.47	100%	102.82
Balance at March 31, 2020	100%	784.68	100%	143.25	100%	2.46	100%	145.71

51. 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, 2021 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)

Revenue by type of contract	For the year ended 31 st March, 2021			For the year ended 31 st March, 2020		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Commercial Air Conditioning Systems	900.33	1,318.39	2,218.72	1,033.82	1,792.85	2,826.67
Unitary Products	1,830.41	37.87	1,868.28	2,264.07	36.54	2,300.61
Professional Electronics and Industrial Systems	139.71	36.88	176.59	203.74	29.16	232.91
Total	2,870.45	1,393.14	4,263.60	3,501.63	1,858.55	5,360.19

2 Reconciliation of contracted price with the revenue recognised in profit or loss:

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Sale of products at transaction price & Construction and Service Contracts at contracted price	4,337.65	5,446.85
Reductions towards variable consideration components *	(102.61)	(110.45)
Revenue recognised in profit & loss	4,235.04	5,336.40

* 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 crore (March 31, 2020 ₹Nil crore).
- The aggregate value of Order Book as at March 31, 2021, is ₹2952 crore (March 31, 2020 ₹2,947 Crore). Out of this, the Group expects to recognise revenue of around 59% within the next one year and the remaining thereafter.
- Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Opening balance - Contract assets (net of impairment)	381.79	336.68
Opening balance - Contract liabilities*	(151.76)	(122.39)
Revenue recognised during the year	(1,393.14)	(1,858.55)
Less: Progress billing during the year	1,339.08	1,874.29
Closing Balance	175.96	230.03
Closing balance contract assets (net of impairment)	331.11	381.79
Closing balance contract liabilities including income received in advance	(155.15)	(151.76)
*The Group has recognised revenue out of opening contract liabilities	151.76	122.39

52. 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
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai: May 06, 2021



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THE EXPERTS IN ALKALINE WATER



Opulus
RO+UV+UF



Eleanor
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RO+UV+Hot+Cold



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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 Standalone Balance Sheet as at March 31, 2021, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement 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, 2021, and its profit, total comprehensive income, its changes in equity and the cash flows 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 specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the 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.</p> <p>(Refer note 15, 23, 27 and 48)</p>	<p>Principal audit procedures performed:</p> <ol style="list-style-type: none">assessed the appropriateness of the accounting policy for recognising 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> <ul style="list-style-type: none"> i. evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets. ii. tested the operating effectiveness of the said internal controls for selected samples. 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. iv. verified subsequent receipts for selected samples, post balance sheet date. v. verified the management's estimates for provision of expected credit loss in terms of Ind AS 109 on Financial Instruments.

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 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.

Management's Responsibility 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, changes in equity and cash flows 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the 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 scepticism 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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, Statement of Changes in Equity and the Cash Flow Statement 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 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its 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;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Samir R. Shah
Partner
(Membership No. 101708)
(UDIN: 21101708AAAAABR9070)

Place: Mumbai
Date : May 6, 2021

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Blue Star Limited (“the Company”) as of March 31, 2021 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Samir R. Shah
Partner
(Membership No. 101708)
(UDIN: 21101708AAAAABR9070)

Place: Mumbai
Date : May 6, 2021

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) In respect of the Company’s fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 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 fixed assets 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.
 - According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deeds of immovable properties provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold and included in Property, Plant and Equipment, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Right of Use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits outstanding during / at the year end. Hence, the provisions of Sections 73 to 76 or any other relevant provisions of the Act are 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 under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax, Goods and Services Tax which have not been deposited as on March 31, 2021 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 (₹ Crore)	Amount unpaid (₹ Crore)
Income Tax Act 1961	Income Tax	High Court	PY 1997-98, PY 1999-2000, PY 2001-02 to PY 2003-04	4.74	4.74
		Income Tax Appellate Tribunal (ITAT)	PY 2005-06 to PY 2006-07	4.94	4.20
		Commissioner of Income Tax Appeals	PY 2007-08, PY 2008-09, PY 2014-15 to PY 2016-17	57.03	57.03

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ Crore)	Amount unpaid (₹ Crore)
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	7.68
		High court	FY 2006-07	1.47	1.47
		Tribunal and Appellate Board	FY 2001-02 to FY 2003-04, FY 2007-08 to FY 2014-15	22.86	18.27
		Commissioner Appeals, Commercial Tax Officer and Assessing Officer (CWG)	FY 1990-91, FY2000-01 to FY 2002-03, FY 2004-05, FY2006-07 to FY 2017-18	87.75	80.25
Service tax under Finance Act 1994	Service tax	CESTAT	FY 2002-03 to FY 2013-14	244.10	237.67
		Commissioner (Appeals)	FY 2003-04, FY 2005-06 to FY 2009-10, FY 2012-13, FY 2014-15 and FY 2015-16	2.96	2.93
		High court	FY 2004-2005	6.85	6.85
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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken any loans or borrowings from the government.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Place: Mumbai
Date : May 6, 2021

Samir R. Shah
Partner
(Membership No. 101708)
(UDIN: 21101708AAAAABR9070)

Standalone Balance Sheet as at March 31, 2021

(₹ in crores)

Particulars	Notes	As at 31 st March, 2021	As at 31 st March, 2021
A ASSETS			
1. Non-current assets			
Property plant and equipment	4	248.95	250.65
Right-of-use assets	5	43.78	54.52
Capital work in progress		54.31	56.75
Investment property	6	-	49.81
Intangible assets	7	52.13	51.13
Intangible assets under development		3.42	11.01
Financial assets			
- Investments	8	220.82	220.88
- Loans	9	23.79	21.13
- Other financial assets	10	6.01	4.58
Income tax assets (net)		85.32	93.44
Deferred tax assets (net)	26	44.07	58.48
Other non-current assets	15	55.90	60.56
Total Non-current assets		838.50	932.94
2. Current assets			
Inventories	11	867.69	849.65
Financial assets			
- Investments	8	279.05	-
- Loans	9	18.60	13.87
- Trade receivables	12	712.19	745.83
- Cash and cash equivalents	13	296.19	218.18
- Other bank balances	14	4.22	7.79
- Other financial assets	10	0.38	2.30
Other current assets	15	445.13	543.11
Assets held for sale	4	17.70	0.08
Total current assets		2,641.15	2,380.81
Total Assets		3,479.65	3,313.75
B EQUITY AND LIABILITIES			
1. Equity			
Equity share capital	16	19.26	19.26
Other equity	17	899.83	830.43
Total Equity		919.09	849.69
2. Non-current liabilities			
Financial liabilities			
- Borrowings	19	346.86	41.88
- Lease liabilities	21	29.36	37.72
Provisions	24	10.81	13.13
Government grants	25	8.83	9.38
Total Non-current liabilities		395.86	102.11
3. Current Liabilities			
Financial liabilities			
- Borrowings	19	231.93	449.04
- Trade payables			
a. Total outstanding dues of micro enterprises and small enterprises	20	66.89	44.08
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,388.96	1,394.49
- Lease liabilities	21	22.86	21.42
- Other financial liabilities	22	33.72	30.18
Provisions	24	37.66	53.19
Government grants	25	2.33	3.52
Other current liabilities	23	380.35	366.03
Total current liabilities		2,164.70	2,361.95
Total Equity and liabilities		3,479.65	3,313.75

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Samir R. Shah
Partner
Membership No. 101708
Mumbai: May 06, 2021

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Standalone Statement of Profit & Loss for the year ended March 31, 2021

(₹ in crores)

Particulars	Notes	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Revenue from operations	27	3,842.23	4,786.49
Other income	28	62.17	73.43
Total income (i)		3,904.40	4,859.92
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	2,216.38	2,866.96
Purchase of stock-in-trade	29	733.18	738.98
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	25.49	0.53
Employee benefits expense	30	325.23	414.95
Depreciation and amortisation expense	31	88.34	84.34
Finance costs	33	67.89	32.37
Other expenses	32	349.54	550.09
Total expenses (ii)		3,806.05	4,688.22
Profit before exceptional items and tax (i) - (ii)		98.35	171.70
Exceptional items	34	-	(4.03)
Profit before tax		98.35	167.67
Tax expense			
i) Current tax	26	18.01	25.04
ii) Deferred tax	26	14.41	21.76
Total tax expense		32.42	46.80
Net profit after tax		65.93	120.87
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		5.32	(2.66)
Income tax effect	26	(1.85)	0.93
Other comprehensive income for the year		3.47	(1.73)
Total comprehensive income for the year		69.40	119.14
Earnings per share	35		
Basic (in ₹)		6.85	12.55
Diluted (in ₹)		6.85	12.55

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Samir R. Shah
Partner
Membership No. 101708
Mumbai: May 06, 2021

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Standalone Statement of Changes in Equity for the year ended March 31, 2021

(A) Equity Share Capital

For the year ended March 31, 2021

(₹ in crores)

Balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
19.26	-	19.26

For the year ended March 31, 2020

(₹ in crores)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
19.26	-	19.26

(B) Other equity

For the year ended March 31, 2021

(₹ in crores)

Particulars	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	Total other equity
Balance as at April 1, 2020	210.15	2.34	0.60	326.05	291.29	830.43
Profit for the year	-	-	-	-	65.93	65.93
Other Comprehensive Income for the year (net of tax)	-	-	-	-	3.47	3.47
Total comprehensive income for the year	-	-	-	-	69.40	69.40
Balance as at March 31, 2021	210.15	2.34	0.60	326.05	360.69	899.83

For the year ended March 31, 2020

(₹ in crores)

Particulars	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	Total other equity
Balance as at April 1, 2019	210.15	2.34	0.60	326.05	402.60	941.74
Transition impact of Ind AS 116 (net of tax)	-	-	-	-	(4.28)	(4.28)
Profit for the year	-	-	-	-	120.87	120.87
Other Comprehensive Income for the year (net of tax)	-	-	-	-	(1.73)	(1.73)
Total comprehensive income for the year	-	-	-	-	119.14	119.14
Dividend and dividend distribution tax thereon (refer note 18)	-	-	-	-	(226.17)	(226.17)
Balance as at March 31, 2020	210.15	2.34	0.60	326.05	291.29	830.43

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached
For Deloitte Haskins & Sells LLP
 Chartered Accountants
Samir R. Shah
 Partner
 Membership No. 101708
 Mumbai: May 06, 2021

For and on behalf of the Board of Directors of BLUE STAR LIMITED

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Standalone Cash Flow Statement for the year ended March 31, 2021

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	98.35	167.67
Adjustments to reconcile profit before tax to net cash flows		
Depreciation/amortisation	88.34	84.34
Amortisation of Government Grant	(2.51)	(20.29)
Fair Value (Gain)/loss on financial instruments	2.00	(5.65)
Loss on sale of property, plant & equipment	-	0.40
Profit on sale of property, plant & equipment	(32.33)	-
Bad debts written off and provision for doubtful debts	30.45	45.91
Unrealised foreign exchange loss/(gain)	(7.58)	11.77
Liabilities written back	(15.17)	(6.25)
Finance cost	67.89	32.37
Rental Income	(6.36)	(6.32)
Interest (income)	(8.94)	(5.20)
Mutual fund income	(5.13)	-
Dividend (income)	(2.40)	(33.11)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	206.61	265.64
Increase/(Decrease) in working capital:		
Trade payables	39.23	10.80
Provisions	(11.76)	(10.94)
Other current liabilities	4.34	10.49
Trade receivables	2.04	226.21
Inventories	(18.04)	8.10
Loans	(7.39)	(3.32)
Other assets	105.06	(41.61)
Cash generated from operations	320.09	465.38
Direct taxes paid (net of refunds)	(11.74)	(73.35)
Net cash flow from/(used in) Operating activities (A)	308.35	392.02
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant and equipments, including Capital work-in-progress and capital advances	(67.28)	(85.09)
Payment for obligation towards guarantee for Joint Venture	-	(19.24)
Purchase of investments	(279.05)	-
Proceeds from sale of property, plant and equipment	80.87	2.14
Rent received	6.36	6.32
Interest received	5.88	4.67
Income from mutual fund	5.13	-
Dividends received	2.40	33.11
Net cash flow from/(used in) Investing activities (B)	(245.69)	(58.09)
Balance carried forward	62.66	333.93

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance brought forward	62.66	333.93
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment towards) short term borrowings	(272.11)	39.63
Proceeds from long term borrowings	350.00	50.00
Repayment of long term borrowings	(50.00)	-
Inter corporate deposit received from subsidiary	55.00	45.00
Repayment of lease liabilities	(23.71)	(15.07)
Interest and bank charges*	(42.59)	(33.00)
Dividend paid on equity shares (including Dividend Distribution Tax)	(1.24)	(224.10)
Net cash flow from/(used in) in Financing activities (C)	15.35	(137.54)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	78.01	196.39
Cash and Cash Equivalents at the beginning of the year	218.18	21.79
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 13)	296.19	218.18

* Finance cost includes ₹1.18 crores (March 31, 2020 : ₹1.34 crores) capitalized in property, plant and equipment.

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Samir R. Shah
Partner
Membership No. 101708
Mumbai: May 06, 2021

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Notes to Standalone Financial Statements for the year ended March 31, 2021

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 06, 2021.

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

i. Revenue from sale of goods:

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

ii. 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 amortized over the term of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or contract price. Accounting for modifications of 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 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 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 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 amortized 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 tax 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 realized 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 utilized.

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 utilized.

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

(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. Estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60
Roads	5
Temporary structure	3
Plant & Machinery	15-20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer- desktop, laptops	3
Computer- Servers and Networks	6
Leasehold Improvements	6 or the life based on lease period, whichever is lower

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.

Freehold land is not depreciated.

Any gain or loss arising on 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.

(k) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization 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 on derecognition is included in profit or loss.

Nature of intangible assets	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 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. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates the building component of investment property over 60 years on 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 on 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 amortized 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.

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

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 for the purpose of repurchasing in the near term.

Financial liabilities are designated upon initial recognition 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 amortized 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 cost.

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 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 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 categorized 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/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 being 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 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 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 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.

4. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Land-leasehold	Land-freehold	Buildings	Plant and equipment	Leasehold improvements	Furniture & fixtures	Office equipment	Vehicles	Computers	Total
Cost										
At April 1, 2019	3.41	15.15	66.05	213.68	6.44	14.85	5.43	19.46	23.73	368.20
Additions	-	0.20	1.49	35.31	-	0.13	1.61	5.65	4.68	49.07
Reclassified as ROU (refer note 5)	(3.41)	-	-	-	-	-	-	-	-	(3.41)
Disposals	-	-	(0.11)	(2.58)	-	-	(0.13)	(2.61)	(0.10)	(5.53)
At March 31, 2020	-	15.35	67.43	246.41	6.44	14.98	6.91	22.50	28.31	408.33
At April 1, 2020	-	15.35	67.43	246.41	6.44	14.98	6.91	22.50	28.31	408.33
Additions	-	-	9.18	30.24	-	0.03	1.19	3.47	1.52	45.63
Disposals	-	-	-	(2.76)	-	(1.05)	(1.30)	(3.40)	-	(8.51)
At March 31, 2021	-	15.35	76.61	273.89	6.44	13.96	6.80	22.57	29.83	445.45
Accumulated depreciation										
At April 1, 2019	0.07	-	18.96	62.35	2.33	4.00	2.13	6.47	15.71	112.02
Disposals	-	-	(0.11)	(1.81)	-	-	(0.10)	(1.85)	(0.10)	(3.97)
Provided during the year	-	-	4.43	29.48	0.83	2.74	1.99	4.69	5.54	49.70
Reclassified as ROU (refer note 5)	(0.07)	-	-	-	-	-	-	-	-	(0.07)
At March 31, 2020	-	-	23.28	90.02	3.16	6.74	4.02	9.31	21.15	157.68
At April 1, 2020	-	-	23.28	90.02	3.16	6.74	4.02	9.31	21.15	157.68
Disposals	-	-	-	(2.44)	-	(1.00)	(1.13)	(2.64)	-	(7.21)
Provided during the year	-	-	4.59	28.54	0.73	2.04	1.50	4.43	4.20	46.03
At March 31, 2021	-	-	27.87	116.12	3.89	7.78	4.39	11.10	25.35	196.50
Net book value										
At March 31, 2021	-	15.35	48.74	157.77	2.55	6.18	2.41	11.47	4.48	248.95
At March 31, 2020	-	15.35	44.15	156.39	3.28	8.24	2.89	13.19	7.16	250.65

(₹ in crores)

Asset held for sale	As at 31 st March, 2021	As at 31 st March, 2020
Asset held for sale- plant and equipment	0.08	0.14
Addition during the year	17.62	-
Disposal/reclassified to property, plant and equipment	-	(0.06)
Less: Impairment allowance	-	-
Asset held for sale- plant and equipment	17.70	0.08

5. RIGHT OF USE ASSETS

(₹ in crores)

Particulars	Land- leasehold	Building	Total
Cost			
As at date of transition April 1, 2019	3.41	55.42	58.83
Additions	-	12.88	12.88
Disposals	-	-	-
At March 31, 2020	3.41	68.30	71.71
At April 1, 2020	3.41	68.30	71.71
Additions	-	13.71	13.71
Transfer to Assets held for sale	(3.41)	-	(3.41)
Disposals	-	(9.20)	(9.20)
At March 31, 2021	-	72.81	72.81
Accumulated amortisation			
As at date of transition April 1, 2019	0.07	-	0.07
Disposals	-	-	-
Provided during the year	0.03	17.09	17.12
At March 31, 2020	0.10	17.09	17.19
At April 1, 2020	0.10	17.09	17.19
Transfer to Assets held for sale	(0.13)	-	(0.13)
Disposals	-	(9.20)	(9.20)
Provided during the year	0.03	21.14	21.17
At March 31, 2021	-	29.03	29.03
Net book value			
At March 31, 2021	-	43.78	43.78
At March 31, 2020	3.31	51.21	54.52

6. INVESTMENT PROPERTY

Particulars	(₹ in crores)
Cost	
At April 1, 2019	66.78
Additions	-
At March 31, 2020	66.78
Additions	-
Disposals	(66.78)
At March 31, 2021	-
Depreciation	
At April 1, 2019	13.93
Additions	3.04
At March 31, 2020	16.97
Additions	2.81
Disposals	(19.78)
At March 31, 2021	-
Net book value	
At March 31, 2021	-
At March 31, 2020	49.81
Fair Value * (refer note 42)	
At March 31, 2021	-
At March 31, 2020	61.41

* Valuation is based on fair value assessment done by accredited independent valuer.

Information regarding Income and Expenditure of Investment Property

Particulars	(₹ in crores)	
	As at 31 st March, 2021	As at 31 st March, 2020
Rental income derived from investment property	6.36	6.32
Direct operating expenses (including repairs and maintenance) associated with investment property	(0.81)	(0.69)
Profit arising from investment property before depreciation and indirect expenses	5.55	5.63
Less: Depreciation	(2.81)	(3.04)
Profit arising from investment property before indirect expenses	2.74	2.59

The Company had no restrictions on the realisability of its investment property and has no contractual obligations to purchase, construct or develop investment property or has no plans for major repairs, maintenance and enhancements.

7. INTANGIBLE ASSETS

(₹ in crores)

Particulars	Technical knowhow	Software	Total
At April 1, 2019	51.16	60.03	111.19
Additions	0.20	15.12	15.32
Disposals	-	(0.22)	(0.22)
At March 31, 2020	51.36	74.93	126.29
At April 1, 2020	51.36	74.93	126.29
Additions	9.80	9.82	19.62
Disposals	-	(1.32)	(1.32)
At March 31, 2021	61.16	83.43	144.59
Amortisation			
At April 1, 2019	26.93	33.96	60.89
Disposals	-	(0.22)	(0.22)
Provided during the year	7.32	7.17	14.49
At March 31, 2020	34.25	40.91	75.16
At April 1, 2020	34.25	40.91	75.16
Disposals	-	(1.03)	(1.03)
Provided during the year	9.18	9.15	18.33
At March 31, 2021	43.43	49.03	92.46
Net book value			
At March 31, 2021	17.73	34.40	52.13
At March 31, 2020	17.11	34.02	51.13

The Company evaluated the method of estimating the future economic benefits of software installed in various systems and accordingly applied straight line method for amortisation from April 1, 2019 instead of written down method. Due to change in amortisation method, the profit has increased by ₹6.95 crores in March 31, 2020.

8. INVESTMENTS

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
I. Non-current investments		
Unquoted investments at cost		
Investment in equity instruments		
Investment in subsidiaries		
5,29,25,052 (March 31, 2020 : 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, 2020 : 49) fully paid equity shares of QR 2000 each in Blue Star Qatar (WLL)	0.12	0.12
5,350 (March 31, 2020 : 5,350) fully paid equity shares of AED 1000 each in Blue Star International FZCO	9.81	9.87
Investment in Joint Ventures		
255,000 (March 31, 2020 : 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	220.82	220.88
II. Current investments		
Unquoted Investments in mutual funds		
Growth Scheme		
27,259 Units (March 31, 2020: Units NIL) in HDFC Mutual Fund	67.67	-
16,80,961 Units (March 31, 2020: Units NIL) in ICICI Prudential Mutual Fund	51.23	-
1,87,803 Units (March 31, 2020: Units NIL) in SBI Mutual Fund	74.19	-
65,531 Units (March 31, 2020: Units NIL) in UTI Mutual Fund	22.09	-
14,96,607 Units (March 31, 2020: Units NIL) in Aditya Birla Mutual Fund	63.87	-
Total Current Investments	279.05	-

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Security deposits, considered good	18.12	16.27	11.04	11.55
Security deposits, credit impaired	-	-	0.96	0.96
Less: Allowance for doubtful deposits	-	-	(0.96)	(0.96)
	18.12	16.27	11.04	11.55
Loans to employees	5.67	4.86	7.56	2.32
Loan to joint venture (related party - refer note 39)	4.46	4.46	-	-
Less: Allowance for doubtful loan	(4.46)	(4.46)	-	-
Total loans	23.79	21.13	18.60	13.87

10. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	0.28	2.20
Non-current bank balances (including accrued interest thereon)*	6.01	4.58	-	-
Financial guarantee commission receivable from a subsidiary (refer note 39)	-	-	0.10	0.10
Total other financial assets	6.01	4.58	0.38	2.30

*Margin money deposits with a carrying amount of ₹6.01 Crores (March 31, 2020 : ₹4.58 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 and net realisable value)

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Raw materials & components (includes in transit: ₹24.16 Crores (March 31, 2020 : ₹47.30 Crores))	235.91	190.80
Work-in-progress	62.31	58.82
Finished goods	199.66	261.42
Stock-in-trade	312.04	279.26
Stores and Spares	57.77	59.35
Total Inventories	867.69	849.65

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹47.27 crores (March 31, 2020 : ₹101.65 crores).

The above inventory values are net of provisions made of ₹7.89 crores (March 31, 2020 : ₹3.64crores) for slow moving, obsolete and defective inventory.

12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Current	
	As at 31 st March, 2021	As at 31 st March, 2020
Trade receivables considered good- unsecured	712.19	745.83
Trade receivables which have significant increase in credit risk	46.67	41.67
Trade receivables- credit impaired	44.63	43.27
	803.49	830.77
Less: Allowance for doubtful debts	(91.30)	(84.94)
Total trade receivables	712.19	745.83

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 31 st March, 2021	As at 31 st March, 2020
Opening Balances as on 1 st April	84.94	89.78
Impairment loss recognised	26.36	41.16
Less: Allowances provided earlier written off as bad debts	(20.00)	(46.00)
Closing balance as on 31st March	91.30	84.94

13. CASH AND CASH EQUIVALENT

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Cash and cash equivalents		
<i>Balances with banks:</i>		
- In current accounts	81.03	86.71
- In fixed deposits	214.74	131.05
Cash on hand	0.42	0.42
Total cash and cash equivalents	296.19	218.18

14. OTHER BANK BALANCES

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Other bank balances		
- Unpaid dividend *	4.14	5.38
- Cash & bank balance not available for immediate use	0.08	2.41
Total other bank balances	4.22	7.79

*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 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Contract Assets	-	-	353.13	402.78
Less: Allowance for doubtful contract assets	-	-	(27.89)	(24.28)
Net contract assets	-	-	325.24	378.50
Retention	-	-	17.30	29.49
Capital advances	18.78	23.48	-	-
Balances with statutory authorities	36.61	36.49	46.02	65.02
Vendor advances	-	-	29.19	38.87
Less: Allowance for doubtful vendor advance	-	-	(1.00)	(1.00)
Vendor advances (Net)	-	-	28.19	37.87
Prepaid expenses	0.51	0.59	20.47	23.64
Government grant receivable	-	-	5.34	8.32
Gratuity paid in advance (Refer Note 37)	-	-	2.57	0.27
Total other assets	55.90	60.56	445.13	543.11

The movement for allowance for doubtful contract assets during the year are as follows:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Opening balances as on 1st April	24.28	19.55
Impairment loss recognised	7.61	4.73
Less: Allowances provided earlier written off	(4.00)	-
Closing balances as on 31st March	27.89	24.28

Categorisation of Financial Assets:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
At Fair Value		
Investments (refer note 8)	279.05	-
Other financial assets (refer note 10)	0.28	2.20
Total at Fair Value through profit or loss	279.33	2.20
At Amortised cost		
Trade receivables (refer note 12)	712.19	745.83
Cash & bank balances (refer note 13 and 14)	300.41	225.97
Loans (refer note 9)	42.39	35.00
Other financial assets (refer note 10)	6.11	4.68
Total at Amortised Cost	1,061.10	1,011.48

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.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2019	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, 2020	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, 2021	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.	₹ Crores
At April 1, 2019	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2020	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2021	96,313,888	19.26

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

Name of the shareholder	As at 31 st March, 2021		As at 31 st March, 2020	
	Numbers	% holding in the class	Numbers	% 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	5,413,075	5.62%	3,906,842	4.06%

17. OTHER EQUITY

Securities premium reserve - 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 Reserve". 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. It includes impact of actuarial gains and losses on the funded obligation due to change in financial assumptions, change in demographic assumption, experience adjustments, etc. recognised through other comprehensive income.

18. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Cash dividends on equity shares declared and paid:		
Dividend paid (Previous year : Final Dividend for the year ended March 31, 2019 : ₹10 per share and interim dividend for the year ended March 31, 2020 : ₹10 per share).	-	192.62
Dividend distribution tax	-	33.55
Total Dividend Distribution	-	226.17

Note: The Directors have recommended a dividend of ₹4 per equity share of face value ₹2 each for FY20-21 (FY19-20, Interim and Final Dividend of ₹10 per equity share). Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

19. BORROWINGS

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
At amortised cost		
Non-current borrowings		
Term loan - Secured (Note a)	-	50.01
7.65% Non convertible debentures - Unsecured (note e)	350.00	-
Less: Unamortised upfront fees on borrowing	(3.14)	-
Less: Current maturities of long term debt clubbed under other financial liabilities (refer note no. 22)	-	(8.13)
Total non-current borrowings	346.86	41.88
Short term borrowings		
Unsecured		
Working Capital Demand Loan from banks (note b)	-	278.50
Commercial papers		
- from others (note d)	-	49.22
Inter corporate deposit received from a subsidiary (related party - refer note no. 39)	130.00	75.00
Packing credit loan from banks (note b)	40.53	16.30
Short term loan (note b)	55.00	-
Cash credit/bank overdrafts (note b)	3.65	2.10
Secured		
Packing credit loan from banks (note b & c)	2.75	27.80
Cash credit/bank overdrafts (note b & c)	-	0.12
Total current borrowings	231.93	449.04
Aggregate secured loans	2.75	69.80
Aggregate unsecured loans	576.04	421.12
Total borrowings	578.79	490.92

- Term Loan was secured against Plant and Machinery @3 months T bill plus 1.90%.
- Outstanding loans carry an interest rate ranging from 2.3% - 6.8% p.a. (March 31, 2020 : 7.4% - 9.8% p.a.)
- Outstanding secured loans are secured by hypothecation of stock-in-trade and trade receivables.
- Commercial papers carried average interest rate 6.65% p.a. for the current year (March 31, 2020 : 8% p.a.). These were repayable within 80 days from the date of drawdown.
- 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	1-Jun-23
7.65% Non-Convertible Debenture (Series- II)- Principal	175.00	1-Jun-23

20. DISCLOSURE AS PER SECTION 22 OF MSME ACT

(₹ in crores)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	64.91	41.93
(ii) Interest due on above	0.06	0.23
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(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 this Act).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.98	2.15
(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 Act, 2006	1.98	2.15
	66.89	44.08

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.

21. LEASE LIABILITY

(₹ in crores)

Particulars	As at	As at
	31 st March, 2021	31 st March, 2020
Opening balance	59.14	-
Addition during the year	13.71	74.57
Add: Interest for the year	6.36	6.32
Less: Paid during the year	(26.99)	(21.75)
Closing balance	52.22	59.14
Non-current lease liability	29.36	37.72
Current lease liability	22.86	21.42
Total lease liability	52.22	59.14

22. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Financial liabilities at amortised cost				
Other deposits	-	-	4.15	6.86
Financial guarantee contracts	-	-	0.10	0.10
Interest accrued but not due on borrowings	-	-	23.26	-
Unpaid Dividend (refer note a below)	-	-	4.14	5.38
Current maturities of long term borrowings	-	-	-	8.13
Creditors- capital expenditure	-	-	2.07	2.44
Leave encashment payable to employees	-	-	-	7.27
Total other financial liabilities	-	-	33.72	30.18

Note:

a) Unpaid Dividend

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 31 st March, 2021	As at 31 st March, 2020
Borrowings (refer note 19 and note 22)	578.79	499.05
Trade payables	1,455.85	1,438.57
Other deposits (refer note 22)	4.15	6.86
Financial guarantee contracts (refer note 22)	0.10	0.10
Unpaid dividend (refer note 22)	4.14	5.38
Creditor- capital expenditure (refer note 22)	2.07	2.44
Interest accrued but not due on borrowings (refer note 22)	23.26	-
Leave encashment payable to employees (refer note 22)	-	7.27
Total financial liabilities carried at amortized cost	2,068.36	1,959.67

Borrowings and Interest Accrued but not due on Borrowings have a fair value of ₹603.22 Crores (March 31, 2020 ₹499.05 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 31st March 2021:

(₹ in crores)

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
At the beginning of the year	41.88	449.04	59.14
Cash flows during the year (net)	300.00	(217.11)	(26.99)
Current maturity of long term borrowings	8.13	-	-
Transaction cost on borrowings	(3.14)	-	-
At the end of the year (excluding interest liability on borrowings)	346.87	231.93	32.15
Non cash changes due to :			
- Acquisitions under finance lease	-	-	20.07
- Interest on borrowings (clubbed under other financial liabilities)	23.26	-	-
At the end of the year (including interest liability on borrowings)	370.13	231.93	52.22

23. OTHER CURRENT LIABILITIES

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Contract liabilities from construction contracts	62.95	60.48
Contract liabilities from annual maintenance contract services	57.55	56.41
Advances from customers	218.25	227.88
Dues to statutory bodies	34.99	15.53
Others	6.61	5.73
Total other liabilities	380.35	366.03

24. PROVISIONS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Provision for employee benefits				
Compensated absences	-	-	13.81	14.52
Additional gratuity (refer note 37)	0.44	0.42	-	-
	0.44	0.42	13.81	14.52
Other provisions				
Provision for customer warranties	10.37	12.71	10.85	11.48
Provision for foreseeable loss	-	-	1.49	2.12
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	10.42	23.98
	10.37	12.71	23.85	38.67
Total	10.81	13.13	37.66	53.19

* 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 the earlier year, the Company decided to exit from this joint venture.

Provision for warranties

(₹ in crores)

Particulars	As at 31 st March, 2021
At the beginning of the year	24.19
Add: Additional provisions made during the year	8.65
Less: Amount used during the year	(11.88)
Add: Effect of change in provision on account of discounting during the year	0.26
At the end of the year	21.22
Current portion	10.85
Non-current portion	10.37

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, 2021

(₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.12	1.09	23.98
Add: Additional provisions made during the year	1.20	-	-
Less: Utilized during the year	(1.83)	-	(13.56)
At the end of the year	1.49	1.09	10.42

25. GOVERNMENT GRANTS

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
At 1st April	12.90	10.53
Additions during the year	0.77	22.67
Amortised during the year	(2.51)	(20.30)
At 31st March	11.16	12.90
Current	2.33	3.52
Non-current	8.83	9.38

Government grants are towards the purchase of certain items of property, plant and equipment.

26. INCOME TAX

The major components of income tax expense for the years ended 31st March, 2021 and 31st March, 2020 are:

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2021 and 31st March, 2020:

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Accounting profit before tax	98.35	167.67
Other Comprehensive Income before tax	5.32	(2.66)
Profit Before Tax	103.67	165.01
Income Tax Expense calculated at 34.944% (Previous Year 34.944%)	36.23	57.66
Expenses not allowed for tax purpose	1.64	6.37
Additional allowances for tax purpose	(5.41)	(21.18)
Others	1.81	3.02
Tax Expense	34.27	45.87
Income tax expense reported in the statement of profit and loss	32.42	46.80
Income tax effect on other comprehensive expense/(income)	1.85	(0.93)
Total Current Tax Expenses	34.27	45.87

Deferred tax

Deferred tax relates to the following

(₹ in crores)

Particulars	Balance Sheet	
	As at 31 st March, 2021	As at 31 st March, 2020
Provision for loss allowance	35.45	31.83
Provisions made disallowed and allowed only on payment basis	4.99	9.19
Accelerated depreciation for tax purposes	(2.95)	(10.27)
Utilization of MAT credit	-	-
Others (including Transition impact of Ind AS 116 of ₹2.30 crores during P.Y)	(11.86)	(5.06)
Total (excluding MAT credit entitlement)	25.64	25.69
MAT credit entitlement	18.43	32.79
Total Deferred Tax	44.07	58.48

Reflected in the balance sheet as follows

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Deferred tax assets	47.02	68.75
Deferred tax liabilities	(2.95)	(10.27)
Deferred Tax Assets, net	44.07	58.48

27. REVENUE FROM OPERATIONS

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Sale of products	2,552.93	3,142.75
Revenue from construction contracts	812.31	1,138.09
Sale of services	453.87	490.05
Other operating revenue		
- Provisions and liabilities no longer required	15.17	6.25
- Shared service recovery	1.32	1.32
- Others	6.63	8.03
Total revenue from operations	3,842.23	4,786.49

28. OTHER INCOME

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Interest income on		
- Bank deposits	8.63	0.77
- Others	0.31	4.43
Rental Income	6.36	6.32
Dividend Received from Subsidiary	2.40	31.30
Income from Mutual Fund Investment	5.13	-
Profit on sale of investment property	32.95	-
Others	6.39	30.61
Total other income	62.17	73.43

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Cost of material consumed	1,230.28	1,589.00
Project cost (including bought outs)	719.64	985.34
AMC subcontracting cost	266.46	292.62
Total cost of raw material and components consumed and project related cost	2,216.38	2,866.96
Purchase of stock-in-trade	733.18	738.98
Inventories at the end of the year		
Traded goods	312.04	279.26
Work-in-progress	62.31	58.82
Finished goods	199.66	261.42
	574.01	599.50
Inventories at the beginning of the year		
Traded goods	279.26	316.33
Work-in-progress	58.82	47.09
Finished goods	261.42	236.61
	599.50	600.03
(Increase)/Decrease in inventories	25.49	0.53

30. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Salaries, wages and bonus	286.80	369.47
Contribution to provident and other funds	12.55	13.48
Gratuity expense (refer note 37)	4.94	3.68
Staff welfare expenses	20.94	28.32
Total employee benefits expense	325.23	414.95

31. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Depreciation on Property, plant and equipment (refer note 4)	46.03	49.69
Depreciation on right of use assets (refer note 5)	21.17	17.12
Amortisation expenses on intangible assets (refer note 7)	18.33	14.49
Depreciation on investment property (refer note 6)	2.81	3.04
Total depreciation and amortisation expense	88.34	84.34

32. OTHER EXPENSES

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Stores and spares consumed	10.61	13.75
Power and fuel	13.68	17.47
Rent	33.58	47.79
Repairs and maintenance		
- Buildings	3.96	5.14
- Plant and machinery	3.20	4.05
- Others	12.81	14.82
Insurance	4.14	3.16
Rates and taxes	1.26	2.04
Advertising expenses	43.60	58.55
Sales and promotion expenses	23.05	61.35
Freight and forwarding charges	66.22	83.02
Legal and professional fees	35.46	56.52
Travelling and conveyance	13.19	41.75
Commission and sales incentives	16.86	26.59
Warranty cost	13.32	24.56
Printing and stationery	1.86	3.95
Payment to auditors (refer details A below)	1.20	1.24
Corporate social responsibility expenses (refer details B below)	3.31	3.30
Donations	0.04	0.43
Loss on sale of property, plant and equipment	-	0.40
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	3.86	9.70
Bad debts/advances written off	20.09	
Less: Allowance for doubtful debts	(20.00)	0.02
Allowances for doubtful debts and advances	30.36	45.91
Miscellaneous expenses	13.88	24.58
Total other expenses	349.54	550.09

A. Payment to auditors

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
As auditor		
Audit fee	0.71	0.71
Limited review	0.21	0.21
Tax Audit	0.07	0.07
In other capacity		
Other services	0.15	0.21
Reimbursement of expenses	0.06	0.04
	1.20	1.24

B. Corporate social responsibility expenses

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
(i) Gross amount required to be spent by the Company during the year	3.31	3.27
(ii) Amount spent during the year	3.31	3.30

33. FINANCE COSTS

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Interest	58.12	21.87
Bank charges	3.41	4.18
Interest on lease liabilities	6.36	6.32
Total finance costs	67.89	32.37

34. EXCEPTIONAL ITEMS

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Exceptional expense		
Platinum Jubilee Expenses*	-	(4.03)
Exceptional Items (Net)	-	(4.03)

* Exceptional item in F.Y.-20 comprises one time costs of events and programmes held to mark momentous milestone of platinum jubilee year of the Company.

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 31 st March, 2021	For the year ended 31 st March, 2020
Profit attributable to equity holders of the Company	65.93	120.87
Weighted average number of Equity shares	9.63	9.63
Basic and Diluted Earning Per Share in rupees (Face Value - ₹2 per share) (in ₹)	6.85	12.55

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 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 capitalization 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 capitalized, 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 past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not to be 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 utilized. 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, including the recoverability of assets based on current indicators of future economic conditions and has taken steps to improve operational and financial efficiencies. The ultimate impact of the pandemic may be different from that presently estimated and would be recognised in the financial statements, if and when material changes to economic conditions arise.

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.

37. EMPLOYEE BENEFITS DISCLOSURE

I. 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 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 in net profit in the profit or loss. The Company expects to contribute ₹1.9 crore to gratuity fund in 2021-22 (FY 2020-21- ₹3.4 crore).

Change in present value of defined benefit obligation

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Defined benefit obligation at the beginning of the year	40.90	34.78	0.42	0.35
Current service cost*	4.94	3.60	0.02	0.02
Interest cost	2.64	2.54	0.03	0.03
Benefits paid	(5.26)	(3.05)	(0.03)	(0.02)
Acquisition adjustment	-	0.53	-	-
Remeasurements				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	0.33	1.91	-	0.02
c. Due to experience adjustments	(2.21)	0.59	-	0.02
Defined benefit obligation at the end of the year	41.34	40.90	0.44	0.42

Change in fair value of plan assets

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Fair value of plan assets at the beginning of the year	41.17	34.35	-	-
Expected return on plan assets	2.64	2.51	-	-
Contribution	2.02	6.95	-	-
Benefits paid	(5.26)	(3.05)	-	-
Return on assets	3.34	(0.12)	-	-
Acquisition adjustment	-	0.53	-	-
Fair value of plan assets at the end	43.91	41.17	-	-

Components of defined benefit cost recognised in Profit or Loss

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Current service cost	4.94	3.60	0.02	0.02
Interest Cost	2.64	2.54	0.03	0.03
Expected return on plan assets	(2.64)	(2.51)	-	-
Defined benefit cost recognised in profit or loss	4.94	3.63	0.05	0.05

Components of defined benefit cost recognised in Other Comprehensive Income

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	0.33	1.91	-	0.02
c. Due to change in experience adjustments	(2.21)	0.59	-	0.02
d. (Return) on plan assets (excl. interest income)	(3.44)	0.12	-	-
Remeasurements recognised in other comprehensive income (OCI)	(5.32)	2.62	-	0.04

*Includes ₹1.40 Crores (March 31, 2020 : ₹ Nil) provided towards impact of changes in Remuneration structure.

Net liability/(assets) recognised in the balance sheet
(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Present value of defined benefit obligation	41.34	40.90	0.44	0.42
Fair value of plan assets	43.91	41.17	-	-
Net liability/(assets)	(2.57)	(0.27)	0.44	0.42

The major categories of plan assets are as follows
(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Cash and cash equivalents	1.05	0.87
Insurance Company products	35.24	30.22
Others	7.62	10.08
Total	43.91	41.17

The principal assumptions used in determining Gratuity and Additional Gratuity for the Company's plan are as shown below

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Actuarial Assumptions				
Discount rate	6.25%	6.40%	6.25%	6.40%
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% throughout	14% throughout	14% throughout	14% throughout

The present value of defined benefit obligation after change in assumptions are as under

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
Decrease in discount Rate (0.5%)	41.03	42.05	0.46	0.43
Increase in discount Rate (0.5%)	38.82	39.82	0.43	0.41
Decrease in salary Growth Rate (0.5%)	38.82	39.82	-	-
Increase in salary Growth Rate (0.5%)	41.03	42.04	-	-
Decrease in attrition Rate (1% of attrition rates)	39.98	40.92	0.43	0.41
Increase in attrition Rate (1% of attrition rates)	39.82	40.89	0.44	0.41
Decrease in Mortality Rate (10% of mortality rates)	39.90	40.91	0.44	0.42
Increase in Mortality Rate (10% of mortality rates)	39.90	40.90	0.44	0.42

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 2020-21.

The average duration of the defined benefit plan obligation at the end of the reporting year 2020-21 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, 2021. The Company's contribution to the Employee's Provident fund aggregates to ₹6.85 crores (March 31, 2020 : ₹7.18 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 Group 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 31 st March, 2021	As at 31 st March, 2020
Claims against the Company not acknowledged as debts	0.34	0.15
Sales tax matters	94.10	107.90
Excise duty matters	4.90	6.03
Service tax matters	159.00	159.00
Income tax matters	108.94	108.94
GST matters	0.07	0.07

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:

At March 31, 2021, Company had commitments (net of advances) of ₹69.01 crores (March 31, 2020 : ₹126.94 crores)

c. Financial Guarantees provided

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Corporate Guarantee given on behalf of subsidiaries and others (to the extent utilised)	100.27	132.12

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, 2021 is ₹11.84 crores (March 31, 2020 : ₹11.84 crores)

39. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Related Party Disclosure	Country of Incorporation	% of equity interest	
		As at 31 st March, 2021	As at 31 st March, 2020
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 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	-
Blue Star International FZCO	UAE	100.00	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 Incorporation	% of equity interest	
		As at 31 st March, 2021	As at 31 st March, 2020
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. Vijay Devadiga, Company Secretary
 Mr. Neeraj Basur, Group Chief Financial Officer

Non Executive and Independent Directors

Mr. Shailesh Haribhakti
 Mr. Rajiv R Lulla
 Mr. Dinesh N Vaswani
 Mr. Sam Balsara
 Mr. Anil Harish
 Ms. Rumjhum Chatterjee
 Mr. Arvind K Singhal
 Mrs. Sunaina Murthy
 Mr. Gurdeep Singh (till July 31, 2019)
 Ms. Shobana Kamineni (till May 29, 2019)

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 Pvt. Ltd.
 Madison Communications Pvt. Ltd.
 Somany Ceramics Ltd.
 IBS Fintech India Pvt. Ltd.

Transactions during the year and balances with Related Parties are as under

(₹ in crores)

Name of Related party	31 st March 2021		31 st March 2020	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		0.87		0.85
Consultancy services rendered	0.02		0.71	
Blue Star Qatar WLL		0.23		(0.40)
Sales and Services	-		0.30	
Guarantee commission	0.20		0.24	
Dividend received	2.40		2.22	
Blue Star Engineering and Electronics Ltd.		6.43		0.72
Reimbursement of expenses charged	-		0.93	
Purchase	0.01		2.77	
Sales of goods	0.06		0.11	
Shared service recovery	1.32		1.32	
Rent paid	3.29		3.29	
Finance cost	5.17		4.89	
IT services	-		1.77	
Inter corporate deposit	130.00		45.00	
Project cost	0.82		-	
Blue Star International FZCO		22.67		18.65
Sale of goods	140.92		148.95	
Reimbursement of expenses	-		0.22	
Guarantee commission	0.02		0.05	
Blue Star System and Solution LLC		1.40		-
Sale of goods	2.23		2.05	
Blue Star Oman Electromechanical Co. LLC		4.46		4.46
Enterprises in which Director is a member/director				
Sale of goods and services				
Madison Communications Pvt. Ltd.	0.07	0.01	0.10	-
Moms Outdoor Media Solutions Pvt. Ltd.	0.01	(0.01)	0.01	(0.01)
Somany Ceramics Ltd.	0.02	-	0.02	0.01
Services Received				
Moms Outdoor Media Solutions Pvt. Ltd.	0.20	0.01	7.83	0.01
Madison Communications Pvt. Ltd.	15.91	(0.71)	29.78	(1.43)
IBS Fintech India Pvt. Ltd.	0.35	-	0.53	(0.10)
Relative of Director				
Fees for Professional Services	0.11	(0.01)	0.43	(0.05)
Compensation of key managerial personnel		(6.20)		(4.18)
Short term employee benefits	11.95		12.61	
Sitting fees to Non Executive and Independent Directors	0.71		0.55	
Commission to Non Executive and Independent Directors	0.72		0.90	
Retirement benefits	0.74		0.73	
Total compensation paid to key management personnel	14.12		14.79	

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 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	31 st March 2021		31 st March 2020	
	Transactions (Utilised till date)	Balance O/S (Gross Guarantee given)	Transactions (Utilised till date)	Balance O/S (Gross Guarantee given)
Blue Star Qatar WLL	81.06	236.76	82.50	239.23
Blue Star Engineering and Electronics Ltd.	-	5.00	-	5.00
Blue Star International FZCO	19.21	74.79	49.62	77.34

Blue Star Oman Electromechanical Co. LLC - Payment of ₹19.24 crore during 31st March, 2020 made towards invocation of Corporate Guarantee.

The above transactions are in the ordinary course of business and are at arm's length.

40. SEGMENT INFORMATION

A. Primary segment reporting (by business segment)

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

- Electro-Mechanical Projects and Commercial Air-conditioning Systems include central air-conditioning projects, Electrical Contracting business, and Packaged air-conditioning businesses including manufacturing and after-sales service.
- Unitary Products include cooling appliances, cold storage products, including manufacturing and after-sales service.
- Professional Electronics and Industrial Systems include trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products, and systems. 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

I. SEGMENT REVENUE

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,973.78	2,485.56
ii. Unitary Products	1,868.30	2,300.62
iii. Professional Electronics and Industrial Systems	0.15	0.31
TOTAL SEGMENT REVENUE	3,842.23	4,786.49

II. SEGMENT RESULT

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	94.05	107.33
ii. Unitary Products	108.82	162.27
iii. Professional Electronics and Industrial Systems	0.14	(0.22)
TOTAL SEGMENT RESULT	203.01	269.38
Less: i) Finance Cost	(67.89)	(32.37)
ii) Other un-allocable Expenditure net of un-allocable Income	(36.77)	(65.31)
TOTAL PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM	98.35	171.70
Exceptional Items	-	(4.03)
PROFIT BEFORE TAXATION	98.35	167.67

III. OTHER INFORMATION

(₹ in crores)

A. SEGMENT ASSETS	As at 31st March, 2021	As at 31st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,478.33	1,558.14
ii. Unitary Products	987.08	1,001.56
iii. Professional Electronics and Industrial Systems (refer note 31)*	1.44	1.99
TOTAL SEGMENT ASSETS	2,466.85	2,561.69
Add: Un-allocable Corporate Assets	1,012.80	752.06
TOTAL ASSETS	3,479.65	3,313.75

(₹ in crores)

B. SEGMENT LIABILITIES	As at 31st March, 2021	As at 31st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,108.10	1,140.96
ii. Unitary Products	758.25	697.12
iii. Professional Electronics and Industrial Systems	1.13	1.73
TOTAL SEGMENT LIABILITIES	1,867.48	1,839.81
Add: Un-allocable corporate liabilities	693.08	624.25
TOTAL LIABILITIES	2,560.56	2,464.06

(₹ in crores)

C. NON-CURRENT ASSETS (MOVEMENT)	As at 31st March, 2021	As at 31st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	52.61	61.64
ii. Unitary Products	30.20	28.63
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	13.86	69.13
TOTAL	96.97	159.40

(₹ in crores)

D. DEPRECIATION/AMORTISATION	For the year ended 31st March, 2021	For the year ended 31st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	17.77	24.10
ii. Unitary Products	22.33	24.04
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	48.24	36.20
TOTAL	88.34	84.34

(₹ in crores)

E. NON CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended 31st March, 2021	For the year ended 31st March, 2020
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	29.80	42.84
ii. Unitary Products	0.45	3.07
iii. Professional Electronics and Industrial Systems	0.20	-
iv. Un-allocable	1.19	0.22
TOTAL	31.64	46.13

B. Secondary segment information:

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Revenue from operations for the year ended		
India	3,676.03	4,607.80
Outside India	166.20	178.69
Total	3,842.23	4,786.49

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Carrying amount of Non Current Assets		
India	458.49	534.43
Outside India	-	-
Total	458.49	534.43

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 31 st March, 2021		As at 31 st March, 2020	
	Amount in Foreign Currency (in lakhs)	₹ Crores (Notional value)	Amount in Foreign Currency (in lakhs)	₹ Crores (Notional value)
Particulars of Derivatives				
Forward cover to Purchase:				
- USD	126.56	92.53	72.73	55.03
- CNY (including commitments)	221.64	24.69	726.48	77.33
Forward cover to Sell:				
- USD	15.00	10.97	-	-

b. Derivative Instruments: Option contract outstanding as at Balance Sheet date

Foreign Currency	As at 31 st March, 2021		As at 31 st March, 2020	
	Amount in Foreign Currency (in lakhs)	₹ Crores (Notional value)	Amount in Foreign Currency (in lakhs)	₹ Crores (Notional value)
Particulars of Derivatives				
Option cover to Purchase:				
- USD	30.00	21.93	59.48	45.01
- CNY	-	-	353.73	37.65

c. Particulars of foreign currency exposure as at the Balance Sheet date

Foreign Currency	As at 31 st March, 2021		As at 31 st March, 2020	
	Amount in Foreign Currency (in lakhs)	₹ Crores (Notional value)	Amount in Foreign Currency (in lakhs)	₹ Crores (Notional value)
Bank Balances				
EUR	0.01	0.01	0.48	0.40
USD	3.59	2.63	6.62	5.01
AED	3.53	0.70	-	-
Receivables				
AED	36.72	7.31	-	-
EUR	-	-	0.62	0.51
MYR	6.86	1.21	10.10	1.77
USD	16.76	12.25	46.38	35.10
Payables				
AED	-	-	22.63	4.66
JPY	49.48	0.33	-	-
CNY	20.13	2.24	34.04	3.62
USD	65.96	48.22	108.48	82.08
EUR	1.95	1.67	2.52	2.08

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 of fair value measurement hierarchy as at 31st March, 2021

(₹ 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 6)	March 31, 2021	-	-	-	-
Assets measured at fair value:					
Investment in mutual funds (refer note 8)	March 31, 2021	279.05	-	279.05	-
Derivatives not designated as hedges (refer note 10)					
- Foreign exchange forward contracts	March 31, 2021	0.28	-	0.28	-

There have been no transfers between Level 2 and Level 3 during the period.

Quantitative disclosures of fair value measurement hierarchy as at 31st March, 2020

(₹ 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 6)	March 31, 2020	61.41	-	-	61.41
Assets measured at fair value:					
Investment in mutual funds (refer note 8)	March 31, 2020	-	-	-	-
Derivatives not designated as hedges (refer note 10)					
- Foreign exchange forward contracts	March 31, 2020	2.20	-	2.20	-

There have been no transfers between 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 - 2 :

Mutual Fund - Quoted price in the active market

Derivative Instrument - Mark to market on forward covers is based on forward exchange rates at the end of reporting period.

2. Level - 3 :

Investment Property - Based on valuation report of independent valuer.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES & 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 the USD, CNY, AED and EUR to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

(₹ in crores)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		As at 31 st March, 2021	As at 31 st March, 2020	As at 31 st March, 2021	As at 31 st March, 2020
US Dollars	+5%	(1.67)	(7.10)	(1.09)	(4.62)
	-5%	1.67	7.10	1.09	4.62
CNY	+5%	(0.11)	(5.93)	(0.07)	(3.86)
	-5%	0.11	5.93	0.07	3.86
AED	+5%	0.37	(0.23)	0.24	(0.15)
	-5%	(0.37)	0.23	(0.24)	0.15
EUR	+5%	(0.08)	(0.08)	(0.05)	(0.05)
	-5%	0.08	0.08	0.05	0.05

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, 2021	170.81	405.29	136.09	712.19
Trade receivables as of March 31, 2020	66.59	548.77	130.47	745.83

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 39.

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 31 st March, 2021		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	231.93	350.00	581.93
Trade Payables	1,455.85	-	1,455.85
Lease Liabilities	22.86	45.51	68.37
Other financial liabilities	10.46	-	10.46
Interest on borrowings	26.78	53.56	80.34
Total	1,747.88	449.07	2,196.95

(₹ in crores)

Particulars	As at 31 st March, 2020		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	449.04	41.88	490.92
Trade Payables	1,438.57	-	1,438.57
Lease Liabilities	21.42	55.88	77.30
Other financial liabilities	30.18	-	30.18
Total	1,939.21	97.76	2,036.97

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 31 st March, 2021	As at 31 st March, 2020
Borrowings	578.79	490.92
Less: Cash and cash equivalents	(296.19)	(218.18)
Net Debt	282.60	272.74
Equity	919.09	849.69
Total Capital	919.09	849.69
Capital and Net Debt	1,201.69	1,122.43
Gearing Ratio	23.52%	24.30%

45. 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
			31 st March, 2021
			Total
Assets			
Inventories	867.69	-	867.69
Trade receivables	712.19	-	712.19
Loans	18.60	-	18.60
Other financial assets	0.38	-	0.38
Other current assets	429.59	15.54	445.13
Assets held for sale	17.70	-	17.70
Liabilities			
Trade payables	1455.85	-	1455.85
Lease liabilities	22.86	-	22.86
Other financial liabilities	33.72	-	33.72
Other current liabilities	380.35	-	380.35
Provisions	37.66	-	37.66

(₹ in crores)

Particulars	Within 12 months	After 12 months	As at 31 st March, 2020 Total
Assets			
Inventories	849.65	-	849.65
Trade receivables	745.83	-	745.83
Loans	13.87	-	13.87
Other financial assets	2.30	-	2.30
Other current assets	489.42	53.69	543.11
Assets held for sale	0.08	-	0.08
Liabilities			
Trade payables	1438.57	-	1438.57
Lease liabilities	21.42	-	21.42
Other financial liabilities	30.18	-	30.18
Other current liabilities	366.03	-	366.03
Provisions	53.19	-	53.19

46. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST, EMPLOYEE BENEFIT EXPENSES, OTHER EXPENSES AND FINANCE COST VIDE NOTE 29, 30, 32 AND 33 IN RESPECT OF SPECIFIC ITEMS IS AS FOLLOWS:

(₹ in crores)

Nature of expenses	Note 29	Note 30	Note 32	Note 33	Total
Salary & wages	41.46	286.80	-	-	328.26
	(7.96)	(369.47)	-	-	(377.43)
Rent	0.70	-	33.58	-	34.28
	(0.87)	-	(47.79)	-	(48.66)
Power & fuel	1.26	-	13.68	-	14.94
	(1.87)	-	(17.47)	-	(19.34)
Insurance	2.12	-	4.14	-	6.26
	(6.06)	-	(3.16)	-	(9.22)
Travelling & Conveyance	0.54	-	13.19	-	13.73
	(0.86)	-	(41.75)	-	(42.61)
Printing & Stationery	0.44	-	1.86	-	2.30
	(0.49)	-	(3.95)	-	(4.44)
Communication Expenses	0.03	-	-	-	0.03
	(0.05)	-	-	-	(0.05)
Freight and Forwarding Charges	0.50	-	66.22	-	66.72
	(1.45)	-	(83.02)	-	(84.47)
Legal and Professional fees	6.91	-	35.46	-	42.37
	(17.76)	-	(56.62)	-	(74.38)
Bank charges	1.03	-	-	3.41	4.44
	(1.93)	-	-	(4.18)	(6.11)

Figures in brackets are for previous year

47 (a) DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Employee benefit expense	15.27	21.47
Cost of raw material and components consumed	3.52	4.66
Legal & professional fees	1.34	2.51
Depreciation	13.43	10.66
Others	3.27	6.61
Total	36.83	45.91

(b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Tangible assets		
Building sheds and road	6.77	6.95
Plant & equipment	4.06	10.79
Office equipments	0.98	0.65
Vehicles	0.12	0.39
Computers	0.26	0.35
Intangible Assets		
Technical knowhow	9.80	3.04
Software	0.28	0.40
Total	22.27	22.57

48. 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, 2021 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 31 st March 2021			For the year ended 31 st March 2020		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Commercial Air Conditioning Systems	807.38	1,166.40	1,973.78	953.57	1,531.99	2,485.56
Unitary Products	1,830.41	37.89	1,868.30	2,264.07	36.55	2,300.62
Professional Electronics and Industrial Systems	0.01	0.14	0.15	0.24	0.07	0.31
Total	2,637.80	1,204.43	3,842.23	3,217.88	1,568.61	4,786.49

2. Reconciliation of contracted price with the revenue recognised in statement of profit or loss:*(₹ in crores)*

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Sale of products at transaction price & construction and service contracts at contracted price	3,919.11	4,879.78
Reductions towards variable consideration components *	(100.00)	(108.89)
Revenue recognised in profit & loss	3,819.11	4,770.89

* 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 crore (March 31, 2020 ₹ Nil crore).
- The aggregate value of Order Book as at March 31, 2021, is ₹2,815 crore (March 31, 2020 ₹2,772 crore). Out of this, the Company expects to recognise revenue of around 67% within the next one year and the remaining thereafter.
- Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Opening balance- Contract assets (net of impairment)	378.50	332.11
Opening balance- Contract liabilities*	(116.89)	(95.25)
Revenue recognised during the year	(1,204.43)	(1,568.61)
Less: Progress billing during the year	1,147.56	1,593.36
Closing Balance	204.74	261.61
Closing balance contract assets (net of impairment)	325.24	378.50
Closing balance contract liabilities including income received in advance	(120.50)	(116.89)
*The Company has recognised revenue out of opening contract liabilities	116.89	95.25

49. LEASES**a) 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 31 st March, 2021	As at 31 st March, 2020
Right-of-use assets	43.78	54.52
Lease Liabilities		
Current	22.86	21.42
Non-current	29.36	37.72

Amounts recognised in the statement of profit and loss*(₹ in crores)*

The statement of profit or loss shows the following amounts relating to leases:	Note	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Depreciation charge of right-of-use assets	31	21.17	17.12
Interest expense (included in finance costs)	33	6.36	6.32
Expense relating to short term lease not included in lease liabilities	32	1.49	0.93
Expense relating to variable lease payments not included in lease liabilities	32	32.09	46.86

The total cash outflow for leases for the year ended March 31, 2021 was ₹59.63 crore (March 31, 2020: ₹69.97 crore).

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

(₹ in crores)

Contractual undiscounted cash flow	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Not later than 1 year	22.86	21.42
Later than 1 year and not later than 5 years	38.61	43.21
Later than 5 years	6.90	12.67
Total undiscounted lease liabilities	68.37	77.30

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.

50. 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
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai: May 06, 2021

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 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	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
3	Reporting currency	INR	QAR	AED	AED	USD
4	Exchange rate as on the last date of the relevant financial year*	NA	19.96	19.90	19.90	73.71
5	Share capital	529,25,052 Shares of ₹2/- 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)	141.23	47.72	11.40	(8.66)	(0.43)
7	Total assets	258.73	146.67	77.98	7.30	23.40
8	Total liabilities	106.91	98.53	55.50	15.34	0.12
9	Investments other than investments in subsidiary	-	-	-	-	-
10	Turnover (total income)	188.72	142.78	227.24	12.38	-
11	Profit/(loss) before taxation	37.05	6.73	12.74	(3.68)	(0.43)
12	Provision for taxation	14.05	0.61	-	-	-
13	Profit/(loss) after taxation	23.00	6.12	12.74	(3.68)	(0.43)
14	Other comprehensive income/(loss)	0.63	-	-	-	-
15	Total comprehensive income/(loss)	23.63	6.12	12.74	(3.68)	(0.43)
16	Proposed dividend	-	-	-	-	-
17	% of Shareholding	100%	49%	100%	49%#	100%**

*Closing exchange rate as on March 31, 2021 has been considered.

#Blue Star International FZCO has a management control of Blue Star Systems and Solutions LLC. So, the Company has consolidated 100% financial results.

**BSL AC&R (Singapore) Pte Ltd, a wholly owned subsidiary of Blue Star International FZCO.

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, 2021
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, 2021	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	-	15.91
6	Profit/(loss) for the year		
	i. Considered in consolidation	-	2.60
	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	-	2.60
	ii. Not considered in consolidation	-	-

refer note 41 in Consolidated Financial Statements.

** Blue Star M&E Engineering Sdn Bhd was a joint venture of Blue Star International FZCO. Effective October 16, 2020, entire shareholding held by Blue Star International FZCO was transferred to BSL AC&R (Singapore) Pte Ltd.

For and on behalf of the Board of Directors of BLUE STAR LIMITED

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai: May 06, 2021

Shareholder's 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 in respect of dematerialised shares should be intimated to concerned depository participant.

CORPORATE OFFICE

Blue Star Limited
Band Box House, 4th Floor,
254 D, Dr Annie Besant Road,
Worli, Mumbai 400 030
Tel: +91 22 6654 4000
Fax: +91 22 6654 4001
Website: www.bluestarindia.com
CIN: L28920MH1949PLC006870

COMPANY SECRETARY & COMPLIANCE OFFICER

Company Secretary & Compliance Officer
Vijay Devadiga*
Email: vijaydevadiga@bluestarindia.com
Tel: +91 22 6654 4000
**(up to June 4, 2021)*

Group Chief Financial Officer, Company Secretary & Compliance Officer
Neeraj Basur[®]
Email: neerajbasur@bluestarindia.com
Tel: +91 22 6654 4000
®(w.e.f. June 5, 2021)

REGISTRAR AND 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
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
E-mail: itsl@idbitrustee.com; response@idbitrustee.com

DEPOSITORIES

National Securities Depository Limited
Trade World, 'A' Wing, 4th Floor
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Tel: +91 22 2499 4200

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 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 above address.

BLUE STAR SHAREHOLDERS

As of March 31, 2021, the Company has 54,876 registered shareholders. The Promoters hold 38.76% of the Company's shares. 24.92% of the Company's shares are held by individual investors while Foreign Investors, Institutions, Bodies Corporate and others hold the balance shares.

STOCK EXCHANGE LISTINGS

BSE Limited
National Stock Exchange of India Ltd

GEOGRAPHICAL OUTREACH



Map not to scale



BLUE STAR

NOBODY COOLS BETTER™

GET

**30%
MORE
COOLING
WHEN NEEDED.**



**OWNED
BY VIRAT
LOVED
BY VIRAT**





BLUE STAR

BUILT ON TRUST™