



BLUE STAR



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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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 (*up to April 25, 2022*)

Anil Harish

Anita Ramachandran (*with effect from June 13, 2022*)

Arvind K Singhal

COMPANY SECRETARY & COMPLIANCE OFFICER

Rajesh Parte

REGISTERED OFFICE

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

BANKERS

The Hongkong and Shanghai
Banking Corporation Limited

ICICI Bank Ltd

Axis Bank Ltd

Standard Chartered Bank

IDBI BANK

Kotak Mahindra Bank Ltd

DBS Bank India Ltd

BNP Paribas

Bank of Baroda

HDFC Bank Ltd

Citibank N.A.

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

State Bank of India

IDFC First Bank

AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants

INTERNAL AUDITORS

Grant Thornton Bharat LLP

REGISTRAR & TRANSFER AGENT

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

CORPORATE MANAGEMENT

Vir S Advani

Vice Chairman & Managing Director

B Thiagarajan

Managing Director

Shashi Arora

President & Chief Operating Officer - Cooling & Purification Appliances Group

P Venkat Rao

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

Neeraj Basur

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

Nikhil Sohoni

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

C Haridas

Executive Vice President - Sales & Marketing, Cooling & Purification Appliances Group

Wilson Jebaraj

Executive Vice President - Electro-Mechanical Projects & Customer Service

V S Ashok

Chief Human Resources Officer

Suresh Iyer

Chief Information Officer

Devidas Kasbekar

Vice President - Manufacturing (Himachal Pradesh Plants)

Sheetal M Kulkarni

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

M Srinivas Reddy

Vice President - Commercial Refrigeration Business

Nithianand S

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

Senthil Thangam

Vice President - Commercial Air Conditioning Business

SUBSIDIARY COMPANIES

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

Bijal Shah

Chief Operating Officer - Healthcare, Blue Star Engineering & Electronics Ltd

LETTER FROM THE CHAIRMAN

SHAILESH HARIBHAKTI
Chairman of the Board



Dear Shareholders,

It is always a pleasure to connect with you!

In my previous communication I had said:

"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."

With splendid collaboration involving all the wonderful economic interests in our ecosystem, we have emerged stronger.

During the year gone by, our recovery was faster than expected. Notwithstanding the lost 2021 summer season, the Omicron wave, volatility in commodity prices, and sky-high ocean freight, we built momentum in Q3FY22 and delivered record revenue and profits in Q4FY22. I am proud of this team performance!

Our long-term vision of achieving exceptional growth in the coming years was tempered by a clearly etched blueprint for the future. Our 3-year rolling strategic plan, Blue Star@80, defined the roadmap for Blue Star for three years upto FY24. In pursuit of our strategic plan, we continued to explore new areas of growth and made investments towards strengthening our six capitals – Financial, Human, Intellectual, Relationship, Social and Natural, and Manufacturing.

'Aatmanirbhar Bharat'- driven PLI scheme has been availed of by Blue Star. Manufacturing Capex and confidence in new construction of Infrastructure, Residential and Commercial projects augur well for your Company. The highly underpenetrated AC&R market is poised to grow rapidly. The MEP market will also get a further boost.

Our medium-term goal is to grow the Company's revenue from the current ₹6,000 crores to over

₹10,000 crores. Towards this, in May 2022, Blue Star's Board approved Blue Star@81, which will provide the strategic roadmap for the period between FY23 and FY25.

The Company's manufacturing and service credentials are underpinned by its unmatched expertise and deep domain knowledge. Our significant investments in R&D and innovation are likely to pay rich dividends. We are setting up two new manufacturing plants – one in Sri City, and another at Wada, in addition to the five existing ones. This will further enhance the Company's ability to deliver globally competitive products to newer markets both in India and outside. As we expand our manufacturing facilities and build our expertise in newer areas, our focus on the Projects business will gain significant thrust propelled by our superior project management capabilities.

Our confidence in the future of the Company goes beyond our world-class products and solutions:

- We constantly build highly satisfied and delighted customers. Our aspirational and health-conscious customers in a post-pandemic era, demand more of our products. Blue Star has expanded its product offerings to encompass needs and wants at all levels and budgets. Our premium and mass premium products are designed to meet the aspirations of all segments of the market; in this, we are second to none!
- We have a mature New Product Development process in place, and our R&D engineers are highly capable. Therefore, we are confident that we will develop and deliver new products and solutions meeting regulatory standards anywhere in the world.
- We care for our people and ensure their safety and well-being while simultaneously training them and providing opportunities for growth. This enables them to be highly motivated and dedicated.

- Our investments on the digital front have resulted in greater operational efficiency and customer service standards.
- We have in place a robust risk management framework. Our corporate governance practices follow the highest standards.
- We are an organisation dedicated to sustainable growth and the environment. Blue Star's strong Environmental, Social, and Governance (ESG) focus has been consistently recognised. For the third time in a row, we were declared the winner of the prestigious 'Golden Peacock Award for Excellence in Corporate Governance' for 2021. The Company continues to embark on several initiatives toward the conservation of energy. Blue Star will announce its Net Zero roadmap in FY23.

As we reach further toward our sky-high goals, we have raised our benchmarks across all functions.

Blue Star has learned many lessons from the Pandemic:

- Strong and timely project execution
- Digitised quality-conscious operational performance
- Risk resilience to meet every contingency. Deep focus on the safety of employees and stakeholders
- New and renovated offices to meet the needs of a new hybrid working environment

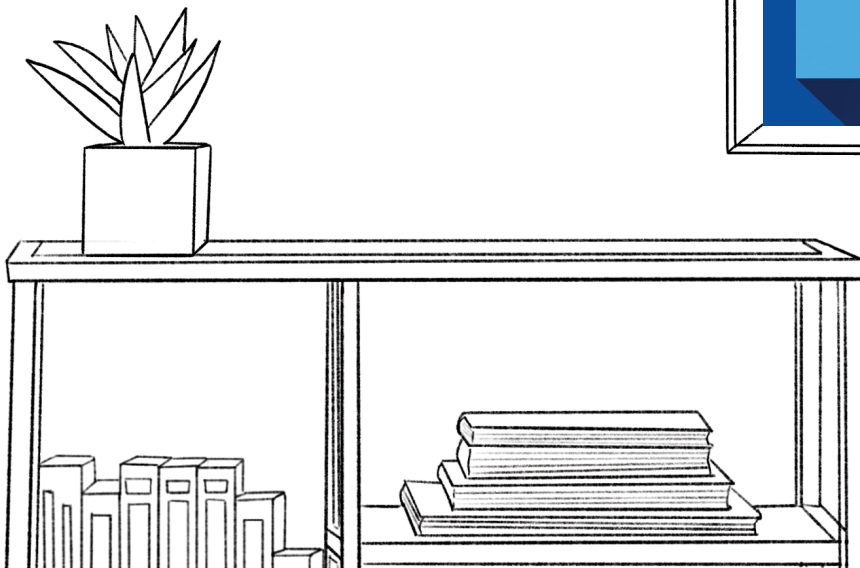
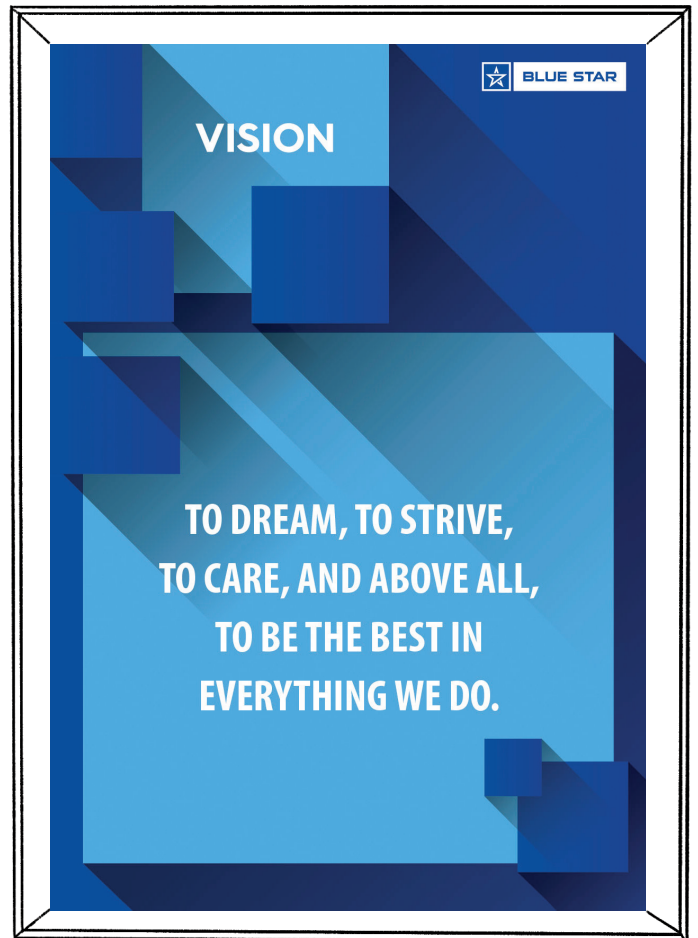
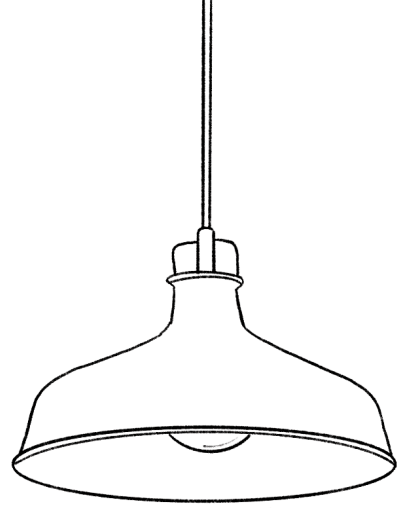
As we strengthen our focus on our core activities and adapt to the demands of a rapidly changing business world, we have every reason to believe that our goal of taking Blue Star from ₹6,000 crores to ₹10,000 crores is achievable.

Concurrently, we remain committed to society at large. Through our social endeavours, we empower the lives of the less privileged sections of society by supporting interventions related to Skill-building, Education, and Health, Hygiene, and Wellness.

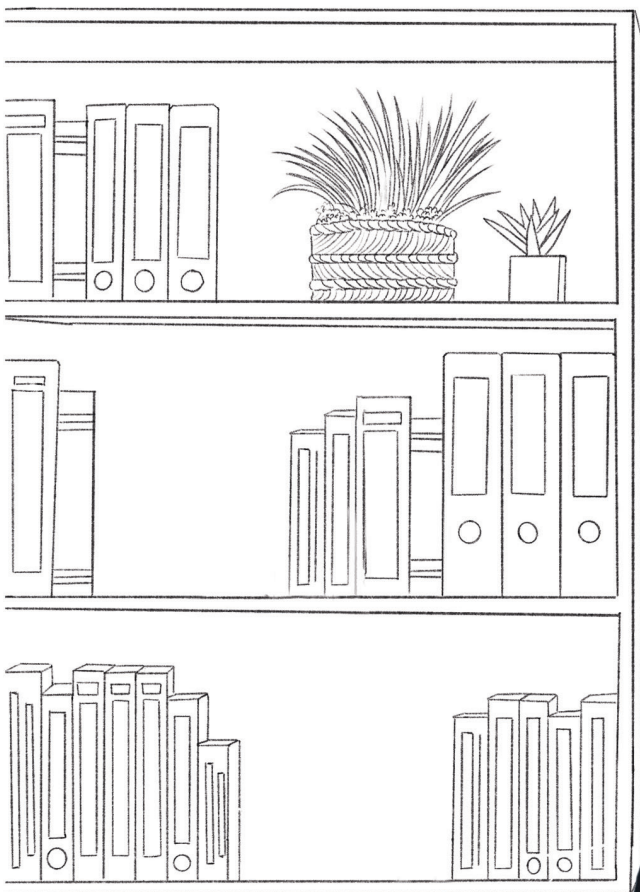
As Nelson Mandela once said: "Part of being optimistic is keeping one's head pointed towards the sun, one's feet moving forward." For over 78 years, the spirit of Blue Star can be described as one filled with perseverance and confidence as well as hope and courage. The headwinds we have faced have only strengthened our resolve to reach our goals!

Yours sincerely,

Shailesh Haribhakti

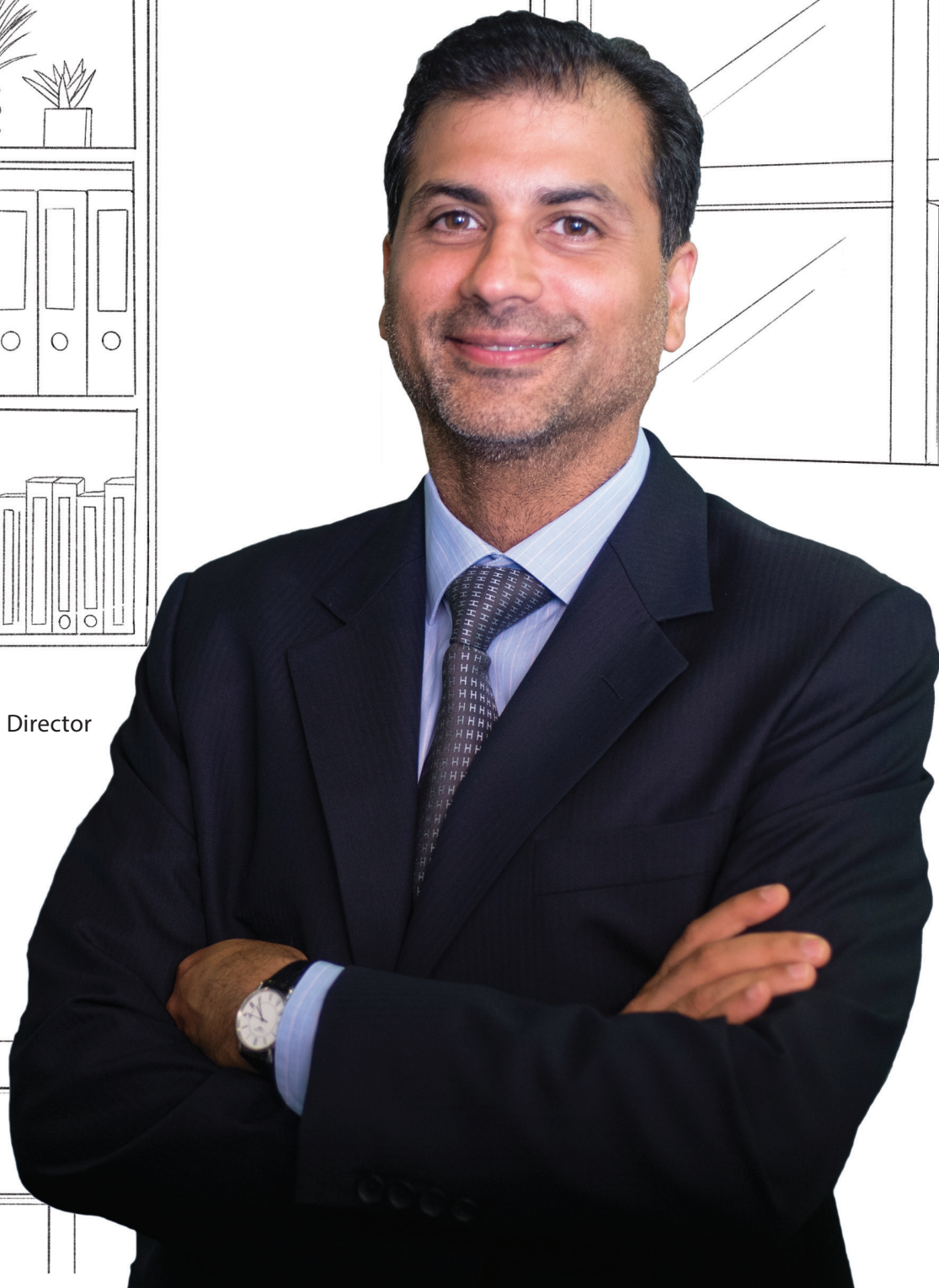


LETTER FROM THE VICE CHAIRMAN & MANAGING DIRECTOR



VIR S ADVANI

Vice Chairman & Managing Director



Dear Shareholders,

Greetings to you all!

I hope you have been safe and are taking care of yourself in this third year of the Pandemic. This is the first summer after two consecutive lost seasons that we are finally witnessing some normalcy. Though we still need to tread with caution as the Pandemic continues, the situation seems to be more under control. There are headwinds in the form of supply chain disruptions, inflation, interest rate hikes, and the depreciation of the Indian Rupee, but I remain optimistic about the prospects for Blue Star for the current financial year and the years ahead!

Consolidated Financial Performance

Our Revenue and Profit are at an all-time high, with consolidated FY22 revenue growing 41.8% to ₹6045.58 crores and Operating Profit up 44.5% to ₹346.47 crores. This is remarkable considering that the summer of 2021 was entirely lost due to the second wave and the Omicron variant caused a three-week disruption at the beginning of Q4FY22.

Performance of Business Segments

The Electro-Mechanical Projects and Commercial Air Conditioning Systems saw revenue growth of 44.0% to ₹3,194.46 crores in FY22 compared to ₹2,218.72 crores in FY21, on account of the improved pace of execution and the revival of the construction cycle. With the continued Government focus on 'Make in India' initiatives, the Company saw an inflow of orders from the Light Industrial and Factories segments. The Office Buildings segment recovered, as did the Retail and Educational Institutions segments. Healthcare and Government projects continued at a steady pace.

Despite supply chain disruptions and higher input costs, our Unitary Products revenue grew 39.4% to ₹2,603.77 crores in FY22 on the back of an early summer and pent-up demand for room air conditioners. The Ice cream, Processed Foods, Dairy, and Restaurants segments saw a revival, as did the Pharma, Healthcare,

QSRs, and Food Delivery categories. This provided a boost to the Commercial Refrigeration business.

The Professional Electronics and Industrial Systems business did well, growing by 40.1% to ₹247.35 crores in FY22, with improved demand across all three segments – Data Security, Medical Devices, and Industrial Solutions.

Against all odds, all our businesses have achieved an impressive performance. While good demand across business segments and the early onset of summer in some parts of India proved beneficial, Blue Star's performance was also a result of prudent financial and operational planning, sharp fiscal policies, and agile responses to the challenges that we faced. I am sure you will join me in congratulating all Blue Star employees and our extended organisation of vendors, dealers, and business associates for this fantastic annual performance!

Next Phase of Growth

Blue Star is now gearing up for the next phase of growth and it is important for the Company to build scale. The geo-political concerns, supply chain disruptions, rising interest rates, and volatile commodity prices are a business reality. While mitigating the short-term challenges is necessary, it is important to set and pursue medium and long-term goals.

The Company aims to grow faster than the market in its core businesses of air conditioning and commercial refrigeration. The Company is also planning to grow revenue from adjacencies such as Air Coolers, MEP services for Water Supply projects, and Railway Electrification.

While India will continue to be our home market in which we will strive to be a major market share player in all segments and categories of AC&R, the next phase of growth will see the Company becoming a more eminent player on the international front. We will consolidate our position in the Middle East, Africa, and South Asia regions with deeper market penetration and

the introduction of innovative products and solutions. We have set more ambitious goals to expand our global footprint with a strategy to enter North America and Europe as an Original Design & Manufacturing (ODM) solutions provider.

Building cost leadership will be an important enabler for the Company to address the belly of the market. Moreover, profitability improvement is a corporate priority. In order to accomplish these goals, the Company will further strengthen its R&D and innovation capabilities and deploy Total Cost Management (TCM) programme across various businesses and functions

Expanding the Manufacturing Footprint

India is fast becoming a major manufacturing hub for air conditioning and refrigeration products. With the introduction of the Production Linked Incentive (PLI) scheme, the ecosystem for air conditioning components is developing fast in the country. On the other hand, in their pursuit to secure their supply chain, European and American players are looking at reliable and capable manufacturers outside China. Many of our manufacturing facilities are nearing full capacity and to fulfil the demand in line with its growth strategy, the Company needs additional capacity. Further, for improving the profitability, certain backward integration opportunities need to be pursued. Therefore, the Company is expanding its manufacturing footprint by investing in state-of-the-art, world-class, Industry 4.0 aligned and green manufacturing facilities.

The Company's new manufacturing facility at Wada will cater to the production of its Commercial Refrigeration products and solutions, and with this, Blue Star will double its production capacity of deep freezers! Constructed on a built-up area of around 19,300 sq m, with a capex of around ₹130 crores, this facility has a modern, technologically advanced setup with the best global practices. It can produce around 2,00,000 deep freezers and 1,00,000 storage water coolers per annum.

Blue Star is also setting up a new 20-acre manufacturing facility at Sri City for room air conditioners under the

Government's PLI scheme. The Company plans to invest ₹550 crores over the next few years. The investment will be made in a phased manner and when fully built, the facility will have a capacity of producing 12 lakh units of ACs per annum. This Plant will be highly automated and will ensure that the products manufactured are globally competitive. The Company is also planning to achieve an IGBC Gold Rated Green Building certification for this Plant. The construction of the first phase will be completed by October 2022.

As Blue Star continues to grow, we take pride in the fact that the Company is fulfilling the Government's Atmanirbhar vision as a leading Indian producer of technology-led world-class air conditioning and refrigeration solutions.

Focus on R&D and Innovation

The Company continues to strengthen its R&D ecosystem, enabling it to roll out new and innovative products and solutions to suit varied customer requirements, leading to Blue Star gaining a tremendous advantage. The Company received three new patents in FY22 and has applied for approximately 44 more across product categories, as well as filed 36 new designs. The Company is also making significant investments in process innovation, to support Total Cost Management.

With our concerted efforts in the areas of manufacturing, Total Cost Management, R&D and innovation, we are all set to take the leap and achieve our next phase of growth.

Gold Standard Service

As the country's largest after-sales air conditioning and commercial refrigeration service provider, we have been providing a spectrum of world-class customer service solutions and other value-added services including remote monitoring through digital interventions. In the year gone by, we extensively expanded our service reach, and are currently serving 3900 towns. We continue to raise our benchmark on this front and leverage technology, to improve customer experience,

and extend the lifespan of the products in use.

Widely Penetrated Distribution

We have an extensive distribution network spanning the length and breadth of India including the remotest areas. During the previous year, we significantly strengthened our outreach in Tier 3, 4, and 5 towns, as well as enhanced our presence across retail formats. In addition to creating a significant physical presence for Blue Star products across its Indian and international markets, the Company has also built an impressive online footprint with investments in e-commerce.

Strengthening Brand Equity

Underpinned by its 78-year pedigree, the Company's Brand Equity is very strong. With consumers moving onto digital platforms, the Company has been very agile and has significantly increased its digital advertising and marketing initiatives. The brand awareness of our products is high, not only in Indian metros, but also in small towns in India. In our next phase of growth, we will build brand salience in the international markets that we serve.

Focus on People

We continue to invest in the safety, well-being, and skill-building of our people which has enabled us to be ready as and when newer challenges emerge.

The beginning of FY22 witnessed the second wave of the Pandemic, during which we lost some Blue Starites and their loved ones. While we continued to provide Blue Starites with the best possible support through numerous COVID care initiatives, we also strived to provide the best support to the grieving families of the deceased Blue Star employees by rolling out a welfare scheme for them. Through this scheme, the family members of deceased Blue Star employees are provided with basic support from Blue Star such as salary for the next 12 months, medical insurance for spouse and children (upto the age of 24 years) with 100% premium paid by the Company till retirement age of the deceased employee, reimbursement of tuition

fees of their children upto XII standard, and waiver of certain outstanding loans, amongst others. Besides, the scheme also includes a one-time lump sum payment to the families of the deceased contractual and temporary employees, and support staff. While these measures in no way can compensate for their loss, we hope that we have provided some relief and strength to the bereaved family members to move forward in their lives.

Now, as Blue Star gears up for the next phase of growth, our focus on capability building has also gained more importance and we are making significant investments in technical, managerial, and leadership skill-building for our people. Succession planning is also in place to ensure business continuity and growth.

Digital Infrastructure

We continue to imbibe the latest digital interventions and believe that our digital infrastructure is second to none. Going forward, we are directing a significant share of our investment towards data analytics, and prioritising projects and use cases that will support growth – in both revenue and margins.

Conclusion

I believe that the next three years will be an exciting period of profitable growth for Blue Star as we are well-positioned in terms of not only credentials and capabilities but also a committed team of competent professionals.

As Tony Hsieh, the American entrepreneur, once said, "Chase the vision, not the money. The money will end up following you." Blue Star believes in this implicitly. Ours is an organisation 'Built on Trust' and 'Built to Last,' and for close to eight decades, we have proved this time and again!

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,
Anita Ramachandran, Anil Harish, Sam Balsara*

CHAIRMEN EMERITI



ASHOK M ADVANI

Chairman Emeritus

Ashok M Advani is an MBA from the Harvard Graduate School of Business Administration, an Electrical Engineer from MIT, USA, and a BSc (Honours) from Mumbai University. His professional career with Blue Star spanned more than 47 years, including 33 years as Chairman. During this period, revenues multiplied more than 400 times and the Company established itself as a leader in the Air Conditioning and Commercial Refrigeration industry in India. He retired from the Board in November 2016.

In recognition of his long and distinguished leadership of Blue Star, he was appointed Chairman Emeritus and is an invitee at Board Meetings. He continues his association with the Company as an Advisor to the Board and the Executive Management.



SUNEEL M ADVANI

Chairman Emeritus

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

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

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

BOARD OF DIRECTORS



SHAILESH HARIBHAKTI

Chairman

Shailesh Haribhakti is a renowned Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner, and Fraud Examiner, with over five decades of experience. Mr Haribhakti is the Chairman of Shailesh Haribhakti & Associates Chartered Accountants, and the Vice Chairman of GOvEVA Consulting Pvt Ltd. He has been conferred with the Global Competent Boards Designation (GCB.D) by Competent Boards Inc, Canada.

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 IBS Fintech India Pvt Ltd, L&T Mutual Fund Trustee Ltd, Protean e-Gov Technologies Ltd, and Planet People & Profit Consulting Pvt Ltd, amongst others.

He is also a Board Member of several 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 Cynergis Infotech India Pvt Ltd, amongst others. In recent times, some prominent Boards and Board Committees led by him have been recognised with coveted awards, which speak of his penchant for excellence in the areas of corporate governance and sustainability.

A proponent of a clean and green environment, he is credited to have successfully established the concept of 'Innovate to Zero' and technology enabling CSR/ESG/Sustainability. He has been awarded the 'Vivekananda Sustainability Award – 2022' by Vivekananda Youth Connect Foundation.

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

Vice Chairman & Managing Director

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 active in the Confederation of Indian Industry (CII), where he is an elected member of the CII National Council, and the CII Western Region Council, and a member of various National Councils including those on International and Trade Policy.



B THIAGARAJAN

Managing Director

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

Mr 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 elevated to the Board in 2013. He was appointed as Joint Managing Director in 2016, and with effect from April 1, 2019, he has taken charge as Managing Director. He currently oversees Electro-Mechanical Projects and Commercial Air Conditioning Systems Business; Sales, Marketing, Supply Chain and Service Operations pertaining to the Products Business; Manufacturing and R&D; Corporate Communications; Public Relations; as well as Corporate Marketing Services.

Mr Thiagarajan plays an active role in various industry fora, and is the Past President of Refrigeration and Air Conditioning Manufacturers Association (RAMA). He is the Past Chairman of CII Western Region and CII Maharashtra State. He is currently a nominated member of the CII National Council, Senior Fellow and the National Vice Chairman of the Indian Green Building Council.



SAM BALSARA

Independent Director

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

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



ANIL HARISH

Independent Director

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

several articles which have been published in leading newspapers and professional journals.

Mr Harish joined the Board of Blue Star in November 2017. He is 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

Non-Executive Director

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

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





SUNAINA MURTHY

Non-Executive Director

Sunaina Murthy joined the Blue Star Board with effect from April 1, 2019. She holds a Bachelor's Degree in Molecular Genetics from the University of Rochester, and a Master's Degree in Biotechnology from Northwestern University. She began her career as a cancer researcher at the University of Pennsylvania, and then worked at a venture capital firm specialising in Life Sciences. Thereafter, she co-managed a USD 3 billion healthcare fund for AIM Capital Management, USA, where she made investments in publicly traded companies in the areas of Biotechnology, Medical Devices, Pharmaceuticals, Hospitals and other Healthcare Services. Since moving back to India in 2006, she has and continues to consult for the US and India based venture capital

firms who invest in the Life Sciences and Healthcare sectors, and for companies in the Life Sciences space. She has been serving on the Board of Trustees of the Blue Star Foundation since the last 8 years.

ANITA RAMACHANDRAN

Independent Director

Anita Ramachandran, a well-known HR expert in the country having over 40 years of experience as a management consultant, joined Blue Star as an Independent Director with effect from June 13, 2022.

Anita has done her Master's in Business Administration (MBA) from the Jamnalal Bajaj Institute of Management Studies, Mumbai, and has won several academic honours.

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

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

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

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





ARVIND K SINGHAL

Independent Director

Arvind K Singhal is the Founder & Chairman of Technopak Advisors, one of India's leading management consulting firms focusing on four key sectors that include Consumer Products & Retail, Textiles & Apparel, Food & 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

Non-Executive Director

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.



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

BEATING ALL ODDS

AGILE | OPTIMISTIC | DETERMINED



Integrated Report 2021-22

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

ENHANCED VALUE CREATION

SOCIAL AND NATURAL CAPITAL

~85,000 lives benefitted through CSR outreach; COVID relief initiatives undertaken; Measures taken to protect the environment such as the use of eco-friendly refrigerants



RELATIONSHIP CAPITAL

3,950 Channel Partners;
1,172 Service Associates



HUMAN CAPITAL

People strength 2,723; 9.1% female employees across levels and roles in the management cadre



INTELLECTUAL CAPITAL

R&D spend of ₹67 crores



MANUFACTURED CAPITAL

5 state-of-the-art manufacturing facilities across Himachal Pradesh, Dadra, Ahmedabad, and Wada; 2 new world-class facilities being set-up at Sri City and Wada



FINANCIAL CAPITAL

Revenue from Operations of ₹6045.58 crores, a growth of 41.8%;
Operating Profit of ₹346.47 crores, a growth of 44.5%



COMPANY OVERVIEW

BUILDING ON A 78-YEAR-OLD LEGACY

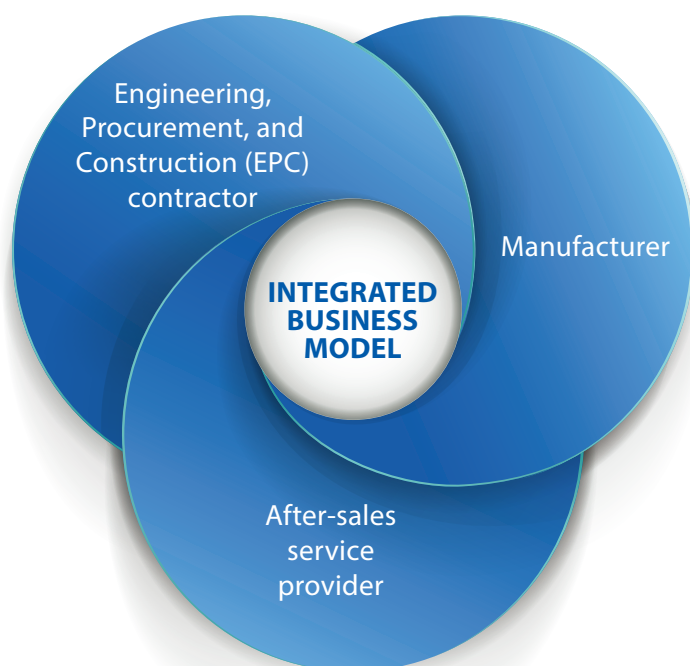
Blue Star, headquartered in Mumbai, is a leading air conditioning and commercial refrigeration Company, and a major player in the Mechanical, Electrical, Plumbing, and Fire-fighting (MEP) space. Incorporated in 1943, and built on the robust foundation of 'Trust,' 'Excellence' is what defines the Company which has grown multi-fold over the years while staying true to its roots. Well-known for its value-driven differentiated and customer-centric products and solutions, the Company continues to reimagine and reinvent itself time and again to stay relevant amidst changing customer dynamics, leading to Blue Star being 'The Preferred Brand of Choice for its Customers, Always!' Generations of Indians have grown up using not just Blue Star's AC&R product and service offerings, but also have been privy to its excellent project management services, be it HVAC&R or MEP. In fact, almost one in every three Indian businesses has a Blue Star product installed in its premises!

The Company's exemplary leadership continues to propel Blue Star to greater heights in its consistent growth trajectory, thereby enabling it to build on to its legacy.

As an expert in cooling, and as a 78-year-old brand that is 'Built on Trust' of its customers, Blue Star's air conditioners are well known for their quality, reliability, and durability, as well as the Gold Standard after-sales service. The Company continues to innovate and introduce new products and technologies, as well as service offerings to suit varied customer segments across all tiers.

Integrated business model

The Company's integrated business model of a Manufacturer; Engineering, Procurement and Construction (EPC) services provider; and an After-sales service provider; not only enables the Company to offer end-to-end solutions to its customers across Building, Industrial, and Infrastructure segments, but also facilitates delivery of these offerings in an agile manner.



Today, Blue Star has an expansive global footprint and serves many markets around the world, both in the field of HVAC&R – with a comprehensive range of air conditioning and refrigeration systems and solutions – and in the design, execution and maintenance of large and integrated Mechanical, Electrical, Plumbing (MEP) systems projects through its Electro-Mechanical Projects Group.



Experts in cooling and purification

Empowered by deep domain knowledge, technical know-how, and a talented workforce, the Company's expertise in areas of cooling and purification is unmatched. As an expert, Blue Star offers a plethora of products and solutions in these areas. Blue Star had also entered into the residential air conditioners segment in 2011, and has since then made deep inroads into this category as well, with a current market share of 13.25%.

Leaders in project management

Due to the Company's well-honed project management capabilities, Blue Star is today a leading MEP service provider with many a landmark achievement to its credit in this area. The Company is renowned for its superior project delivery, and is reputed for delivering projects ahead of schedule.

Extensive distribution network

Blue Star has an extensive network of channel partners across the country.

Excellent after-sales service

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. Through an extensive network of service partners across the country, Blue Star delivers 'Gold Standard' service to its customers. Today, Blue Star maintains one million tons of AC&R equipment, and also provides value-added support through solutions such as revamp, retrofit, duct-cleaning, and operational support to customers, leveraging technology such as remote monitoring, and mobile applications and interactive web portals to serve customers in any part of the country in the shortest possible time.

Manufacturing excellence and ingenuity

Blue Star is one of India's top manufacturers of cutting-edge cooling and purification products. A staunch believer in 'Aatmanirbhar Bharat,' Blue Star has been keenly focusing on expanding its indigenous manufacturing footprint.

A representative sketch of Blue Star's manufacturing plant in Himachal Pradesh





Blue Star has been making in India, making for the world, for over 78 years now

The Company continues to judiciously invest in strengthening its manufacturing prowess by leveraging innovation, technology, and automation including robotics, across its factories.

The Company sports world-class facilities across the country – one each in Ahmedabad, Dadra and Wada, and two in Himachal Pradesh. Two more factories, one at Sri City and one more at Wada, are further being added to augment Blue Star's manufacturing strengths and gear up for the next phase of growth.

Global footprint

Blue Star exports AC&R products and solutions to 19 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. Besides, through its joint ventures in Qatar and Malaysia, the Company also undertakes MEP projects for Residential, Commercial

and Infrastructure sectors in those markets. 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, under the aegis of Blue Star Engineering & Electronics Limited (Blue Star E&E), a wholly-owned subsidiary of the Company. Blue Star E&E is today a leading provider of advanced technology products as well as turnkey engineering solutions that cater to several industries across the country.



Blue Star's range of best-in-class product and service offerings cool, purify, and preserve the three things that life depends upon – air, food, and water.





An architectural representation of Blue Star's new Wada Plant



An architectural representation of Blue Star's new Sri City Plant

BUSINESS SEGMENTS

VARIED AND DIVERSIFIED BUSINESS SEGMENTS

Electro-Mechanical Projects and Commercial Air Conditioning Systems

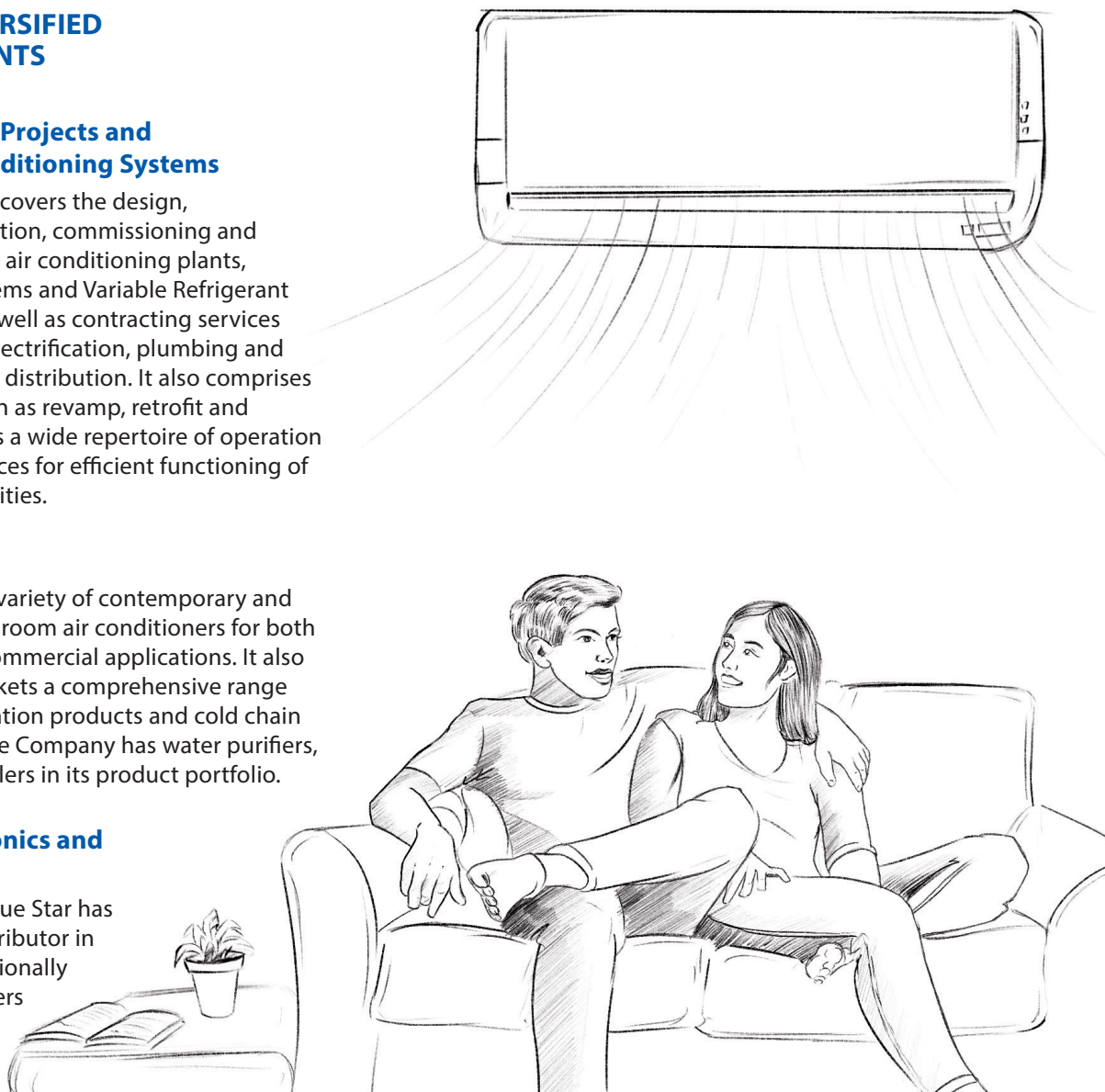
This business segment covers the design, manufacturing, installation, commissioning and maintenance of central air conditioning plants, packaged/ducted systems and Variable Refrigerant Flow (VRF) systems, as well as contracting services in mechanical works, electrification, plumbing and fire-fighting, and water distribution. It also comprises after-sales services such as revamp, retrofit and upgrades, which covers a wide repertoire of operation and maintenance services for efficient functioning of electro-mechanical utilities.

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. Besides, the Company 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



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



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. Recently, this subsidiary also set up a Medical Diagnostic Equipment Refurbishment Facility at Bhiwandi in Maharashtra to

refurbish a wide array of pre-owned medical diagnostic imaging systems, including CT (Computed Tomography) scanners, and Permanent Magnet MRI and Supercon MRI (Magnetic Resonance Imaging) machines.



Scroll chiller assembly line at the Company's Wada manufacturing facility

INDUSTRY STRUCTURES & DEVELOPMENTS

AIR CONDITIONING

The air conditioning industry was impacted during the peak season for the second year in a row, and as a result the overall market size grew modestly to ₹18,200 crores in FY22 when compared with the pre-COVID period of FY20. Of this, the market for central air conditioning, including central plants, packaged and ducted systems, and VRF systems, was around ₹2,700 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 ₹13,000 crores.

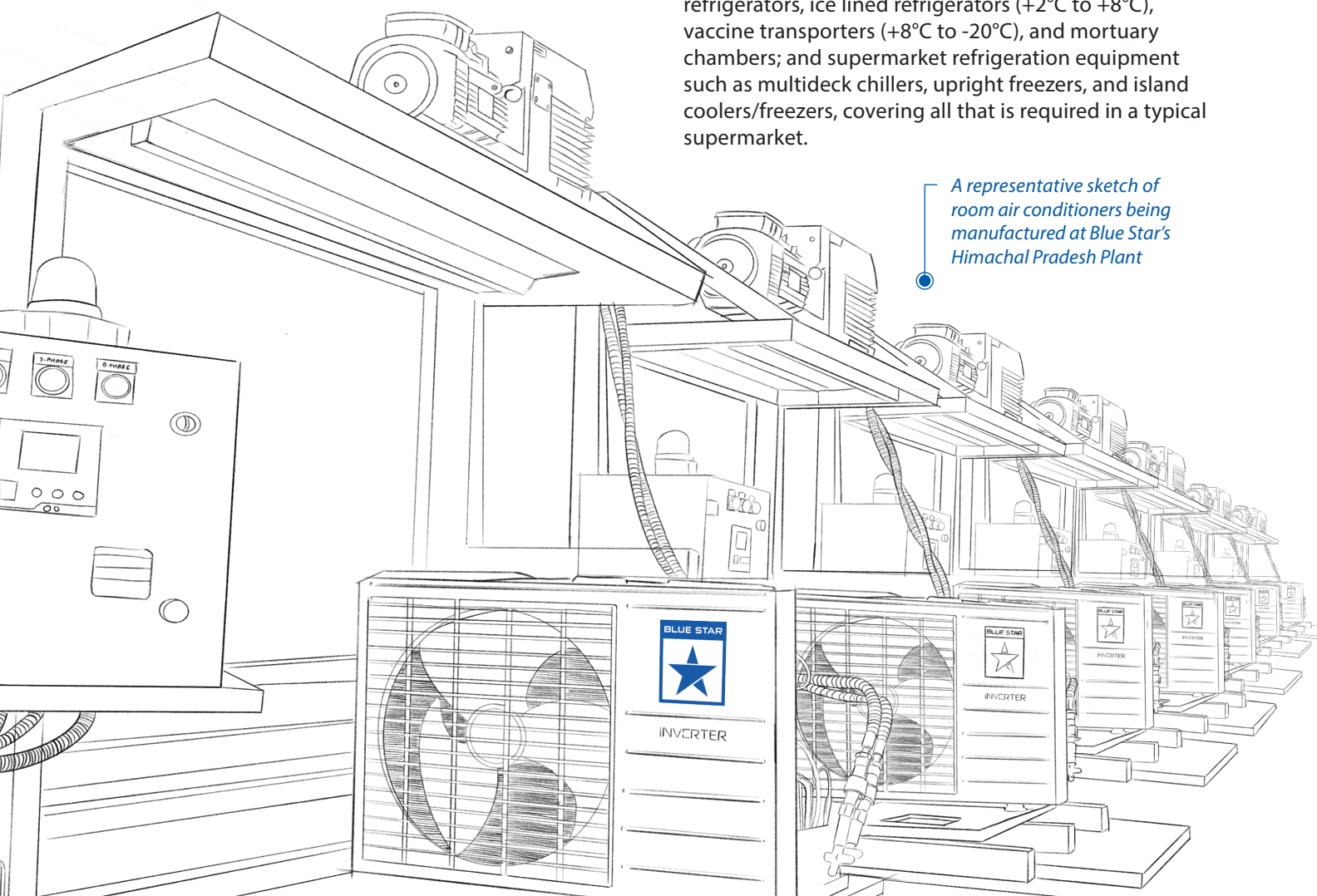
During the year, growth in central air conditioning was mainly driven by Government, and the Industrial,

Healthcare and Pharmaceutical segments, as well as revival in demand from the Builder, Retail and Education segments in the latter part of the year.

COMMERCIAL REFRIGERATION

The Company's range of commercial refrigeration products and solutions is extensive and includes deep freezers; bottle coolers; storage water coolers; bottled water dispensers; visi coolers; modular cold rooms; commercial kitchen refrigeration equipment such as reach-in coolers/freezers, under counters, saladettes, back bar chillers, blast coolers and freezers; medical refrigeration equipment such as medical freezers (upto -20°C), ultra-low temperature freezers (-86°C), pharma refrigerators (+2°C to +8°C), blood bank refrigerators, ice lined refrigerators (+2°C to +8°C), vaccine transporters (+8°C to -20°C), and mortuary chambers; and supermarket refrigeration equipment such as multideck chillers, upright freezers, and island coolers/freezers, covering all that is required in a typical supermarket.

A representative sketch of room air conditioners being manufactured at Blue Star's Himachal Pradesh Plant





Refrigeration condensing units being produced at Blue Star's Wada Plant

Recently, the Company launched its new, indigenously designed and manufactured, range of deep freezers offering optimum storage space and cooling. The new range comes with temperature controls ranging between +2°C and -24°C. Available in both hard top and glass top options, these elegant deep freezers offer optimum storage space with storage capacities ranging from 300 litres to 650 litres. In addition, these are embedded with superior technologies for highly efficient performance including even and optimum cooling from all four sides, and greater heat transfer for efficient cooling, amongst others. Besides, they come

with 10% higher insulation leading to a longer holding time in case of a power failure.

In the Commercial Refrigeration Business, increased traction was experienced across all product categories owing to the revival of demand from traditional customer segments such as Ice Cream, Processed Foods, Dairy and Restaurants, coupled with increased demand from the Pharma, Healthcare, QSR, and Food Delivery segments.



The Company is a market leader in the product categories of modular cold rooms, deep freezers and storage water coolers.

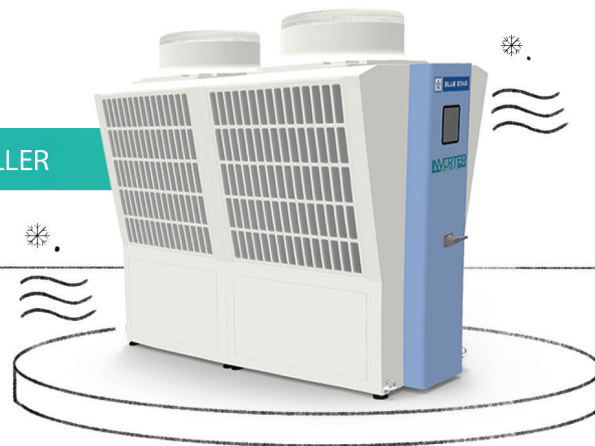


WIDE RANGE OF PRODUCTS

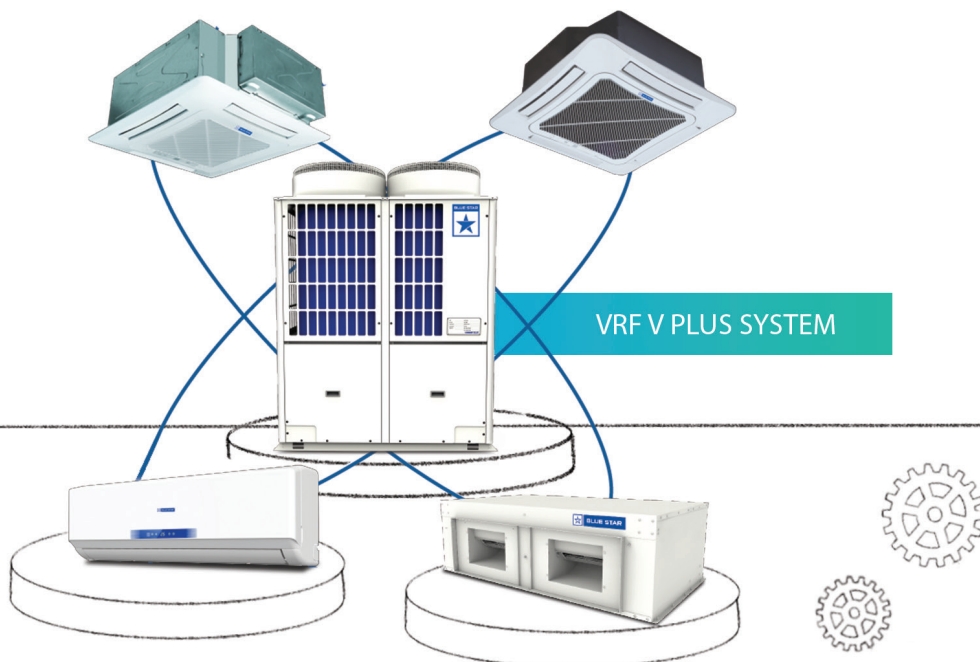




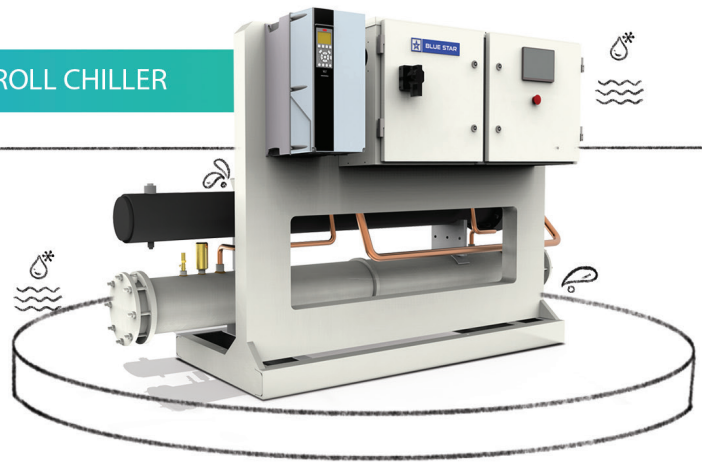
AIR COOLED INVERTER SCROLL CHILLER



VRF V PLUS SYSTEM



WATER COOLED SCROLL CHILLER



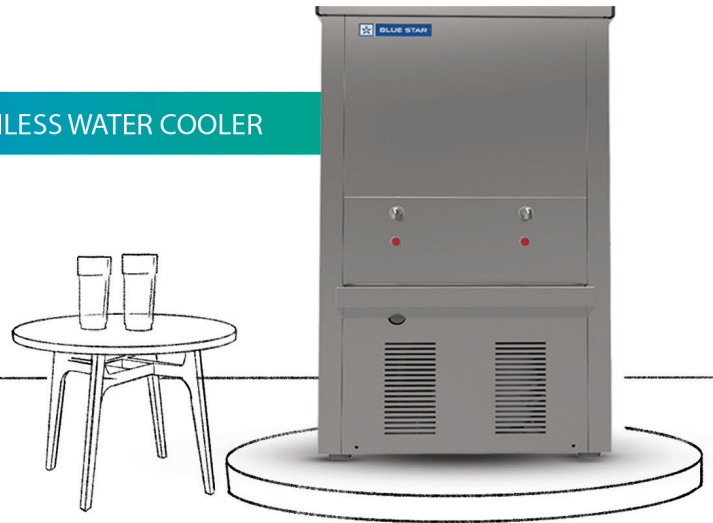
AIR COOLED VFD SCREW CHILLER



WATER COOLED VRF SYSTEM



TOUCHLESS WATER COOLER



BOTTLED WATER DISPENSER



SOFTPUSH BOTTLED WATER DISPENSER



FOUR DOOR REACH-IN CHILLER



SUPER COOLER



VISI COOLER



VACCINE TRANSPORTER



PLATINUM SERIES WATER COOLER



HARD TOP DEEP FREEZER



GLASS TOP DEEP FREEZER



MEDICAL FREEZER



ICE LINED REFRIGERATOR



COLD ROOM



SOME PRESTIGIOUS INSTALLATIONS

Client name: Sands Infra, Kochi



*Chilled Water
Circuit HVAC Plant
installed by
Blue Star towards
MEP work
contract at
Sands Infra, Kochi*



*Blue Star installed
Condenser Water
Circuit HVAC Plant
towards MEP
work contract
at Sands Infra,
Kochi*

Client name: Tata Consultancy Services (TCS), Pune



Condenser pump and piping work by Blue Star at TCS, Pune



Heat recovery units installed on the terrace of TCS, Pune, by Blue Star towards the completion of an HVAC project

Client name: CEAT, Nagpur



Ducting work done towards completion of HVAC project at CEAT, Nagpur



HVAC project at CEAT's tyre manufacturing facility at Nagpur

EXPANDING GLOBAL PRESENCE

BECOMING 'GLOBALLY LOCAL'

Blue Star exports its products to 19 countries in the Middle East, African, SAARC, and ASEAN regions.

Blue Star International FZCO, a 100% subsidiary of Blue Star Limited, 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 Company continues to tap the opportunities on the global front. The growing hospitality sector along

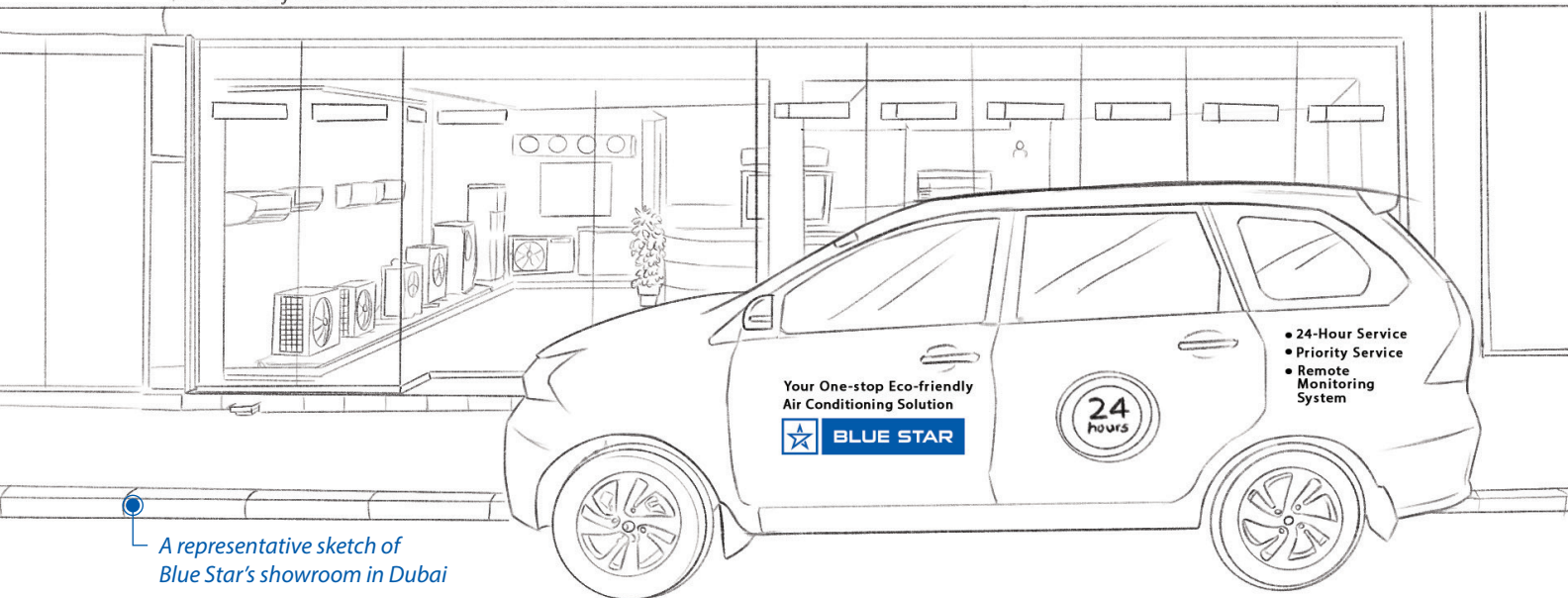
with the rise in construction activities coupled with extreme ambient weather conditions across countries in the Middle East, Africa, SAARC and ASEAN regions, offer many avenues for growth. With an increase in its product portfolio and a vigorous marketing strategy, the Blue Star brand is experiencing increasing acceptability in the global markets. The Dubai Expo 2020, which was postponed due to the Pandemic and finally took place from October 2021 to March 2022, and the T20 World Cup which took place in the region, gave a huge fillip to business prospects in the Middle East. Further, with the FIFA World Cup scheduled in Qatar in 2022, the



Blue Star Systems and Solutions (L.L.C)

بلو ستار

بلو ستار سیستمز اند سولوشن (ش.ذ.م.م)



A representative sketch of
Blue Star's showroom in Dubai



Blue Star International FZCO, a 100% subsidiary of Blue Star headquartered in the 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.



Company foresees good prospects in this region in times to come.

During the period under review, the Company successfully enhanced its Refrigeration business in the UAE and has already been serving some prestigious customer brands such as Americana and Dominos for whom the Company has installed more than 100 cold rooms. UAE's Pharmaceutical sector is being extensively catered to by Blue Star's refrigeration products and solutions. Blue Star Systems and Solutions LLC's market share in Dubai has been growing steadily.

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.

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



Cooling towers being installed by Blue Star at 'Gewan District Cooling Plant Project,' the Pearl-Doha, Qatar

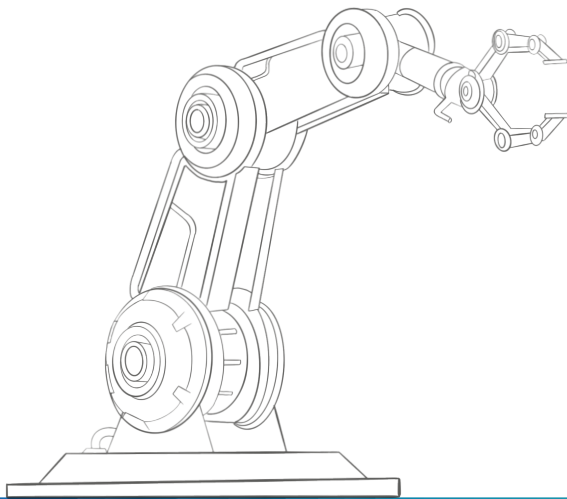
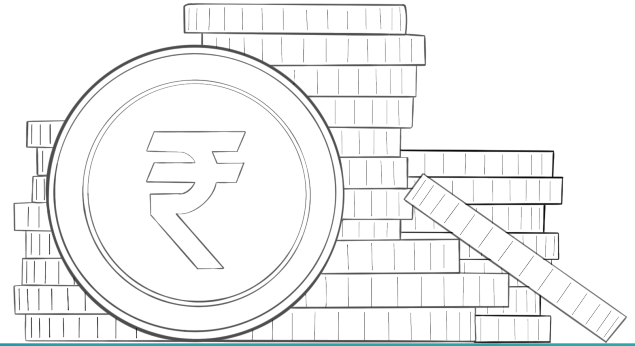


Donors participating in Blue Star's Blood Donation Campaign organised in Dubai

ENHANCED VALUE CREATION

FINANCIAL CAPITAL

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

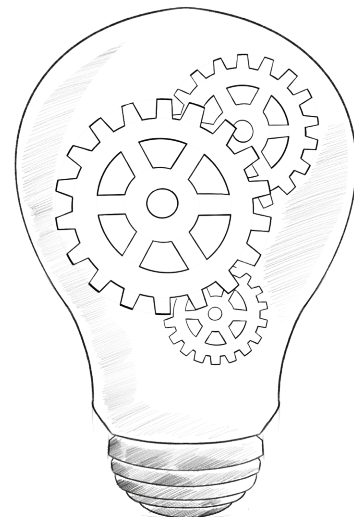


MANUFACTURED CAPITAL

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

INTELLECTUAL CAPITAL

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



HUMAN CAPITAL

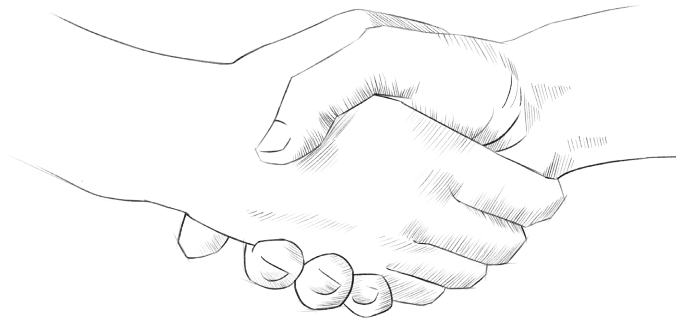
- Enhanced people-friendly engagement initiatives
- Well-being initiatives to facilitate sustained operations while managing personal health and safety during and post the successive waves of the Pandemic
- Enhanced investments in Learning & Development
- Women empowerment initiatives



RELATIONSHIP CAPITAL

Nurtured and fostered robust relationships 'Built on Trust' with all its stakeholders

- Customers
- Employees
- Suppliers
- Channel Partners
- Shareholders
- Bankers
- Debenture Holders
- Other Stakeholders



SOCIAL AND NATURAL CAPITAL

- CSR initiatives focused on Skill Development, Education, and Health, Hygiene, and Wellness
- COVID-19 emergency projects for immediate relief and response
- Concerted efforts towards sustainability; continued efforts to protect the environment
- Significant savings in energy consumption and water consumption, amongst others



FINANCIAL CAPITAL

STRONG BALANCE SHEET; HEALTHY LIQUIDITY POSITION; NET POSITIVE CASH INFLOW

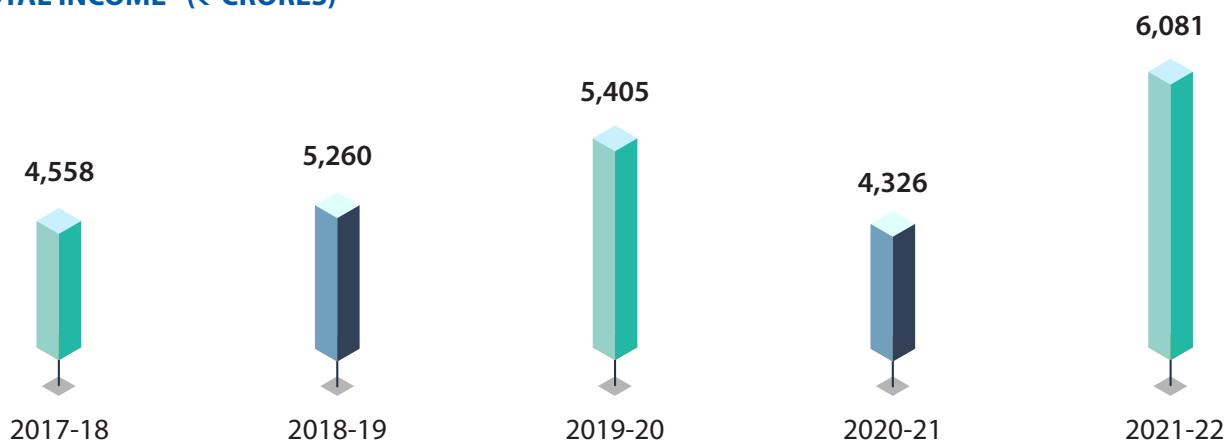
Good demand for the Company's offerings across all business segments coupled with an early onset of summer in some parts of the country in 2022, helped Blue Star register a robust revenue growth.

The momentum gained from the second quarter with the ebbing of the second wave of the Pandemic continued for the rest of the year despite a three-week

disruption caused by the Omicron variant. Against this backdrop, the Company ended the year on a high note despite losing the 2021 summer season.

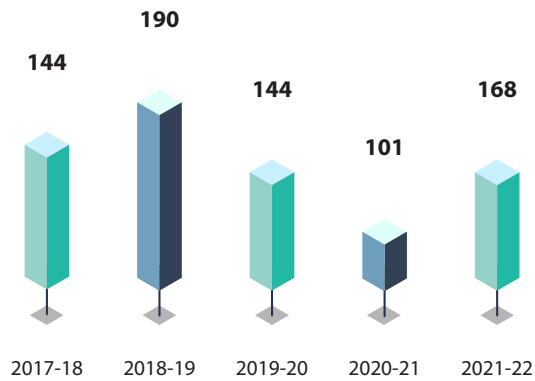
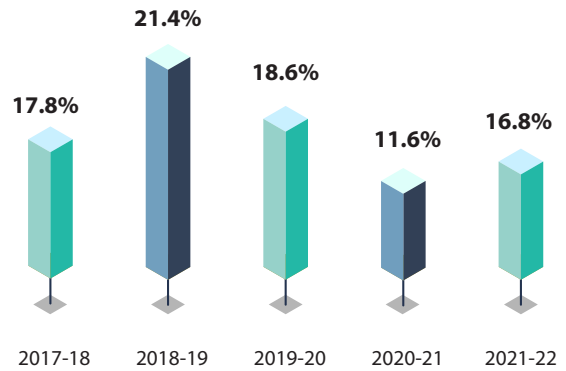
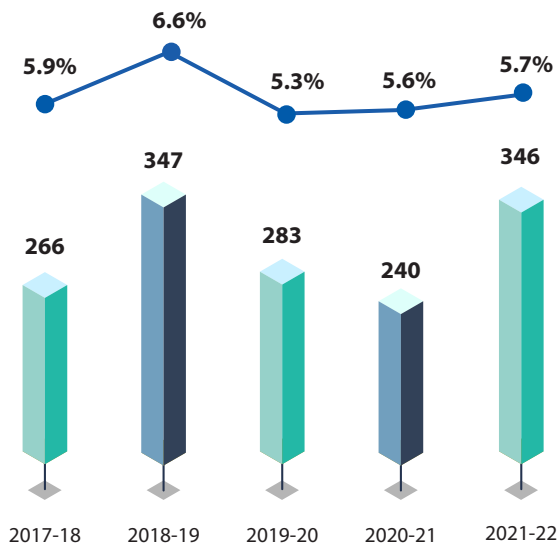
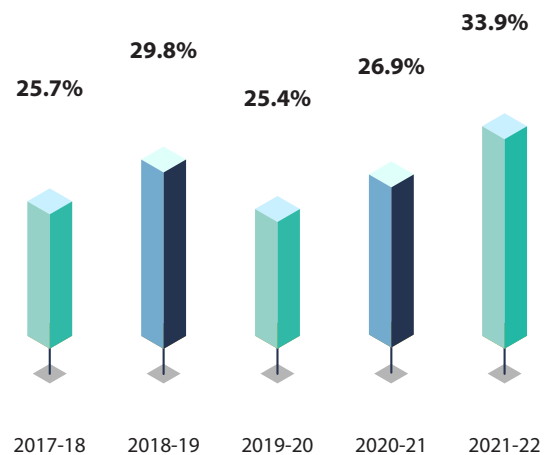
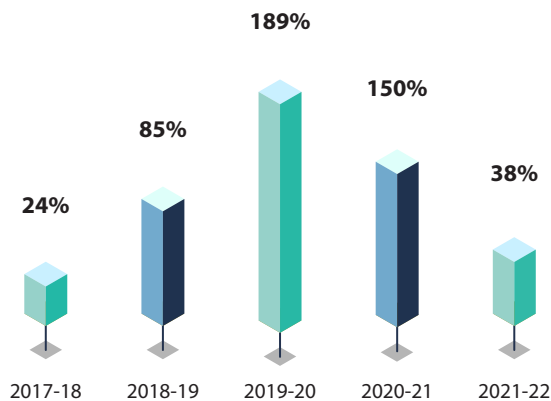
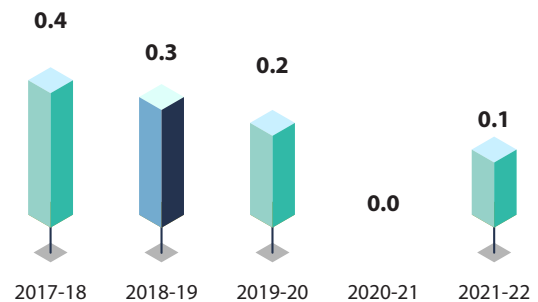
While the input cost pressure and supply chain challenges are expected to continue for sometime due to the ongoing geopolitical conflict between Russia and Ukraine, the Company has taken adequate measures to mitigate the risks. Blue Star's cost optimisation initiatives and prudent working capital management continues to help the Company to sustain growth, profitability, and a strong balance sheet.

TOTAL INCOME* (₹ CRORES)



Net borrowing as of March 2022 was ₹67.14 crores compared to a net cash balance of ₹151.45 crores as of March 2021 due to a planned advancement in inventory levels related to the procurement of long-lead raw materials and components in order to de-risk supply chain constraints, and capacity expansion capital investments in the new manufacturing projects at Sri City and Wada.



PROFIT AFTER TAX* (₹ CRORES)**RETURN ON SHAREHOLDERS' FUNDS (%)****OPERATING MARGIN (EBITDA)****RETURN ON CAPITAL EMPLOYED (%)****CASH FROM OPERATIONS AS % OF EBITDA****DEBT EQUITY RATIO**

1. The financial information is on a consolidated basis

2.* Revenue and PAT of 2018-2019 have been restated for the impact of INDAS 115

MANUFACTURED CAPITAL

SUSTAINABILITY & EXCELLENCE

Blue Star is one of the leading air conditioning and refrigeration products manufacturing companies in India. A staunch believer in 'Aatmanirbhar Bharat,' the Company continues to strengthen its manufacturing prowess by regularly embarking on initiatives which leverage and build on its existing strengths.

Blue Star has five state-of-the-art facilities, one each in Wada, Dadra, and Ahmedabad, and two in Himachal Pradesh, which are dedicated to various product lines. Further, under the aegis of its 'Manufacturing Footprint Redesign' programme that was initiated in FY17, the Company has set up a new world-class facility at its existing manufacturing plant in Wada for the manufacture of deep freezers. Another modern facility is also coming up at Sri City in Andhra Pradesh for the manufacture of room air conditioners.

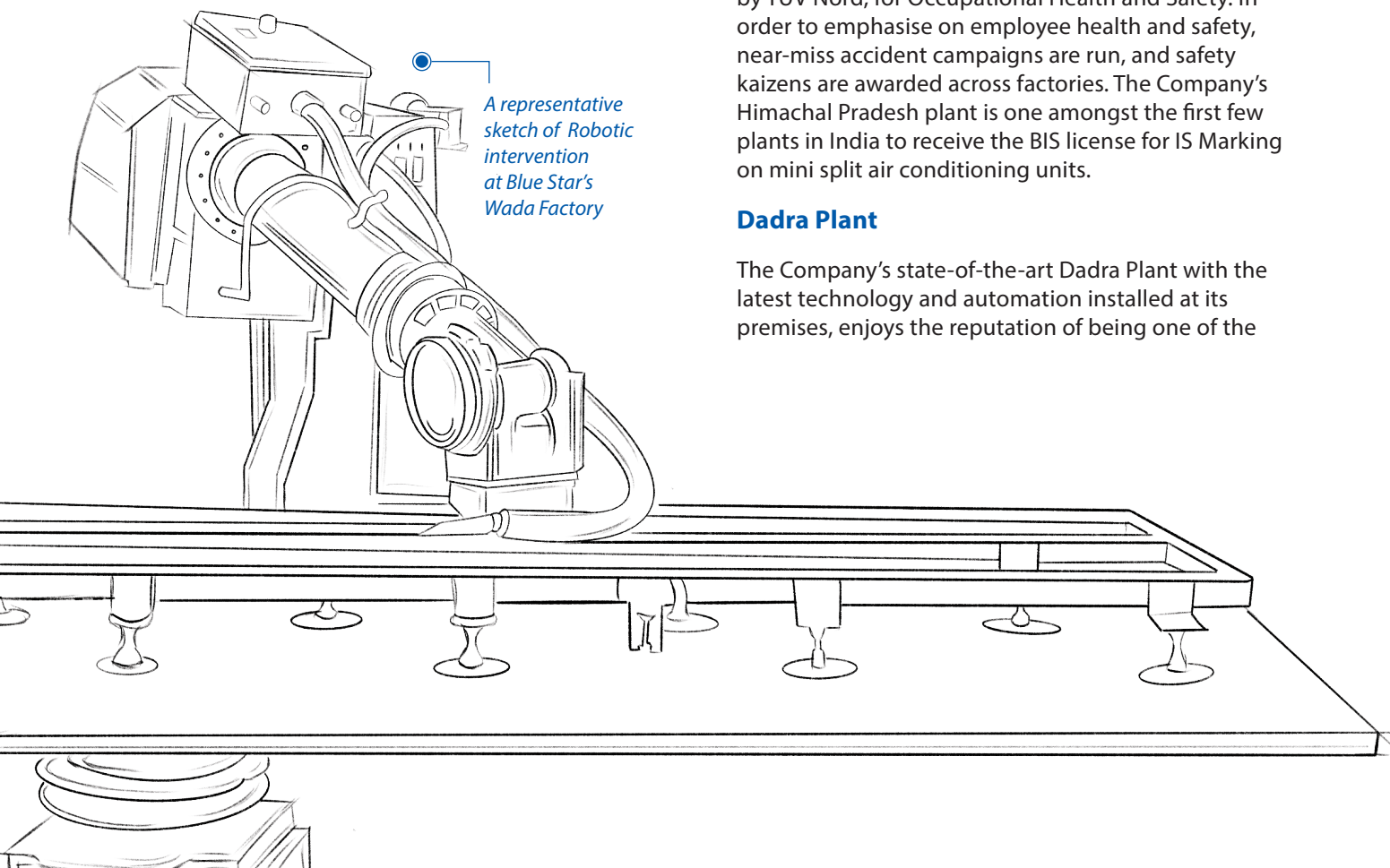
In 2016, the Company had embarked on the 'Manufacturing Excellence Programme,' which continues to lay a strong emphasis on LEAN manufacturing, technology upgradation, quality improvement, and culture building, thereby continuously enhancing its operational efficiency while producing robust, differentiated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

The Company also 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 benefits of a larger magnitude across its entire value chain while ensuring optimal capital allocation.

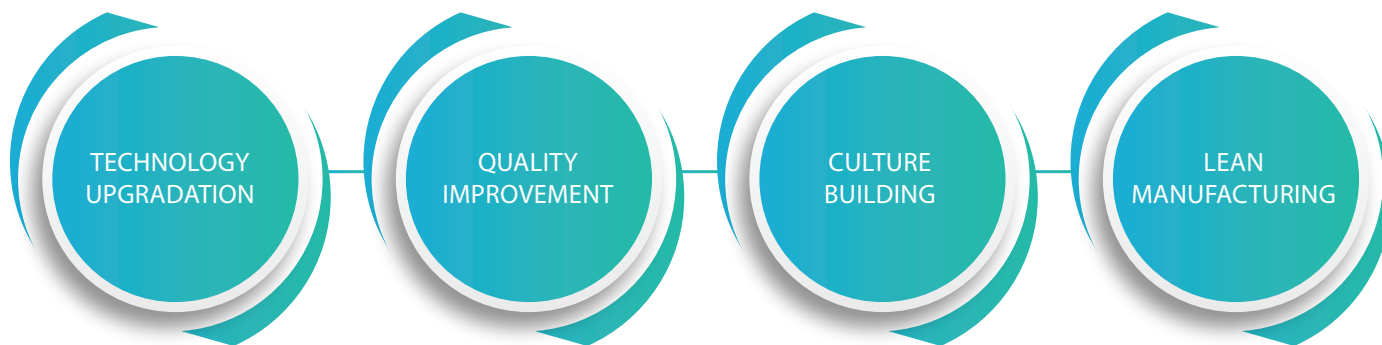
Six Sigma has been a way of life to drive process cost improvement and quality. Blue Star's manufacturing facilities are ISO 9001-2015 and ISO 45001:2018 certified by TUV Nord, for Occupational Health and Safety. In order to emphasise on employee health and safety, near-miss accident campaigns are run,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

Dadra Plant

The Company's state-of-the-art Dadra Plant with the latest technology and automation installed at its premises, enjoys the reputation of being one of the



A representative sketch of Robotic intervention at Blue Star's Wada Factory



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 well during the review period.

The Plant remains committed in its endeavours on the quality front. As the first plant in India to qualify for the IS 8148:2018 QCO certification during the year, the Plant successfully completed 10 Quality Improvement projects, of which four were pertaining to Quality Control and six were for Six Sigma. Towards ensuring the high quality of suppliers, the Plant ran a supplier excellence programme, 'Project V-QuESTS,' last year, and progressing further during FY22, selected 41 critical suppliers under this programme for overall quality enhancement, and seven vendors from the vicinity were re-evaluated and monitored. The Supplier Excellence programme has been resulting in a significant improvement in suppliers' quality and reduction of defect rates.

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

During the year, the Plant put in place many new installations such as: an Oxygen Generator to ensure a



Packaged units being manufactured at Blue Star's Dadra Plant



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





Blue Star's Dadra Plant

continual supply of industrial oxygen and reduction in the dependency on vendors; vertical storage racks in paint shops for better space utilisation; a low-pressure compressor for capacity enhancement; and an acoustic enclosure for the JDM fin press machine to reduce the decibel level in the surrounding area. Besides, beam detectors were installed across the shop floor for safety.

Numerous initiatives towards upgrading and automating of the existing systems were also undertaken.

Himachal Pradesh Plants

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

In its efforts towards enhancing efficiency and augmenting its backward integration initiative, the Plant at Kala Amb has successfully commissioned a JDM-make, fifth coil fin line for in-house manufacturing of IDU heat exchangers. The addition of this new fin line will help Blue Star enhance the Plant's peak capacity, thereby enabling the Company to reduce its dependency on OEMs. Additionally, the storage water cooler product line has now been shifted to the Company's Wada Plant, and the additional space thus created is being optimally utilised to cater to the increasing demand for multi-split air conditioners.

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



Control box testing in progress at Blue Star's Dadra Plant



Deep tray welding work-in-progress at Blue Star's Dadra Plant



Manufacturing of ducted outdoor unit at Blue Star's Dadra Plant



Reverse Osmosis (RO) Water Treatment Plant at Blue Star's Dadra manufacturing facility



Blue Star's Himachal Pradesh Plant

An Oxygen Generator to ensure a continual supply of industrial oxygen and to reduce the dependency on vendors, was also installed at the HP Plants.

Wada Plant

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.

During the year, the Plant initiated some major infrastructure development projects including 18,000 sq m of roof replacement; redevelopment of existing internal road of 12,000 sq m; and installation of an oxygen generation plant for captive consumption; amongst others.

The Plant also installed its fourth Turret Punching machine from Amada, Japan, in its fabrication department, for undertaking punching operations on the sheet metal used in the assembly of condensing



Vertical Expander installed at Blue Star's Himachal Pradesh Plant



Helium leak detection machine installed at Blue Star's Himachal Pradesh Plant



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



Water filtration plant at Blue Star's Himachal Pradesh manufacturing facility



A Hidaka-make Fin Press - 7mm installed at Blue Star's Himachal Pradesh Plant

units and chillers. This machine, which is faster and has superior features compared to existing machines, has a capacity of 200kN with a total of 45 stations and is capable of handling sheet sizes of up to 2.5 meters x 1.2 meters with a thickness of up to 3.2mm. The installation of this machine has resulted in an improvement in tool life monitoring through bar code application and has increased the productivity of the fabrication department.

Ahmedabad Plant

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

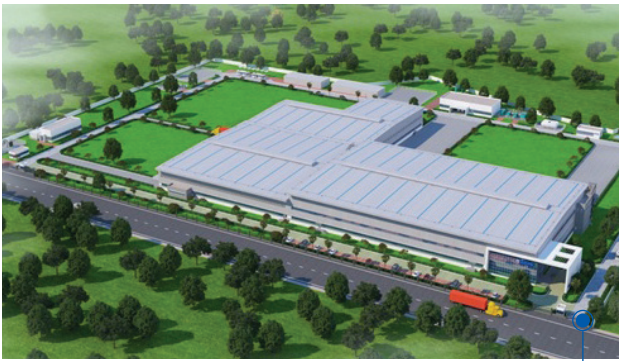
The Upcoming Wada and Sri City Plants

The Company is in the process of setting up a two new

state-of-the-art Plants, one at Wada in Maharashtra, and another at Sri City in Andhra Pradesh.

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

The new 20-acre manufacturing facility at Sri City will have the capability to manufacture 12 lakh units of air conditioners per annum. The Company plans to invest ₹550 crores over the next few years in a phased manner, on this facility.



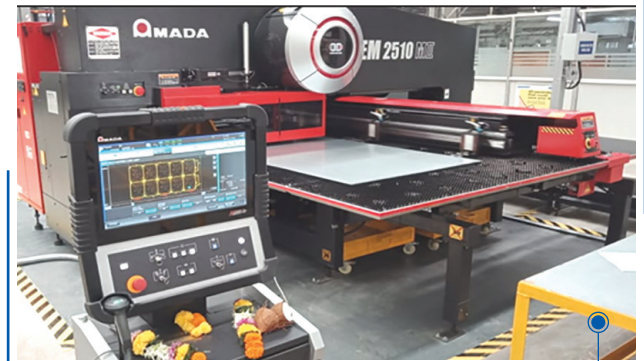
An architectural representation of an aerial view of Blue Star's Sri City Plant



An architectural representation of the new Wada Plant



Powder Coating Plant at Blue Star's Wada manufacturing facility



Fourth Turret Punching machine from Amada, Japan, installed at Blue Star's Wada Plant

The Sri City Plant is not only closer to the markets in the Southern Region, but also to the Krishnapatnam and Ennore ports. This will help Blue Star to significantly save on logistics costs.

INTELLECTUAL CAPITAL

'Reinventing' time and again to stay relevant amidst changing business dynamics has always been one of Blue Star's core strengths. The Company's Research & Development arm, through its strong and continuous focus on new and emerging technologies, and innovation, has been playing a crucial role in this endeavour. Blue Star's thrust on strengthening its R&D ecosystem has been one of the enablers for its sustenance and growth over the years.

With over 130 employees, backed by new-age infrastructure including performance test labs, reliability testing facilities, electronics lab, design studio, and highend workstations for CAD and analysis, amongst others, Blue Star houses one of the best R&D centres in the Indian HVAC industry today!

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 best-in-class and continue to cater to the evolving requirements of its customers. Blue Star has always been a frontrunner in areas related to energy-efficiency, sustainability and climate change, and has been one of the pioneers in bringing many emerging technologies to India.

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

NEW PRODUCTS LAUNCHED DURING THE YEAR

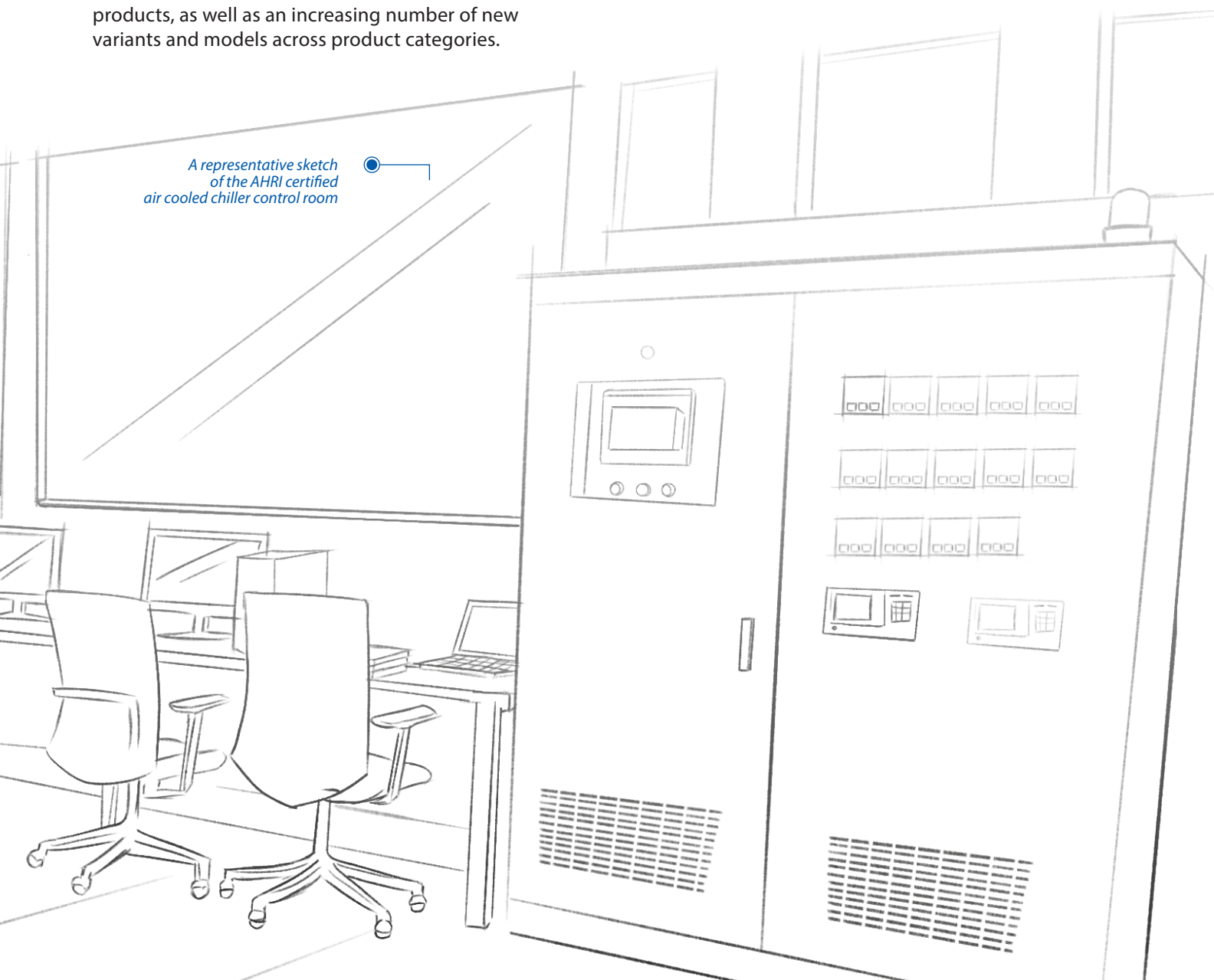
ROOM ACs:

Range of split ACs at highly affordable prices

Blue Star launched a range of best-in-class split ACs at highly affordable prices, which are capable of delivering the same high quality, reliability, and durability, that all products from Blue Star are known for. The range comprises 3-star, 4-star, and 5-star inverter split air conditioners that are available at attractive prices. The ACs are available in various cooling capacities ranging from 0.8TR to 2TR.

The range is embedded with various customer-friendly features and specifications such as 'Turbo Cool' for fast

*A representative sketch
of the AHRI certified
air cooled chiller control room*



cooling; 'Fix & Lock' for convertible 5-in-1 cooling; 'Nano Blue Protect Technology' and Hydrophilic 'Blue Fin' coating, for both IDUs and ODUs, to prevent coil corrosion and leakage, and for longer life, respectively; 'Eco-Mode' for energy-saving; 'Comfort Sleep' function that auto-adjusts the AC temperature during night time for better comfort of occupants as well as for power saving; 4-way swing for uniformity; and 'Self-Diagnosis' for easy troubleshooting. Besides, these ACs have a metal enclosure for their PCBs to ensure additional safety.

Another important aspect of Blue Star's inverter ACs is that they have a wide operating voltage range, thus

eliminating the need for an external voltage stabiliser. While this results in saving the cost of the stabiliser, it also does away with the need for space to mount one beside the AC. The entire inverter range uses R-32 eco-friendly refrigerant.

Heavy-duty ACs

The Company has made available a range of top-of-the-line heavy-duty ACs that are extremely powerful, and can deliver 100% cooling beyond 43°C for up to 55°C. Available in the 1.7TR capacity and expandable up to 2TR, these 3-star ACs with an ISEER of 3.99, the highest in the category, are apt for Northern



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



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



AHRI certification of the new air cooled chiller lab at Wada



AHRI certification of the new water cooled chiller lab at Wada



India, and some parts of Western and Southern India, where summers are extreme and require very powerful cooling.

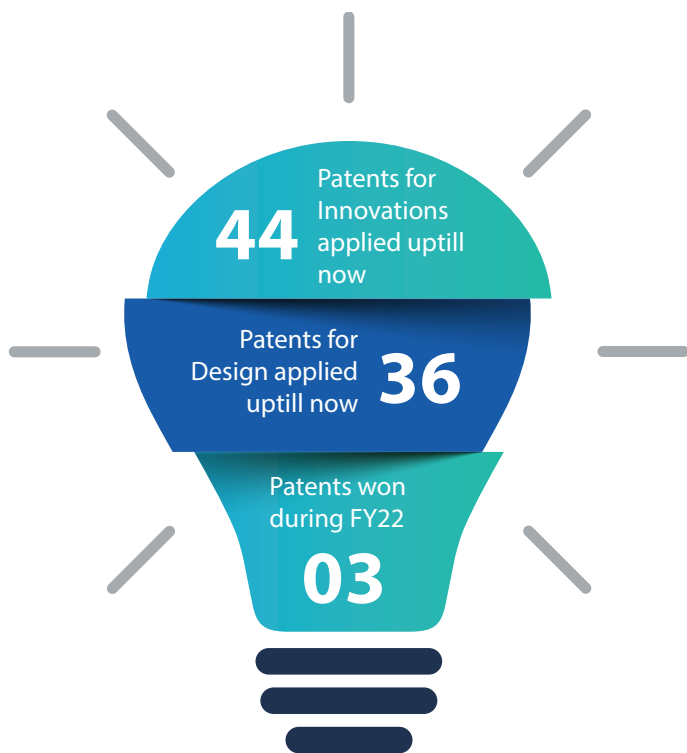
Super energy-efficient ACs

The Company offers super energy-efficient 5-star inverter split ACs with an ISEER of 5.41, which are 55%

more energy-efficient compared to 3-star inverter split ACs. These are apt for applications where the AC usage is very high, especially with the emerging trend of working from home.

Future-ready ACs

Most models in the 3-star inverter range of Blue Star are



future-ready which means that they already meet the new energy-efficiency norms of the Bureau of Energy Efficiency that will come into effect from July 2022. This ensures that these are 10% more energy-efficient as compared to the current 3-star norms, maximising power savings for consumers.

Smart ACs

Blue Star offers a range of Smart ACs with WiFi connect and Voice Command Technology, which can be integrated with other smart devices such as Amazon Alexa and Google Home. A simple voice command, like "Alexa, Switch on the AC" can turn the air conditioner on without any use of the remote or smart phones. These ACs are embedded with smart personalisation and controls such as: a Scheduler to schedule your preferred times of operation; the ability to control your AC from anywhere, from your office or any remote location; 'over the air updates' to always remain in sync with the latest

software improvements; seamless integration of service to provide efficient cooling using self-diagnostics and alerts; and smart budget management; amongst others. Further, all Blue Star inverter ACs are Smart Ready and can be upgraded to becoming Smart ACs by the addition of a separate smart module.

COMMERCIAL AIR CONDITIONING:

- Inverter ducted heat pump systems were rolled out to provide energy-efficient heating and cooling solutions with a special focus on the North Indian market. This cost-effective alternative to VRF systems is aimed at enhancing the Company's market share in the commercial air conditioning segment.
- The inverter ducted systems portfolio was also enhanced with the introduction of a 1.5TR to 3TR range of ceiling concealed split systems. The indoor units for these systems have been specially designed to be low-noise to suit residential and hotel applications.
- A new range of mini VRF systems with up to 6HP capacity was launched to cater to premium residential locations. The new range includes a wide range of indoor units such as high wall, cassette, ceiling concealed and ducted units, to suit the interior design.
- A new range of air cooled and water cooled scroll chillers was launched to meet the Star Labelling program of Bureau of Energy Efficiency. Blue Star is the first company in India to offer its extensive range of scroll chillers with AHRI certification.

COMMERCIAL REFRIGERATION:

New range of deep freezers offering optimum storage space and cooling

The new indigenously designed and manufactured range of deep freezers comes with temperature controls



During FY22, Blue Star added three more patents to its robust pipeline of patents. Besides, the Company has applied for around 44 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.



ranging between +2°C and -24°C. Available in both, hard top and glass top options, these elegant deep freezers offer optimum storage space and come in capacities ranging from 300 litres to 650 litres.

In addition, these freezers are embedded with superior technologies for highly efficient performance including even and optimum cooling from all four sides, and greater heat transfer for efficient cooling, amongst others.

They also come with 10% higher insulation leading to a longer holding time in case of a power failure.

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 – with a 712TR capacity to test water cooled units and a 200TR capacity to test air cooled units – were established at the Company's R&D centre in Wada.

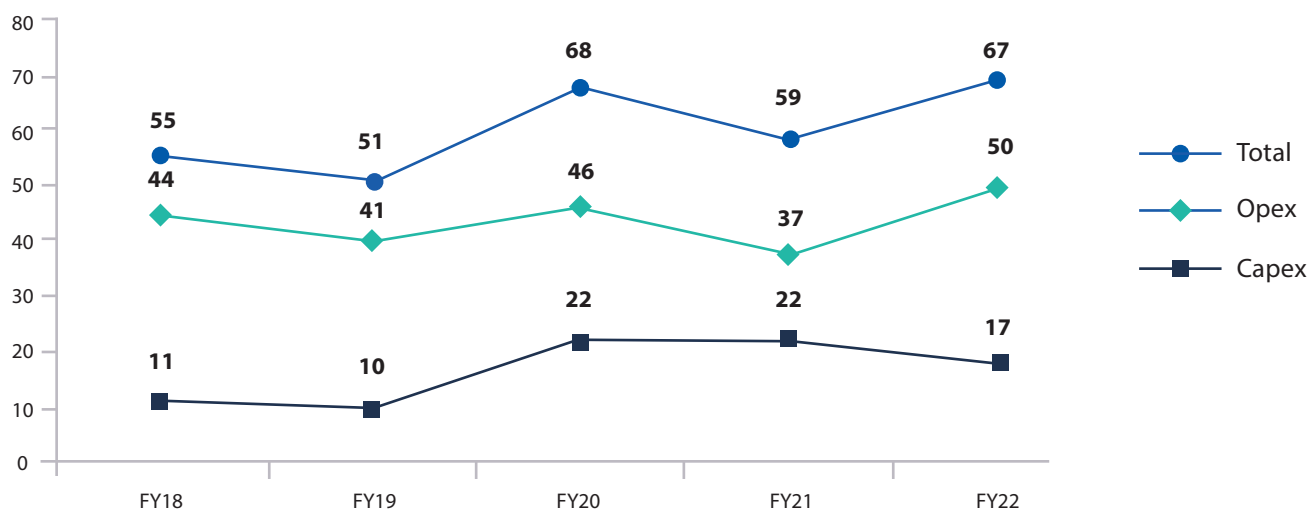


A glimpse of the AHRI certified air cooled chiller test lab

Besides, the Product Lifecycle Management (PLM) system was further enhanced for seamless integration of the New Product Development (NPD) process with the ERP.

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

R&D INVESTMENTS



HUMAN CAPITAL

Blue Star has always believed in the concept of 'Shared Growth' where business growth goes hand in hand with employee well-being and growth, which therefore have always been at the centre of all the activities undertaken at the Company. The Company fosters an environment conducive for the growth of its employees by making dedicated investments in numerous employee-driven engagements as well as embracing people-friendly HR practices and initiatives, which are upgraded from time to time to suit the needs of its employees.

In 2019, Blue Star had partnered with 'Great Place

to Work' and participated in the Great Place to Work Employee Engagement Survey to create and sustain a great workplace by getting feedback, insights and recommendations from its employees. At the time the Company received a high response rate of 93% as against 91% received in the earlier edition in 2016. The Company also notched a big jump in the Trust Index Grand Mean score to 75, up from 69 in 2016, and with this was 'Great Place to Work Certified.' Further, based on the results, the Company had identified the following six pillars – Strategic Focus Areas (SFAs) – for action, each of which continue to be worked upon.



Communication



Fairness &
Transparency
in PMS



Gender
Diversity



Learning &
Development



Respect and
Appreciation



Work-life
Balance



'We Care,' a signature HR programme of the Company, has continued to grow deep roots in the organisation, with the strengthening of the top-down and bottom-up channels of communication.

The Company's performance review system has been augmented with robust processes for Individual development plans that will be monitored periodically in a joint manner by the employee and his/her reporting manager.

A Diversity, Equity & Inclusion (DEI) policy was rolled out in line with the Company's commitment to foster, cultivate and preserve a culture of equal opportunities in a conducive and inclusive work environment.

'iLead,' a People Managers' Development Program, was piloted with a select set of managers in the Projects team and, with its measurable impact, will be implemented in other businesses.

'Project Orion' was a highlight of the year which entailed competency assessment of close to 50 senior managers through the combined tools of 360-degree feedback and Behavioural Event Interviews (BEI).

'Step Up' was embarked upon as a development journey for senior managers in HR, Admin and EHS, with a systematic approach to identifying strengths and challenging avenues in individuals with robust, customised programmes crafted for these professionals.

Various awards have also been instituted both at the organisational and divisional levels to recognise them and has gained good traction amongst employees, leading to motivation and a sense of achievement in many Blue Starites. Work-life balance has gained much prominence in the hybrid work environment as a growing need, and managers as well as employees are being sensitised towards this significant, ongoing goal while ensuring business continuity.

Many other business-centred human capital projects catering to the dynamic needs of employees, such as: the identification of high potential employees and mapping their growth paths; enhanced employee connect with professionals at project and service sites; attracting and retaining talent with differentiated compensation structure aligned to the respective markets; employee collaboration initiatives; and innovations for cost savings and



Blue Star's new office at Thane, the 'Blue Star Innovation Centre'

strategic projects; were also undertaken during the year under review.

Blue Star recently inaugurated a new contemporary office at Thane, the 'Blue Star Innovation Centre.' This office, which is intelligently designed, inclusive, and supportive for a collaborative and productive work environment, is a ground plus 5 storey office with a carpet area of 58,500 sq ft. It houses the Company's R&D laboratories and divisional teams of Room ACs, Commercial Air Conditioning, Commercial Refrigeration, R&D, Service, Finance, IT, Corporate Quality & Procurement, and Supply Chain.

The state-of-the-art office offers all the modern office amenities and is conducive for meeting the futuristic workplace requirements of all the employees tagged as working from establishment, site, and field. The building is under consideration for Green Building certification by the IGBC.

Highlights of this modern infrastructure include flexi seating, break-out areas, telephone booths, relax room

for women employees, and conference rooms & meeting rooms, amongst others. The facility also boasts of an external video wall of 42 x 10 ft installed on the exterior of the building, which is the first-of-its-kind in the vicinity, Blue Star's ads can be showcased on this platform.

SAFETY

As Blue Star believes in promoting and encouraging the holistic well-being of Blue Starites, the Company continues to remain committed to providing a safe ecosystem for its employees. 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. Blue Star is developing its systems as per ISO 14001 and ISO 45001 across all its manufacturing plants and project sites.

The Company has been successful in fostering a 'Safety First' culture within the organisation. During the year, Environment, Health & Safety (EHS) activities continued



The reception area of the 'Blue Star Innovation Centre,' Thane



Women's Day celebrations being undertaken as a part of employee engagement at Blue Star's Thane Office



Christmas celebrations being undertaken as a part of employee engagement at the Himachal Pradesh Plant



A training for employees in progress



Employees gathered at a project site

with great dedication and enthusiasm with an intent to reinforce 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.

During the year, the Company rolled out its new 'Environment, Health & Safety (EHS)' policy applicable to all group companies of Blue Star. Blue Star also implemented several controls to strengthen safety mechanisms across a maximum number of its processes.

During FY22, behaviour-based safety programmes were also conducted aimed at developing ownership towards safety. Digital training programmes on evacuation and 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, and digital interactions. The Company also organised subject-specific training sessions. Overall, more than 1,500 safety audits were conducted across the Company's project sites, service sites and manufacturing facilities.

Training programmes on safety management were conducted covering around 42,980 training man-days during the year.

Blue Star has also been implementing several initiatives to ensure the safety and well-being of its employees across locations and project sites, amidst as well as post the numerous waves of the Pandemic, such as 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



COVID testing being undertaken on a regular basis for all Blue Star employees across locations

formed a part of the routine at major establishments. Deep fumigation and disinfection of office premises are being performed as and when required. Apart from employees, PPEs are being provided also 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.

RELATIONSHIP CAPITAL

'Relationship' is the bedrock on which Blue Star's business stands, and the Company stands tall today on the foundation of 'Trust' that is reposed in the Company by all its stakeholders. It is the trust that the Company

Through its differentiated products and services, the Company not only endeavours to satisfy its customers but also aspires to delight them. The success of this thrust is seen in the significant improvement in its



values immensely, and does everything to continue to cherish, build, foster and enrich so as to continue to enjoy strong trust-based relationships with all its external stakeholders such as customers, suppliers, channel partners, shareholders and bankers.

CUSTOMER FOCUS

Blue Star's primary focus is on serving its customers' needs, with a commitment to providing a world-class customer experience.

customer satisfaction levels as well as increased brand loyalty across categories.

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



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



Value creation through after-sales support

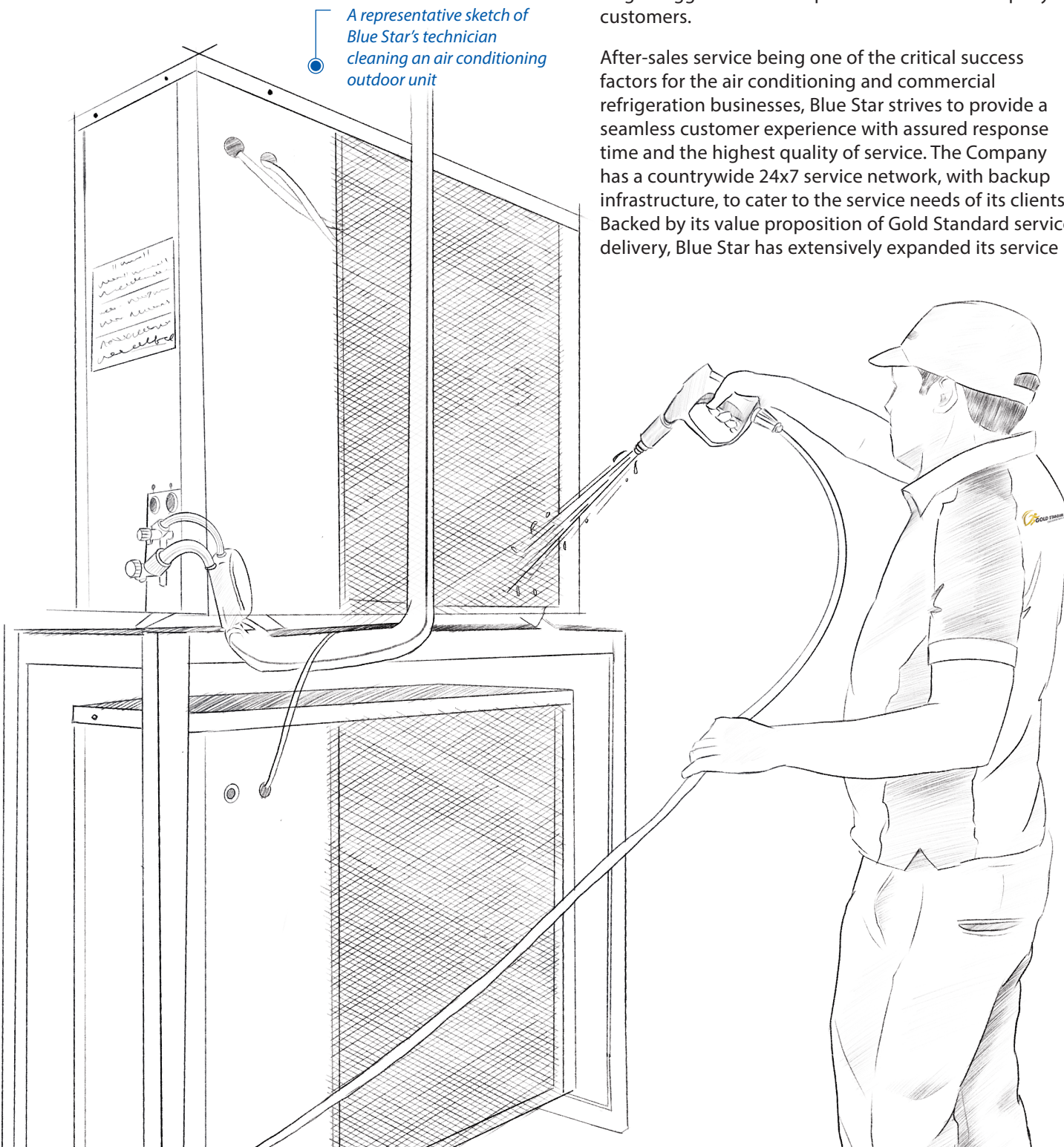
Blue Star is one of the largest air conditioning and commercial refrigeration after-sales service providers in the country. The Company's legendary customer service is at the heart of the Company's core philosophy and is built into the DNA of every Blue Starite today. It is the foundation of everything that the Company does because all its products, processes and technologies are



geared towards that single aim – delivering a world-class customer experience. It is also the single-biggest relationship builder with the Company's customers.

After-sales service being 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 the highest quality of service. The Company has a countrywide 24x7 service network, with backup infrastructure, to cater to the service needs of its clients. Backed by its value proposition of Gold Standard service delivery, Blue Star has extensively expanded its service

*A representative sketch of
Blue Star's technician
cleaning an air conditioning
outdoor unit*



reach to Tier 2, 3, 4, 5, and 6 towns and is currently serving 3900 towns with an 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 service call within 12 seconds without talking to any personnel.

All these service initiatives have contributed towards strengthening the Company's Relationship Capital with customers.

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. 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 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.

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.

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.

Blue Star's new 'Customer Experience Centre'

With an intent to create an experience around Blue Star's brand legacy, innovations, and products and services for its customers, the Company recently

inaugurated the Company's first-of-its-kind 'Customer Experience Centre,' built on an area of 1000 sq ft, at Blue Star Innovation Centre in Thane. An invite-only Centre, it displays Blue Star's Cooling and Purification products from across categories such as room air conditioners, commercial refrigeration, and commercial air conditioning, besides showcasing Blue Star's rich pedigree of 78 years articulated through an exquisitely designed History Wall. The facility also captures the projects and service businesses along with the R&D and manufacturing capabilities on a 77-inch OLED digital screen. Further, plans are on the anvil to provide a virtual tour of the Company's manufacturing facilities to the visitors. With all the communication revealed on digital screens, the Centre is exemplary in its look and feel.

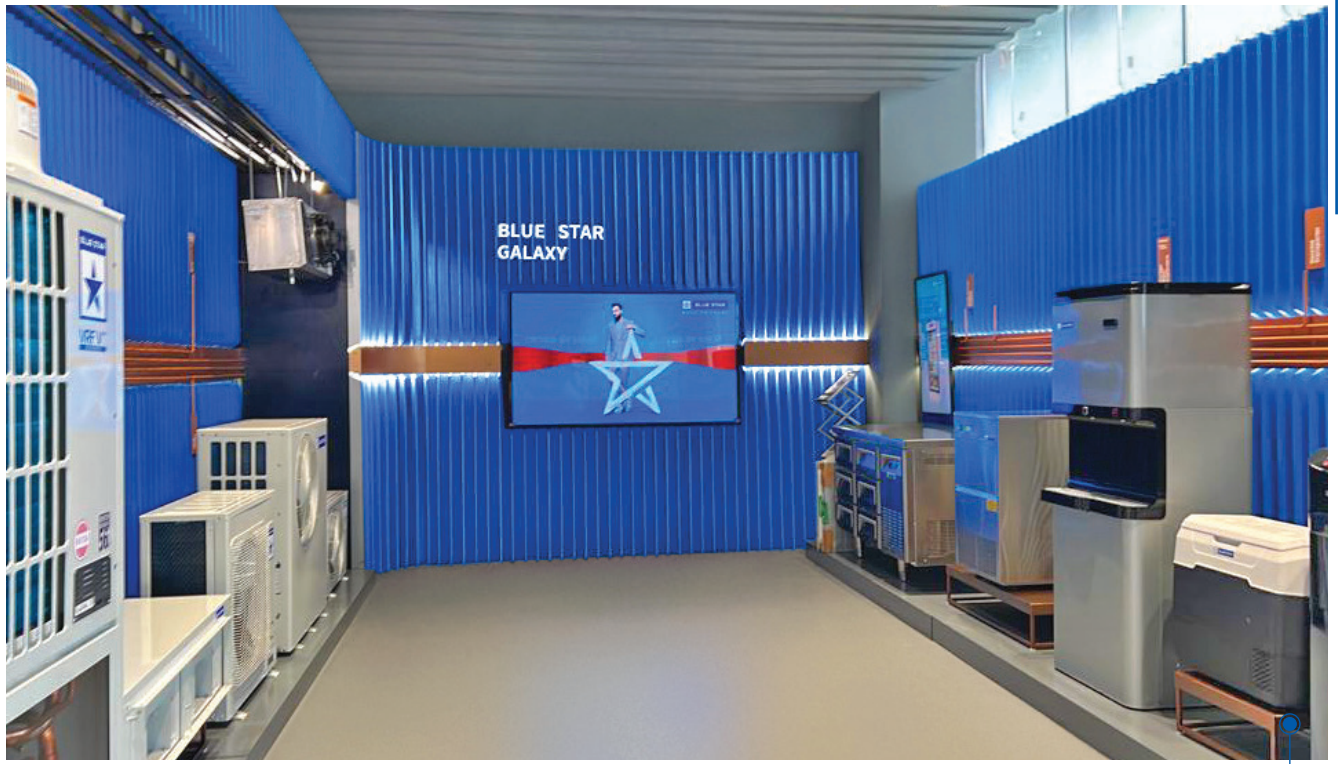
SUPPLIER FOCUS

Supply Chain Management

An agile entity, the Company has a robust and an intelligent supply chain management in place, which it continues to reassess and reorient in order to strengthen 'Sourcing and Vendor Development' to systematically focus on cost innovation, localisation, inventory management, and risk mitigation. Besides, with the global supply chains having faced sharp shocks during the Pandemic, the focus on this function has been garnering enhanced thrust amongst Corporates in the post-Pandemic scenario. Blue Star has always been cognisant of the importance of supply chain as a function and towards this, over the years, has embarked on numerous significant initiatives on this front which have brought about the desired results.

During the year under review, the supply chain function continued to work on many important areas such as lead time reduction through localisation, working capital management, and expanding supplier base in FTA countries, to name a few. The 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, Total Cost Management (TCM) a flagship company-wide strategic initiative, gained significant momentum during the year. TCM has been deployed across business divisions. Further, Blue Star is made substantial progress towards institutionalising TCM culture in the organisation during the year.



A glimpse of Blue Star's first-of-its-kind 'Customer Experience Centre,' built on an area of 1000 sq ft, at Thane near Mumbai, with an intent to create an experience around Blue Star's brand legacy, innovations, and products and services







Blue Star's VRF commissioning van



Blue Star's 'Training on Wheels' van

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 timely rollout of new products and solutions.

The Supplier Excellence programme which was launched in FY19 also progressed well during the period under review.

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 250 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 500 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 3,950 channel partners with over 7,500 stores for room air conditioners, packaged air conditioners, chillers, cold rooms, and refrigeration products and systems, as well as 1,172 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.

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

During the year, Blue Star continued to make good progress on the Company's digital transformation initiative for its Star League Dealers, '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 include 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.

E-COMMERCE

E-commerce, as a distribution channel, has been witnessing phenomenal growth owing to the impetus provided by the Pandemic, thereby advancing its penetration in the country by 12-18 months. The Indian E-commerce market is expected to grow 21% to ₹58,580 crores (USD 75 Billion) in 2022 and is likely to reach ₹1,01,547 crores (USD 130 Billion) by 2025 growing at a CAGR of over 20%. Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. The number of internet connections in 2021 increased significantly to



A glimpse of Blue Star's 360° virtual walk around store



Another glimpse of Blue Star's 360° virtual walk around store



One more glimpse of Blue Star's 360° virtual walk around store



Blue Star's service technician servicing a visi cooler at a client site



Blue Star's service technician cleaning an air conditioning outdoor unit



Blue Star's service technician inspecting a super cooler as a part of customer service



Blue Star's service technician servicing an air conditioner at a customer's residence



Blue Star's engineer resolving an electrical problem in the Cold Room control panel at Jubilant Commissory, Mumbai

830 million, driven by the 'Digital India' programme. Out of the total internet connections, ~55% of connections were in urban areas, of which 97% connections were wireless.

Blue Star has not only partnered with reputed online distributors but has also become a preferred seller on Flipkart and Amazon. In addition, it has also deployed direct seller and dropship models. The current contribution of Blue Star's consumer products from e-commerce to overall sales has significantly grown to 12% in FY22. Online sales of room air conditioners and water purifiers in FY22 grew by 45% and 30% respectively over the previous year along with a significant share in sales of air coolers, air purifiers and deep freezers. Blue Star enjoys a 10% market share in the online segment in both air conditioners and water purifiers.

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. Blue Star also launched

its own e-commerce-enabled website in 2020, which has been performing very well and is the Company's first initiative in the D2C arena. The website is rich in content and offers a seamless customer buying experience along with various payment modes and direct fulfilment from the Company's warehouses.

The Company 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 payouts. 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 robust relationships with a group of banks who have supported its growth. Blue Star regularly interacts with its bankers to update them about its financial performance and support required for growth. Blue Star has been prompt in servicing all its obligations and its covenants around lines of credit and borrowings. Blue Star's Commercial Paper has been rated 'A1+' by CARE and CRISIL. The Company's long term rating is AA+ (Outlook : Stable) by CARE [revised from AA+ (Outlook : Negative) vide communication dated June 23, 2022].

SOCIAL CAPITAL

Blue Star has always been a conscientious member of society at large and deeply committed to the well-being of communities, especially those who reside around the Company's facilities. The Company believes in empowering society through its contributions, and dedicatedly works towards this cause while also generating economic value for its stakeholders. Much before the term 'CSR' had taken root, Blue Star was already running the Blue Star Foundation, a Trust for charitable endeavours and succour to needy sections of society.

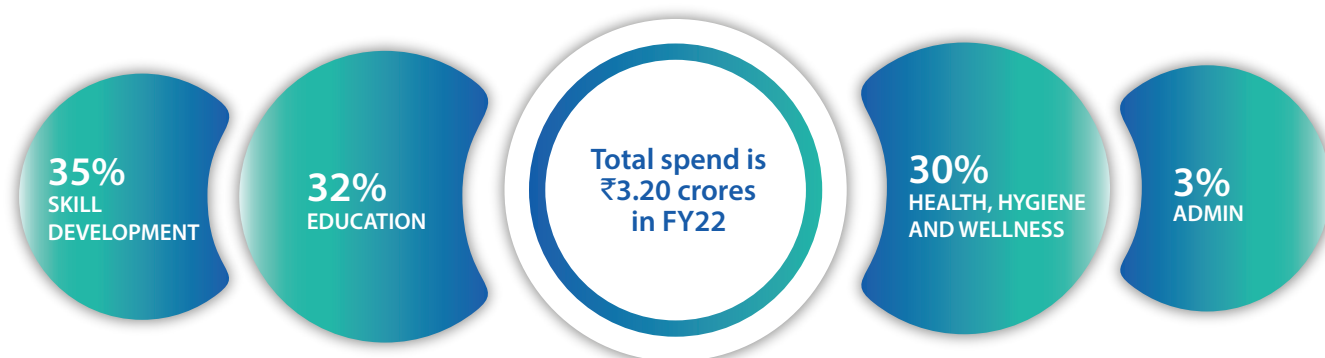
Now, Blue Star's department for Corporate Social Responsibility (CSR), established over a decade ago, plans, implements and monitors scheduled CSR activities with due diligence and professional care. The CSR department is overseen by professionals with the requisite domain knowledge for these activities.

Blue Star spent a total of ₹3.20 crores during the year on CSR, of which ₹95 lakhs was contributed to the Blue Star Foundation. The major CSR projects undertaken were in the areas of: Skill Development, Education, and Health, Hygiene and Wellness for communities located in and around the company manufacturing facilities; national emergencies such as relief work associated with the COVID-19 pandemic; and other philanthropic activities in the areas of livelihood and elderly care through the Blue Star Foundation, the Company's registered public charitable Trust.

Skill Development

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

Blue Star 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 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. With the ICICI Foundation for Inclusive Growth, Mumbai, and the Rotary Club of Madras Marina Trust, 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



at Ramakrishna Mission, Shilpamandira Belur Math complex, was inaugurated during the year.

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 to 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

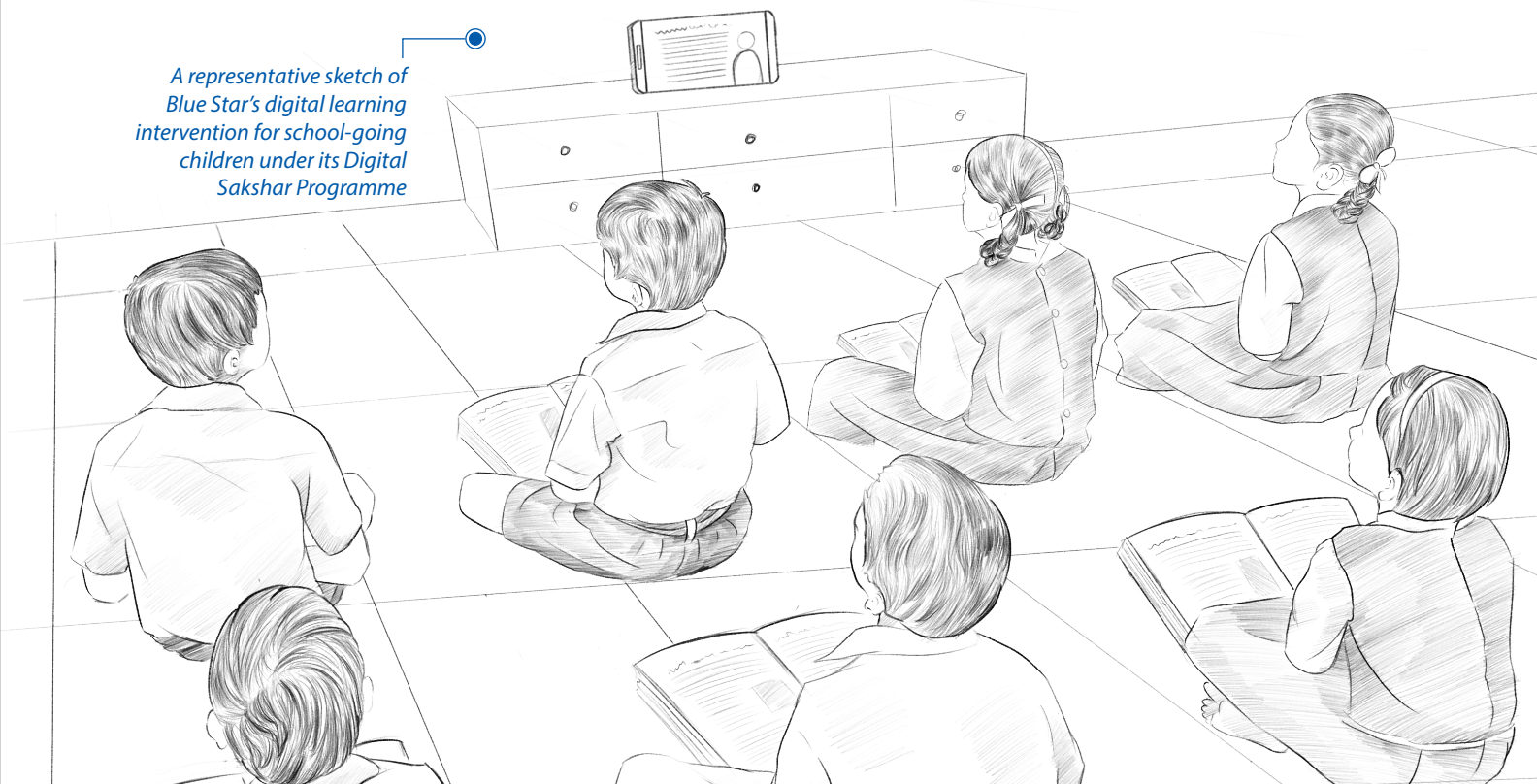
stipends commensurate with the unskilled minimum wages for each state, which is significantly higher than the stipends paid under the Apprenticeship Act.

Education

Blue Star through its Foundation runs a flagship programme, the 'Mohan T Advani Centennial Scholarship,' to support the engineering and architecture colleges in Mumbai and New Delhi. Till date, Blue Star has supported 153 scholars. The scholarship is inclusive of a mentorship by Blue Star personnel as well as an annual internship at the Company's facilities.

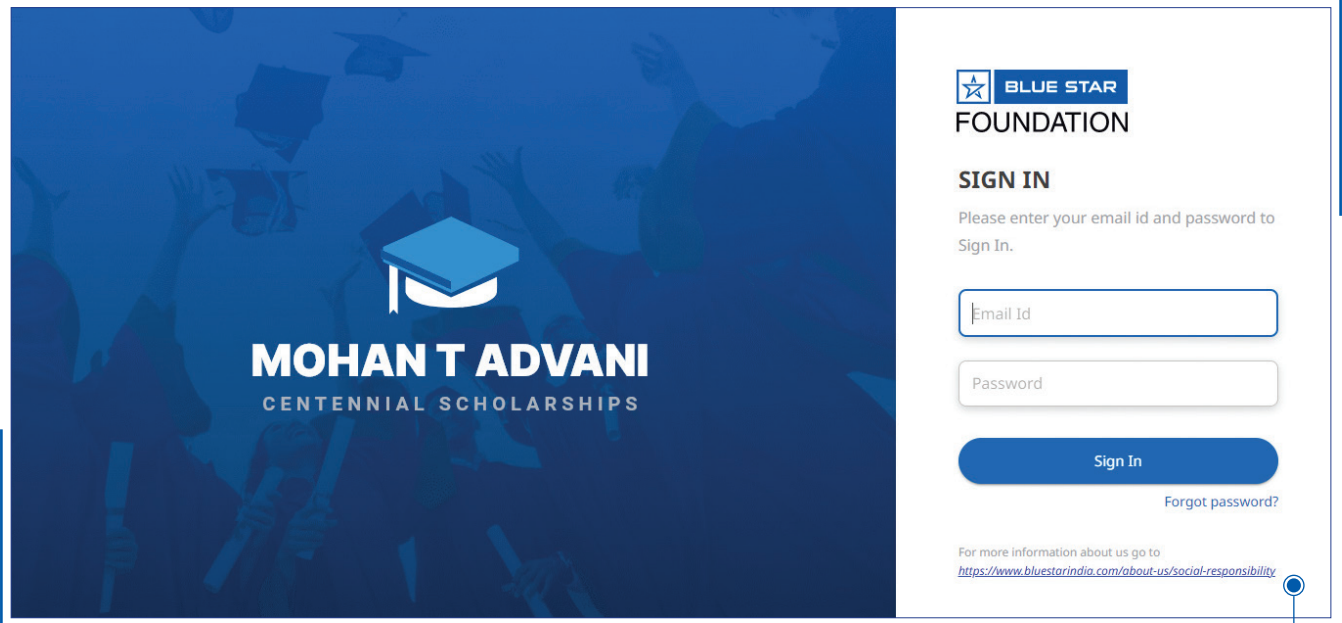
In addition, Blue Star sponsored 25 tribal girl students to help them complete their schooling. They were provided with daily tutoring and regular mentoring support from the assigned teaching facilitator. The sponsorship also included taking care of the healthcare needs of these growing adolescent girls.

A representative sketch of Blue Star's digital learning intervention for school-going children under its Digital Sakshar Programme



In FY22, Blue Star in partnership with Pratham Infotech Foundation has supported continued education for 2,500 children in Palghar, Maharashtra.



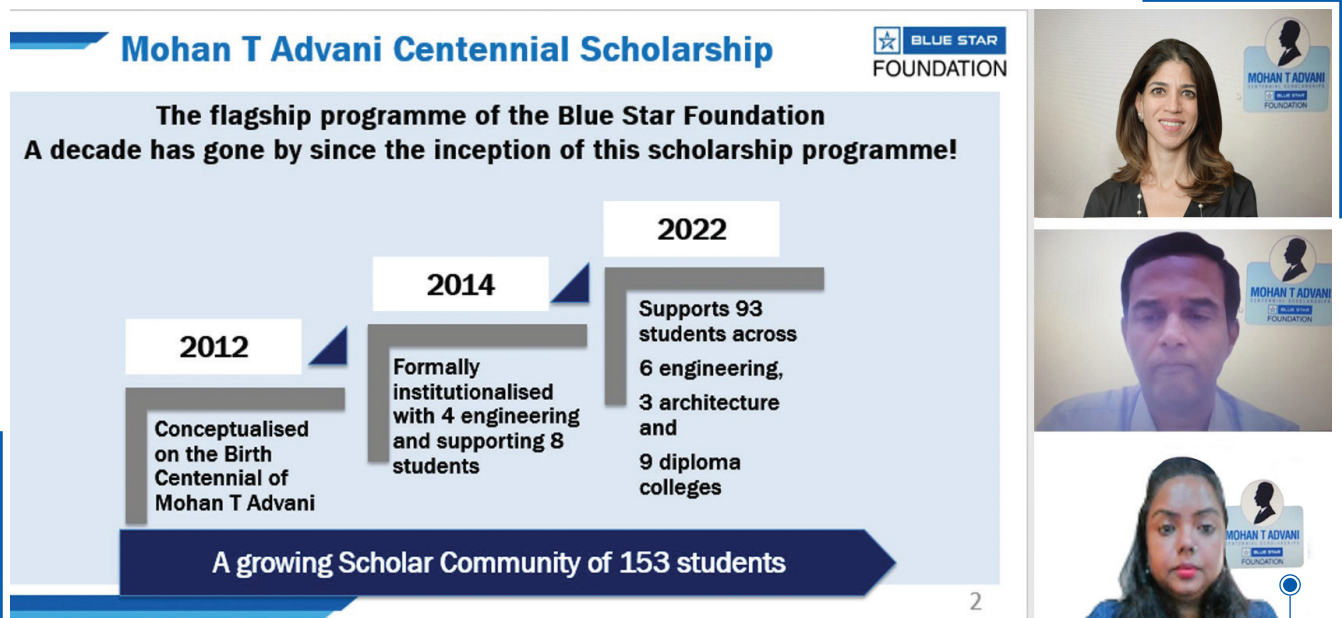


Digital progression of Blue Star's Mohan T Advani Centennial Scholarship Programme

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 programme 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.

As an action towards combating the long-term effects of the Pandemic on the education of children, Blue Star in association with Pratham Infotech Foundation started



Mrs Sunaina Murthy (top), Managing Trustee of Blue Star Foundation and Non-Executive Director of Blue Star, presiding over the felicitation of Scholars of Mohan T Advani Centennial Scholarship Programme along with two other Blue Starites



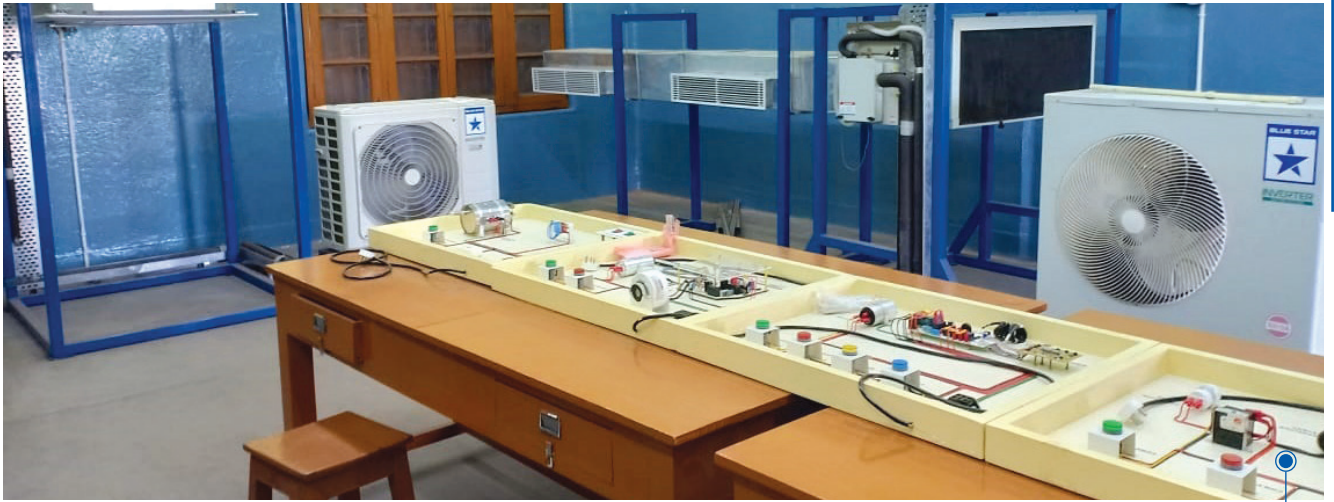
Blue Star ensuring continuity in learning for school-going children under its Digital Sakshar Programme



A vet operating on an animal under Blue Star Engineering & Electronics Animal Care Project, Pondicherry



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



A glimpse of the new AC&R Lab set up by Blue Star in collaboration with Ramakrishna Mission Shilpamandira, Kolkata



A community education session on mother and child healthcare in progress at Kurla, Mumbai



Anthropometry and counselling session being conducted with a mother of a new born child at Kurla under Blue Star's Mother and Child Healthcare Programme



Exposure visit conducted for aspiring plumbers from Sangroli, Maharashtra, under the Skill Development initiative by Blue Star



Farm equipment being distributed to female farmers under Blue Star's 'Sustainable Panchayats Project'



Panchayat members handing over village development plans to government officials at Thanjavur under the 'Sustainable Panchayats Project'



Nutritious Dry Ration Kit Distribution undertaken at Dadra by Blue Star

a programme named 'Digital Sakshar', an e-learning programme for mid-school tribal children in Palghar. A total of 2,500 students are being benefitted through this programme. In addition, through its reading programme, Blue Star engaged with 200 Brihanmumbai Municipal Corporation (BMC) schools in Mumbai in the process of newspaper reading, thereby encouraging reading and sharing among the children.

Health, Hygiene and Wellness

Since the outbreak of the Pandemic, Blue Star has been working towards providing relief and rehabilitation to address issues arising out of 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. In FY22, with the outbreak of the third wave of the Pandemic, Blue Star in collaboration with local NGOs provided oxygen concentrators to improve the patient care and treatment services at Dr Y S Parmar Medical College, Kala Amb area in Himachal Pradesh, and mortuary chambers to Bangalore Chamber of Industry and Commerce (BCIC), and the Government of Karnataka. In collaboration with CII Foundation, Blue Star donated PPE kits, N-95 masks, oxygen concentrators, flow meters,

vaporisers and ventilators at the government hospitals and healthcare centres in the districts of Sindhudurg and Palghar in Maharashtra.

As a health precautionary intervention, Blue Star along with CII Foundation also conducted Vaccination Camps in Virar, Vasai and Wada, in Maharashtra covering 5000 individuals.

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

- The Blue Star Foundation collaborated with Foundation for Mother and Child Health to address malnutrition among children and mothers in the Kurla area of Mumbai. Through this project, the Foundation provided educational and nutritional support to 550 families.
- In addition, the Blue Star Foundation has installed clean drinking facilities in six hospitals providing COVID-19 vaccination in Mumbai, and also distributed ration baskets at the Malabar Cancer Centre, Thalassery (Kerala).

Apart from these focused projects, Blue Star Foundation

“ 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. ”

has supported projects towards the causes of health and well-being, by partnering with empanelled implementing organisations. The organisations supported during the year include Jyot Bahuddeshiy Samajik Sanstha, Thane, towards vocational training opportunities for girls and adolescent health education; Akshar Trust, Vadodara, towards a special school for children with varying degrees of hearing impairment; 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 continues 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 2600 patients across the four partner hospitals comprising The Cancer Institute (WIA) Adyar, Chennai, Tamil Nadu; Dr M L Dhawale Trust’s Rural Homeopathic Hospital, Palghar, Maharashtra; Sant Tukaram Cancer Hospital And Medical Research Centre, Akola, Maharashtra; and Shree Jain Seva Hospital, Vapi, Gujarat.



Reading session organised by Blue Star to encourage students to read at one of the BMC schools in Mumbai.

NATURAL CAPITAL

Conservation Of Energy

Blue Star is always at the forefront when it comes to proactive actions taken to improve sustainability and enhance eco-friendliness of its Plants, processes and products. Here are some of the initiatives taken during the year under review towards the conservation of energy at the Company's Plants.

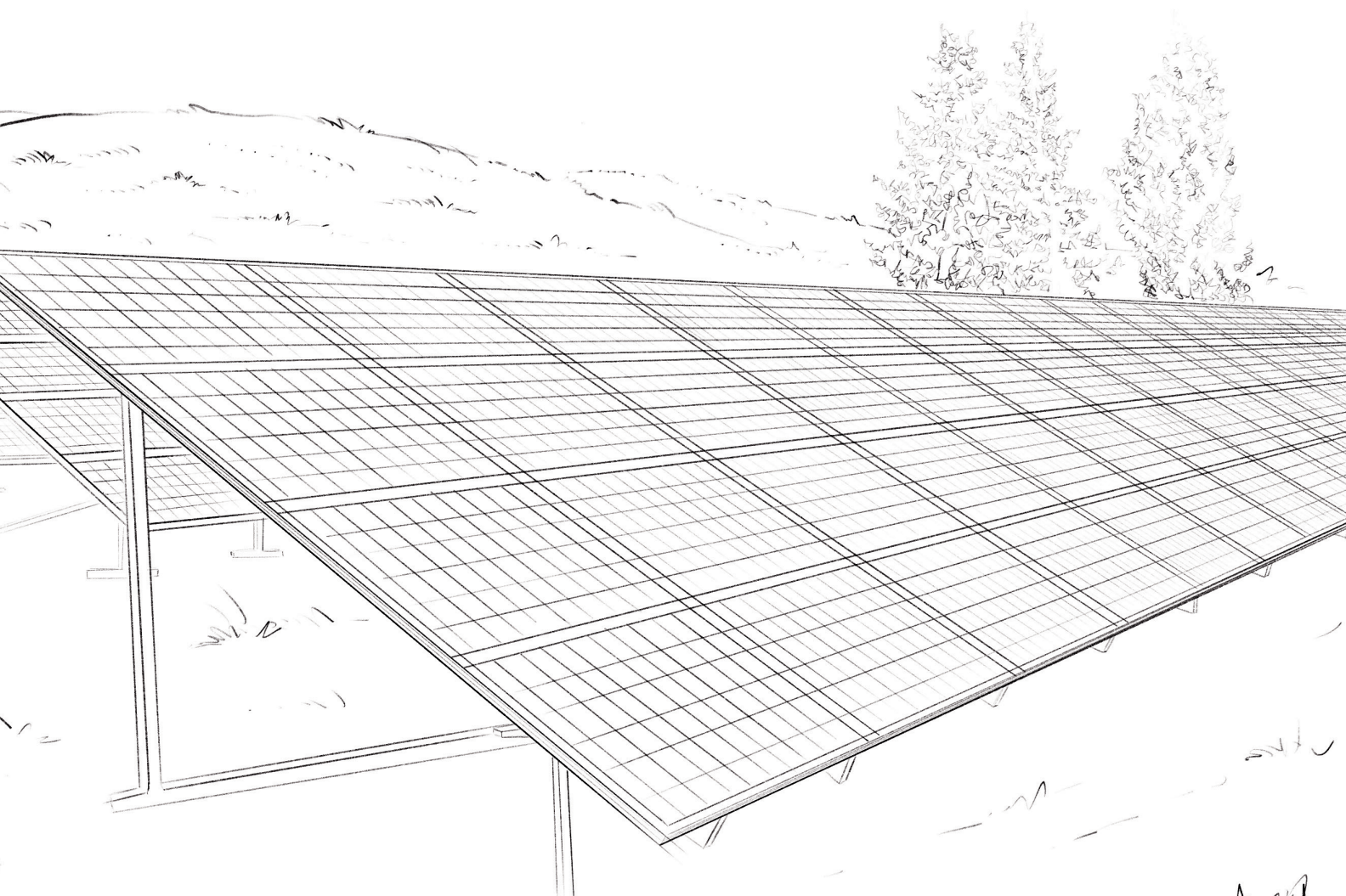
Wada Plant

At the Wada Plant, the reduction in contract demand from 4285kVA to 3000kVA resulted in a saving of ₹18.33 lakhs to the Company besides saving the State that quantum of power. Besides, a 1MW Solar Power System was installed at the Plant which has reduced carbon emission by 84,600 kgCO₂/kWh.

Dadra Plant

At the Dadra Plant, the optimised usage of a higher capacity compressor and the stoppage of use of two lower capacity compressors during the daytime, has resulted in an energy saving of 34,800 units. This has also resulted in an annual saving of ₹2.36 lakhs and the reduction of CO₂ emission to the tune of 17.41T of CO₂/kWh.

The reduction in Maximum Demand (MD) by 100kVA (from 1000kVA to 900kVA) resulted in the reduction of electricity costs, achieving an annual saving of ₹2.36 lakhs.





Blue Star's Himachal Pradesh Plant employees participating in a tree plantation drive on World Environment Day



Sewage Treatment Plant (STP) at Blue Star's Dadra manufacturing facility



Rainwater harvesting at the Dadra Plant

Further, the installation of a VFD-driven low pressure compressor in April 2022 is expected to result in an annual energy saving of 1,83,850 units, which is equivalent to an annual savings of ₹12.86 lakhs.

Besides, the rainwater harvesting project initiated at the Dadra Plant in FY19 to meet the daily needs of the plant (80kl) is serving its purpose well. During the monsoon season, it recharges around 137kl of water on a daily basis. This has been helping in raising the water table of the surrounding areas.

Himachal Pradesh Plants

Various initiatives have been carried out at the Himachal Pradesh Plants to conserve energy.

The replacement of an old DG Set with a new CPCG II DG set has helped reduce fuel cost, while improved productivity in the assembly lines has reduced the cost of power per unit and brought down the carbon

footprint too, resulting in an annual saving of ₹7.30 lakhs.

Further, the optimisation exercise carried out on the 300kVA DG set which is installed in the laboratory for product testing, has resulted in an annual power saving of ₹3.5 lakhs.

Similarly, the replacement of a hydraulic power pack, an old bending machine with a new servo driven system, and a hydraulic Vertical Expander with an electric type, improved energy efficiency by 70% and reduced CO₂ Emission by 27.71 tons, besides eliminating the hydraulic oil and reducing hazardous waste under HWM category 5.1 and 33.1.

The reduction in contract demand from 900kVA to 600kVA too resulted in a saving of ₹8.10 lakhs.

Some other proactive steps include:

1. No effluents were discharged outside Blue Star manufacturing facilities in FY22. Efficient operation of effluent treatment plants and sewage treatment plants ensured zero discharge. Treated water is used for flushing and local irrigation.
2. Conscious efforts are being undertaken to eliminate the usage of wood in packaging.



Replaced LPG with PNG for fuel efficiency
at the Dadra Plant

Capital Investment of ₹1.34 crores on Energy Conservation Equipment

(₹ in lakhs)

Sr No	Plant	Particulars	Amount
1	Himachal Pradesh	Replacement of old inefficient DG Set with New CPCG II DG Set	27
2	Himachal Pradesh	Upgradation of IDU line Helium & Pressure Decay Equipment	8
3	Himachal Pradesh	Replacement of hydraulic power pack, an old bending machine with a new servo-driven system	60
4	Dadra	Installation of VFD driven low-pressure compressor	39
		Total Investment	134

INFORMATION TECHNOLOGY

Over the past few years, Blue Star has executed a number of digital transformation initiatives across its businesses to help them imbibe the positive effects of the fourth wave of the industrial revolution, and make them intelligent enterprises. And in the process, these businesses have adapted their processes to make themselves more agile and dynamic while operating in today's rapidly changing world. The Company is now focusing on capitalising on the digital data that is being harvested within its systems and producing business critical dashboards and insights to accelerate decision making and enable data-oriented performance management.

The year started with the initiation and rollout of a strategic initiative focused on realigning and standardising its SAP S/4 Hana system across all business units thereby making it more agile and nimble. This initiative is expected to also enable the Company to leverage certain key SAP features such as Actual Costing, Product-level Profitability, and Credit Management amongst others, and accelerate its decision-making through easier and faster access to critical reports directly from SAP.

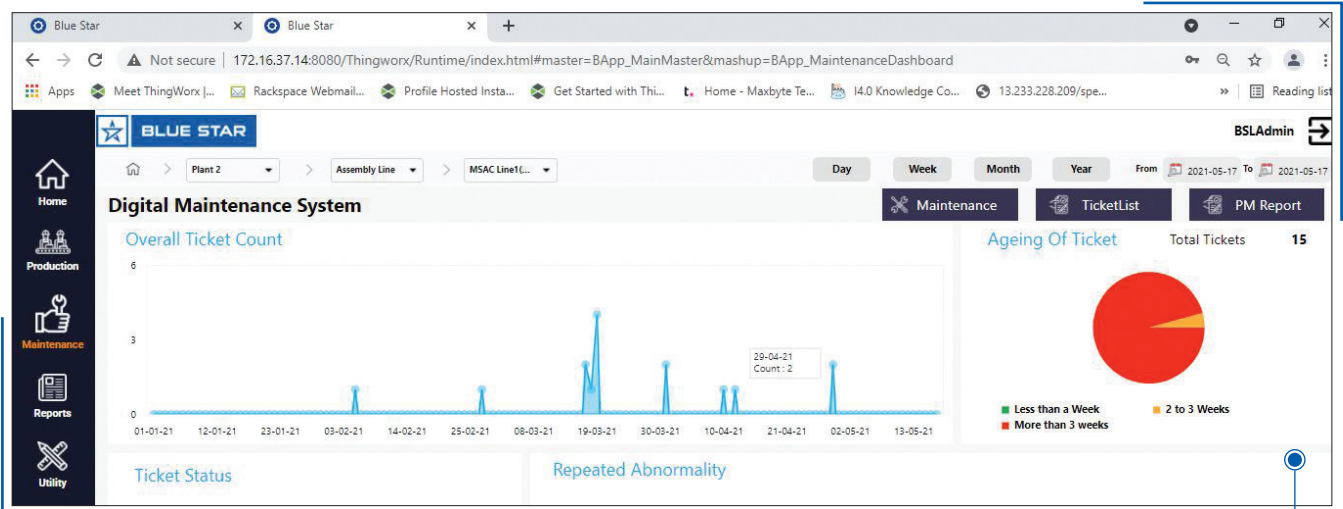
As an enabler for sales, the Company implemented a leading cloud-based sales management solution for its primary businesses which fully enables them to focus on customers and track every sales opportunity. The Company also implemented its Connected Business Network program that digitally connects it with its primary business partners, distributors, and modern retailers. Blue Star leveraged its dealer management system, 'Star Connect,' to capture secondary sales information from its primary distributors and use the data to generate sales insights. Its mobile app-based Product Catalogue, which earlier covered its air conditioning, air purification and water purification products, was extended to include refrigeration products as well. A Customer 360 Profiler tool enables its B2B sales teams to view customer engagements across business units in real-time which in turn enables them to gain valuable customer insights and identify cross-divisional sales opportunities.

Leveraging its 'Intelligent Factory' solution deployed across its factories earlier, the Company implemented

a number of dashboards that enable these factories to monitor and improve their Direct Employee Expense (DEE) on an ongoing basis and optimise energy consumption. In addition to these, the Company further rolled out a number of operational performance dashboards to track various parameters such as Cost of Product Quality, Spend Analytics, Service Operations, Dealer Scorecard, Royalty Report, and People Analytics. All these dashboards provide a real-time view of a number of Key Performance Indicators specific to the relevant operational area.

For self-enabling customers on various service-related aspects, the Company deployed a number of digital





Leveraging technology across manufacturing facilities - Digital Maintenance System at the Himachal Pradesh Plant

MOHAN T ADVANI CENTENNIAL SCHOLARSHIPS

Scholarship Admin

All 17

Engineering 5

Architecture 3

Diploma 9

All Institutes

Sr.No.	Institute Name	Onboarded On	Total Graduated Scholars till date	Continuation of Scholars	No. Of Applications FY22	Applications Granted For FY22	Status	Actions
1	Sri Nallalaghu Nadar Polytechnic College	04-01-2022	0	1	3	3	Active	
2	Rachana Sansad College for Architecture	08-12-2021	1	8	1	1	Active	
3	K J Somaiya College of Engineering	06-12-2021	16	8	2	2	Active	
4	School of Planning and Architecture	02-12-2021	7	11	4	4	Active	
5	Galgotias University	21-12-2021	0	1	2	2	Active	
6	Fr Conceicao Rodrigues College of Engineering	02-12-2021	12	8	3	3	Active	

Digitally-enabled Mohan T Advani Centennial Scholarship Programme

solutions. Customers can now log and track their service requests through WhatsApp. Customers can extend their product warranty or purchase annual maintenance contracts online via the Company website.

On the Human Capital development front, the Company released a contemporary eLearning platform, 'iLearn,' to ensure its employees and other stakeholders are provided the means to enhance their skills and capabilities anytime and anywhere. 'Starry,' the virtual private assistant for every employee, was extended to prospective employees to enable continuous engagement throughout the recruitment process.

Taking cognisance of the increased information security challenges, the Company rolled out a customised Information Security training program, 'En Garde,' for educating and equipping employees to identify and mitigate information security risks and threats.

BRAND EQUITY

During the year, the Company made significant investments in advertising and brand communication.

One of the main areas of focus was further reinforcement of Blue Star's strategic repositioning as a mass premium brand which began in 2020 with the rollout of a range of affordable split ACs to cater to price sensitive consumers and first-time buyers, especially in the Tier 3, 4, and 5 markets. Brand communication in the year under review highlighted all aspects that determine success in the mass premium market, such as:

- Powerful features and the premium build quality expected of any Blue Star product
- Comprehensive and broad-spectrum range
- Attractive price points despite rise in input costs, by implementing intelligent cost-saving measures
- Robust distribution and service mechanisms whereby the product range including its after-sales service is available in all Tier 2, 3, 4 and 5 cities and towns as well as Tier 1 cities, so as to reach the mass premium markets effectively
- Significant strengthening of its D2C presence through special offers on Blue Star's online shopping portal
- The continued presence of Virat Kohli as Blue Star's brand ambassador for the Company's residential ACs, with his strong mass appeal enabling the Company to connect to and widen its target group, and the Company's latest TV commercial featuring him curated around the thought of 'Happiness is a fast-cooling AC'
- Appropriate promotional methods have been adopted, both online through aggressive e-commerce marketing investments, and offline through brand stores, roadshows, and demonstrations, to ensure visibility across all tiers to increase offtake from retail outlets and online stores.

During FY22, Blue Star ran campaigns for its room ACs and air coolers. For its room ACs campaign, Blue Star

promoted its air conditioner TVC 'Aaja Aaja' featuring Virat Kohli, predominantly during cricket matches including IPL and ICC Men's T20 World Cup. In addition, the Company also tapped top national and regional, news and movie, channels. It also explored various other channels for maximum impact in its chosen priority markets.

Besides, the Company launched its advertising campaign for Blue Star's new range of air conditioners for this season, in the last week of March 2022. Blue Star's new TV commercial featuring Virat Kohli is upbeat and showcases Blue Star's fast-cooling split AC, which is designed to deliver 100% cooling even at high ambient temperatures, resulting in faster and more efficient cooling even in peak summers. The TVC highlights how typical ACs take more time to cool relative to Blue Star's fast-cooling ACs which cool much faster. With a focus on HSMs, the Company also ran TVCs with vernacular communication. For its new range of Heavy-duty ACs specifically designed for markets with high ambient temperatures, Blue Star ran a separate campaign with the communication 'Time to Say Goodbye to Scorching Heat with Blue Star's Heavy-Duty AC.'

In FY22, for its B2C product range, Blue Star continued to invest more into digital marketing to leverage the growing affinity of consumers towards the digital platform, and to increase its reach. Along with the main TVC, the Company also created independent, short videos, to be used in the digital medium, with the intent to garner higher visibility, thereby driving home the intended value proposition, 'Happiness is a fast-cooling AC.' The digital plan included a mix of 'Branding' and 'Performance-oriented' platforms. The Company also included innovative display platforms, and mobile apps which have rich regional content and are used majorly by people in Tier 2, 3, and 4 cities.

Besides, with the digital medium gaining significant momentum, the Company also explored this platform for its B2B range of products including VRFs and refrigeration 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 'in-person' and digital press

conferences to launch Blue Star's new offerings in the room air conditioning and commercial refrigeration products and solutions.



AWARDS AND RECOGNITION



*Blue Star adjudged as the
'MEP Contractor of the Year' in
recognition of the work done for
Apollo Tyres Tada at the 11th
Annual Construction Week India
Awards 2021*



*Blue Star conferred with the
'Golden Peacock Award for
Corporate Governance 2021'*



*Blue Star's Dadra Plant
declared 'Silver Winner' at
the 11th Edition of CII 3M
Competition in 2021*



*Blue Star's Wada Plant wins
Platinum and Gold awards
at the 10th CII National
Poka Yoke Competition*

*Blue Star recognised with the
'Diversity Marketing Campaign of
the Year' Award at the D&I Summit
and Awards 2021*



*Blue Star wins the 'Excellence in HR
through Technology' Award organised
by the World HRD Congress under the
category of Maharashtra Best Employer
Brand Awards*



Blue Star bestowed with the 'Best Product Quality Subcontractor' Award from L&T for HVAC works at the Chennai International Airport



Blue Star wins 'Best Water R&D and Technological Breakthrough-Domestic' award at Water Digest Awards 2021-22

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 Customs 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.

CURRENCY RISK

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

COMMODITY RISK

Factors like geopolitical conflicts, supply-demand imbalance, and policy interventions by governments in key sourcing/consuming countries may significantly impact the Company's profitability.

Mitigation Strategies:

The Company has in place a well-defined process to review and re-plan, wherever necessary, the

procurement plan, on a dynamic basis. It also continuously works to reduce lead time for procurement through development of alternative sourcing options and increasing the share of indigenous sourcing.

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

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

FRAUD RISK

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

Mitigation Strategies:

The Company has a robust governance mechanisms 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, and revamp and electrical facility management operating sites.

PANDEMIC RISK

An outbreak of an infectious disease or any other serious public health concerns could adversely affect the Company's operations.

Mitigation Strategies:

The Company has in place a well-defined Business Continuity Policy and processes to keep its key processes operational during such disruptions. Procedures have also been established for safe re-opening and operation of the Company's factories, offices, warehouses and project sites upon resumption of operations post the subsiding of the Pandemic.



STRATEGIC 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.

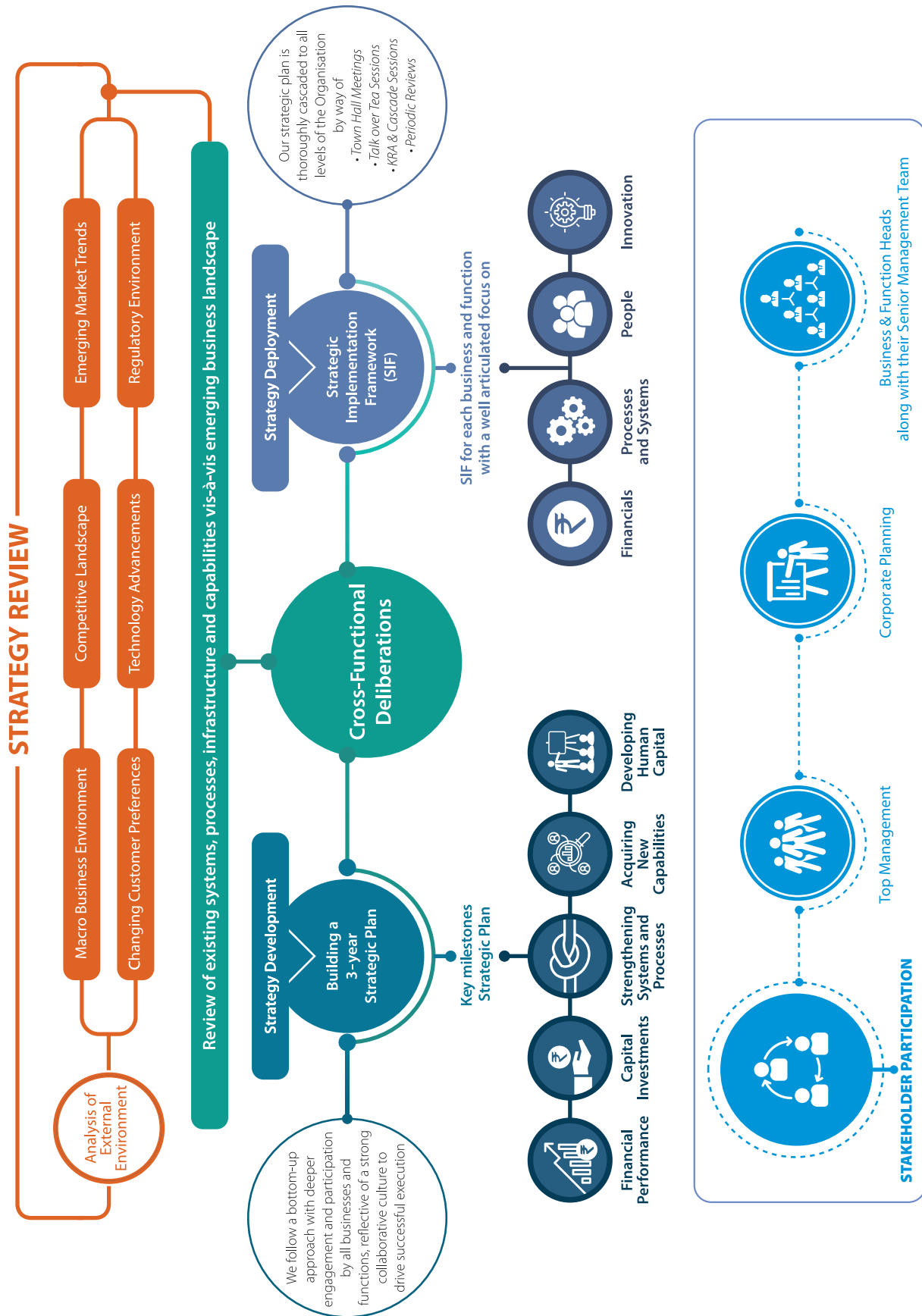
The Company had rolled out its second 3-year strategic plan, Blue Star@77, which defined the roadmap for Blue Star for three years up till FY21. As the Company entered its 78th year, the next rolling 3-year strategic plan, Blue Star@81, ending in FY25, has been formulated aligned with its credo and core 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 of the progress towards 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.

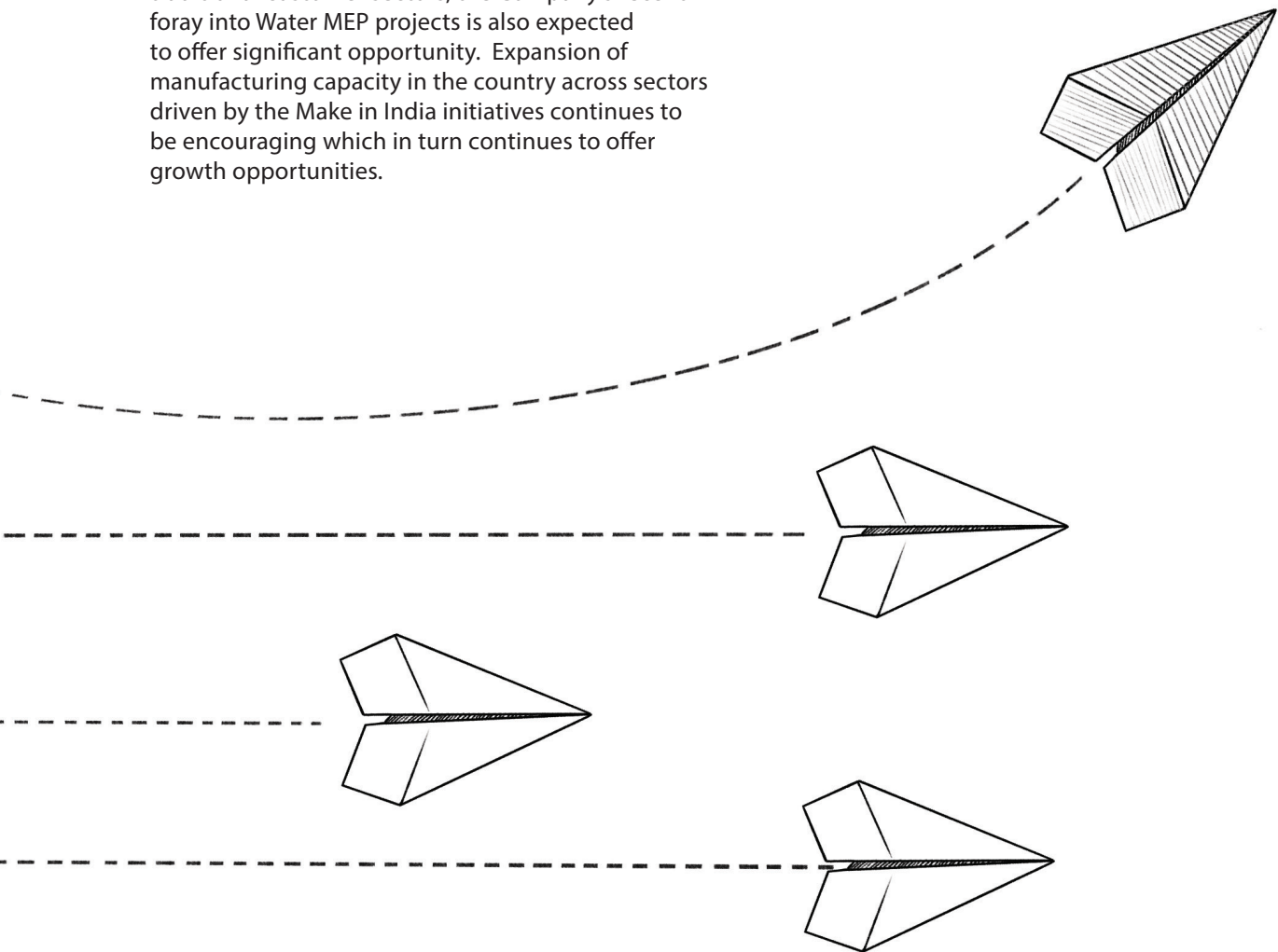
Blue Star has a robust Strategic Planning process in place to formulate a 3-year roadmap for the Company and its businesses



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 with opportunities to grow:

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





Inhouse indoor unit assembly line at Blue Star's Himachal Pradesh Plant

ESG PRACTICES

EMBEDDED IN BLUE STAR'S BUSINESS PRACTICES

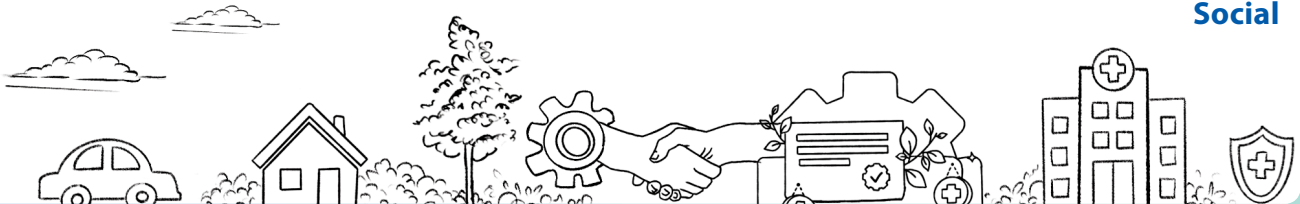
Blue Star lays strong emphasis on the Environmental, Social, and Governance (ESG) framework even as it continues to focus on the creation of enhanced value for all its stakeholders. The Company has enhanced its commitment to ESG by integrating its ESG practices into its business model. It continues to be a responsible corporate citizen by making sustainable choices in its ESG endeavours and always remains committed to the highest standards of environment-friendly practices, sustainable social endeavours, and transparency and ethics in conduct and behaviour at all levels, from the Board, Top Management, and employees, to its extended arms such as its Channel Partners. The highlights of the Company's internal assessment undertaken in FY22 as to its ESG adherence across businesses and functions are listed here:



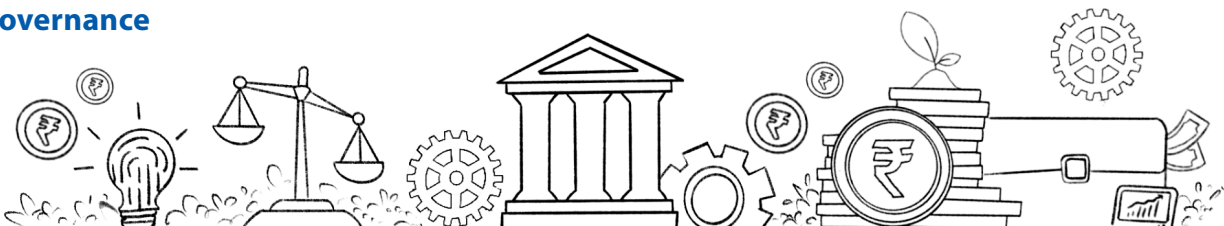
Environmental



Social



Governance





ENVIRONMENTAL:

As a leader in the areas of energy-efficiency, sustainability and eco-friendliness, Blue Star ensures that its R&D and product development teams are always focussed on customer-centric designs, and that its innovation is always directed towards environment-friendly and sustainable products.

Environmentally conscious operating practices:

Initiatives such as the use of eco-friendly refrigerants, tree-planting drives around its facilities, and proactive steps undertaken at every factory to reduce the consumption of water and electricity mark Blue Star's environment-friendly operating practices. Details are provided in the Integrated Report, Natural Capital Section on page no. 84.

Some of other initiatives in this regard are as follows:

- Blue Star continues to be an industry leader in producing energy-efficient Room ACs, VRFs, Deep Freezers, and Screw Chillers with Variable Frequency Drives.
- The Company's future-ready models of Room ACs are well ahead of the next envisaged energy label change.
- The Company is ranked Number 1 in E-waste compliance in the Room ACs industry. During the year, the total E-waste recycled was 4744 Metric Tonnes.
- Blue Star's Wada factory is Gold rated.
- Blue Star works with various industry bodies to constantly update the energy standards of its new products.
- 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 its reconditioned MRI business fit in well with Circular Economy principles.
 - The Company's Medical Diagnostic Equipment Refurbishment Facility is an environment-friendly solution catering to India's growing medical diagnostic imaging needs.

Hazardous waste management:

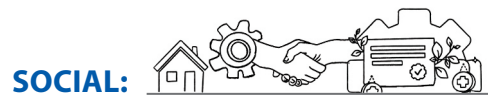
Hazardous materials being used in the manufacture of its products is constantly monitored at Blue Star and sought to be reduced by adopting modern processes and technologies. At any point of time, the Company ensures that its products do not contain lead, mercury, cadmium or any such hazardous substances beyond the levels permitted by the country's environmental laws.

Water management:

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

Green Building movement:

Blue Star is a founding member of the Indian Green Building Council (IGBC), and plays an active role in the 'green building movement'. During the year under review, Blue Star's Managing Director was appointed as IGBC's National Vice Chairman, underlining the Company's deep-rooted commitment to the green building movement.



SOCIAL:

Freedom of association:

Around 184 employees, forming 7.7% 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 amongst the Management staff stands at 9.1% in FY22. Taking a cue from the Great Place to Work Survey, the Company has formed a task force

headed by senior management personnel to drive gender diversity initiatives across various levels in the organisation. Towards this, the Diversity, Equity & Inclusion (DEI) Policy was rolled out during the year.

Health & Safety management:

Safety is paramount at Blue Star and it is not compromised with. Details around health and safety measures undertaken by the Company are available in the Business Responsibility Report on page no. 168 and in the Integrated Report on page no. 20.

Supplier excellence:

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

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

- The Company is a leading AC&R vocational training partner for many corporates and institutes such as the ICICI Foundation for Inclusive Growth, the Apollo Hospital Group, Thakkar Bapa, Ramakrishna Mission, and Rotary Club, amongst others; so far, over 12,000 participants have benefited from these programmes.
- Blue Star's digital education programme for tribal children benefits 2500 children at Palghar, in the vicinity of the Company's Wada manufacturing facility, by ensuring continuity of their education.
- The Company has been undertaking COVID relief projects, including the donation of PPEs, oxygen concentrators, cold rooms, mortuary chambers, and medical freezers for storing medicines, plasma and other critical items, besides food wherever required.
- The Company's commercial refrigeration business plays an important role in the preservation and life extension of perishables. As a part of its CSR, Blue Star supports Farmer Producer Organisations in Tamil Nadu in producing and marketing processed foods.
- 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.

- In future, 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, the AC&R industry at the second level, and its own interests at the third level.
- Blue Star employs around 1200 apprentices every year under the NETAP Programme of the Central Government.
- The Company's initiatives on societal practices have been elaborated in greater detail in the Business Responsibility Report on page no. 168 and in the Integrated Report on page no. 20.

GOVERNANCE:



Code of Conduct and Whistle Blower Programme:

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

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

Details relating to the Company's governance initiatives are provided in the Business Responsibility Report on page no. 168.

Board diversity and independence:

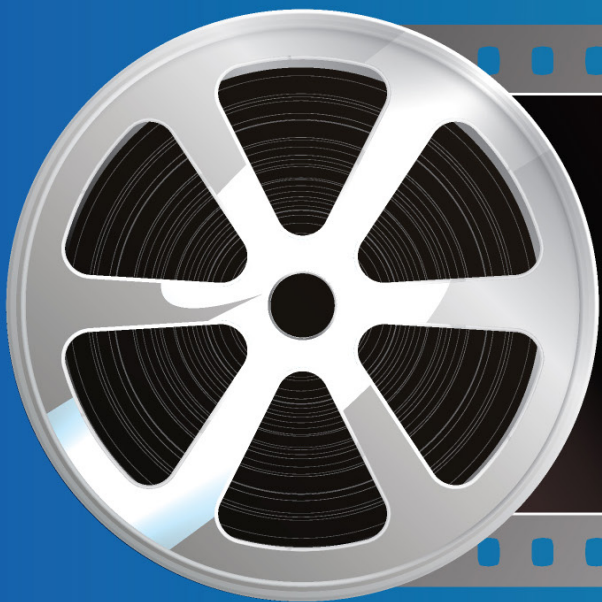
The Company has a balanced and diverse Board with an optimum mix of Executive and Non-Executive Directors, to maintain independence and separate the functions of governance and management. Details in this regard are available in the Corporate Governance Report on page no. 136.

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

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

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

More details on the Company's Corporate Governance practices are provided in the Corporate Governance Report on pages 136 to 159.





Happiness is a
Fast-Cooling AC



BOARD'S REPORT

To the Members,

The Directors are pleased to present the 74th Annual Report, together with the audited financial statements for the financial year ended March 31, 2022.

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

FINANCIAL HIGHLIGHTS

The financial statements of the Company are prepared in accordance with the applicable provisions of the Companies Act, 2013 (the 'Act') including Accounting Standards as specified in Section 133 of the Act, read with the Companies (Accounts) Rules, 2014, and amendments thereof. The consolidated and standalone financial highlights of the Company for the financial year ended March 31, 2022, are summarised as follows:

(₹ in crores)

Particulars	Consolidated		Standalone	
	For the year ended		For the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue from operations	6,045.58	4,263.59	5,376.99	3,842.23
Total revenue	6,081.30	4,325.94	5,413.09	3,904.40
Total expenses	5,831.49	4,180.79	5,217.34	3,806.05
Profit before share of profit of Joint Venture	249.81	145.15	NA	NA
Profit before tax	250.90	147.75	195.75	98.35
Income tax	82.90	47.09	68.01	32.42
Profit after tax	168.00	100.66	127.74	65.93

OPERATING RESULTS

The current financial year commenced on the backdrop of a pick-up in business activities and an improvement in general sentiment witnessed in the second half of the last financial year. However, the growth momentum was interrupted due to the resurgence of the second wave of COVID-19 pandemic in the middle of April and the consequent lockdown-like restrictions imposed in various states. The second wave of the Pandemic impacted the health and wellbeing of several of our stakeholders and their families more profoundly and contributed to operating disruptions during the first quarter. This impacted revenue for the Unitary Products segment during its peak selling season and also disrupted operations at project sites, for the second year in a row.

With the ebbing of the second wave of the COVID-19 pandemic and the revival of business and economic activities from the second quarter onwards, your Company witnessed healthy demand and robust volume growth across its operating segments. Demand for room air conditioners and refrigeration products, Commercial, Manufacturing and other Institutional

segments also revived. The consolidated revenue from operations and revenue from each of the segments surpassed revenue achieved in the pre-pandemic period in the third quarter and the robust growth momentum continued into the fourth quarter as well. Driven by early onset of summer in several parts of the country, strong revival in the capex cycle from both the private and public sectors and improvement in consumer sentiment, the year ended on a high note with your Company posting its highest ever Revenue from Operations. Headwinds caused by escalation in commodity prices, logistics costs and depreciation of the Rupee however continued to exert pressure on the margins throughout the year, which was partially offset by price increases, cost reduction initiatives and improvement in operational efficiencies.

On a consolidated basis, revenue from operations for the current financial year grew by 41.8% to ₹6,045.58 crores as compared to ₹4,263.59 crores in the previous financial year. Net profit for the current financial year grew by 66.9% to ₹168 crores as compared to ₹100.66 crores in the last financial year. On a

standalone basis, revenue from operations of the Company grew by 39.9% to ₹5,376.99 crores as compared to ₹3,842.23 crores in the previous year. Your Company's standalone Net Profit after Tax grew by 93.75% to ₹127.74 crores as compared to ₹65.93 crores for the previous year.

Your Company demonstrated impressive resilience during the year and posted a healthy growth, generated strong operating cash flows and profits despite navigating the business disruptions caused by the Pandemic.

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 pace of execution of projects was slower at the beginning of the year due to the phased lockdowns across multiple States. Your Company continued to focus on opportunities in the infrastructure sector such as metro railways, electrical substations and water distribution and sharpened business development across new sectors such as factories, data centres and warehousing. Driven by fresh capex commitments and the Government's policy to promote 'Atmanirbhar Bharat', coupled with the PLI schemes availed by the private sector, order inflows from factories and light industrial sector was encouraging. Rapid expansion of the e-commerce footprint and growing digitalisation requirements across several sectors further contributed to an encouraging order flow from warehousing and data centre operators. Government's commitment to augment social sector infrastructure such as airports, metro railway network, water supply and hospitals continued to fuel growth opportunities. Enquiries and order inflows from the commercial buildings sector too picked up during the year.

b. Commercial Air Conditioning Systems

Continued traction in the Healthcare, Pharma, Industrial and Government customer segments enabled a good growth for the commercial air conditioning business during the year. A competitive and comprehensive product portfolio offered by your Company enabled differentiated solutions to be designed and offered to our customers. Traditional customer sectors such as Builders & Developers, Marriage Halls, Auditoriums,

Hotels and Restaurants, that were impacted by the Pandemic at the beginning of the year saw revival from the third quarter of the year contributing to the overall growth of this business.

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.

Major events such as Dubai Expo 2020, IPL and the T20 Cricket World Cup offered good opportunities during the year in the UAE.

The joint venture in Qatar continued to do well with a pick-up in order inflows and execution of projects. The operations in Malaysia continued to be impacted owing to the Pandemic and the political instability in the country.

Revenue in this segment for the year grew by 43.98% to ₹3,194.46 crores as against ₹2,218.72 crores in the previous year. The segment result grew by 82.95% to ₹194.82 crores as compared to ₹106.49 crores in the previous year.

II. Unitary Products

In the Room Air Conditioners business segment, your Company's mass premium product portfolio resonated well with both distributors and customers. Your Company offers a vast and comprehensive range of products that are priced competitively and at the same time deliver consistent performance and superior quality that is aligned with the Blue Star brand. This approach, targeted to penetrate the belly of the market, coupled with the expansion of the distribution footprint and increase in the share of business from e-commerce portals, drove revenue growth during the year. Your Company continued to grow faster than the market and further consolidated its market share.

Construction of the new factory for the manufacture of room air conditioners at Sri City by Blue Star Climatech Limited, a newly incorporated wholly owned subsidiary of your Company, is progressing as planned and is expected to be commissioned in the third quarter of the financial year 2022-23. Your Company's application for benefits under the PLI scheme of the Central Government has been approved for manufacture of sheet metal components and heat exchangers at the upcoming Sri City Plant.

Improvement in the demand for modular cold rooms from the pharma, healthcare, e-commerce and food & beverages segments, coupled with a revival in demand for kitchen refrigeration equipment along with the opening up of Hotels and Restaurants post the second wave of the Pandemic, enabled growth in revenue for the Commercial Refrigeration business. Your Company has also augmented its production capacity of deep freezers with the setting up of a world-class manufacturing facility at Wada. Apart from greater production efficiencies, the new state-of-the-art deep freezer manufacturing facility at Wada will contribute to a higher share of own manufactured products in this category, which will reduce import dependency as well.

The overall pick-up in the demand from the second quarter onwards and general improvement in consumer sentiments propelled a growth in revenue of this segment by 39.38% to ₹2,603.77 crores in the year under review as against ₹1,868.28 crores in the previous year in this segment. The segment's results improved to ₹155.86 crores in the current year as compared to ₹108.82 crores achieved in the previous financial year.

Despite multiple rounds of price increases during the year, this segment's margin was impacted due to operating disruptions caused by the Pandemic in the early part of the year coupled with significant escalations in commodity prices, increase in logistics costs and continued international supply chain disruptions.

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

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

The segment revenue for the year grew by 40.07% to ₹247.35 crores as against ₹176.59 crores in the previous year. The segment result improved to ₹42.49 crores as compared to ₹33.81 crores in the previous year.

DIVIDEND

The Board, at its meeting held on May 5, 2022, recommended a dividend of ₹10 per equity share of ₹2 each for the financial year ended March 31, 2022. This dividend will be paid subject to the approval of the members at the Annual General Meeting

to be held on August 4, 2022, to those members whose names appeared in the register of members as on the record date, i.e. July 22, 2022.

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 reduced to ₹46.40 crores as compared to ₹64.72 crores in the previous year, due to reduction in cost of financing along with a reduction in the gross borrowings during the year driven by healthy cash flow from operations.

The Company's forex cost was ₹4.94 crores for the year as compared to ₹4.18 crores in the previous year. In spite of higher volatility caused by the second wave of the Pandemic and the geo-political factors, the increase was in line with the business growth on account of dynamic forex risk management practices followed by your Company.

DEPOSITS

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

In the year 2020-21, the Company had issued 3500 unsecured, listed, rated and redeemable Non-Convertible Debentures of ₹10,00,000 each aggregating to ₹350 crores on private placement basis in two series, i.e., Series I and Series II of 1750 nos. each.

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

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

SUBSIDIARIES AND JOINT VENTURE COMPANIES

I. Subsidiary Companies:

a) Blue Star Engineering & Electronics Limited

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

Revenue from operations from Blue Star Engineering & Electronics Limited for the year ended March 31, 2022, was ₹265.94 crores, as against its previous year's revenue of ₹181.74 crores. The subsidiary achieved a net profit of ₹31.52 crores for the year under review, as against last year's net profit of ₹23.00 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, 2022, was ₹284.09 crores as compared to ₹142.78 crores in the previous financial year. Net profit after tax for the year ended March 31, 2022, was ₹5.73 crores as compared to ₹6.12 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, 2022, was ₹332.76 crores as compared

to ₹236.11 crores in the previous financial period. On a consolidated basis, the company has generated a profit of ₹9.26 crores for the year ended March 31, 2022, as compared to a net profit of ₹6.50 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 in the UAE region.

The company's total income for the year ended March 31, 2022, was ₹24.32 crores as compared to last year's revenue of ₹12.38 crores. The company incurred a loss of ₹4.99 crores for the year ended March 31, 2022, as compared to a loss of ₹3.68 crores in the last year.

e) BSL AC&R (Singapore) Pte. Ltd.

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

This company commenced its operation during the year. The company's total income for year ended March 31, 2022, was ₹2.17 crores. The company incurred a loss of ₹0.07 crore.

f) Blue Star Climatech Limited

Blue Star Climatech Limited was incorporated on May 17, 2021, as a wholly-owned subsidiary of the Company to carry on the business as manufacturer and dealer in all kinds of air conditioners, commercial refrigeration equipment, cooling appliances and other related products.

This company is expected to 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 BSL AC&R (Singapore) Pte Ltd and Amcorp Properties Bhd, Malaysia, has been principally engaged in the business of HVAC contracting and maintenance in Malaysia.

This company's total income for the year ended March 31, 2022, was ₹43.12 crores as compared to ₹84.73 crores in the previous financial year. Net profit after tax for the year ended March 31, 2022, was ₹2.23 crores as compared to ₹5.31 crores in the previous year.

b) Blue Star Oman Electro-Mechanical Company LLC

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

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

As required under Section 136 of the Act, the audited annual accounts, including the consolidated financial 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

During the year, the Company substantially completed installation work on a new world-class manufacturing facility at Wada which would cater to the production of the Company's Commercial Refrigeration products and solutions, in particular deep freezers and water coolers. The said facility is fully equipped with the latest advanced manufacturing systems and imbibes global best practices in its operations. Commercial operations of this new manufacturing plant is expected to commence in early FY23.

The Company's wholly owned subsidiary, Blue Star Climatech Limited, is setting up a new state-of-the-art manufacturing facility at Sri City, in Chittoor District of Andhra Pradesh which shall primarily manufacture room air conditioners. The plant is strategically located closer to a couple of Southern Indian sea ports which will enable speedy and efficient logistics management.

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:

- The prestigious 'Golden Peacock Award for Excellence in Corporate Governance' for the third year in a row and 'Golden Peacock Award for Risk Management' for 2020
- 'Excellence in HR through Technology Award' under category 'Maharashtra Best Employer Brand Awards,' organised by World HRD Congress
- 'Excellence in Quality' award by Max Estates
- 'Diversity Marketing Campaign of the Year' award at the 3rd edition of D&I Summit and Awards 2021, organised by Transformance Forums
- Dadra plant declared winner at the 11th edition of the CII National 3M competition 2021
- 'MEP Contractor of the Year' award by Construction Week India for the sixth time
- 'Best Product Quality Subcontractor' award from Larsen & Toubro
- 'Best Quality Conscious Subcontractor' award from Tata Projects
- Platinum and Gold awards won by Wada Plant Team at CII National Poka-yoke competition held virtually.

DIRECTORS

Retire by rotation

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

A brief profile of Dinesh N Vaswani is annexed to the notice convening Annual General Meeting.

Re-appointment of Independent Director

The Board of Directors, based on performance evaluation and as per the recommendation of the Nomination and Remuneration Committee recommended the re-appointment of Sam Balsara, as an Independent Director of the Company for a second consecutive term commencing from June 20, 2022, to January 31, 2026, for the approval of the members by way of Postal Ballot. The results of the voting will be announced on or before Tuesday, June 7, 2022.

Resignation of Independent Director

Rumjhum Chatterjee has tendered her resignation from the office of Independent Director of the Company with effect from April 25, 2022, due to personal reasons and to reduce her professional commitments. The Board places on record its

deep sense of appreciation towards the valuable contribution by Rumjhum Chatterjee during her tenure with the Company.

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**
Rajesh Parte	Company Secretary & Compliance Officer*

****Neeraj Basur, Group Chief Financial Officer, has tendered his resignation effective May 31, 2022.**

***Neeraj Basur, Group Chief Financial Officer, was appointed by the Board of Directors to assume additional charge as the Company Secretary & Compliance Officer effective June 5, 2021, after the resignation of Vijay Devadiga, Company Secretary & Compliance Officer, effective June 4, 2021. On appointment of Rajesh Parte as Company Secretary & Compliance Officer effective October 29, 2021, Neeraj Basur relinquished his position of Company Secretary & Compliance Officer and was re-designated as Group Chief Financial Officer of the Company.**

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, 2022, 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, 2022, 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, 2022, 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, 4 (four) 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 (Chairman), Shailesh Haribhakti, Arvind K Singhal, and B Thiagarajan. The composition of the Committee is in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations. The terms of reference of the Committee conform with the Act and the Listing Regulations as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report. During the year under review, there was no instance wherein the Board had not accepted any recommendation of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

Sunaina Murthy and Rumjhum Chatterjee ceased to be members of the Nomination and Remuneration Committee with effect from October 28, 2021, and April 25, 2022, respectively. Shailesh Haribhakti was inducted as member of this Committee with

effect from October 28, 2021. Accordingly, the Committee comprises Sam Balsara (Chairman), Dinesh N Vaswani and Shailesh Haribhakti.

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

Anil Harish and B Thiagarajan ceased to be members of the Investor Grievance cum Stakeholders' Relationship Committee with effect from October 28, 2021. Arvind K Singhal and Sunaina Murthy were inducted as members of this Committee with effect from October 28, 2021. Accordingly, the Committee comprises Arvind K Singhal (Chairman), Rajiv R Lulla and Sunaina Murthy.

The Committee is constituted in line with the requirements mandated by Section 178 of the Act and Regulation 20 of the Listing Regulations. The terms of reference of the Committee conform with the said requirements, as more particularly set out in the Corporate Governance Report, which forms a part of this Annual Report.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was reconstituted to bring in line with the amendment to the Listing Regulations. Neeraj Basur ceased to be a member of the Risk Management Committee with effect from August 4, 2021. Anil Harish was inducted as member of this Committee with effect from August 4, 2021. Accordingly, the Committee comprises Vir S Advani (Chairman), Rajiv R Lulla, B Thiagarajan and Anil Harish. The Company has adopted a formal Risk Management Policy. In accordance with the amendment to the Listing Regulations, the Board of Directors at its meeting held on August 4, 2021, based on the recommendation of the Risk Management Committee, has amended the 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 42.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Rumjhum Chatterjee ceased to be a member of the CSR Committee with effect from April 25, 2022. Sam Balsara was inducted as member of this Committee with effect from April 26, 2022. Accordingly, the Committee comprises B Thiagarajan (Chairman), Sam Balsara, and Sunaina Murthy.

During the year under review, the Company was required to spend an amount of ₹2.91 crores towards activities as stipulated under Schedule VII of the Act. The Company has spent an amount of ₹3.19 crores towards various CSR initiatives. Based on the recommendation of CSR Committee, the Board of Directors have approved set-off of excess CSR spent of ₹0.28 crore towards CSR obligation of FY23.

The Board of Directors at its meeting held on May 6, 2021, based on the recommendation of the CSR Committee, has amended the CSR Policy to incorporate the amendments in the Act and rules made thereunder. 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 DIRECTORS

The Nomination and Remuneration Committee at its meeting held on January 27, 2022, and the Board at its meeting held on February 2, 2022, approved the criteria for evaluating the Chairman, Directors, the Board, and its Committees. Accordingly, the questionnaires were circulated seeking inputs of the Directors to evaluate governance standards based on various parameters including structure and composition of the Board and committees, quality of Board processes, Board

culture and dynamics, effectiveness vis-à-vis stakeholders' expectations in terms of strategic direction, and guidance to the leadership team.

The inputs received from the Directors were deliberated upon and reviewed by the Independent Directors at a separate meeting held on March 31, 2022. 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 adjourned meeting held on April 26, 2022, and by the Board of Directors at its meeting held on May 5, 2022. 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 Board of Directors at its meeting held on February 2, 2022, based on the recommendation of the Nomination and Remuneration Committee, has amended the Nomination and Remuneration Policy. The Policy provides broad guidelines on appointment, removal, retirement, qualifications, attributes, and structure of remuneration, of the Directors, Key Managerial Personnel, and Senior Management Personnel. It is designed to foster a high-performance culture that enables the Company to attract, retain and motivate the employees to achieve results. The performance of the Executive Directors was evaluated and reviewed by the Nomination and Remuneration Committee at its adjourned meeting held on April 26, 2022. The Nomination and Remuneration Policy is uploaded on the Company's website at: <https://www.bluestarindia.com/media/217800/blue-star-nrc-policy.pdf>

MANAGERIAL REMUNERATION

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

Name of Director	I	II
	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	The percentage increase in remuneration, if any, in the financial year
Non-Executive Directors[#]		
Shailesh Haribhakti	5.21x	80.4%
Dinesh N Vaswani	2.75x	49.2%
Rajiv R Lulla	2.78x	55.6%
Sunaina Murthy	2.83x	44.9%
Sam Balsara	2.80x	54.7%
Anil Harish	2.97x	52.2%
Rumjhum Chatterjee	2.92x	45.1%
Arvind Singhal	3.03x	52.9%
Executive Directors		
Vir S Advani	69.58x	22.8%
B Thiagarajan	67.15x	17.6%
Group Chief Financial Officer		
Neeraj Basur	-	46.1%
Company Secretary & Compliance Officer		
Rajesh Parte [*]	-	-

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

^{*}Rajesh Parte was appointed as the Company Secretary & Compliance Officer of the Company effective October 29, 2021.

III.	The percentage increase in the median Remuneration of employees in the financial year	5.79%
IV.	The number of permanent employees on the rolls of Company	2,533

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%
		Average increase to Managerial Personnel	20.17%
		Exceptional circumstances for an increase to managerial remuneration	The average increase given in financial year 2021-22 was based on the outcome of compensation and benefits benchmarking to align remuneration of Whole-time Directors to market median.
VI.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms that the remuneration is as per the Nomination and Remuneration Policy.	

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 2021, after being conferred this award in the year 2019 and 2020 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 whistle blower policy to enable the Directors, employees of the Company, its subsidiaries, affiliate/joint venture companies and business partners to report concerns of any unethical behaviour, unacceptable and improper practices, or suspected fraud. The policy has also been uploaded on its website. An Ethics Committee has been constituted, comprising the Group Chief Financial Officer, Chief Human Resources Officer, and Company Secretary & Compliance Officer (Ethics Officer) to administer this Policy. The Company has also adopted a robust Governance, Risk and Compliance Framework that enables a seamless integration of processes and components around the Company's governance, risk and compliance objectives.

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

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

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

The Governance, Risk and Compliance Framework is uploaded on the Company's website at:

https://www.bluestarindia.com/media/335126/governance-risk-compliance-framework_website.pdf

INTERNAL CONTROL SYSTEMS

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

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

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

- 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, believes that the Company's Internal Financial Controls were adequate and operating effectively for the financial year ended March 31, 2022.

LOANS, GUARANTEES AND INVESTMENTS

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

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

There are no material transactions with any related party as defined under Section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations. Because of this, disclosure in Form AOC-2 has not been provided. The details of transactions with the related parties are provided in the standalone financial statement in Note 38.

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

HUMAN RESOURCES

Employee wellbeing while ensuring business continuity continued to be an ongoing priority focus of your Company through the year under review. In the face of the second and third waves of the COVID-19 pandemic across the country, strict adherence to COVID-appropriate behaviour was implemented which effectively aided in containing spread of infection in the Blue Star ecosystem. Also, agile support in medical crisis situations helped save many lives of our employees, their family members and that of various stakeholders of the Company. A holistic approach to physical and mental wellness including swift medical and counselling support through a virtual platform, offering the option of flexible work schedules aimed at optimising work-life balance, and de-stressing sessions by experts, was well received by the employees. A comprehensive rewards and recognition (R&R) Policy was instituted across employee groups to keep the employees motivated and engaged. The award winner's stories was showcased at Life @ Blue Star, the Company's LinkedIn page which received good traction amongst staff and their networks.

Rapid increase in adoption of technology involving people processes resulted in enhanced employee experience, provided reports, dashboards and analytics for informed, real-time business insights. A Diversity, Equality & Inclusion (DEI) Policy aligned to your Company's diversity agenda was rolled out. The talent management team clocked 95,000 learning hours through internal learning platforms. This helped upskill the workforce with the right training and knowledge needed to meet challenging job requisites and creating a culture of continuous learning and growth. Performance review processes were further enhanced through individual development plans and related robust review mechanisms with respect to grade-linked professional competencies. Employee-friendly policies relevant in the post pandemic environment were rolled out. Overall, your Company is committed to being a listening organisation which is swift

in taking proactive steps towards employee engagement and collaboration, with solutions that balance employee productivity and wellness for happy and satisfied teams.

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 & Compliance Officer of the Company.

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

The Company has zero-tolerance for sexual harassment at the workplace and has adopted a policy on prevention, prohibition, and redressal of the same, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder.

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

The Company has duly constituted Internal Complaints Committees in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to redress complaints received regarding sexual harassment. The Company organises workshops and awareness programs at regular intervals for sensitising employees with the provisions of the said Act. During the year under review, no complaints with allegations of sexual harassment were filed with the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company incurred a total expenditure of ₹67.21 crores on research and development for the year as against ₹59.10 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 ₹242.34 crores as against ₹165.71 crores in the previous year.

The foreign exchange outflow stood at ₹1,354.66 crores as compared to ₹954.04 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 fourth 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, Cost Accountants, Hyderabad, as the Cost Auditors, to conduct the cost audit for the financial year ended March 31, 2022.

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, 2022.

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

In terms of the provisions of Section 138 of the Act read with Companies (Accounts) Rules, 2014, 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/fy22-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 Ltd.
- 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 5, 2022

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

- Optimised usage of higher capacity compressor and stopped usage of two lower capacity compressors during daytime, resulted in energy saving of 34,800 units and achieving an annual saving of ₹2.36 lakhs and reduction of CO₂ emission of 17.41T of CO₂/kWh.
- Reduction in Maximum Demand (MD) by 100kVA (from 1000kVA to 900kVA), resulting in reduction in the electricity bill, and an annual saving of ₹2.36 lakhs.
- Installation of a VFD-driven low pressure compressor in April 2022 which will result in an annual energy saving of 1,83,850 units, equivalent to an annual savings of ₹12.86 lakhs.

2. WADA PLANT

- Reduction in contract demand from 4285kVA to 3000kVA till March, 2022, resulting in a saving of ₹18.33 lakhs.

3. HP PLANTS

- Replacement of old DG Set with new CPCG II DG set resulting in lower fuel cost.

- Improved productivity and reduced power cost/unit and carbon footprint in the Assembly Line from ₹7.8 lakhs to ₹4.5 lakhs resulting in an annual saving of ₹7.30 lakhs.
- Optimisation of 300kVA DG set which was installed for product testing in the Lab, resulting in a saving of ₹3.5 lakhs.
- Replacement of hydraulic power pack, an old bending machine with a new servo driven system, which improved energy-efficiency by 70% and reduced CO₂ emission by 27.71 ton. Elimination of the hydraulic oil reduced hazardous waste under HWM category 5.1 and 33.1.
- Replacement of hydraulic type Vertical Expander with an all-electric type unit, resulting in energy-efficiency and productivity improvement.
- Reduction in contract demand from 900kVA to 600kVA till March, 2022, resulting in a saving of ₹8.10 lakhs.

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

WADA PLANT

- Installation of 1.0 MW Solar System at Wada Plant which reduces carbon emission by 84600 KgCO/kWh.

III. CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT:

(₹ in crores)

Particulars	Amount
HP1	
Replacement of old inefficient DG Set with New CPCG II DG Set	0.27
Upgradation of IDU line Helium & Pressure Decay Equipment	0.08
Replacement of hydraulic power pack, an old bending machine with a new servo driven system	0.60
Dadra	
Installation of VFD-driven low pressure compressor	0.39
Total Investment	1.34

(B) TECHNOLOGY ABSORPTION

I. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION:

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

During the year, Blue Star introduced a new range of inverter

ducted heat pumps. The reversible heat pump systems provide efficient heating and cooling in the north Indian market. During the development, R&D team had extensive interaction with a Japanese consultant for developing a reliable control system and optimising the heat exchanger design for heat pump applications.

As a part of the design optimisation effort, the R&D team collaborated with a renowned copper tube manufacturer to develop low-weight, highly efficient copper tubes for the heat exchangers used in chillers. The doubly enhanced finned copper tubes offer 10% higher heat transfer efficiency as compared to conventional tubes. Specific weight of the tubes is 7% lower, resulting in reduced material consumption.

A new range of air cooled and water cooled scroll chillers was developed to meet BEE star labelling standards. High part-load energy-efficiency is achieved by using special scroll compressors with intermediate discharge valve. Efficiency of the chillers was further enhanced by incorporating multiple compressors connected in tandem circuit arrangement. The R&D team worked in close technical cooperation with the compressor manufacturer for design optimisation.

Deep freezers with variable speed compressor technology were developed to offer 25% energy savings compared to conventional products with fixed speed compressors. R&D engineers worked closely with compressor and drive suppliers to ensure product reliability.

II. OUTCOME AND BENEFITS:

Inverter ducted heat pump systems offer 2.5 times higher

energy-efficiency during heating operation as compared to conventional systems using electric heaters. These systems are expected to enhance the Company's market share in the North Indian market.

Development of low weight, high efficiency tubes has helped in optimising heat exchanger design in screw chillers. Blue Star is also the first company to register entire range of air cooled and water cooled scroll chillers for the BEE energy labelling program. The Company will be able to consolidate its leadership position in the chiller market by offering energy efficient and cost competitive range of screw chillers and scroll chillers. Performance of the chillers is certified by AHRI.

Variable speed compressor technology has been extended to deep freezers in commercial refrigeration segment. The new range of deep freezers is an ideal solution for customers looking for substantial energy savings during non-stop 24x7 operation.

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	2021-22	2020-21
Capital	17.41	22.27
Recurring	49.80	36.83
Total	67.21	59.10
Total R&D expenditure as a percentage of total turnover	1.11%	1.39%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crores)

Particulars	2021-22	2020-21
Total foreign exchange outgo	1,354.66	954.04
Total foreign exchange earned	242.34	165.71

For and on behalf of the Board of Directors

Date : May 5, 2022

Place : Mumbai

Shailesh Haribhakti

Chairman

(DIN: 00007347)

ANNEXURE 2 TO BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

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

Blue Star's CSR is committed towards sustainability and

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

2. Composition of the CSR Committee:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	B Thiagarajan	Chairman	2	2
2	Sunaina Murthy	Member	2	2
3	Rumjhum Chatterjee*	Member	2	2

*Rumjhum Chatterjee ceased to be a Member of the Committee with effect from April 25, 2022, and Sam Balsara was appointed as a Member with effect from April 26, 2022.

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

<https://www.bluestarindia.com/media/292474/committee-charter.pdf>
<https://www.bluestarindia.com/media/217799/blue-star-csr-policy.pdf>
<https://www.bluestarindia.com/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 as per section 135(5):

₹145.44 crores

7. (a) Two percent of average net profit of the company as per section 135(5):

₹2.91 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):

₹2.91 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
3.19	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 - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	National Employability through Apprenticeship Program	Item II	Yes	Maharashtra, Himachal Pradesh, Dadra and Nagar Haveli and Daman and Diu	Palghar, Kala Amb, Dadra and Nagar Haveli	1	Yes	-	-
2	Vocational Training on Air Conditioning & Refrigeration	Item II	Yes	Andhra Pradesh	Chittoor	0.05	No	Apollo's Total Health Project	CSR00001354
3	Vocational Training on Air Conditioning & Refrigeration	Item II	Yes	Maharashtra	Sagoli	0.04	No	Sanskriti Samvardhan Mandal	CSR00000943
4	Vocational Training on Air Conditioning & Refrigeration	Item II	Yes	Tamil Nadu	Chennai	0.03	No	Thakkar Bappa Vidyalaya	CSR00006773
5	Vocational Training on Air Conditioning & Refrigeration	Item II	Yes	West Bengal	Howrah	0.06	No	Shilpamandira RKM	CSR00006101
6	Vocational Training on Air Conditioning & Refrigeration	Item II	Yes	Tamil Nadu	Chennai	0.01	No	Rotary Club of Madras Marina Trust	CSR00008141
7	Refurbishment of the Crematorium	Item III	Yes	Maharashtra	Mumbai	0.15	No	Blue Star Foundation	CSR00006637
8	Food Distribution	Item I	Yes	Dadra and Nagar Haveli and Daman and Diu	Dadra	0.02	No	The Federation of Industries Association	CSR00012860

(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 - Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration number
9	Support to community based on health care projects	Item I	Yes	Maharashtra	Mumbai	0.15	No	Blue Star Foundation	CSR00006637
10	COVID Relief	Item XII	Yes	Maharashtra	Palghar	0.53	No	CII Foundation	CSR00001013
11	COVID Relief	Item XII	Yes	Himachal Pradesh	Kala Amb	0.10	No	Aastha Welfare Society	CSR00005228
12	COVID Relief	Item XII	Yes	Maharashtra	Mumbai	0.002	No	Seva Sadan Society	CSR00003387
13	Digital Sakshar	Item II	Yes	Maharashtra	Palghar	0.17	No	Pratham Infotech Foundation	CSR00002475
14	Mohan T Advani Centennial Scholarship	Item II	Yes	Maharashtra	Mumbai	0.65	No	Blue Star Foundation	CSR00006637
15	Educational support to Tribal Girl Children	Item II	Yes	Odisha	Bhuwane-shwar	0.07	No	Kalinga Institute of Social Sciences	CSR00000319
16	Children's reading project	Item II	Yes	Maharashtra	Mumbai	0.02	Yes	-	-
TOTAL						3.05			

(d) Amount spent in Administrative Overheads: ₹0.14 crore

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹3.19 crores

(g) Excess amount for set off, if any:

(₹ in crores)

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	2.91
(ii)	Total amount spent for the Financial Year	3.19
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.28
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.28

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 (asset-wise details): 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)

B Thiagarajan

Chairman
Corporate Social Responsibility Committee
(DIN: 01790498)

Date : May 5, 2022

Place: Mumbai

ANNEXURE 3 TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT

To,
The Members,
BLUE STAR LIMITED

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

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required we have obtained the Management representation about the compliance of laws, rules and regulations, and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, and standards, 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: F005436D000272307

Bharat Upadhyay
Partner

Date : May 5, 2022
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, 2022

[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, 2022**, 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, 2022, 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 Non-Convertible Securities) Regulations, 2021;
- f. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) 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, 2021; **Not applicable to the Company during the Financial Year;**
- i. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **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 during the period under review, three cases under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, were reported to the Stock Exchanges and the appropriate actions were taken by the Company.

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

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 31, 2022, 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 incorporated a wholly owned subsidiary namely Blue Star Climatech Limited (BSCL) on May 17, 2021. The Company has invested an initial capital of ₹3 crores on June 2, 2021, for cash consideration and allotted 30,00,000 Equity Shares of ₹10 each aggregating to ₹3,00,00,000. Further, the Company has approved transfer of leasehold rights held in the 20 acre land at Sri City, Andhra Pradesh, to BSCL, for consideration other than cash by way of investment in equity shares of BSCL. Accordingly, BSCL has allotted 2,36,00,000 Equity Shares of ₹10 each aggregating to ₹23,60,00,000/- to the Company as per the terms of consideration, vide its Board resolution dated June 25, 2021.
2. The Company provided Corporate Guarantee on behalf of BSCL in favour of Axis Bank Limited amounting to ₹35,00,00,000/- each vide resolution dated August 4, 2021, and March 1, 2022; in favour of Hongkong Shanghai Banking Corporation Limited amounting to ₹35,00,00,000/- vide resolution dated August 4, 2021; and in favour of Kotak Mahindra Bank Limited amounting to ₹35,00,00,000/- each vide resolution dated October 28, 2021, and March 1, 2022

For M/s N L Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

UDIN:F005436D000272307

Bharat Upadhyay

Partner

Date : May 5, 2022

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

ANNEXURE 3A TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT

To,

The Members,

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

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

- (1) Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Wherever required we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- (5) The compliance of the provisions of Corporate and other Applicable laws, rules, regulations, standards, 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:F005436D000215901

Bharat Upadhyay

Partner

FCS: 5436

CP No. 4457

P/R No. 700/2020

Date : April 27, 2022

Place : Mumbai

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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, 2022, 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, 2022, 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 following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) MCA Notification holding Meetings through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

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) of (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 and Committee 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 period under review, the Company has created charge of ₹5 Crore in favour of BNP Paribas by hypothecation of its movable assets and book debts.

We further report that, during the period under review the Members of the Company passed the following Special Resolutions in the Extra-Ordinary General Meeting held on October 20, 2021:

1. Granting Inter Corporate Deposit(s) to Blue Star Limited, the Holding Company to the extent of ₹200 Crores.
2. Approval for limits of Loans, Guarantee and Investments by the Company under Section 186 of the Act up to ₹200 Crores.

For M/s N L Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F005436D000215901

Bharat Upadhyay
Partner

Date : April 27, 2022
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 various State Acts and Rules thereunder.
13. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and Rules thereunder.
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. The Employee's Compensation Act, 1923, and various State Acts and Rules thereunder.
19. Medical Devices Rules, 2017.
20. Any other Central and State Acts and Rules made thereunder, as may be applicable.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance refers to the manner in which a corporation is governed, directed and managed. Corporate governance essentially involves the balancing of interests of all stakeholders, such as shareholders, Board of Directors, management team, employees, customers, suppliers, bankers, government, and the community. Sound corporate governance practices rest on the basic principles of transparency, accountability, integrity, reliability, independence, and security. Corporate governance facilitates effective, entrepreneurial and prudent management which can deliver sustainable business results over a long term. Good corporate governance creates an in-built mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

Blue Star continuously strives to adopt and implement best-in-class governance practices. Responsible corporate conduct is integral to the way the Company does its business, referred to within the organisation as the "Blue Star Way". All actions by Blue Star employees and partners are governed by the Company's values and principles, which are reinforced at all levels within the entire eco system. The Company's governance framework enjoins all Blue Starites to follow the highest standards of ethical and responsible conduct of business, so as to create value for all stakeholders. The Company firmly believes that, for its continued success, the organisation must consistently adhere to the highest standards of corporate behaviour towards every stakeholder and the society at large. Over the years, Blue Star has strengthened its governance practices, and it is the endeavour of the Company to achieve best-in-class governance standards, benchmarked globally. Blue Star's governance practices and ethical conduct have also received recognition and acknowledgement from independent professional bodies.

VISION, CREDO, VALUES AND BELIEFS

Blue Star has consistently followed the principles of good corporate governance through transparency, accountability, fair dealings, and the promotion of mutual trust. The Company's Values and Beliefs have become a way of life within the organisation, and each employee is responsible for adherence to the Values of the Company.

It is Blue Star's commitment to do business with integrity, honesty and fairness. With a view to achieve this, the Company has defined its Vision, Credo, Values and Beliefs as follows:

Vision: "To dream, to strive, to care and, above all, to be the best in everything we do."

Credo: "I am Blue Star. I take pride in delivering a world-class customer experience."

Values and Beliefs:

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

The Company confirms compliance to the corporate governance practices as enshrined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'), details whereof for the financial year ended March 31, 2022, 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, 2022, the Board comprised ten Directors. Out of the ten, eight (i.e. 80 percent) were Non-Executive Directors, and five (i.e. 50 percent) were Independent Directors. The Board comprised two women Directors, out of whom one is an Independent Director.

The Chairman of the Board is an Independent Director. The Chairman presides over the meetings of the Board and of the shareholders of the Company. He leads the Board and ensures effective communication among the Directors. He is responsible for guiding implementation of all the initiatives relating to corporate governance. He ensures effectiveness of the Board and its Committees and guides in the evaluation of the performance of individual directors and the Board in fulfilling their roles and responsibilities.

The Executive Directors assume overall responsibility for strategic management of the business and corporate functions including oversight of governance processes and ensuring top management's operating effectiveness. They act as a link between the Board and the Management of the Company and are responsible for managing and reviewing the roles and responsibilities of other executive officials including

the Business Heads, Group Chief Financial Officer, Company Secretary & Compliance Officer, and other senior management personnel.

The Non-Executive Directors/Independent Directors play a critical role in providing balance to the Board processes with their independent judgment on issues involving strategy, performance, market dynamics, resources, and overall governance, besides providing the Board with valuable inputs based on their professional expertise.

The Company's Board comprises eminent professionals having sound knowledge, and relevant expertise and experience, in the areas of finance, legal, advertising, sales, marketing, technology, human resources, and general business management. The Company has established systems and procedures to ensure that the Board of Directors are kept well informed and well equipped to fulfill their overall responsibilities and to provide management with the strategic direction needed to create long-term shareholder value.

The composition of the Board of Directors and the number of directorships and committee positions held by them as on March 31, 2022, are as under:

Name of Director	Category	Particulars of Directorships, Committee Memberships/Chairmanships as on March 31, 2022			
		Directorships ¹	Number of Directorship(s) held in public listed companies	Committee Memberships ²	Committee Chairmanships ²
Shailesh Haribhakti	Non-Executive Independent Chairman	10	7	10	4
Vir S Advani	Vice Chairman & Managing Director	3	1	-	-
B Thiagarajan	Managing Director	3	1	1	-
Sam Balsara	Independent Director	1	1	-	-
Rumjhum Chatterjee*	Independent Director	3	2	1	-
Anil Harish	Independent Director	4	3	3	3
Rajiv R Lulla	Non-Executive Director	1	1	1	-
Sunaina Murthy	Non-Executive Director	1	1	1	-
Arvind K Singhal	Independent Director	4	4	3	1
Dinesh N Vaswani	Non-Executive Director	1	1	-	-

¹ Directorships held by the Directors as mentioned above consist of Directorships held in public limited companies but excludes directorships held in private limited companies, foreign companies and companies registered under section 8 of the Act.

² In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of two Committees, namely Audit Committee and Stakeholders' Relationship Committee, have been considered. Committee memberships include Chairmanships.

* Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

None of the Directors is a Director on the Board of more than 10 public limited companies or acts as an Independent Director in more than 7 listed companies. Further, none of the Directors is a member in more than 10 committees nor is a chairperson/chairman of more than 5 committees, amongst the companies mentioned above. Also, none of

the Independent Directors of the Company is a Whole-time Director of any listed company.

Except Vir S Advani and Sunaina Murthy, who are related, none of the Directors is a relative of the other, as defined under the Act. Details of listed entity(ies) in which the Directors hold directorship(s) as on March 31, 2022, are as follows:

Name of Director	Name of Listed Entity(ies)	Category
Shailesh Haribhakti	- Blue Star Limited	Independent Director
	- Torrent Pharmaceuticals Limited	Independent Director
	- L&T Finance Holdings Limited	Independent Director
	- 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
	- Metro Brands Limited	Independent Director
Dinesh N Vaswani	- Blue Star Limited	Non-Executive Promoter Director

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

CORE SKILLS REQUIRED IN THE CONTEXT OF COMPANY'S BUSINESS

The Company inducts distinguished individuals with expertise across diverse fields as Directors on its Board. Members with high levels of integrity, appropriate qualifications, skills and expertise, and with the ability to contribute to the growth of the Company get nominated for this role.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company:

Strategy & Business Planning	- Comprehend the socio-economic, political, legal, regulatory and competitive environment in which the Company is operating and provide insights to identify the risks, threats and opportunities for the Company's businesses
Financial Acumen	- Analyse the Company's financial and operating performance and provide oversight of capital allocation and returns
Human Capital	- Support management to develop policies to identify and retain the best talent; to develop people at all levels and make them future-ready; and to institutionalise succession planning for critical positions
Governance	- Monitor/guide statutory and regulatory compliance, contribute towards setting and upholding the highest standards of ethics, integrity and organisational conduct; Understand the key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation
Stakeholder Value Creation	- Enable shareholder value creation while ensuring interventions that create a positive and sustainable impact on society

All these skills are adequately available with the Board members.

In the table below, the primary/dominant area(s) of expertise of individual Board members have been highlighted. However,

the absence of a mark against a member's name does not mean that the member does not possess the corresponding qualification or skill.

Name of Director	Area of Expertise				
	Strategy & Business Planning	Financial Acumen	Human Capital	Governance	Stakeholder Value Creation
Shailesh Haribhakti	✓	✓		✓	✓
Vir S Advani	✓	✓	✓	✓	✓
B Thiagarajan	✓	✓	✓	✓	✓
Sam Balsara	✓		✓	✓	
Rumjhum Chatterjee*	✓		✓	✓	
Anil Harish		✓		✓	✓
Rajiv R Lulla	✓	✓		✓	✓
Sunaina Murthy			✓	✓	✓
Arvind K Singhal	✓	✓			✓
Dinesh N Vaswani	✓	✓		✓	✓

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

CONFIRMATION ON INDEPENDENCE OF DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations and have registered themselves with the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs in compliance with the requirements of the Companies (Appointment and Qualifications of Directors) Rules, 2014. In the opinion of the Board, the Independent Directors fulfill the said criteria and

are independent of the Management.

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, a majority of 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 four times. The meetings were held on May 6, 2021; August 4, 2021; October 28, 2021; and February 2, 2022. The gap between two consecutive Board meetings did not exceed 120 days.

The Company had convened its last Annual General Meeting on August 4, 2021.

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	4	Y
Vir S Advani	Vice Chairman & Managing Director	4	Y
B Thiagarajan	Managing Director	4	Y
Sam Balsara	Independent Director	4	Y
Rumjhum Chatterjee*	Independent Director	4	Y
Anil Harish	Independent Director	3	Y
Rajiv R Lulla	Non-Executive Director	4	Y
Sunaina Murthy	Non-Executive Director	4	Y
Arvind K Singhal	Independent Director	4	Y
Dinesh N Vaswani	Non-Executive Director	4	Y

*Rumjhum Chatterjee ceased to be an Independent Director of the Company with effect from April 25, 2022.

FAMILIARISATION OF INDEPENDENT DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him/her, which *inter alia* explains the role, functions, duties and responsibilities as an Independent Director of the Company. The Company's management makes business presentations periodically at the Board meetings to familiarise Independent Directors with the strategy, operations and functioning of the Company.

Such presentations help them to understand Blue Star's strategy, competitive landscape, business model, operations,

service, and product offerings, markets, organisation structure, finance, human resources, technology, quality, facilities and risk management, and such other areas as may be relevant for their familiarisation from time to time. These interactions provide them with a holistic perspective of the Company's business and regulatory framework. A structured induction programme for new Directors is also organised, where they get to meet and interact with all senior leaders of business divisions and functions to obtain an in-depth understanding of the Company's business. Field and factory visits are also organised for the new Directors to gain hands-on understanding and knowledge of the business operations.

The details of familiarisation programmes imparted to the Independent Directors are available on the website of the Company under the weblink at:

<https://www.bluestarindia.com/media/56472/familiarization-programme-for-independent-directors.pdf>

PERFORMANCE EVALUATION

The Board carries out an annual performance evaluation comprising review of the performance of the Directors individually as well as the evaluation of the working of the entire Board and its Committees. For this purpose, a structured questionnaire is prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as structure and composition of the Board, quality of Board processes, Board culture and dynamics, Board's role in setting vision/strategic direction and effectiveness in carrying out its role as expected by all the stakeholders.

The performance of the Chairman of the Board is evaluated on parameters such as level of engagement and contribution, ability to encourage frank and free discussions among Board members, relationships with Board members and guidance in case of complex issues.

The performance evaluation criteria for the Directors are determined by the Nomination and Remuneration Committee. The factors on which evaluation is carried out include: (i) qualifications, experience, understanding and knowledge of business and sector, (ii) availability and attendance at meetings, (iii) openness in debating complex issues and 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 31, 2022, to discuss the following for FY22:

- Performance of Non-Independent Directors and the Board as a whole;
- Performance of the Chairman of the Board, taking into account the views of Executive Directors and Non-Executive Directors; and
- Quality, quantity and timeliness of flow of information between the Company's management and the Board that

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

In the Board evaluation carried out for the financial year 2020-21, the Independent Directors had 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. An Enterprise Risk Management framework was advised to adequately address the emerging risks associated with the strategic plans of the Company post the Pandemic. These observations were implemented during the financial year 2021-22.

In the Board evaluation carried out for the financial year 2021-22, in addition to other recommendations, the Independent Directors proposed that a bottoms up evaluation of technological developments, market positioning and growth opportunities be considered as part of the next strategy development exercise to be undertaken by the Company. Accordingly, it was suggested that the Company carry out an assessment of possible strategic options available to achieve a step change in its existing businesses and explore adjacent growth opportunities.

The outcome of the evaluation was presented to the Board along with the course of actions proposed to be taken up for implementing the above observations.

CODE OF CONDUCT

While operating in a competitive and demanding market, the Company had published a comprehensive code of conduct for its Board members, employees of the Company, its subsidiaries and affiliate/joint venture companies and business partners that requires strict adherence to 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, 2022. A declaration to the effect, confirming the same and signed by the Vice Chairman & Managing Director of the Company, forms part of this Report. In addition, adherence to the Code of Conduct has also been made applicable to the business partners, viz, dealers, distributors, vendors, and service providers.

The Company's Code of Conduct is available on the website of the Company under the weblink at:

<https://www.bluestarindia.com/media/271526/code-of-conduct.pdf>

CORPORATE SAFETY POLICY

The Company firmly believes that the safety of its employees and all the stakeholders associated with the Company's project sites, manufacturing facilities, customer premises, and office locations is of utmost importance. Safety is an essential and integral part of the Company's work activities. The Company believes that incidents or accidents and risk to health are preventable through active involvement of all the stakeholders, thereby creating a safe and accident-free workplace. Accordingly, health and safety awareness programmes and safety audits are conducted regularly. Safety protocols have been documented and get shared across the organisation regularly. During the financial year 2021-22, 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, 2022, 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 five times. The meetings were held on May 6, 2021; August 4, 2021; October 28, 2021; February 2, 2022; and March 8, 2022.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Anil Harish, Chairman	4
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 issue, rights issue, preferential issue, etc.), statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public issue or rights issue, and make appropriate recommendations to the Board to take steps in the matter whenever such fund raising happens.
7. Review and monitor the auditors' independence and performance, and effectiveness of audit processes.
8. Approve or any subsequent modification of transactions of the Company with the related parties.
9. Scrutinise inter-corporate loans and investments.
10. Conduct valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluate internal financial controls and risk management systems.
12. Review with the Management the performance of statutory and internal auditors, and adequacy of the internal control systems.
13. Review the adequacy of internal audit function, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
14. Discuss with internal auditors any significant findings and follow up thereon.
15. Review the findings of any internal investigations by the internal auditors in the matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.
16. Discuss with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
17. Look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, stakeholders (in case of non-payment of declared dividends) and creditors.

18. Approve appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

B. Review of information:

1. Review of the Management Discussion and Analysis of the financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Committee), submitted by the Management.
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm of internal auditors.
6. Statement of deviations:
 - a) Quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice, in terms of Regulation 32(7) of the Listing Regulations.

C. Statutory audit:

1. Recommend to the Board, the appointment, 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 the completion of the annual audit, review

with the statutory auditors on any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

8. Meet at least once in a year separately with the statutory auditors to discuss any matters that the Committee or the statutory auditors believe should be discussed separately.
9. Review the annual Cost Audit Report submitted by the Cost Auditors.

D. Internal audit:

1. Review the internal audit plan and recommend changes, for the approval of the Board.
2. Approve appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm selected to manage internal audit deliverables.
3. Consider and approve, in consultation with the Statutory Auditors and the Internal Auditors, the annual scope and plan of the Company's internal audit and any significant changes thereto.
4. Review with the Internal Auditors and the Statutory Auditors the co-ordination of audit efforts to assure adequacy of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. Review any significant findings and recommendations of Internal Audit, together with the management's responses thereto.
6. Review the findings of any internal investigations by the Internal Auditors in matters where there is suspected fraud or irregularity or a failure of an internal control system of a material nature, and report the matters to the Board.
7. Review with the Internal Auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
8. Meet at least once a year separately with the Internal Auditors, to discuss any matters that the Committee or the Chief Internal Auditor/engagement partner at the internal audit firm believes should be discussed separately.

B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for devising criteria for determining qualifications, attributes and independence of the Directors. It is also responsible for

identifying persons to be appointed at Senior Management levels as well as devising remuneration policy for the Directors, Key Managerial Personnel and Senior Management Personnel.

The composition of the Committee meets the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

As on March 31, 2022, the Committee comprised four directors:

- Sam Balsara, Chairman
- Rumjhum Chatterjee
- Dinesh N Vaswani
- Shailesh Haribhakti

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

MEETINGS HELD BY THE NOMINATION AND REMUNERATION COMMITTEE

During the financial year, the Committee met three times. The meetings were held on April 27, 2021; August 25, 2021; and January 27, 2022.

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*	2
Dinesh N Vaswani	3
Shailesh Haribhakti*	1

**Shailesh Haribhakti was appointed as Member of the Committee with effect from October 28, 2021, and Sunaina Murthy ceased to be Member of the Committee with effect from October 28, 2021.*

***Rumjhum Chatterjee ceased to be Member of the Committee with effect from April 25, 2022.*

TERMS OF REFERENCE

1. *Inter alia* recommend nominations for Board Membership, develop and recommend policies with respect to composition of the Board, commensurate with the size, nature of the business and operations of the Company.
2. Establish criteria for selection to the Board, with respect to the competencies, qualifications, experience, track record, integrity and gender, and to establish Directors' retirement policies and appropriate succession plans, and determine overall compensation policies of the Company.
3. Monitor/administer the Company's Employee Stock Option Schemes formulated from time to time, and take appropriate decisions in terms of the concerned Scheme(s) and such other matters as may be required under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

4. Review market practices and formulate a remuneration policy, and within the framework of the said policy:
 - a) Recommend to the Board, a remuneration package applicable to the Key Managerial Personnel and Senior Management comprising the working directors and the leadership team.
 - b) Recommend to the Board for its approval, performance parameters for them, review the same from time to time and thereafter, recommend the above to the Board for its approval.
5. Recommend to the Board, all remuneration, in whatever form, payable to the Key Managerial Personnel and Senior Management Personnel.
6. Such other matters as may be required under the Act and Listing Regulations.

REMUNERATION OF DIRECTORS

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission, performance-linked incentives and stock options (variable component) to its Vice Chairman & Managing Director and Managing Director. Annual increments are decided by the Nomination and Remuneration Committee, within the salary scale approved by the members of the Company. The Nomination and Remuneration Committee recommends to the Board the

remuneration payable to the Vice Chairman & Managing Director and Managing Director out of the net profits for the financial year, and within the ceilings prescribed under the Act, based on their performance and the performance of the Company. Services of the executive directors may be terminated by either party, giving the other party six months' notice. There is no separate provision for payment of any severance fees.

The Non-Executive Directors are paid, in addition to sitting fees, a commission not exceeding 1% of the net profits of the Company, in accordance with the Act and Nomination and Remuneration Policy of the Company. The remuneration structure and criteria for determining performance-based compensation are provided in the Nomination and Remuneration Policy.

During the financial year, none of the Non-Executive Directors had received remuneration exceeding 50% of the total remuneration paid to the Non-Executive Directors. The annual remuneration of Vir S Advani, who is an Executive Promoter Director, was within the limits approved by the shareholders by way of special resolution at the 72nd Annual General Meeting held on August 6, 2020.

The Nomination and Remuneration Policy is available on the website of the Company under the web link at: <https://www.bluestarindia.com/media/217800/blue-star-nrc-policy.pdf>

The details of amount paid/provided towards Directors' remuneration are as follows:

(₹ in lakhs)

Name	Salary	Retirals	Perquisites	Commission	Performance Linked Incentive	Sitting Fees	Total
Shailesh Haribhakti	-	-	-	38.00	-	8.00	46.00
Vir S Advani	104.22	32.83	207.95	248.40	21.50	-	614.90
B Thiagarajan	104.22	32.83	207.95	248.40	-	-	593.40
Sam Balsara	-	-	-	19.00	-	5.75	24.75
Rumjhum Chatterjee	-	-	-	19.00	-	6.75	25.75
Anil Harish	-	-	-	19.00	-	7.25	26.25
Rajiv R Lulla	-	-	-	19.00	-	5.50	24.50
Sunaina Murthy	-	-	-	19.00	-	6.00	25.00
Arvind K Singhal	-	-	-	19.00	-	7.75	26.75
Dinesh N Vaswani	-	-	-	19.00	-	5.25	24.25

DIRECTOR SHAREHOLDING

AS ON MARCH 31, 2022

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 investor service requests, non-receipt of annual reports, non-receipt of declared dividends, and other investor related matters.

In addition, the Committee also looks into matters which facilitate investors' relations.

The composition of the Committee meets the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations.

As on March 31, 2022, the Committee comprised three directors:

- Arvind K Singhal, Chairman
- Sunaina Murthy
- Rajiv R Lulla

During the financial year, the Committee met twice. The meetings were held on July 29, 2021, and March 24, 2022.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Arvind K Singhal, Chairman*	1
Anil Harish*	1
B Thiagarajan®	1
Rajiv R Lulla	2
Sunaina Murthy®	1

*Arvind K Singhal was appointed as Chairman of the Committee with effect from October 28, 2021, and Anil Harish ceased to be Chairman of the Committee with effect from October 28, 2021.

®Sunaina Murthy was appointed as Member of the Committee with effect from October 28, 2021, and B Thiagarajan ceased to be Member of the Committee with effect from October 28, 2021.

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 22 complaints and all the complaints were resolved to the satisfaction of the shareholders. There were no complaints pending for resolution as on March 31, 2022. The complaints received from the investors were mainly pertaining to non-receipt of dividend and share certificates, etc.

COMPLIANCE OFFICER

Rajesh Parte (*w.e.f. October 29, 2021*)
 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, 2022, the Committee comprised three directors:

- B Thiagarajan, Chairman
- Rumjhum Chatterjee
- Sunaina Murthy

During the financial year, the Committee met twice. The meetings were held on April 29, 2021, and October 22, 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

**Rumjhum Chatterjee ceased to be Member of the Committee with effect from April 25, 2022, and Sam Balsara was appointed as Member of the Committee with effect from April 26, 2022.*

TERMS OF REFERENCE

1. Formulate and recommend to the Board a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.

2. Recommend the amount of expenditure to be incurred on the CSR activities.
3. Monitor the CSR Policy of the Company from time to time. 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, 2022, the Committee comprised four directors:

- Vir S Advani, Chairman
- B Thiagarajan
- Rajiv R Lulla
- Anil Harish

During the financial year, the Committee met thrice. The meetings were held on June 24, 2021; November 29, 2021; and March 24, 2022.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Vir S Advani, Chairman	3
B Thiagarajan	3
Rajiv R Lulla	3
Neeraj Basur*	1
Anil Harish*	2

**Anil Harish was appointed as Member of the Committee with effect from August 4, 2021, and Neeraj Basur ceased to be Member of the Committee with effect from August 4, 2021.*

TERMS OF REFERENCE

1. Review the risk management plan of the Company.
2. Formulate a detailed risk management policy of the Company.
3. Ensure that risk management and governance is integrated with the Company's strategic objectives and facilitates performance management as prescribed under the COSO 2017 Enterprise Risk Management framework.
4. Ensure that the risk management framework encourages business leaders to identify potential opportunities to grow the business.
5. Ensure dissemination of pervasive risk awareness culture and the presence of appropriate two-way communication mechanism for transparency and identification of risks and opportunities.
6. Annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.

7. Ensure that the Company undertakes appropriate measures to achieve prudent balance between risk and opportunities in both ongoing and new business activities.
8. Assist the Board in effective operation of the risk management systems by performing specialised analyses and quality reviews.
9. Ensure that the Company has a robust compliance framework, review compliance reports and ensure appropriate measures for compliance adherence.
10. Maintain an aggregated view on the risk profile of the Company and its underlying business segments.
11. Periodically review cyber security risk and its related mitigation plan.
12. Report to the Board details on the risk exposures and actions taken to manage the exposures.
13. Advise the Board with regard to risk management decisions in relation to the strategic and operational matters, such as corporate strategy, mergers and acquisitions, and related matters.
14. Make regular reports to the Audit Committee and Board on risk assessment and mitigation strategies adopted by the Company.
15. Review annually its role, performance and risk management charter, structure and processes.
16. Undertake such other assignments as may be mandated by the Board from time to time.

F. EXECUTIVE MANAGEMENT COMMITTEE

The Company has constituted an Executive Management Committee to approve matters relating to availing of financial facilities pertaining to borrowings and investments, and to undertake/execute other operational and administrative matters of the Company.

As on March 31, 2022, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, the Committee met six times. The meetings were held on May 6, 2021; June 24, 2021; August 4, 2021; October 28, 2021; February 2, 2022; and March 1, 2022.

All the meetings were attended by both the members.

G. SHARE TRANSFER COMMITTEE

The Share Transfer Committee is empowered to make allotment of any kind of shares that may be issued by the Company from time to time and providing authorisations to execute investor service requests.

As on March 31, 2022, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, the Committee met once. The meeting was held on August 4, 2021, and was attended by both the members.

H. DEBENTURE COMMITTEE

The Debenture Committee was constituted by the Board of Directors on April 30, 2020, to look after all the matters relating to the issuance and redemption of Non-Convertible Debentures.

As on March 31, 2022, the Committee comprised two directors:

- Vir S Advani, Chairman
- B Thiagarajan

During the financial year, the Committee met once. The meeting was held on March 22, 2022, and was 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>

As required under the Insider Trading Regulations, the Company has maintained a Structured Digital Database capturing the details of the Designated Persons and the UPSI shared by them

for legitimate purposes. The Company also has a real time online tracking mechanism for monitoring the trades of Designated Persons in the Company's securities by the Designated Persons and their relatives to ensure real time detection and taking appropriate action, in case of any violation/non-compliance of the Company's Code of Conduct on Insider Trading.

The Company conducts awareness on prevention of Insider Trading through regular workshops and circulates emails on the same from time to time.

SUBSIDIARY COMPANIES

Blue Star Engineering & Electronics Limited, Blue Star Climatech Limited, Blue Star Qatar WLL, Blue Star International FZCO, Blue Star Systems and Solutions LLC, UAE, and BSL AC&R (Singapore) Pte Ltd, are the six subsidiaries of the Company. As on March 31, 2022, none of the Subsidiaries have exceeded the threshold of 20% of consolidated income or net worth determining the materiality for appointment of an Independent Director of the Company on the board of the material unlisted subsidiary as per Regulation 24 of the Listing Regulations.

Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company, is a material unlisted subsidiary of the Company; however, it has not exceeded the above mentioned threshold. The financial performance, Minutes of Board Meetings of these subsidiary companies and all significant transactions or arrangements entered into by the subsidiary companies are reviewed by the Board.

In accordance with the Listing Regulations, the Company has in place a policy on determining material subsidiaries and

the same has been disclosed on the website of the Company under the weblink at:

<https://www.bluestarindia.com/media/6017/policy-for-determining-material-subsidiaries-26022019.pdf>

RELATED PARTY TRANSACTIONS

All transactions entered into with related parties during the financial year, as defined under the Act and read with the Listing Regulations, were in the ordinary course of business and at an arm's length pricing basis. The requisite approvals of the Audit Committee and Board members, as applicable, are taken from time to time. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interests of the Company. The Company has in line with the requirements of the Listing Regulations formulated a revised Policy on Related Party Transactions (RPTs) and also on dealing with RPTs. The said policy also defines the term 'material modifications' of RPTs and the same is disclosed on the website of the Company under the weblink at: <https://www.bluestarindia.com/media/78799/policy-for-transaction-with-related-parties.pdf>

COMMODITY PRICE RISK/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company mitigates commodity price risk by entering into appropriate rate contracts with major suppliers which factors in price commitments for a time period by the suppliers. This approach provides sufficient mitigation against volatility in commodity rates. Disclosure pursuant to SEBI circular dated November 15, 2018, is as below:

Commodity Name	Exposure (₹ in crores)	Exposure in quantity (MT)	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Copper	238	2874	-	-	-	-	-
Aluminium	71	2505	-	-	-	-	-

The Company has also laid out a well-defined foreign currency risk management policy which ensures proactive and regular monitoring and managing of foreign currency exposures undertaken in the normal course of the Company's business operations. The foreign currency risk management policy of the Company defines limits for uncovered exposures, management of portfolio level currency risk exposure and also the criteria for determining stop loss action triggers. The Company uses foreign exchange forward and options contracts to hedge forex exposures. The hedging strategy is to gear towards managing currency fluctuation risk within predefined risk appetites, while complying with the applicable guidelines, rules, regulations and other statutory compliances. The Company does not use foreign exchange forward and options contracts for trading

or speculative purposes. Forward and options contracts are fair valued at each reporting date. The resultant gain or loss from these transactions is recognised in the Statement of Profit and Loss.

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

The details of the complaints filed, disposed of and pending during the financial year under the POSH Act, related to sexual harassment, have been disclosed in the Business Responsibility Report forming part of this Annual Report.

OTHER DISCLOSURES

1. The details of transactions with related parties are given in note no. 38 to the standalone financial statements for the year ended March 31, 2022. 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 2020-21 the Company had issued 3,500 Unsecured, Listed, Rated and Redeemable Non-Convertible Debentures (NCDs) of ₹10,00,000 each aggregating ₹350 crores on a private placement basis in two series, i.e., Series I and Series II of 1750 Nos., listed on the wholesale debt market segment of National Stock Exchange of India Ltd. The Company affirms that there has been no deviation or variation in the utilisation of proceeds of its listed NCDs. Pursuant to the embedded call option at the end of two years from the deemed date of Allotment as stated in the Information Memorandum dated May 29, 2020, with respect to Series II, Blue Star has decided to exercise the said call option on May 31, 2022, and redeem Series II - 1,750 Nos., 7.65% Unsecured, Listed, Rated, and Redeemable Non-Convertible Debentures of ₹10,00,000 each aggregating ₹175 crores.

7. During the financial year, the Company has listed its Commercial Papers on National Stock Exchange of India Ltd as required under the applicable regulations.
8. The Company and its subsidiaries has not given any loans and advances in the nature of loans to any firms/companies in which Directors of the Company are interested.
9. 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, 2022	March 31, 2021
Audit fee	1.45	1.02
Limited review	0.28	0.24
Tax audit	0.08	0.09
Other services	0.20	0.21
Reimbursement of expenses	0.02	0.08
Total	2.02	1.64

CONFIRMATION BY THE BOARD OF DIRECTORS ON ACCEPTANCE OF RECOMMENDATION OF MANDATORY COMMITTEES

In accordance with the Listing Regulations, the Board of Directors confirms that during the financial year, it has accepted all the recommendations received from its mandatory committees.

ANNUAL SECRETARIAL COMPLIANCE REPORT

Pursuant to Regulation 24A of the Listing Regulations,

the Company is required to obtain an Annual Secretarial Compliance Report from the Practicing Company Secretary for the financial year ended March 31, 2022, 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
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
2020-21	August 4, 2021	Video Conferencing/ Other Audio Visual Means	3:30 p.m.	None

POSTAL BALLOT

During the financial year 2021-22, the Company did not pass any special resolution through postal ballot.

As on the date of this report, the Company has proposed to pass a special resolution through Postal Ballot seeking approval of the members. The Board of Directors of the Company had approved the postal ballot process for passing the following special resolution set out below:

- Re-appointment of Mr Sam Balsara (DIN: 00076942) as an Independent Director of the Company

The Board of Directors had also appointed Mr Bharat Upadhyay (Membership No. FCS 5436), and failing him Mr Bhaskar Upadhyay (Membership No. FCS 8663) of M/s N L Bhatia & Associates, Practicing Company Secretaries, as the Scrutiniser for conducting the postal ballot (remote e-voting process).

Pursuant to the provisions of Sections 108, 110, and other applicable provisions, if any, of the Act read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules"), Regulation 44 of the Listing Regulations, read with General Circular No.14/2020 dated April 8, 2020, and 17/2020 dated April 13, 2020, along with other relevant circulars including General Circular No. 20/2021 dated December 8, 2021, issued by the Ministry of Corporate Affairs (the "MCA Circulars") and any other applicable provisions, of the Act, rules, regulations, circulars, and notifications (including any statutory modification(s), clarification(s) or re-enactment(s) thereof for the time being in force), the Company had proposed special business for approval of members by way of Postal Ballot only through remote e-voting facility and the requirement of sending hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope had been dispensed with. In compliance with the requirements of MCA circulars, the Company has completed sending of Postal Ballot Notice dated

April 28, 2022, on May 2, 2022, 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., April 29, 2022.

The e-voting period will be kept open from Friday, May 6, 2022 (9:00 hours IST), till Saturday, June 4, 2022 (17:00 hours IST). NSDL was engaged for the purpose of providing remote e-voting facility to all its members. The e-voting facility will be disabled by NSDL for voting after the said date and time.

Post-closing of voting period at 17:00 hours (IST) on Saturday, June 4, 2022, the Scrutiniser will submit his report and the Company will declare/announce the results of 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 *The Economic Times*, *Financial Express*, and *Mumbai Lakshadep*. The financial results are also displayed on the website of the Company at www.bluestarindia.com. Official press releases also feature on the website of the Company.

The Company frequently holds meetings with institutional investors and analysts after declaration of the results; details of the same are also available on the website. In addition, investor interactions by way of quarterly earnings concalls and various investor conferences are also organised throughout the year.

SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING:

Date	: August 4, 2022
Time	: 3:30 p.m.
Venue	: No physical meeting is required to be held, as per the General Circular nos. 2/2022, 2/2021, 20/2020, 17/2020 and 14/2020 issued by MCA, the meeting will be held through Video Conferencing/Other Audio Visual Means.
Financial Year	: April 1, 2021, to March 31, 2022

FINANCIAL CALENDAR (PROVISIONAL):

Unaudited results for the quarter ending June 30, 2022	: August, 2022
Unaudited results for the quarter ending September 30, 2022	: November, 2022
Unaudited results for the quarter ending December 31, 2022	: January, 2023
Audited results for the year ending March 31, 2023	: May, 2023
Record Date	: July 22, 2022
Dividend Payment Date (if declared)	: on or after August 4, 2022

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
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NSDL/CDSL – ISIN	: Equity - INE472A01039
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Debt - Series I - INE472A08034
Series II - INE472A08026

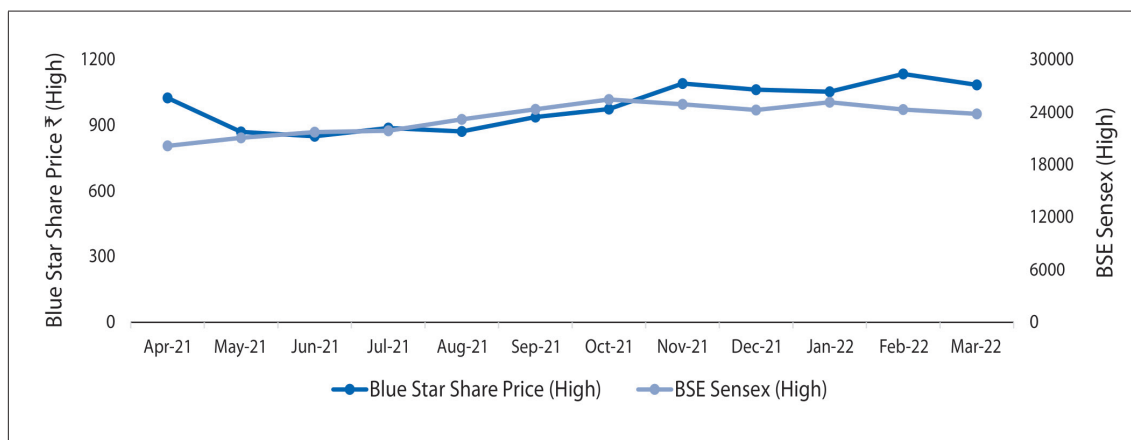
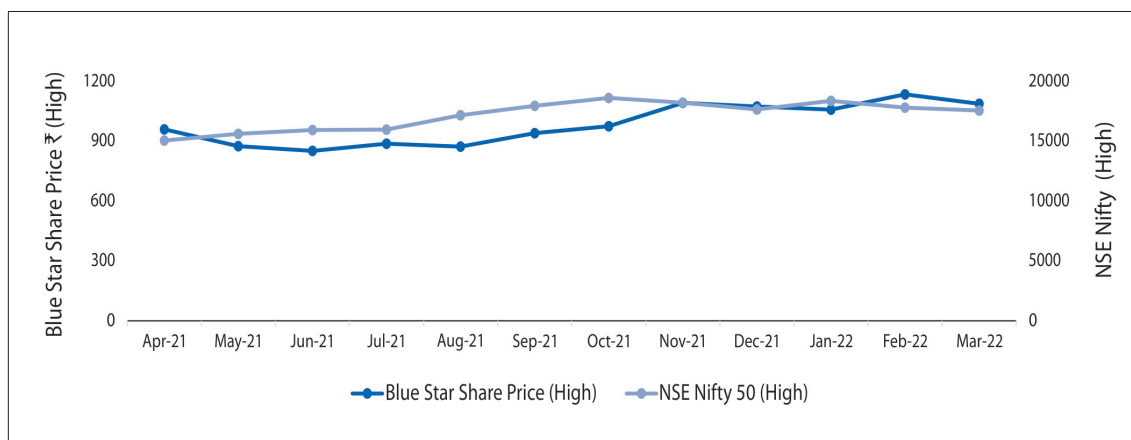
Listed on wholesale debt market segment of National Stock Exchange of India Ltd

CREDIT RATING OBTAINED DURING THE YEAR	: During the year, there was no change in the credit ratings. The rating for long-term bank facilities and Non-Convertible Debentures has been reaffirmed to AA+ (outlook: negative) 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
2021				
April	1,025.00	813.25	959.00	811.35
May	870.00	791.05	874.80	790.10
June	850.00	800.40	851.00	801.00
July	887.55	812.75	887.10	811.95
August	871.75	759.40	872.00	758.00
September	938.00	740.05	939.20	770.00
October	974.90	862.00	975.00	861.50
November	1,091.15	900.30	1,091.50	900.00
December	1,063.00	931.50	1,073.00	931.05
2022				
January	1,054.00	839.70	1,058.00	836.35
February	1,134.90	858.15	1,134.00	855.60
March	1,085.00	964.50	1,086.85	965.30

PERFORMANCE - COMPARISON WITH BSE SENSEX**PERFORMANCE - COMPARISON WITH NSE NIFTY**

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
C 101, 247 Park,
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Tel: +91 22 4918 6000
Fax: +91 22 4918 6060
Email: rnt.helpdesk@linkintime.co.in

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Asian Building,
Ground floor 17,
R. Kamani Marg,
Ballard Estate, Mumbai 400 001
Tel: +91 22 4080 7000
Fax: +91 22 6631 1776
Email: itsl@idbitrustee.com; response@idbitrustee.com

SHARE TRANSFER SYSTEM

The Company's shares are traded in the Stock Exchanges in the demat mode. These transfers are effected through NSDL and CDSL.

As mandated by SEBI, securities of the Company can be transferred/traded only in dematerialised form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, renewal/exchange of securities certificate, endorsement, subdivision/splitting/consolidation of certificate, transmission and transposition which were allowed in physical form should be processed only in dematerialised form. The necessary forms for the above request are available on the website of the Company at www.bluestarindia.com. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

UNCLAIMED DIVIDENDS

In accordance with the provisions of Section 124 and 125 of the Act read with the Investor Education and Protection Fund

Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the 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. The Company has appointed Rajesh Parte, Company Secretary & Compliance Officer as a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company under the weblink at:

<https://www.bluestarindia.com/investors/shareholder-information>

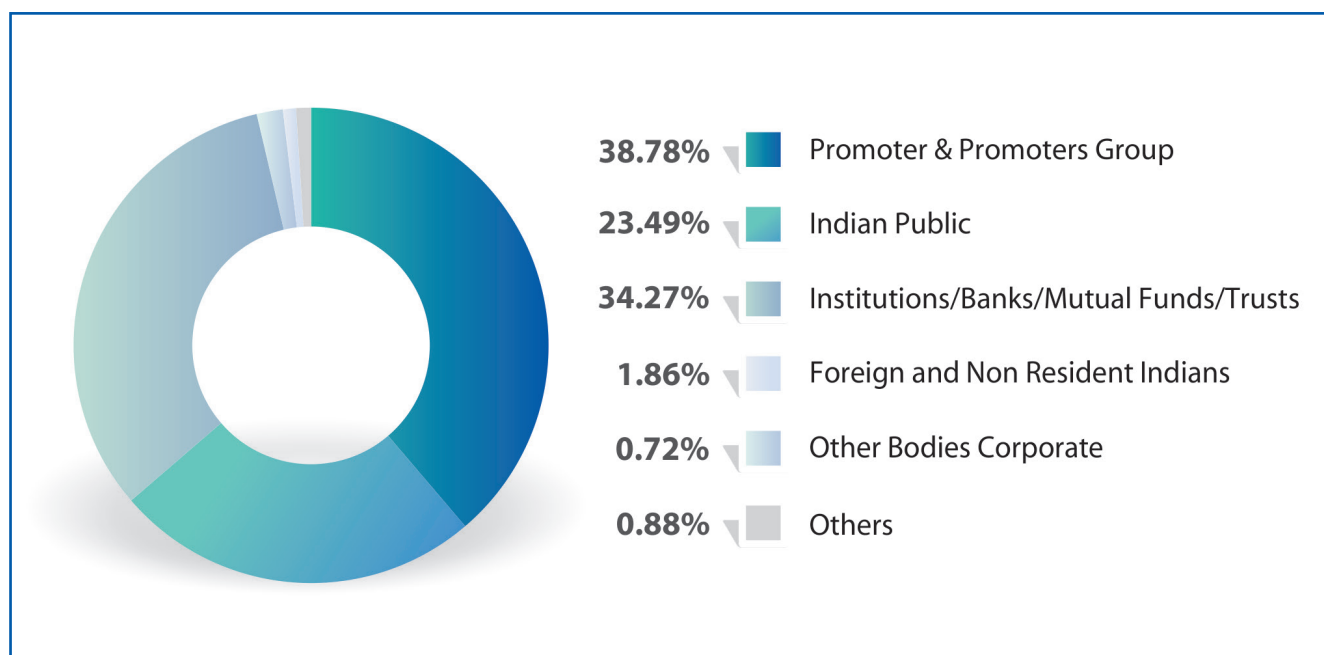
TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, the Company has credited ₹31,52,236 as unpaid final dividend, for the financial year 2013-14, lying in the unclaimed/unpaid dividend account to the IEPF. Further the unpaid dividend of ₹4,51,608 for the year 2013-14, 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 2014-15, to be transferred in the month of September, 2022.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2022

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders (%)	Total No. of Shares held	Percentage of Shares held (%)
1 - 5000	57229	98.59	10880600	11.30
5001 - 10000	431	0.74	2964662	3.08
10001 - 20000	170	0.29	2403747	2.50
20001 - 30000	45	0.08	1104859	1.15
30001 - 40000	26	0.04	896922	0.94
40001 - 50000	17	0.03	779459	0.81
50001 - 100000	39	0.07	2871074	2.98
100001 - and above	89	0.15	74412565	77.26
TOTAL	58046	100.00	96313888	100.00

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2022**DEMATERIALISATION OF SHARES & LIQUIDITY**

As on March 31, 2022, 98.34% of the equity shares of the Company were held in dematerialised form and the rest in physical form. The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company

has entered into agreements with NSDL and CDSL whereby Members have the option to dematerialise their shares with either of the Depositories. The shares are actively traded in BSE Limited and National Stock Exchange of India Ltd.

PLANT LOCATIONS

Blue Star Limited
Village - Vasuri Khurd, Khanivali Road,
P O - Khupari
Taluka - Wada
Dist: Palghar 421 312

Blue Star Limited
Survey No. 265/2,
Demni Road,
U.T. of Dadra & Nagar Haveli,
Dadra 396 191

Blue Star Limited
Nahan Road,
Village Ogli, Kala Amb
Dist: Sirmour
Himachal Pradesh 173 030

Blue Star Limited
Nahan Road,
Rampur Jattan, Kala Amb
Dist: Sirmour
Himachal Pradesh 173 030

Blue Star Limited
501/3, 503/2,
Tajpur Road,
Sarkhej-Bavla Highway, Changodar
Ahmedabad 382 213

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms a part of this Annual Report.

MD/CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, a certificate duly signed by the MD/CFO of the Company is appended as an Annexure to this Report.

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, Maharashtra, India
CIN: L28920MH1949PLC006870
Website: www.bluestarindia.com

For and on behalf of the Board of Directors

Date : May 5, 2022
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, 2022.

For **Blue Star Limited**

Date : May 5, 2022
Place : Mumbai

Vir S Advani
Vice Chairman & Managing Director
(DIN: 01571278)

CORPORATE GOVERNANCE CERTIFICATION

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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, 2022, 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

*Note: Rumjhum Chatterjee has tendered her resignation as an Independent Director of the Company with effect from April 25, 2022.

Ensuring the eligibility of the Directors for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This

certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For N L Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F005436D000272208

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

Date : May 5, 2022

Place : Mumbai

CORPORATE GOVERNANCE CERTIFICATION

MD/CFO Certificate

To,

The Board of Directors

Blue Star Limited

Mumbai

We, Vir S Advani, Vice Chairman & 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, 2022, 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 2021-22 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have

evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.

- d) We have indicated to the Auditors and the Audit Committee, wherever applicable:
 - i. Significant changes in the internal control over financial reporting during the year;
 - ii. Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Vir S Advani

Vice Chairman & Managing Director
(DIN: 01571278)

Neeraj Basur

Group Chief Financial Officer

Date : May 5, 2022

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. SRS/EL/2021-22/10 dated September 30, 2021.
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, 2022, 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, 2022.
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:22101708AIPWAG5838)

Date : May 5, 2022
Place : Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

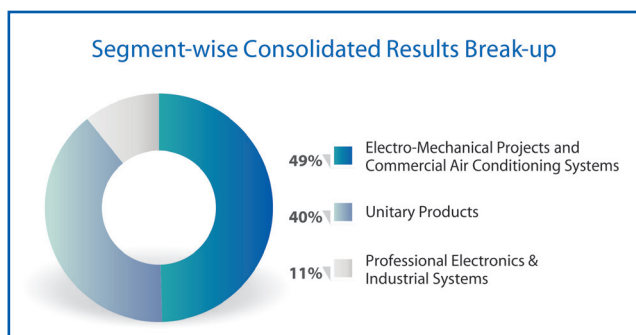
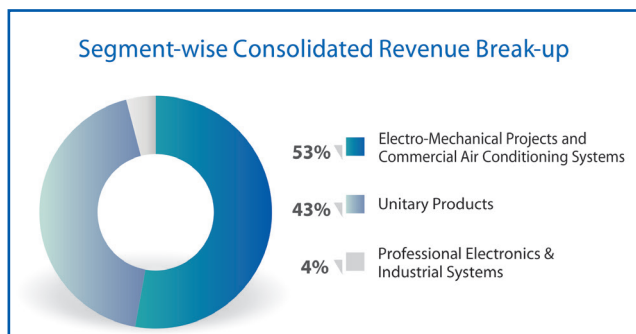
In the context of Blue Star's business operations and strategic proposition that are detailed in the Board's Report and Integrated Report, an in-depth analysis of the market environment, its operating businesses as well as financial performance are enumerated in the ensuing sections of this report.

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 FY22 are as follows:



ELECTRO-MECHANICAL PROJECTS AND COMMERCIAL AIR CONDITIONING SYSTEMS

The Electro-Mechanical Projects and Commercial Air Conditioning Systems business accounted for 53% of the Company's Revenue from Operations.

In the Electro-Mechanical Projects' business, the overall pace of execution of projects improved compared to the previous year. While the inflow of orders was driven largely from the Factories and Light Industrial sectors propelled by the 'Make in India'

initiatives of the government, inflows from the Commercial Buildings and Infrastructure sectors also gained momentum in the second half of the year.

Blue Star was adjudged the 'MEP Contractor of the Year' in recognition of the work done by the Company for Apollo Tyres, Tada, at the 11th Annual Construction Week India Awards 2021. The project scope comprised HVAC and industrial piping works. This coveted award was given to Blue Star after meticulous scrutiny based on several parameters by an eminent jury which included renowned leaders from the construction industry across the country. In its seven years of participation, Blue Star has won this award six times and was once declared as a runner-up. In addition to this year, in 2020, the Company had bagged this award for its HVAC, electrical, plumbing, and fire-fighting work done at Apollo's Proton Cancer Care (APCC) centre in Chennai. In 2019, Blue Star had won this award for providing MEP services to Amazon's IT Campus in Hyderabad. Likewise, 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 Mumbai International Airport. In 2016, the Company was declared a runner-up for services provided to Bangalore Metro.

Some of the eminent clients of the Electro-Mechanical Projects' business for FY22 include ST Telemedia; Nippon Telegraph; Amazon; Yotta; Princeton; Ola Electric; JCB; Salcomp; TCL; Indospace; Ascendas; Anthea Pharma; Kerry Foods; Lenskart; TPI Composites; TATA Steel; Steel Authority of India; DLF; RMZ Corp; LuLu Group; K Raheja; Embassy; Wells Fargo; and Yashoda Hospitals; to name a few.

True to its value proposition of 'Superior Project Delivery through Intelligent Engineering, Modern Execution Practices, and Committed Teams,' Blue Star remains committed to ensuring modern and best-in-class project management practices across projects executed by the Company.

In the Commercial Air Conditioning segment, the revival of demand from the Builder, Retail, and Education segments, coupled with continued opportunities from the Industrial, Healthcare, and Government customer segments, enabled growth in revenue.

While Q1FY22 was severely impacted by the second wave of the Pandemic, the market started recovering from Q2FY22 onwards. Further, the year ended on a promising note even after the onset of Omicron in January 2022, thereby staging a significant recovery.

In its VRF (Variable Refrigerant Flow) product range, Blue Star has the most advanced top discharge VRFs and the widest range of side discharge VRFs. This category has been completely

indigenised by Blue Star. During the period under review, Blue Star also launched heat pump ducted systems and a new series of concealed split units. Besides, the Company introduced a new range of screw chillers that are specifically designed for the Data Centre cooling application – air cooled screw chillers ranging from 70TR to 550TR and water cooled screw chillers ranging from 80TR to 600TR.

The Company engaged with customers and influencers by participating in various events such as My Build 21, in Mysore; BUILD0, in Kolhapur; Interior Design Confluence & Showcase (IDCS), Lucknow; Aces of Space Design Award, Mumbai; CII Data Centre Summit, held digitally; and Healthcare Summit, also held digitally; amongst others.

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 continued with, and new dealers were brought on board across 15 new locations. 60 new dealers were inducted in FY22 taking the total dealer count to 630 as of the year end. Besides, digital sales and installation training programmes were organised for 1500 participants and 5300 man hours for Channel Partners.

The Company maintained its No. 1 position in Ducted Air Conditioning and No. 2 in VRFs, while it moved up to No. 2 in the Chiller product category as well. During the period under review, the market share of VRF systems was 19% and screw chillers increased to around 22%.

The Company continued to dominate the ducted system and scroll chiller categories with 43% and 45% market share respectively. Some of the notable orders received during the year were from BSR Builders, Secunderabad; Salcomp, Chennai; Olympia Cyber Space, Chennai; BSSR Infra Tech, Hyderabad; JSW Steel, Bellary; Shilpa Biocare, Yadgir; MMRDA for COVID-19 Hospitals, Mumbai; I Energizer Operations, Noida; Nextra Mall, Gurugram; Banaras Hindu University, Varanasi; and Avenue Supermarts (DMart) and Reliance Retail from numerous locations across India; 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.

Further, the Dubai Expo 2020 which was postponed to 2021-22, and the T20 Cricket World Cup, provided a good impetus to Blue Star's business in these regions.

During the period under review, the Company successfully enhanced its Refrigeration business in the UAE and has already been serving some prestigious customer brands such as Americana and Dominos for whom Blue Star has installed more than 100 cold rooms. UAE's Pharmaceutical sector is being extensively catered to by Blue Star's refrigeration products and solutions. The Company's market share in Dubai has also been growing steadily.

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 4, 5, and 6 towns and is currently serving 3900 towns. The Company has more than 150 service crew vans pan-India to enable commuting of its service technicians to various customer sites within stipulated and 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 four manufacturing sites of Cipla Limited across India; Alstom Transportation (Madhepura Electric Locomotive Factory), Bihar; Bosch Limited, Nasik; Bangalore International Airport Limited, Bengaluru; Apollo Proton Hospital, Chennai; and Grasim Industries, Rajahmundry; amongst others.

UNITARY PRODUCTS

The Room Air Conditioners industry was adversely impacted for the second year in a row in FY22 due to the COVID-19 wave that struck during the peak season of the April-June quarter, on account of which the industry registered negative growth in H1FY22. Concurrently, the Industry also witnessed challenges pertaining to the rise in input costs and ocean freight. While this led to an increase in the product cost by the end of Q3FY22, the revival of business and economic activities in the later part of Q3FY22 augured well for the industry. In December, the channel partners also responded positively by stocking up heavily, in anticipation of a good summer season, despite the threat of COVID-19's Omicron variant looming large. With the threat of Omicron waning from February, coupled with the early onset of summer in most parts of the country, the industry witnessed an uptick in demand which led to impressive growth during the period December 2021 to March 2022, during which time the industry posted a positive growth of 10% over the corresponding period of FY20.

Amidst these challenging circumstances for the period under review, the Company's Room Air Conditioners business performed better than the market, thereby improving the Company's market share to 13.25% in value terms, and managed to post a healthy growth on the margins front as well.

The Company strategically repositioned itself as a mass premium brand in 2020, when it rolled out a range of affordable split ACs to cater to price sensitive consumers and first time buyers, especially in the Tier 3, 4, and 5 markets. Thereafter, the Company's focus has been on reinforcing this transition by adopting a calibrated approach towards new product development and ensuring powerful features along with premium build quality. Despite the rise in input costs, the Company also managed to offer these products at attractive price points through intelligent cost-saving measures.

Overall, in Q4FY22, the Company launched nearly 50 models across the spectrum of inverter and fixed-speed Split ACs and Window ACs.

The range is embedded with various customer-friendly features and specifications such as: 'Turbo Cool' for fast cooling; 'Fix & Lock' for convertible 5-in-1 cooling; 'Nano Blue Protect Technology' and Hydrophilic 'Blue Fin' coating, for both IDUs and ODUs, to prevent coil corrosion and leakage, and for longer life, respectively; 'Eco-Mode' for energy-saving; 'Comfort Sleep' function that auto-adjusts the AC temperature during night time for better comfort of occupants as well as for power saving; 4-way swing for uniformity; and 'Self-Diagnosis' for easy troubleshooting. Besides, these ACs have a metal enclosure for their PCBs to ensure additional safety.

Blue Star's inverter ACs also operate across a wide operating voltage range. This helps eliminate the need for an external voltage stabiliser. This not only saves the user the cost of a stabiliser but also saves the space required to mount one beside the AC.

R-32 eco-friendly refrigerant is used across this entire inverter range.

FAST-COOLING ACs

Being a tropical country, India faces summers where the external temperature can soar beyond 40°C in many locations. To make cooling more efficient and fast in such conditions, Blue Star now offers a range of 'Fast-Cooling' ACs. While a typical air conditioner delivers its rated capacity at 35°C and derates at higher ambient temperatures, these ACs can deliver 100% cooling even beyond 35°C and up to 43°C, resulting in faster and more efficient cooling even in peak summers.

HEAVY-DUTY ACs

For locations where summers are extreme and temperatures can cross even 50°C, Blue Star has created a range of top-of-the-line 'Heavy-Duty' ACs which are extremely powerful, and can deliver 100% cooling beyond 43°C and up to 55°C. With a 1.7TR capacity expandable up to 2TR, these 3-star ACs with an ISEER of 3.99, the highest in the category, are perfect for Northern India, and even some parts of Western and Southern India, where summers are extreme and require powerful cooling over long periods of time.

SUPER ENERGY-EFFICIENT ACs

For applications where the usage of the AC is very high and for long hours, especially in these days when working from home has become a trend, Blue Star offers super energy-efficient 5-star inverter split ACs with an ISEER of 5.41, which are 55% more energy-efficient compared to 3-star inverter split ACs.

FUTURE-READY ACs

The new energy-efficiency norms of the Bureau of Energy Efficiency (BEE) will come into effect from July 2022. Since that date is not far off, Blue Star has already made most of its models in the 3-star inverter range future-ready by ensuring that they already meet the upcoming norms. The new norms make these ACs 10% more energy-efficient compared to the current 3-star machines, maximising power savings for consumers.

SMART ACs

Blue Star also offers a range of Smart ACs which feature WiFi connectivity and Voice Command technology. These ACs can be integrated with smart devices such as Amazon Alexa and Google Home, after which a simple voice command, like "Alexa, Switch ON the AC" can turn the air conditioner on without the need for the remote or a smart phone. These ACs also feature smart personalisation with controls such as: a Scheduler to schedule your preferred times of operation; the ability to control your AC from anywhere; 'over the air updates' to update with the latest software automatically; seamless integration of service to provide efficient cooling using self-diagnostics and alerts; and smart budget management; amongst others.

What's more, even Blue Star inverter ACs that are not 'Smart' are built 'Smart Ready', because they can be easily upgraded to becoming Smart ACs by the simple addition of a module.

AIR COOLERS & WATER PURIFIERS

The Company also launched a new range of air coolers with a unique Cross Drift Technology and Dual Cool Technology that help in faster cooling during harsh and dry summers. The range comes with different water tank capacities, from 17 litres to 90 litres. Since the dependence on sales during the Summer

season is very high in the case of air coolers, the Industry could not recover from the adverse impact of COVID-19 which impacted two consecutive peak summer seasons.

During FY22, Blue Star made significant progress in its e-commerce led distribution strategy for the Water Purifiers business. The Water Purifiers business expanded its product portfolio to add a new series of products in the RO/RO+UV range in the entry/mid-level segment including an aggressively priced product range for e-commerce platforms. A High Recovery Reverse Osmosis range was launched which was aimed at significantly reducing water wastage even while performing an efficient RO purification process. This will assist in gearing up for the likely amendments in the regulatory policies in this regard in the near future.

Blue Star added several new customers in its National Accounts Business during the period under review. The year saw order booking from customers in the Retail, Banking, Restaurant, Warehousing, Healthcare, and Office Space segments.

The Commercial Refrigeration business witnessed consistent growth with its wide range of products and solutions, which includes deep freezers, bottle coolers, visi coolers/freezers, water coolers/dispensers, kitchen, medical, and supermarket refrigeration equipment, and modular cold rooms.

In FY22, this business witnessed good growth from segments such as Processed Foods, Dairy and Ice Cream, QSRs, Restaurants, Food Delivery aggregators, and Meat and Poultry aggregators, apart from Retail. In the Retail (Supermarket) segment, the Company bagged several prestigious orders from Reliance Retail, Shell Select, DMart, More Retail, 7-Eleven (Reliance), and Namdhari Fresh, amongst others. In the Meat and Poultry business, the Company made significant breakthroughs with brands such as Tender Cuts and Licious, to name a few.

The Company has always launched new products and solutions on a regular basis in the Commercial Refrigeration space to cater to the emerging and diversified refrigeration needs of varied customer segments. During the period under review, the Company strengthened its portfolio with superior technologies and aesthetics in chest coolers, deep freezers, bottled water dispensers, water coolers, and new kitchen refrigeration solutions.

Blue Star continues to enjoy a market leadership position in storage water coolers, deep freezers, and modular cold rooms. Recognising the need for safe drinking water dispensing solutions, the Company had earlier launched a range of touchless water coolers and soft push bottled water dispensers to avoid physical contact between the user and the machine. The Company's range of modular cold rooms and medical

refrigeration products are being used by several Pharma and Healthcare players across the country. The Company enjoys excellent market share in the Pharma segment.

Anticipating good demand for refrigeration products such as deep freezers, the Company has invested in the capacity expansion of deep freezers by setting up a new Plant at Wada to support its growth plans.

Overall, the Company's Commercial Refrigeration business with its strong and wide product range as well as solutions, and backed by an excellent pan-India Sales and Service network, holds excellent growth potential.

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS

For over six decades, the Professional Electronics and Industrial Systems (PEIS) business has included exclusive distribution in India of high-tech professional electronic equipment and services, as well as of industrial products and systems, from many internationally renowned manufacturers. Over the years, the Company has significantly scaled up operations in this business and has moved up the value chain by changing its business model from being merely a distributor to that of a system integrator and value-added reseller. This business is handled by Blue Star Engineering & Electronics Limited, a wholly-owned subsidiary of the Company.

The PEIS business operates in two broad segments: Professional Electronics which comprises Healthcare Systems, Data Security Solutions, Infra Security Solutions, and Communication Systems; and Industrial Systems which encompasses Testing Machines, Non-Destructive Testing (NDT) Systems, 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 the Company operates in.

For the period under review, the upheavals caused by the Pandemic and the resultant uncertainties impacted the business environment during Q1FY22. However, corporate spending across various segments that this business operates in has been gradually on the rise post the first and the second waves of the Pandemic. Although there was cautious spending in the Healthcare, BFSI, and Industrial sectors, as well as a few of the essential services in the government sector, the business managed to tap these limited opportunities. Revenue from all the businesses including Healthcare Systems, Data Security, and Material Testing, was encouraging.

The Material Testing business gained some momentum post Q1FY22. While some opportunities were created for the Healthcare business induced by the Pandemic, the Data Security

business also witnessed good opportunities specifically in the digital payments arena. 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 and Electronics sectors.

The Non-Destructive Testing Systems and Industrial Automation business expanded its offerings on the automation front and won some notable orders from the Steel and Pipe segments, apart from bagging a few export orders during the review period from these segments. 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, Defence and Inspection sectors. Research centres too continued to place orders for a wide range of inspection equipment and universal testing machines, enabling the Testing Machines business to clock a good performance through the year.

During the year under review, the PEIS business continued to reorient its internal organisation structure with the intent to improve its focus on certain chosen customer segments and scale up faster. The business also continued its thrust towards business development, marketing initiatives, brand building, sales automation, service management and project execution, during the year.

During the period under review, Blue Star Engineering & Electronics set up its new medical diagnostic equipment refurbishment facility at Bhiwandi, Maharashtra. With a total area of 15,000 sq ft, this state-of-the-art facility is fully equipped to refurbish a wide array of pre-owned medical diagnostic imaging systems, including CT (Computed Tomography) scanners, and Permanent Magnet MRI and Supercon MRI (Magnetic Resonance Imaging) machines. With the Pandemic having brought to the fore the limited healthcare infrastructure in India, the healthcare landscape is undergoing a major transformation, with enhanced thrust on key parameters of 'affordability' and 'availability.' Through this new set-up, the Company intends to make available affordable high-quality medical diagnostic imaging equipment across Tier 2, 3, and 4 towns in India to cater to the increasing need for affordable diagnostic imaging machines in these towns.

MEDIUM-TERM AND LONG-TERM STRATEGY

Strategy formulation for the medium- and long-term as well as its execution and review have always been a part of the

Company's strategic planning process. The Board plays a key role in guiding and shaping the Company's medium- to long-term strategy. The Company regularly monitors and evaluates its internal strategies vis-à-vis the dynamic external environment and also evaluates the key strategic risks and opportunities that impact the Company and its business (refer Strategy Planning and Development covered in the Integrated Report on page no. 100).

FINANCIAL PERFORMANCE ANALYSIS

Following are the financial highlights of the Company for the year ended March 31, 2022, on a consolidated basis:

A good demand for the Company's offerings across all business segments coupled with an early onset of Summer in some parts of the country, helped Blue Star register a robust revenue growth. The momentum gained in Q3FY22 continued in Q4FY22 despite a three-week disruption caused by the Omicron variant. Against this backdrop, the Company delivered record revenue and profits in Q4FY22 and ended the year on a high note despite losing the 2021 summer season.

Consolidated financial performance analysis is provided below:

1. INCOME

The year commenced on a promising note with a general improvement in consumer sentiment witnessed in the second half of the previous financial year which was interrupted by the resurgence of the Pandemic in the first quarter of the year. In spite of the disruptions caused in the peak selling season for the Company's products, Blue Star ended the year on a strong note with the Total Income for the year ended March 31, 2022, growing by 40.6% to ₹6081.30 crores as compared to ₹4325.94 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 ₹4714.68 crores compared to ₹3271.35 crores in the previous year. This cost increased to 78.0% of the Revenue from operations compared to 76.7% in the previous year due to escalation in commodity prices and logistics costs.

3. EMPLOYEE REMUNERATION AND BENEFITS

Employee cost for the year at ₹508.55 crores increased by 33.2% compared to ₹381.81 crores in the previous year, in line with the increase in scale and roll back of compensation cuts undertaken in the previous year. Employee cost was 8.4% of the Total Income compared to 8.8% in the previous year.

4. OPERATING AND GENERAL EXPENSES

Operating and general expenses increased to ₹475.88 crores from ₹370.62 crores in the previous year, in line with the growth in scale and roll back of cuts in discretionary spends effected in the previous year. As a percentage of Total Income, the Operating and General Expenses for the year were at 7.8% as compared to 8.6% in the previous year.

5. FINANCIAL EXPENSES

Financial cost for the year was at ₹46.40 crores compared to ₹64.72 crores in the previous year. The financial cost for the year decreased to 0.8% of the Total Income compared to 1.5% in the previous year due to lower average gross borrowings and a decrease in cost of financing.

9. KEY FINANCIAL RATIOS

Sr. No.	KEY FINANCIAL RATIOS	UOM	FY21	FY22	% change
1	Debtors Turnover Ratio	Times	5.2	6.0	17%
2	Inventory Turnover Ratio	Times	3.7	4.7	25%
3	Interest Coverage Ratio	Times	3.2	6.4	97%
4	Current Ratio	Times	1.3	1.2	-7%
5	Debt Equity Ratio	Times	*	0.1	-
6	Operating Profit Margin	%	5.6	5.7	2%
7	Net Profit Margin	%	3.5	4.2	20%
8	Return on Net Worth	%	11.6	16.8	44%

* FY21 closed with a net positive cash balance.

Despite pressures on Gross Margin, the Operating Profit Margin improved to 5.7% compared to 5.6% in the previous year due to the impact of scale, which enabled preservation of profitability levels. Net Profit Margin and Return on Net Worth improved further owing to a decrease in finance cost due to lower average gross borrowings and reduced cost of financing. Consequently, Interest Coverage Ratio for the year improved to 6.4 (times) compared to 3.2 (times) in the previous year.

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,

6. DEPRECIATION

Depreciation charge for the year declined to ₹85.98 crores compared to ₹92.29 crores in the previous year.

7. PROFIT BEFORE TAX

Profit before tax and exceptional items for FY22 increased by 69.8% to ₹250.90 crores compared to ₹147.75 crores in FY21. Profit before tax and exceptional items improved to 4.1% of the Total Income compared to 3.4% in the previous year.

8. EXCEPTIONAL ITEMS

There was no exceptional income or expense during the year.

to the Audit Committee. During the year, as part of the management's control testing initiative, the internal controls were tested and found effective.

RISKS AND CONCERNS**RISKS**

The primary operating risks which could impact the Company relate to slowdown in the construction, environment and investment cycles, exposure to seasonality for some of its businesses, 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 and geopolitical scenarios also pose a business continuity

risk, apart from a general slowdown in the global and local economy which tends to intensify risks faced by the Company.

Blue Star lays great emphasis on Enterprise level Risk Management, and has put in place a robust system for risk identification, assessment and mitigation with strong internal controls, at both the business-groups and corporate level in line with the COSO 2017 Enterprise Risk Management framework. Significant risks across the entity are reviewed periodically by the Risk Management Committee. Further, the mitigation action plans are integrated with the strategy and performance management processes, and also with the internal audit plans (refer Risks and Mitigation Strategies covered in the Integrated Report on page no. 96).

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, commodity prices, and ocean freight, could impact consumer confidence. The Company will continue to closely monitor the macro and micro level trends in the global and Indian economy, and will take necessary steps to address these challenges.

OPPORTUNITIES

The Company's proven ability to innovate and offer products/solutions in line with the evolving dynamics continues to provide the Company with opportunities to grow even under the current challenging circumstances. These are opportunities related to the Company's products, projects and service businesses for varied sectors, and have been elaborated in the Integrated Report (refer Opportunities covered in the Integrated Report on page no. 102).

HUMAN RESOURCES

The Company remains committed to the resilience and well-being of its people, in the face of the adversities brought about by the changed environment due to the Pandemic. Blue Star focused on creating a safe, conducive environment for change management and business continuity in this turbulent period of external circumstances. Employee well-being was a continual objective, implemented in a holistic manner, including the physical, mental and emotional ambit. A Growth mindset is a continued, priority agenda for the Company and its people, and weaved into its hiring and people development strategy. Based on the Voice of its Employees (VoE), the Company continued in its endeavour towards embarking on enhanced employee-friendly initiatives and practices. Hybrid work culture, flexibility of work schedules,

work-life balance and avenues to de-stress assumed centre stage. Re-skilling of its human capital with the aid of contemporary technology platforms gained momentum and has been well received, based on employee feedback. The talent management direction was aligned towards exploring cross-functional opportunities, fulfilling job rotations matching employee skill sets and career development avenues for high potential staff. In instances where internal talent was insufficient for certain crucial profiles at senior levels, it was developed inorganically by sourcing the subject matter experts from the industry. Developmental journeys have been mapped for senior professionals in the organisation, based on 360-degree feedback and behavioural event interviews, towards the objective of succession planning. Despite the Great Resignation across the globe, voluntary attrition in employees was in line with pre-COVID levels due to active efforts taken up by the organisation towards providing a conducive environment for career advancement; caring for well-being of employees as a way of life in the Company; enhancement of roles in tandem with employee potential; and strong employee engagement initiatives (refer Human Capital covered in the Integrated Report on page no. 60).

CORPORATE OUTLOOK

The Company ended the year on a strong note with healthy growth across all segments. With the ebbing of the impact of the Pandemic, the business and market disruptions have progressively reduced, aiding growth and revival of opportunities. After the washout of two consecutive summers, Blue Star is witnessing strong demand for room air conditioners in Q1FY23. With the launch of the Company's new 'Affordable Premium' range of room air conditioners, Blue Star is growing faster than the market. The market for commercial refrigeration products is also growing, and with a wide range of offerings across various segments such as Ice Cream, Pharma, Horticulture, and Food Delivery, Blue Star is well placed to consolidate its leadership position. With the increase in corporate capex and revival of demand from traditional customer segments, prospects for growth in the Electro-Mechanical Projects and Commercial Air Conditioning business are also encouraging.

Given the ongoing geopolitical conflict between Russia and Ukraine, input cost pressure and supply chain challenges are expected to continue for a while. However, the Company has taken adequate measures to mitigate the risks. The Company's cost optimisation initiatives and prudent working capital management has been helping Blue Star to sustain growth, profitability, and a strong balance sheet.

THE DYNAMICS OF BLUE STAR'S GROWTH

5 YEAR CONSOLIDATED FINANCIAL HIGHLIGHTS

		2021-22	2020-21	2019-20	2018-19	2017-18
OPERATING RESULTS:						
Total Income*	₹ Crores	6081.30	4325.94	5404.89	5259.53	4558.35
EBIT	"	297.30	212.47	242.52	277.58	217.12
EBITDA (before exceptional items excluding other income & Finance income)	"	346.47	239.81	282.78	346.54	265.90
Profit for the year after tax	"	168.00	100.66	143.70	190.40	144.23
Dividend (Including corporate dividend tax)	"	96.30	38.53	116.11	115.92	115.54
Interest Cost	"	46.4	64.72	29.47	47.87	28.74
Depreciation	"	85.98	92.29	87.99	74.9	63.81
Other Income	"	21.3	52.13	36.71	10.55	9.42
Finance Income	"	14.42	10.22	7.99	14.14	7.53
Profit before Tax and exceptional item	"	250.9	147.75	213.05	229.71	188.38
Profit after Exceptional items before Tax	"	250.9	147.75	209.02	232.39	193.65
Profit after Tax before minority interest	"	168	100.66	143.7	190.4	144.23
FINANCIAL POSITION:						
Share Capital	₹ Crores	19.26	19.26	19.26	19.26	19.20
Share capital suspense account*	"	0.00	0.00	0.00	0.00	0.00
Other Equity	"	998.32	865.92	763.1	853.8	773.52
Non Controlling Interest	"	2.96	2.68	2.31	1.83	1.52
Shareholders' Funds	"	1020.54	887.86	784.67	874.89	794.24
Borrowings (Net) / (Net cash balance for 2021)	"	67.14	(151.45)	166.44	246.63	294.72
Non-Current Borrowings	"	241.57	350.00	47.71	8.65	25.90
Current Borrowings	"	236.26	105.54	412.67	338.92	349.70
Cash & Bank balance (including current investment in 2021)	"	410.68	606.99	293.94	100.94	80.88
Capital Employed	"	1087.69	736.41	951.11	1121.52	1088.96
DTA & MAT assets	"	27.57	47.49	81.75	107.55	113.57
Net Capital Employed	"	1060.12	688.92	869.36	1013.97	975.39
PERFORMANCE INDICATORS:						
Revenue Growth	%	40.6	(20.0)	2.8	15.4	9.4
Gross Margin	%	22.0	23.3	25.0	24.9	23.7
EBITDA Growth (before exceptional items excluding other income & Finance income)	%	44.5	(15.2)	(18.4)	30.3	19.6
EBITDA Margin (before exceptional items excluding other income & Finance income)	%	5.7	5.6	5.3	6.6	5.9
Cash from operations / EBITDA	%	37.7	150.1	189.3	84.7	24.1
Earnings per Share	₹	17.4	10.4	14.9	19.8	15.0
Dividend per Share	₹	10.0	4.0	10.0	10.0	10.0
Book Value per Equity Share	₹	106.0	92.2	81.5	90.9	82.7
Debt Equity Ratio	Ratio	0.07	NA	0.21	0.28	0.37
Capital Turnover Ratio	Ratio	6.9	5.5	5.7	5.3	5.3
Return on Shareholders' Funds	%	16.8	11.6	18.6	21.4	17.8
RETURN ON CAPITAL EMPLOYED						
Number of Shareholders	Nos.	56504	54876	53647	48068	39692
Number of Employees	"	2723	2621	2885	2812	2819

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 FY18 has also been adjusted and restated to make it comparable with FY19, consequent to the adoption of Ind AS 115 effective April 1, 2018.

BUSINESS RESPONSIBILITY REPORT

Blue Star understands the value and importance of keeping a sharp focus on social responsibility, environment-friendliness, and adherence to ethical corporate governance practices. Such business responsibility goes a long way towards ensuring that the Company delivers consistent profitable growth in a responsible manner.

To accomplish the same, Blue Star has ensured the integration of sustainable business and governance practices into its core business strategy, thus ensuring its alignment with societal and environmental interests. The Company takes into consideration the interests of both internal and external stakeholders and also seeks increasingly higher stakeholder alignment with its business and governance practices to generate sustainable value creation and growth.

Sustainability is also brought about by the adoption of the latest technologies and productivity-enhancing processes. Blue Star is perennially in the quest for solutions so as to help align the Company's goals to modern and sustainable practices, which ultimately result in the efficient utilisation of resources.

Blue Star ensures that all its products and services are designed and developed with a focus on customer experience and safety, as well as holistic community development and environmental protection. In this endeavour, Blue Star also

seeks the involvement of all stakeholders – 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, 2021 to March 31, 2022

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*

**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: 31 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 (₹): 5376.99 crores
3. Total profit after taxes (₹): 127.74 crores

4. Total spending on Corporate Social Responsibility (CSR) as a percentage of average net profit of the Company for last three financial years: 2.00% (₹2.91 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. Education programmes
 - c. Health, Hygiene and Wellness

Section C: Other Details

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

Yes. The Company has six subsidiary companies, 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, and Blue Star Climatech Limited. 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
6	Indicate the link for the policy to be viewed online	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	Y Note 1	-	Y Note 1	Y Note 1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have 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>

Section E: Principle-wise Performance

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

'Trust' is the foundation on which Blue Star's edifice stands tall, a trust that Blue Star has painstakingly built on the Company and everything it stands for over a period of almost eight decades. The Company is 'Built on Trust' that is reposed from every stakeholder, be it our customer, vendor, partner, employee or financier, which fosters long-term relationships with anyone who connects with Blue Star. So much so, most of Blue Star's channel partners, senior employees and customers have been associated with the Company for years, if not decades, because of the comfort level experienced in working with a professional and entirely ethically driven organisation like Blue Star. It is this 'Trust' that the Company values above everything else and all its operations are aimed at fostering this trust and building on it and making it stronger still over time, to ensure sustainable growth and a profitable business.

Another aspect that Blue Star staunchly believes in is that 'growth' is an inclusive phenomena. Business growth must take into account the interests of all stakeholders, including

employees, business partners, customers, and the society at large to be sustainable and long-term. All actions and business decisions at Blue Star are therefore in tune with this business philosophy of 'growing together'.

Such trust and inclusive growth are driven by the Company's core values and beliefs, governing its conduct, based on the bedrocks of 'Ethical Behaviour', 'Transparency in Dealings and Conduct', and 'Accountability for Actions.' Blue Star has ensured that its core values and beliefs are enshrined in internal communication titled The Blue Star Way, which is imbibed into every single Blue Starite. Every employee is introduced to The Blue Star Way from the very start of his or her induction into the Company through classroom sessions and then reinforced as a part of the training schedules throughout their careers. It therefore becomes the responsibility of every Blue Starite to follow The Blue Star Way in all their conduct and dealings. This ensures that the Company as a whole stringently adheres to fair and transparent business practices backed by the personal integrity and ethical behaviour of every employee. Well elaborated policies are made easily accessible on the Company's employee portal as well as on the corporate website, to publicly affirm Blue Star's commitments in this regard, to govern its actions, and to provide clarity of direction.

To drive ethical behaviour through policy and to manage risks that arise out of managing the enterprise, Blue Star has a robust vigilance and control framework in place. The Company has implemented policies towards Enterprise Risk Management, Internal Audits and freedom for Whistle Blowers, so that ethical practices become an inherent part of employee behaviour. 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 <https://www.bluestarindia.com/media/271525/whistle-blower-policy.pdf>. 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 dedicated toll-free line set up for the purpose. All these policies and guidelines of the Company also extend to its subsidiaries, joint ventures, employees, vendors, contractors, channel partners and associates.

Ethical conduct and transparent business practices must begin from right at the top of the pyramid. The Board of Blue Star and its Senior Leadership team set the right tone 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 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 Board Members and Senior Management affirm their compliance to the Code of Conduct through an

annual declaration. Besides the ethical aspects of corporate behaviour, Blue Star's Senior Management also commits itself to transparency in its financial and other disclosures.

During the period under review, Blue Star has organised many training and awareness programmes as well as e-learning modules for its Key Managerial Personnel and other employees on the Code of Conduct and The Blue Star Way to foster ethical conduct and transparency as well on the Whistle Blower policy and Prevention of Sexual Harassment at Workplace.

Blue Star's endeavours in the above directions has resulted in the Company being bestowed, for the third time in a row, 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.

During the year, the Ethics Committee of Blue Star investigated conduct matters arising from internal reviews and from 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, 2022	Year ended March 31, 2021
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	1	2
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.

Blue Star gives paramount focus to sustainability and the mitigation of the impact of climate change; the Company's products rate high on energy-efficiency standards. The Company ensures the adoption of the latest technologies to ensure that its products meet or exceed the highest energy-efficiency standards laid down by the Government, at all times.

Blue Star has always been ahead of the industry curve in imbibing best practices pertaining to sustainability and energy-efficiency.

For instance, the Company has adopted the low global warming refrigerant R-32 for use in room air conditioners. A complete range of 3-star and 5-star inverter range of room

air conditioners meeting new energy-efficiency norms as per BEE star labelling scheme applicable from July 1, 2022, has already been developed. The Company has also invested into a new deep freezer manufacturing plant at Wada. A new range of eco-friendly and energy-efficient deep freezers, both in hard top and glass top versions, has been designed and developed using R-290 refrigerant and cyclopentane blowing agent-based foam insulation. The Company will phase out the R-22 refrigerant from its scroll chillers with its upcoming range of R-410A based scroll chillers meeting the standards laid down in the BEE star labelling programme.

When product development exercises are taken up within the Company, the product management and R&D teams ensure the adoption of the latest technology in both products and processes to ensure that new products are both resource-efficient and sustainable. For example, there is a sustained focus within the Company right now on embedding energy-efficient inverter technology across key products of the Company, namely chillers, ducted systems and wall-mounted split air conditioners.

Besides, sustainability-related aspects are integrated into 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. By embarking on these steps of continuous product innovation with a focus on energy-efficiency and low global warming potential, the end product consumes the least power possible at the consumer's site, resulting in the least environmental impact.

Sustainability is also sought to be driven through raising awareness amongst consumers of their rights through education, product labelling giving details of composition, educational marketing communication, and the promotion of safe usage as well as disposal of the products. Similarly, the Company also works towards higher sustainability in sourcing through the

use of a common supplier basket across businesses. Packaging materials are a source of waste, so supplier meetings and discussions are held on this aspect to recommend practices to minimise waste as well as to optimise logistics, reduce fuel consumption and lower the carbon footprint. Blue Star's sourcing team plays a key role in training suppliers and providing them with managerial and technical assistance to make improvements in productivity, quality, cost, delivery and safety.

Blue Star is also involved in many activities to reduce waste in its factories and in various production processes. Energy management and the deployment of renewable energy sources are also active initiatives constantly undertaken at the factories.

Investments in sustainable and eco-friendly initiatives undertaken during the year were as follows:

(₹ crores)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
R&D expenses	17.99	11.87
Capital investments	3.30	2.50

In the Company's Electro-Mechanical Projects business, 97.5% of the total spend during 2021-22 was through domestic producers including micro and small vendors and 2.5% 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 18% of the Company's procurement is from MSME vendors.

Another area that Blue Star works on diligently to promote sustainability and eco-friendliness is on the disposal of e-waste. The Company has obtained authorisation as a Producer under the E-waste (Management) Rules, 2016, 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 4766MT against its target of 4621MT (103%) of e-waste collection and channelisation for the financial year 2021-22.

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

Blue Star has always put its people first, and the Company continuously emphasises on employee-centric policies to bring

out a high-performing, meritocracy-based culture within the organisation. The Company's people focus ensures that it is always responsive to their needs and well-being, fostering a nurturing and empowering culture.

The principle of 'growing together' that the Company practises whereby equal importance is given to employee growth and development as to organisation growth and profitability has brought about a symbiotic relationship between the Company and its employees which fosters trust in the organisation by its people and brings out the best from the already talented pool of Blue Starites. Towards this goal of employee growth, Blue Star organises many training and developmental programmes and workshops in addition to providing them with a well-rounded exposure to business activities. These enable them to hone their capabilities and build their career within the organisation. The Company also carefully follows each employee's career graph, in relation to his/her potential and provides relevant opportunities for individual growth. Blue Star also encourages job rotation to help employees take on new responsibilities to widen their exposure and enhance their credentials. Training programmes for all-round development of workmen are also conducted at the factories.

In its endeavour towards promoting a healthy work-life balance, Blue Star has rolled out many initiatives such as flexible timing and work-from-home policies to keep employees engaged and energised. An open-door policy is promoted and practised by the Senior Management under which an employee can approach any Senior Manager to discuss ideas, suggestions or concerns.

Due to these initiatives, 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. Several of the Company's employees are therefore with the organisation for years, even decades, which is a testament to the Company's people-first culture and the trust that the employees have in the Company. The passion and fervour with which most Blue Starites work for the interests of the Company and its stakeholders was best borne out by the support rendered by many Blue Starites during the peak of the Pandemic when they ensured the running of critical air conditioning and refrigeration equipment in all corners of the country, especially in the healthcare sector, despite the lock downs and restrictions that were imposed on movement, even while faithfully following all norms in place for safe travel and transactions.

The people-first policy of Blue Star is enshrined in a robust HR framework, which the Company revisits and improves regularly in order to bring in a more modern and contemporary approach towards its people systems and processes, all of which is aimed at augmenting the employee-friendly ecosystem.

In terms of diversity, Blue Star has a rich and diversified workforce with employees from varied backgrounds, geographies, ethnicities, languages, genders, religions, castes and creeds. All Blue Starites are trained to follow The Blue Star Way, which encapsulates the ethical and transparent behaviour that is expected of everyone in the Company. Strong value systems, ethics, honesty, sincerity and teamwork, among others, are ingrained into every one at Blue Star, right from induction and

through various reinforcing training programmes at regular intervals.

As on March 31, 2022, Blue Star's employee count stood at 2723. Apart from this, the Company also had 743 persons hired on a temporary or contractual basis. There are no permanent employees with permanent disabilities in the organisation. 184 employees, forming 7.7% of the permanent staff, are members of employee associations recognised by the Company. Around 58% 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, 2022, as against 59% in the previous year.

In terms of constantly improving the gender mix, the Company is committed to creating a woman-friendly ecosystem across offices, factories, and work sites, which encourages gender equality at all times. The strength of the Company's female employees is approximately 9.1% across levels and roles in the Management cadre during FY22. There are 209 permanent women employees in the Management cadre in the organisation. Blue Star stands for equal gender representation across management and leadership positions, and therefore conducts programmes around women-centric initiatives regularly. The Company also hones aspiring female contenders for Senior Management positions.

Since Compensation and Benefits are an integral part of being an employer of choice, Blue Star has a well-structured Compensation and Benefits system in place, which increases 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
Permanent employees			
Male	100%	100%	-
Female	100%	100%	100%
Total	100%	100%	-
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, 2022		Year ended March 31, 2021	
	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)	19%	Y	2%	Y

A fair, equitable and transparent performance appraisal system in Blue Star ensures higher employee satisfaction, and leads to increased motivation and productivity. A structured performance and development review that takes place twice a year – a midterm review and an annual review – covers all employees of the Company.

Blue Star's HR practices are constantly being improved and enhanced to attract and retain the best-in-class talent which will help take the Company into the top 10 employers league in the engineering and consumer products industry. A strong employee engagement programme has been put in place to build energised teams across Blue Star, to encourage a culture of entrepreneurship and innovation. A full-fledged leadership development and succession planning programme too is in place to develop the next set of leaders for Blue Star.

Safety of employees is paramount at Blue Star, and so 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. The Company rolled-out a new and improved policy on 'Environment, Health and Safety (EHS)' during the period under review.

(<https://www.bluestarindia.com/media/342742/ehs-policy-and-objectives-a3.pdf>).

In the year gone by, the Lost Time Injury Frequency Rate (LTIFR) per one million-person hours worked, was 0.0740 as on March 31, 2022, as against 0.0270 as on March 31, 2021. Besides, two workers recorded work-related injuries, and there was one fatality, during FY22. No high consequence work-related injury or ill-health (excluding fatalities) were recorded during the period under review.

The channel partners too are part of this drive for safety, and are familiarised with all safety standards as they evolve. Around 42,980 safety training man-days were logged during the year, fostering a 'Safety First' culture within the organisation. New sub-contractors are evaluated with respect to their safety preparedness before assigning them contracts, and compliance to the safety policy is ensured through regular training, site visits and audits. Safety training is imparted to all new employees, dealer technicians and contract workmen before commencing work, and regular refresher sessions are conducted during the course of work. 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 209 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, 2022		Year ended March 31, 2021	
	On Health and safety measures	On Skill upgradation	On Health and safety measures	On Skill upgradation
Employees				
Male	94%	72%	100%	54%
Female	96%	82%	100%	50%
Total	94%	73%	100%	54%
Workers				
Male	100%	98%	100%	81%
Female	100%	92%	100%	100%
Total	100%	96%	100%	82%

Right through the ongoing Pandemic, Blue Star has been diligently ensuring the health and safety of its employees. Through careful planning, the Company has implemented various COVID-appropriate measures, always taking into account the directives of the local authorities. A set of guidelines have been put in place by Blue Star internally to be complied with by employees while travelling, working in office or at project sites. These have been widely disseminated through the Company to prevent the spread of COVID-19. The Company also undertook various additional welfare measures such as additional insurance coverage for the employees and their families and soft loan schemes to help employees tide over the uncertainties caused by the Pandemic.

Encouraging the use of the Government's 'Aarogya Setu' App besides using Blue Star's own 'Star Safe' App, the daily health data of the employees was monitored on a daily basis. Another Blue Star App, the 'Starry App', also facilitated the Company's employees to ensure careful tracking of the spread of the virus.

Blue Star endorses the principle of 'equal pay for equal work'. It also has a no-tolerance policy towards child labour, forced labour, sexual harassment and discriminatory employment or biases in growth opportunities for its staff members. There were no complaints related to child labour, or forced or involuntary labour filed during 2021-22. In line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company organises workshops and awareness programmes at regular intervals to sensitise employees across its offices and manufacturing facilities. During the year under review, there were no cases pertaining to sexual harassment in the Company.

The employee portal of the Company carries detailed and well-defined policies on various important aspects: 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.

In addition, an e-learning module has also been developed to acquaint the employees with the nuances of what constitutes appropriate behaviour and the internal mechanism to address their concerns.

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

Blue Star lays immense emphasis on regular and effective engagement with all stakeholders. Every stakeholder, whether internal or external, contributes both tangibly and intangibly to the overall success of the organisation, and Blue Star is acutely

aware of this fact. Mapping stakeholders therefore as employees, customers, business associates, suppliers and distributors, shareholders, bankers, debenture holders, regulatory authorities and industry associations, besides others, the Company regularly disseminates information on developments, both long term and short term, to the entire spectrum as applicable. By doing this diligently over the past 78 years, Blue Star has shown its commitment to keeping all stakeholders in the loop at all times, and built a trust-based relationship with each and every one of them, thus strengthening the Company's standing and significantly contributing to its growth.

Blue Star's channel partners, who are part of the Company's extensive dealer network, are some of the most important stakeholders for the Company, and a major strength to its channel distribution businesses. Dealers are the extended arms of the Company and are responsible for quick and efficient response to customer needs in all corners of the country. Various outreach programmes, like product launches, training sessions, and performance recognition events, amongst others, ensure that dealers are always communicated with and that there is a continuous interaction with channel associates.

Investors are another stakeholder group that Blue Star is in constant interaction with. An active investor relations programme covers both individual and institutional investors, and allows investors to be regularly apprised of the ongoing performance of the Company and the medium term outlook. Regular meets are held with institutional investors and analysts after declaration of financial results. Blue Star also participates in investor conferences and meets analysts and fund managers in both group and one-on-one sessions, on an ongoing basis. Besides, all information pertaining to the Company's products and services, policies, press releases, financial results, annual reports, investor updates and conference calls transcripts, amongst others, are always made available on the corporate website. Bankers and credit rating agencies too experience proactive engagement by the Company through the year, satisfying the need to keep them in the loop with developments of interest to them.

With regard to disadvantaged and marginalised communities, Blue Star has robust CSR programmes to focus primarily on them. Acutely conscious of the impact of its operations on communities around its facilities, the Company is committed to contributing proactively towards enhancing their living standards through interventions in skill development, education, health, hygiene, and wellness. Affirmative action is what Blue Star believes in. The Company therefore has been actively involved in the development of Dalit entrepreneurs by providing them with opportunities to be vendors and channel partners. The Company's executives also mentor 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 on page no. 76.

Principle 5: Businesses should respect and promote human rights.

Blue Star not only respects and protects human rights under all circumstances but also considers this a paramount focus in its daily operations. Through policy advocacy, and fair and transparent business conduct that is clearly detailed and articulated in its systems and policies, the Company ensures strict adherence to the protection of human rights and prevention of any violations of the same.

The Code of Conduct that Blue Star has defined and adopted is applicable to all its internal stakeholders including vendors, dealers, service providers and employees. The Code helps address and redress grievances of any kind including those that may lead to a breach of ethics or be perceived as sexual harassment. Formal mechanisms are available through which inclusive committees are formed to review all grievances, in a responsible manner so as to ensure anonymity and confidentiality of complainants. Employees have been made aware of the policy related to sexual harassment at the workplace, along with its objectives, applicability, structure of committees and the process undertaken to redress complaints, through regular communication and workshops.

Blue Star also ensures that safety practices are adhered to at its construction sites as a part of its commitment towards the safety and security of its employees. The Company also continues to engage with construction suppliers through training, safety audits and checks.

An open-door policy is in place within Blue Star that allows any employee to voice concerns of any kind directly to the Vice Chairman or the Managing Directors through a discreet and formal mechanism that is in place. The interaction may be in person or through a dedicated email address, which is handled only by the Vice Chairman and the Managing Directors to maintain strict confidentiality.

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

Blue Star makes dedicated efforts and gives utmost importance to the restoration of the environment. As such, the Company plays a critical role in encouraging initiatives across the industry and within the organisation to make continual product and process improvements that make them consume lower power and use less ozone-depleting refrigerants with lower global warming potential.

Blue Star works with various regulatory bodies to constantly update energy standards of new products and was amongst

the first companies to comply with BEE's voluntary labelling programme for inverter split air conditioners. 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's room air conditioner range has always been ahead of the curve with regard to the prescribed energy standards.

When the Government issued a notification revising the star rating plan applicable to unitary and split air conditioners with an evolved rating methodology that factors in variance in higher temperature zones in the country and rates air conditioners accordingly, Blue Star immediately complied with the revised star rating plan for all its room air conditioners for which it was applicable. This enables consumers to now purchase air conditioners with higher efficiency leading to lower electricity bills.

The use of hazardous substances need to be reduced in all products with time. Blue Star therefore closely monitors the quantum of lead, mercury, cadmium or any such hazardous substances and ensures that they are never over the concentration value permitted by the environmental laws in India.

Blue Star also ensures that all its factories operate in an eco-friendly manner. For instance, all the manufacturing facilities use testing machines that not only use the latest technology to aid in quality improvement but also to increase energy and water savings. Water harvesting facilities are also installed at all the Plants. The Wada/Ahmedabad Plants incorporate an eco-friendly foaming process using cyclopentane, which is a first-of-its-kind set-up for cold room panel manufacturing 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, since cyclopentane blown foam contains no ozone depleting substances and has a negligible impact on global warming. Blue Star's Wada factory is also certified as a Gold-rated Green Building by the Indian Green Building Council, Hyderabad.

Blue Star's Senior Management participates in most domestic and international initiatives, including round table discussions and workshops, that focus on certification and compliance processes, as well as standards and labelling programmes. These fora focus on: HVAC refrigerants and technologies; new-generation refrigerants that are costlier but have a positive impact on the environment; new patent types; development of alternate and even natural refrigerants; safety standards; and financial viability; amongst others.

All the manufacturing facilities of the Company are committed to operate on a zero-discharge basis. All the wastes generated because of the 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	Plant	Initiative undertaken	Outcome of the initiative
1	Wada	999kW solar power installation and connected to grid	Generated 465277kWH through solar plant from January 2021 to September 2021.
2	Wada, HP2	Energy saving initiatives	Saved 27000 units till September 2021. Power cost per product reduced by 28% (last year ₹49 and this year ₹38 power cost per product achieved)
3	HP2	Auto Water Feeding motor control system	Auto Water Feeding motor control for RO to eliminate water wastage and save power cost
4	HP1	Upgraded the Sewage Treatment process by enhancing the treatment capacity	Improvements in the STP outlet water parameters i.e COD, BOD, TSS, TDS, ph, etc
5	HP1	Replacement of old DG Set with new CPCG II complying set	Improved and complied with Environmental Parameters PM, CO, NOx and SO ₂
6	HP1	Replacement of one old HPB having hydraulic power pack with new one having servo driven system	Improved on energy efficiency by 70% and CO ₂ emission by 571 tons and further eliminated the hydraulic oil which additionally helps improve on hazardous waste under HWM category 5.1 and 33.1
7	HP1	Upgradation of IDU manufacturing process to improve on power cost	Improved power cost/product and carbon footprint by 45%
8	Ahmedabad	Zero ODP & Low GWP blowing agent usage in puff formation	ODP reduced from 0.11 to 0 GWP reduced from 725 to 11
9	Ahmedabad	Zero ODP & Low GWP refrigerant usage in Deep Freezer	GWP reduced from 1300 to 3

Blue Star's range of water purifiers with High Recovery Reverse Osmosis is aimed at a significant reduction of water wastage. It will also help the Company in gearing up for the likely amendments in the regulatory policies in the near future.

Optimising water consumption through the adoption of new technologies and behaviour change initiatives is a constant focus at Blue Star. Blue Starites also showcase their support to the cause of renewable energy at various public fora. The Company's environmental-friendly practices across the value chain are also presented to key business partners and associates who are also persuaded, supported and educated to adopt them. Numerous commendations have been received by the Company from its clients for its energy-efficient products and services, projects and installations.

Blue Star has installed a 1MW solar power plant at its factory at Wada and another 100kW one at Dadra. Initiated in FY20, both are expected to result in significant savings in power and fuel cost. These plants support the Company's endeavours to utilise renewable energy in all areas.

Potential environmental risks are identified and assessed by Blue Star Management from time to time. Being always sensitive to the environmental impact of its operations, the Company has proactively adopted environmentally-sustainable business practices wherever possible. Internal and independent auditors/

assessors carry out regular checks to ensure compliance with appropriate environmental regulations and policies.

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

Blue Star uses policy advocacy to ensure the betterment of society as a whole. The Company works through its collaborations with industrial institutions and professional bodies to drive positive change in the industry, by providing advocacy in matters pertaining to the 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.

The Senior Management of Blue Star 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.

At Blue Star, social endeavours go hand in hand with business-related endeavours. The Company always gives prime importance to helping less privileged, rural and urban communities in the country through its social initiatives, which are aligned strategically to its domain knowledge and its employees' skill sets. Employees are therefore able to volunteer their time to these programmes and many provide their services on pro bono basis to help educate the less privileged youth to train them in skills that would serve them well in their future.

The Company is committed majorly to two focus areas: Education & Skill Development and Health, Hygiene & Wellness of all stakeholders through its products, services and social initiatives. All programmes are aligned to the UN's Sustainable Development Goals (SDGs), and to the country's development indices. Through its initiatives, Blue Star implements 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; continued teaching and learning among school-going children along with providing hygiene facilities around its manufacturing facilities; and supporting targeted and impact-driven interventions in the fields of women empowerment, environment and sustainable development.

In times of national need, such as during floods, earthquakes, and the most recent example of the COVID-19 Pandemic, Blue Star continues to be agile through continued rapid relief response in partnership with on-ground NGOs, under the aegis of the Company's CSR activities. Blue Star's CSR Committee, which reviews, monitors and provides strategic direction to the Company's CSR practices, presently comprises the Managing Director along with one Non-Executive Director and an Independent Director. The Committee also formulates and monitors the CSR policy and recommends the annual CSR plan of the Company to the Board too, in line with Companies Act, 2013. Periodic reviews monitor the benefits received by the community, and lead to augmenting the projects.

Blue Star has also been supporting various philanthropic causes through its charitable Trust, Blue Star Foundation, which sponsors activities in the areas of education and healthcare. Local teams across major offices and factories also support local initiatives in health, education, environment, hygiene and infrastructure. Details of the CSR activities of the Company and their impact are given in Annexure 2 to the Board's Report and in the Integrated Report, on page nos. 124 and 76, respectively.

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

Blue Star offers 'Gold Standard' Service that promises customers stringent response and turnaround times. These are adhered to by field teams in charge of consumer complaint resolution and breakdown calls. Technology is leveraged extensively to give the customer a great experience in fast complaint logging and speedy turnaround of defective equipment.

Besides the above initiatives, Blue Star also seeks consumer insights systematically through established mechanisms across businesses. Customer interactions and focused group discussions bring in feedback which is incorporated into the product development processes. This not only helps satisfy customers but also empowers and enables the Company to respond effectively to changing market dynamics, giving it an edge over competition. On the digital front too, Blue Star has imbibed the latest digital technologies across its lines of businesses including the creation of Apps that are designed to enable a smooth and enhanced customer interface across products and services as well as ease of doing business.

To ensure that Blue Star's products and services are of global standards and meet the high expectations that customers have of Blue Star products, 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. Recently, the Company was certified under ISO 45001:2018 for Engineering Facilities Management and Revamp Site Operation of the Customer Service Group. Blue Star's factories have received several certifications for health and safety compliance, and adherence to quality. Multiple certifications have also been received for the Company's products and services for international markets.

Honest and transparent dissemination of information about its products and services across media is a hallmark of Blue Star's ethical marketing and sales communication. Besides, the Company's performance, market trends, and the impact of change in industry policies or Government regulations, is communicated regularly 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 Company's Corporate Communications and Marketing Services department has institutionalised brand management guidelines, which help customers identify and distinguish Blue Star's products and services from others.

Television commercials are built around intelligent and humorous storylines, imparting informative and educational insights along with sales information.

Similarly, the Company's social media pages deliver value-based communication to customers. Truthful and factual communication is the focus while creating any of the Company's marketing collateral. This helps the Company's customers to exercise their freedom of choice to consume its products and services in an informed manner. Operation & Maintenance manuals accompany every product, in line with relevant codes and specifications. The organisation is compliant with all legal requirements pertaining to product information and labelling. The sale of products is followed by responsible and seamless integration of its related services to enhance customer experience.

Customer engagement being an on-going process at Blue Star, the Company conducts surveys periodically through external market research firms to understand customer behaviour, requirements and satisfaction levels with respect to its products and services. Customers can connect with

Blue Star via several modes with their enquiries, feedback or concerns. Company officials can also be contacted via a multi-platform grievance mechanism for fair, swift and transparent grievance resolution, via phone, e-mail, website, feedback forms or letters, as appropriate.

Out of the total calls received by the Company from customers, approximately 71% were related to complaints, of which 3.2% complaints were pending resolution as on March 31, 2022. All the other complaints were closed satisfactorily. 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, seven cases were resolved during 2021-22, and as on March 31, 2022, 98 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. 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.



BLUE STAR

NOBODY COOLS BETTER™

Smart Ready



**HAPPINESS IS A
FAST-COOLING* AC.**



T&C apply.

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, 2022, 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 joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, 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	Accounting for fixed price contracts: Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations. (Refer Note 15, 23, 27 and 51)	Principal audit procedures performed: i. assessed the appropriateness of the accounting policy for recognizing 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.

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Assessment of the carrying value of trade receivables and contract assets:</p> <p>The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment.</p> <p>(Refer Note 12 and 15)</p>	<p>Principal audit procedures performed:</p> <ol style="list-style-type: none"> evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets. tested the operating effectiveness of the said internal controls for selected samples. 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. verified subsequent receipts for selected samples, post balance sheet date. 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls 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 Matter

- a) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹211.77 crore as at March 31, 2022, total revenues of ₹285.36 crore and net cash outflows amounting to ₹15.36 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 ₹1.09 crore for the year ended March 31, 2022, 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 ₹ Nil for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements / financial information have not been audited by us. The carrying amount of investment in the said joint venture is fully written off. In our opinion and according to the information and explanations given to us by the Board of Directors, having regard to the above, this entity is not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements / financial information of the subsidiaries and 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 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 and its subsidiary companies incorporated in India.
- iv. (a) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Parent Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the

Parent Company or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Parent Company during

the year is in accordance with section 123 of the Act, as applicable.

As stated in note 18 to the financial statements, the Board of Directors of the Parent Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent Company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Samir R. Shah

Partner

(Membership No. 101708)

(UDIN: 22101708AIKTFW6996)

Place: Mumbai

Date : May 05, 2022

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, 2022, 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, 2022, 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters.

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

Samir R. Shah
Partner
(Membership No. 101708)
(UDIN: 22101708AIKTFW6996)

Place: Mumbai
Date : May 05, 2022

CONSOLIDATED BALANCE SHEET as at March 31, 2022

(₹ in crores)

Particulars	Notes	As at 31 st March, 2022	As at 31 st March, 2021
A ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	4	305.53	269.23
(b) Right-of-use assets	5	74.53	50.07
(c) Capital work-in-progress		145.09	68.11
(d) Investment property	6	11.07	11.95
(e) Intangible assets	7	41.67	52.31
(f) Intangible assets under development		7.20	3.42
(g) Investment in joint ventures	8	17.31	15.91
(h) Financial assets			
(i) Loans	9	3.34	6.49
(ii) Other financial assets	10	15.78	21.94
(j) Income tax assets (net)		71.49	86.20
(k) Deferred tax assets (net)	26	27.57	47.49
(l) Other non-current assets	15	108.63	56.77
Total non-current assets		829.21	689.90
2. Current assets			
(a) Inventories	11	1,144.24	882.42
(b) Financial assets			
(i) Investments	8	145.03	279.06
(ii) Loans	9	3.18	8.21
(iii) Trade receivables	12	1,189.74	810.98
(iv) Cash and cash equivalents	13	265.65	327.93
(v) Other bank balances	14	4.01	4.23
(vi) Other financial assets	10	18.93	12.16
(c) Other current assets	15	706.75	534.47
Assets held for sale	4	5.90	0.08
Total current assets		3,483.43	2,859.55
Total Assets		4,312.64	3,549.45
B EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	16	19.26	19.26
(b) Other equity	17	998.32	865.92
Total equity		1,017.58	885.18
(c) Non-controlling interest		2.96	2.68
Total equity		1,020.54	887.86
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	241.57	349.26
(ii) Lease liabilities	21	51.91	31.23
(b) Provisions	24	10.06	10.82
(c) Government grants	25	6.96	8.83
(d) Other non-current liabilities	23	12.40	-
Total non-current liabilities		322.90	400.14
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	236.26	105.54
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	20	104.71	66.97
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,936.96	1,537.92
(iii) Lease liabilities	21	23.96	24.10
(iv) Other financial liabilities	22	35.04	33.61
(b) Provisions	24	60.82	48.37
(c) Government grants	25	2.74	2.33
(d) Income tax liabilities (net)		9.86	0.59
(e) Other current liabilities	23	558.85	442.02
Total current liabilities		2,969.20	2,261.45
Total Equity and Liabilities		4,312.64	3,549.45

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 05, 2022

For and on behalf of the Board of Directors of
BLUE STAR LIMITED
Shailesh Haribhakti Chairman
Vir S Advani Vice Chairman and Managing Director
Rajesh Parte Company Secretary
Neeraj Basur Group Chief Financial Officer

DIN: 00007347

DIN: 01571278

CONSOLIDATED STATEMENT OF PROFIT & LOSS for the year ended March 31, 2022

(₹ in crores)

Particulars	Notes	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Revenue from operations	27	6,045.58	4,263.59
Other income	28	35.72	62.35
Total income (I)		6,081.30	4,325.94
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	3,661.98	2,360.45
Purchase of stock-in-trade	29	1,103.64	880.09
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(50.94)	30.81
Employee benefits expense	30	508.55	381.81
Depreciation and amortisation expense	31	85.98	92.29
Finance costs	33	46.40	64.72
Other expenses	32	475.88	370.62
Total expenses (II)		5,831.49	4,180.79
Profit before share of profit of a joint venture (I-II)		249.81	145.15
Share of profit of a joint venture		1.09	2.60
Profit before tax		250.90	147.75
Tax expense			
i) Current tax	26	62.98	27.75
ii) Deferred tax	26	19.92	19.34
Total tax expenses		82.90	47.09
Profit after tax		168.00	100.66
Other comprehensive income			
(A) Item that will not to be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(0.13)	5.94
Income tax effect	26	-	(1.85)
(B) Item to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve		3.35	(1.62)
Income tax effect	26	-	-
		3.22	2.47
Total comprehensive income for the year		171.22	103.13
Attributable to:			
Owners of the parent		170.84	102.90
Non-controlling interests		0.38	0.23
Of the total comprehensive income above, profit for the year attributable to:			
Owners of the parent		167.71	100.35
Non-controlling interests		0.29	0.31
Of the total comprehensive income above, other comprehensive income attributable to:			
Owners of the parent		3.12	2.55
Non-controlling interests		0.09	(0.08)
Earnings per share (face value of ₹2 per share)	34		
Basic (in ₹)		17.44	10.42
Diluted (in ₹)		17.44	10.42

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 05, 2022

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**
Shailesh Haribhakti Chairman
Vir S Advani Vice Chairman and Managing Director
Rajesh Parte Company Secretary
Neeraj Basur Group Chief Financial Officer

DIN: 00007347

DIN: 01571278

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2022

(A) Equity share capital

For the year ended March 31, 2022

(₹ in crores)

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
19.26	-	-	-	19.26

For the year ended March 31, 2021

(₹ in crores)

Balance as at April 1, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2021
19.26	-	-	-	19.26

(B) Other equity

For the year ended March 31, 2022

(₹ in crores)

Particulars	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	Capital reserve	General reserve (refer note 17)	Retained earning	Other comprehensive income		Total other equity
							Remeasurement of defined benefit plan	Foreign currency translation reserve	
As at April 1, 2021	210.15	2.34	0.60	43.43	152.21	463.46	(9.45)	3.18	865.92
Profit for the year	-	-	-	-	-	167.71	-	-	167.71
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	(0.13)	3.35	3.22
Total comprehensive income for the year	-	-	-	-	-	167.71	(0.13)	3.35	170.93
Dividend (refer note 18)	-	-	-	-	-	(38.53)	-	-	(38.53)
As at March 31, 2022	210.15	2.34	0.60	43.43	152.21	592.64	(9.58)	6.53	998.32

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
							Remeasurement of defined benefit plan	Foreign currency translation reserve	
As at April 1, 2020	210.15	2.34	0.60	43.43	152.21	363.11	(13.53)	4.80	763.11
Profit for the year	-	-	-	-	-	100.35	-	-	100.35
Other comprehensive income (net of tax)	-	-	-	-	-	-	4.08	(1.62)	2.46
Total comprehensive income for the year	-	-	-	-	-	100.35	4.08	(1.62)	102.81
As at March 31, 2021	210.15	2.34	0.60	43.43	152.21	463.46	(9.45)	3.18	865.92

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 05, 2022

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

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Rajesh Parte	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2022

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	249.81	145.15
Adjustments to reconcile profit before tax to net cash flows		
Depreciation / amortisation expenses	85.98	92.29
Finance cost	46.40	64.72
Rental income	(1.02)	(6.36)
Interest income	(14.42)	(10.22)
Income from mutual fund	(2.68)	(5.13)
Net unrealised foreign exchange loss / (gain)	0.05	(7.66)
Loss / (profit) on sale of fixed assets	0.65	(32.17)
Deferred income arising from government grant	(3.11)	(2.51)
Net loss on financial assets measured at fair value through profit & loss (FVTPL)	0.26	2.00
Bad debts written off and provision for doubtful debts	26.57	34.28
Liabilities written back	(25.54)	(19.48)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	362.95	254.91
Adjustments for:		
(Increase) / decrease in trade receivables	(394.63)	(12.84)
(Increase) / decrease in inventories	(261.82)	(12.60)
(Increase) / decrease in financial assets - loans	8.20	(7.34)
(Increase) / decrease in other assets	(181.24)	103.22
Increase / (decrease) in trade payables	456.17	53.30
Increase / (decrease) in current liabilities	128.31	(4.35)
Increase / (decrease) in government grants	1.65	0.77
Increase / (decrease) in provisions	11.20	(15.03)
Cash generated from operations	130.79	360.03
Direct taxes paid (net of refunds)	(38.99)	(10.22)
Net cash flow from / (used in) operating activities (A)	91.80	349.81
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including capital work-in-progress and capital advances	(217.94)	(63.52)
Sale of property, plant and equipment	-	80.88
Purchase of current investments	-	(279.06)
Sale of current investment	134.02	-
Proceeds from redemption of preference share of joint venture	-	3.48
Rent received	1.02	6.36
Interest received	11.21	7.16
Income from mutual fund	2.68	5.13
Net cash flow from / (used in) investing activities (B)	(69.01)	(239.57)
Balance carried forward	22.79	110.24

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Balance brought forward	22.79	110.24
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (repayment) from short-term borrowings	(43.63)	(298.89)
Proceeds from long-term borrowings	68.57	350.00
Repayment of long-term borrowings	(3.20)	(53.24)
Repayment of lease liabilities	(28.67)	(26.68)
Finance cost paid	(41.07)	(39.52)
Dividend paid on equity shares	(38.77)	(1.24)
Net cash flow from / (used in) in financing activities (C)	(86.77)	(69.57)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(63.98)	40.67
Cash and cash equivalents at the beginning of the year	327.93	286.15
Effects of Exchange Difference on restatement of foreign currency cash & cash equivalents	1.70	1.11
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	265.65	327.93

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 05, 2022

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

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Rajesh Parte	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2022

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 05, 2022.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and presentation

The Consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Basis of consolidation

Subsidiaries:

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of Group entities are consolidated on a line-by-line basis. If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's

accounting policies. All intragroup assets, liabilities, equity, income, expense, cash flows, and unrealised gains / losses relating to transactions between Group entities are eliminated on consolidation.

Investments in joint ventures:

The Group's interests in joint ventures are accounted for using the equity method, after initially recognising investment at cost, and the carrying amount is increased or decreased to recognise the Group's share in of profit or loss of the joint venture after the date of acquisition.

(c) Critical accounting judgments and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 35.

(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 the Government.

i. Revenue from sale of goods:

Revenue from the 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, and commission paid to acquire the contract) are recognised as assets and amortised over the term of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on a straight line basis over the period of the performance obligation.

iv. Dividend and interest income:

Dividend income is accounted for when declared and the right to receive the same is established. Interest income is recognised using the effective interest method.

v. Rental income:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

(e) Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(f) Employee benefits

Short-term benefits:

Salaries, wages, short-term compensated absences, and other short-term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

Retirement benefits

Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution. The Group makes monthly contributions toward the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Group, based on an actuarial valuation. The present value of the defined benefit obligation of employees' provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. The Group's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is 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 reserves in the statement of changes in equity.

(g) Leases

As a lessee

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Group recognises a right-of-use asset ("ROU assets") and a corresponding lease liability for all leases, except for short-term leases and low value leases. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Lease payments to be made under such reasonably certain extension options are included in the measurement of ROU assets and lease liabilities. ROU assets are amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter.

The lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non-financial assets.

The Group has opted for the exemption provided under Ind AS 116 for short-term leases and leases

of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term.

(h) Foreign currencies

The functional currency of the Group is the Indian Rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in profit or loss.

Foreign currency denominated non-monetary assets and liabilities that are measured at historical cost are not retranslated.

In case of foreign operations of the Group with a functional currency other than the functional currency of the Group, assets and liabilities have been translated using exchange rates prevailing on the balance sheet date and items of income and expense have been translated using average exchange rates during the period. Such translation adjustments have been reported as foreign currency translation reserves in the statement of changes in equity. On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

(i) Taxes

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.

i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions, and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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 realised.

(j) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group and to assist users of financial statements in making projections of future financial performance.

(k) Property, plant and equipment

Property, plant and equipment are stated at cost,

net of accumulated depreciation, and accumulated impairment losses.

Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Group depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on written-down value basis over their estimated useful lives. The estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60 - 85
Roads	5
Temporary structure	3
Plant & machinery	15 - 20
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 from the derecognition / disposal of an asset is included in profit or loss. The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

(l) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are derecognised on disposal, or

when no further economic benefits are expected from use or disposal. Any gain or loss arising from derecognition is included in profit or loss.

The useful lives of intangible assets are as mentioned below:

Nature of intangible asset	Useful Life
Software	6 years
Technical knowhow	6 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

(m) Investment properties

Investment properties are properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the Schedule II to the Companies Act, 2013.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising from disposal of investment properties is included in profit or loss.

(n) Impairment of non-financial assets

Property, plant and equipment, and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

(o) Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are 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 amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Wherever the customer has raised issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the customer are treated as disputed amount.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred to repurchase in the near term. Whenever the vendor has raised the issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the vendor are treated as the disputed amount. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Other financial liabilities

Other financial liabilities (including borrowings, financial guarantee contracts and trade, and other payables) are after initial recognition, measured at amortised cost using the effective interest (EIR) method.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

Derivative financial instruments

The Group enters into derivative contracts to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedged item.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flow from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(p) Inventories

Inventories including work-in-progress (other than construction contracts) are valued at cost or net realisable value, whichever is lower, with cost being worked out on a weighted average basis. Cost includes all charges for bringing the goods to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(q) Provisions and contingencies

Provisions

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold / the project is completed. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise typically up to five years.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately

disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements. However, where an inflow of economic benefits is probable, the Group discloses the same in the financial statements.

(r) Segment reporting

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets, and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for on the basis of the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets, and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities"

(s) Earnings per share

The Group's earnings per share ('EPS') is determined based on the net profit attributable to the equity shareholders of the Group.

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the weighted average number of common and dilutive shares outstanding during the year including share-based payments, except where the result would be anti-dilutive.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest on Borrowing is calculated using Effective Interest Rate (EIR) method and is recognised in profit or loss.

4. PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Land - freehold	Buildings	Plant and equipment	Leasehold improvements	Furniture & fixtures	Office equipment	Vehicles	Computers	Total
Cost									
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
At April 1, 2021	15.35	103.43	275.55	7.13	14.99	7.65	27.15	30.64	481.89
Additions	-	8.17	54.42	18.67	1.69	2.09	5.55	0.87	91.46
Additions	-	(3.93)	(5.55)	-	(1.17)	(0.96)	(1.23)	(0.24)	(13.08)
Additions	-	0.06	0.08	0.03	0.05	0.02	0.20	0.08	0.52
At March 31, 2022	15.35	107.73	324.50	25.83	15.56	8.80	31.67	31.35	560.79
Accumulated depreciation									
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	48.97
At March 31, 2021	-	37.26	117.11	4.45	8.98	4.89	14.16	25.81	212.66
At April 1, 2021	-	37.26	117.11	4.45	8.98	4.89	14.16	25.81	212.66
Disposals	-	(0.09)	(3.17)	-	(0.62)	(0.56)	(0.88)	(0.21)	(5.53)
Provided during the year	-	7.88	29.61	1.39	1.52	1.17	4.36	2.20	48.13
At March 31, 2022	-	45.05	143.55	5.84	9.88	5.50	17.64	27.80	255.26
Net book value									
At March 31, 2022	15.35	62.68	180.95	19.99	5.68	3.30	14.03	3.55	305.53
At March 31, 2021	15.35	66.17	158.44	2.68	6.01	2.76	12.99	4.83	269.23

(₹ in crores)

Asset held for sale	As at 31 st March, 2022	As at 31 st March, 2021
Asset held for sale	0.08	0.08
Additions	5.82	-
Asset held for sale	5.90	0.08

5. RIGHT-OF-USE ASSETS

(₹ in crores)

Particulars	Land - leasehold	Building	Total
Cost			
As 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
At April 1, 2021	3.41	74.88	78.29
Additions	-	45.43	45.43
Disposals	-	(4.63)	(4.63)
At March 31, 2022	3.41	115.68	119.09
Accumulated depreciation			
As 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
At April 1, 2021	0.13	28.09	28.22
Disposals	-	(1.90)	(1.90)
Provided during the year	0.03	18.21	18.24
At March 31, 2022	0.16	44.40	44.56
Net book value			
At March 31, 2022	3.25	71.28	74.53
At March 31, 2021	3.28	46.79	50.07

6. INVESTMENT PROPERTY

Particulars	(₹ in crores)
Cost	
At April 1, 2020	84.69
Additions	-
Disposal	(66.78)
At March 31, 2021	17.91
Additions	-
Disposal	-
At March 31, 2022	17.91
Depreciation	
At April 1, 2020	21.98
Additions	3.76
Disposal	(19.78)
At March 31, 2021	5.96
Additions	0.88
Disposal	-
At March 31, 2022	6.84
Net book value	
At March 31, 2022	11.07
At March 31, 2021	11.95
Fair Value* (refer note 42)	
At March 31, 2022	32.76
At March 31, 2021	33.10

*Valuation is based on fair value assessment done by registered valuer as defined under rule 2 of Companies (Register Valuers and Valuation), Rules 2017.

Movement in Fair Valuation of investment property

Particulars	(₹ in crores)
At March 31, 2021	33.10
Decrease in Fair Valuation	(0.34)
At March 31, 2022	32.76

Information regarding income & expenditure of investment property

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Rental income derived from investment property	1.02	6.98
Direct operating expenses (including repairs and maintenance) associated with rental income	(0.33)	(0.84)
Profit arising from investment property before depreciation and indirect expenses	0.69	6.14
Less: Depreciation	(0.88)	(3.76)
Profit arising from investment property before indirect expenses	(0.19)	2.38

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
Cost			
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
At April 1, 2021	61.16	88.62	149.78
Additions	3.15	4.94	8.09
At March 31, 2022	64.31	93.56	157.87
Amortisation			
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
At April 1, 2021	43.42	54.05	97.47
Provided during the year	7.28	11.45	18.73
At March 31, 2022	50.70	65.50	116.20
Net book value			
At March 31, 2022	13.61	28.06	41.67
At March 31, 2021	17.74	34.57	52.31

8. INVESTMENT IN JOINT VENTURES

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
I. Non-current investments		
Investment in equity instruments		
Unquoted (accounted under equity method)		
Investment in joint ventures (refer note 38 & 40)		
367,500 (31 March 2021: 367,500) fully paid equity shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	17.31	15.91
255,000 (31 March 2021: 255,000) Fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC (refer note a. below)	-	-
Total non-current investments	17.31	15.91
II. Current investments		
Unquoted investment in mutual funds		
Investment in mutual funds		
Growth scheme		
1,30,881 Units (March 31, 2021: 27,259 Units) in HDFC Mutual Fund	45.01	67.67
4,75,990 Units (March 31, 2021: 16,80,961 Units) in ICICI Prudential Mutual Fund	15.01	51.23
45,018 Units (March 31, 2021: 1,87,803 Units) in SBI Mutual Fund	15.00	74.19
Nil Units (March 31, 2021: 65,531 Units) in UTI Mutual Fund	-	22.09
11,20,197 Units (March 31, 2021: 14,96,607 Units) in Aditya Birla Mutual Fund	70.01	63.88
Total current investments	145.03	279.06

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

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
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, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Loans to employees	3.34	6.49	3.18	8.21
Loan to joint venture	4.46	4.46	-	-
Less: Allowance for doubtful loan (refer point no.3 below)	(4.46)	(4.46)	-	-
Total loans	3.34	6.49	3.18	8.21

- The Group has not made loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

3. The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture. The Company has made an application to the Reserve Bank of India for its approval for a write-off of loans and investment in this Joint Venture under the provisions of the Foreign Exchange Management Act.

10. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Security deposits, considered good	8.59	15.93	18.82	11.90
Security deposits, credit impaired	-	-	0.96	0.96
Less: Allowance for doubtful deposits	-	-	(0.96)	(0.96)
	8.59	15.93	18.82	11.90
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	0.11	0.26
Non-current bank balances (including accrued interest thereon)*	7.19	6.01	-	-
Total other financial assets	15.78	21.94	18.93	12.16

*Margin money deposits with a carrying amount of ₹7.19 crores (As at 31st March, 2021: ₹6.01 crores) are subject to a first charge as security deposit with customers.

**The Group enters into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of buyers credit and trade payables. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

11. INVENTORIES

(Valued at lower of cost and net realisable value)

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Raw materials & components (includes in transit: ₹44.25 crores (March 31, 2021: ₹47.30 crores))	434.93	235.92
Work-in-progress	78.92	62.32
Finished goods	218.61	199.66
Stock-in-trade	342.15	326.76
Stores and spares	69.63	57.76
Total inventories	1,144.24	882.42

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹71.19 crores (March 31, 2021: ₹49.39 crores).

The above inventory values are net of provisions made of ₹15.67 crores (March 31, 2021: ₹11.03 crores) for slow moving, obsolete and defective inventory.

12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Current	
	As at 31 st March, 2022	As at 31 st March, 2021
Trade receivables considered good - unsecured	1,253.90	861.57
Trade receivables - credit impaired	42.71	53.29
	1,296.61	914.86
Less: Allowance for doubtful debts and credit loss	(106.87)	(103.88)
Total trade receivables	1,189.74	810.98

Ageing of trade receivables

(₹ in crores)

Particulars	As at 31 st March, 2022						
	Outstanding for following periods from due date of payments						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Trade receivables considered good - unsecured	483.06	551.17	80.08	46.60	22.82	67.37	1,251.10
Trade receivables - credit impaired	-	0.10	0.17	0.46	3.28	33.54	37.55
	483.06	551.27	80.25	47.06	26.10	100.91	1,288.65
Disputed							
Trade receivables considered good - unsecured	-	0.02	0.18	0.24	0.18	2.18	2.80
Trade receivables - credit impaired	-	-	-	-	0.11	5.05	5.16
	-	0.02	0.18	0.24	0.29	7.23	7.96
Total trade receivables	483.06	551.29	80.43	47.30	26.39	108.14	1,296.61
Allowance for doubtful debts and credit loss							(106.87)
Total trade receivables							1,189.74

Ageing of trade receivables

(₹ in crores)

Particulars	As at 31 st March, 2021						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	229.62	420.66	59.71	65.80	26.68	56.71	859.18
Trade receivables - credit impaired	-	0.49	1.43	1.12	3.98	42.20	49.22
	229.62	421.15	61.14	66.92	30.66	98.91	908.40
Disputed							
Trade receivables considered good - unsecured	-	0.18	0.03	0.43	0.69	1.06	2.39
Trade receivables - credit impaired	-	-	-	0.02	0.24	3.81	4.07
	-	0.18	0.03	0.45	0.93	4.87	6.46
Total trade receivables	229.62	421.33	61.17	67.37	31.59	103.78	914.86
Allowance for doubtful debts and credit loss							(103.88)
Total trade receivables							810.98

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

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening balances as on 1 st April	103.88	99.97
Impairment loss recognised	27.99	28.91
Less: Allowances provided earlier written-off as bad debts	(25.00)	(25.00)
Closing balance as on 31st March	106.87	103.88

13. CASH AND CASH EQUIVALENT

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Cash and cash equivalents		
Balances with banks:		
- In current accounts	154.15	96.51
- In fixed deposits	110.99	230.83
Cash on hand	0.51	0.59
Total cash and cash equivalents	265.65	327.93

14. OTHER BANK BALANCES

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Other bank balances		
- Unpaid dividend*	3.91	4.14
- Cash & bank balance not available for immediate use	0.10	0.09
Total other bank balances	4.01	4.23

* 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, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Contract assets	-	-	464.70	359.10
Less: Allowance for doubtful contract assets	-	-	(20.60)	(27.99)
Net contract assets	-	-	444.10	331.11
Retention	-	-	85.39	78.99
Capital advances	58.34	18.90	-	-
Balance with statutory authorities	38.13	37.37	90.04	50.75
Less: Allowance for doubtful deposits	(5.80)	-	-	-
	32.33	37.37	90.04	50.75
Vendor advances	-	-	45.27	36.69
Less: Allowance for doubtful vendor advance	-	-	(1.00)	(1.00)
Vendor advances (Net)	-	-	44.27	35.69
Prepaid expenses	17.96	0.50	36.34	32.06
Government grant receivable	-	-	6.61	5.34
Gratuity paid in advance (refer note 36)	-	-	-	0.53
Total other assets	108.63	56.77	706.75	534.47

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

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening balances as on 1 st April	27.99	24.47
Impairment loss recognised / reversed	1.25	8.79
Less: Allowances provided earlier written off	(8.64)	(5.27)
Closing balances as on 31st March	20.60	27.99

Categorisation of financial assets:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
At Fair Value through profit or loss		
Investments (refer note 8)	145.03	279.06
Other financial assets (refer note 10)	0.11	0.26
Total at Fair Value	145.14	279.32
At amortised cost		
Trade receivables (refer note 12)	1,189.74	810.98
Cash & cash equivalents (refer note 13 and 14)	269.66	332.16
Loans (refer note 9)	6.52	14.70
Other financial assets (refer note 10)	34.60	33.84
Total financial assets	1,500.52	1,191.68

The carrying amount of financial assets measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

16. EQUITY SHARE CAPITAL

Authorised share capital	7.8% Cumulative convertible preference shares of ₹ 100 each		Equity shares of ₹ 2 each		Unclassified shares of ₹ 100 each		Cumulative compulsorily convertible preference shares of ₹ 10 each	
	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores
At April 1, 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
Increase / (Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2022	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

Terms / Rights attached to equity shares

The Parent has one class of equity shares having par value of ₹2 per share. Each share holder is entitled to one vote per share. The Parent declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

Terms / Rights attached to 7.8% Cumulative convertible preference shares and cumulative compulsorily convertible preference shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the shares of the parent in the event of increase in share capital or winding up of the parent up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

Issued share capital

Equity shares of ₹2 each issued, subscribed & fully paid-up	No.	(₹ in crores)
At April 1, 2020	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2021	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2022	96,313,888	19.26

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

Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	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	5,453,274	5.66%	5,413,075	5.62%

Shareholding pattern of promoters and changes in holding during the year

Particulars		As at 31 st March, 2022		As at 31 st March, 2021		% Changes during the year
		Numbers of shares	% of total shares	Numbers of shares	% of total shares	
Suneel Mohan Advani	Promoter	2,827,496	2.94%	2,816,496	2.92%	0.39%
Vir S Advani	Promoter	1,074,625	1.12%	1,074,625	1.12%	-
Sunaina Murthy	Promoter	72,525	0.08%	72,525	0.08%	-
Dinesh Nanik Vaswani	Promoter	26,944	0.03%	26,944	0.03%	-
Ashok M Advani	Promoter	-	-	-	-	-
Rajiv Lulla	Promoter	-	-	-	-	-
Suneeta Nanik Vaswani	Promoter Group	1,008,322	1.05%	1,062,322	1.10%	(5.08%)
Rohina Lulla	Promoter Group	1,168,594	1.21%	1,168,594	1.21%	-
Anissa Khanna	Promoter Group	1,126,787	1.17%	1,126,787	1.17%	-
Nargis Suneel Advani	Promoter Group	536,936	0.56%	536,936	0.56%	-
Sanjay N Vaswani	Promoter Group	121,975	0.13%	105,775	0.11%	15.32%
Armaan Sandeep Murthy	Promoter Group	50,000	0.05%	50,000	0.05%	-
Jay Talati Advani	Promoter Group	50,000	0.05%	50,000	0.05%	-
Sumer Sandeep Murthy	Promoter Group	50,000	0.05%	50,000	0.05%	-

Particulars		As at 31 st March, 2022		As at 31 st March, 2021		% Changes during the year
		Numbers of shares	% of total shares	Numbers of shares	% of total shares	
Uday Vir Advani	Promoter Group	50,000	0.05%	50,000	0.05%	-
Anita Ashok Advani	Promoter Group	30,000	0.03%	30,000	0.03%	-
Dev Khanna	Promoter Group	19,625	0.02%	19,625	0.02%	-
Nanik Ramchand Vaswani	Promoter Group	-	-	-	0.00%	-
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	Promoter Group	11,955,601	12.41%	11,955,601	12.41%	-
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	Promoter Group	7,719,930	8.02%	7,719,930	8.02%	-
Ashok Mohan Advani as a Trustee of Suneeta Padmi Trust and Anissa Rohina Trust	Promoter Group	2,599,744	2.70%	2,599,744	2.70%	-
Vistra Itcl (India) Limited as a Trustee of NSA Family Trust	Promoter Group	2,300,000	2.39%	2,300,000	2.39%	-
Vistra Itcl (India) Limited as a Trustee of SNA Family Trust	Promoter Group	2,300,000	2.39%	2,300,000	2.39%	-
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust	Promoter Group	542,142	0.56%	528,642	0.55%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust	Promoter Group	542,140	0.56%	528,640	0.55%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust 2	Promoter Group	542,140	0.56%	528,640	0.55%	2.55%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust 2	Promoter Group	542,139	0.56%	528,639	0.55%	2.55%
J.T. Advani Finance Private Limited	Promoter Group	52,172	0.05%	63,172	0.07%	(17.41%)
Iman Rajiv Lulla	Promoter Group	19,625	0.02%	19,625	0.02%	-
Rana Rajiv Lulla	Promoter Group	19,625	0.02%	19,625	0.02%	-

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.

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, 2022	As at 31 st March, 2021
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended March 31, 2021: ₹4 per share (March 31, 2020: ₹Nil)	38.53	-
Total dividend distribution	38.53	-

Note: The Directors have recommended a dividend of ₹10 per equity share of face value ₹2 each for FY21-22 (FY 20-21, Final Dividend of ₹4 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, 2022	As at 31 st March, 2021
At amortised cost		
Non-current borrowings		
Secured		
Term loan from bank (note a & b)	68.57	2.40
Unsecured		
7.65% non-convertible debentures (note d)	175.00	350.00
Less : Unamortised upfront fees on borrowing	(2.00)	(3.14)
Total non-current borrowings	241.57	349.26
Current borrowings		
Unsecured		
Current maturities of long-term debt	177.49	3.20
Packing credit loan account from banks (unsecured) (note c)	31.75	40.53
Short-term loan	-	55.00
Cash credit / Bank overdrafts (unsecured) (note c)	27.02	4.06
Secured		
Packing credit loan account from banks (secured) (Note c)	-	2.75
Total current borrowings	236.26	105.54
Aggregate secured loans	-	2.75
Aggregate unsecured loans	477.83	452.05
Total borrowings	477.83	454.80

- a. Secured term loan availed by one of the subsidiary companies for Capex funding is payable in twenty equated quarterly instalments carrying interest rate in the range of 5.35% to 6%.
- b. Term Loan is secured against plant and machinery and other assets of the new project for which funding is taken.
- c. Outstanding working capital loans carry an interest rate ranging from 2.75% to 2.8% (March 31, 2021: 2.3% - 6.8% p.a.).
- d. The Parent Company has allotted 7.65% unsecured redeemable non-convertible debentures (Series I & Series II) on June 1, 2020.

(₹ 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	31-May-22

- e. The group have not been declared as wilful defaulter by any bank, financial institutions or other lender.
- f. The group has utilised the funds borrowed from banks and financial institution for the purpose it was taken.
- g. The group has not received any fund from any person or entity, including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20. DISCLOSURE AS PER SECTION 22 OF MSME ACT

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	102.61	64.99
(ii) Interest due on above	0.12	0.06
(b) Amount of interest paid by the buyer in terms of section 16 of the Micro, Small & Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Micro, Small & Medium Enterprises Development Act, 2006.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year*	2.10	1.98
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small & Medium Enterprises Development Act, 2006.	2.10	1.98
	104.71	66.97

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.

*Interest on overdue balances of Micro and Small Enterprises is fully provided. Interest provided is unclaimed by the vendor.

Ageing of payables

(₹ in crores)

Particulars	As at 31 st March, 2022					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	331.94	-	-	-	-	331.94
Undisputed						-
Dues to micro enterprises and small enterprises	84.25	20.17	0.18	0.06	0.03	104.69
Dues of creditors other than micro and small enterprises	1,263.32	311.57	10.36	4.17	15.60	1,605.02
	1,679.51	331.74	10.54	4.23	15.63	2,041.65
Disputed						
Dues to micro enterprises and small enterprises	0.02	-	-	-	-	0.02
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
	0.02	-	-	-	-	0.02
Total payables	1,679.53	331.74	10.54	4.23	15.63	2,041.67

Ageing of payables

(₹ in crores)

Particulars	As at 31 st March, 2021					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	242.97	-	-	-	-	242.97
Undisputed						-
Dues to micro enterprises and small enterprises	50.27	16.49	0.15	0.01	0.03	66.95
Dues of creditors other than micro and small enterprises	1,010.68	254.40	12.56	6.30	11.01	1,294.95
	1,303.92	270.89	12.71	6.31	11.04	1,604.87
Disputed						
Dues to micro enterprises and small enterprises	-	0.02	-	-	-	0.02
Dues of creditors other than micro and small enterprises	-	-	-	-	-	-
	-	0.02	-	-	-	0.02
Total payables	1,303.92	270.91	12.71	6.31	11.04	1,604.89

21. LEASE LIABILITY

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	55.33	59.78
Addition during the year	38.44	17.71
Add: interest for the year	6.37	6.19
Paid during the year	(24.27)	(28.35)
Closing balance	75.87	55.33
Non-current lease liability	51.91	31.23
Current lease liability	23.96	24.10
Total lease liability	75.87	55.33

22. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	Current	
	As at 31st March, 2022	As at 31st March, 2021
Financial liabilities at amortised cost		
Other deposits	5.45	4.09
Interest accrued but not due on borrowings	23.27	23.30
Unpaid dividend (refer note a below)	3.91	4.14
Creditors - capital expenditure	2.41	2.08
Total other financial liabilities	35.04	33.61

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 31st March, 2022	As at 31st March, 2021
Borrowings (refer note 19)	477.83	454.80
Trade payables	2,041.67	1,604.89
Other deposits (refer note 22)	5.45	4.09
Unpaid dividend (refer note 22)	3.91	4.14
Creditors - capital expenditure (refer note 22)	2.41	2.08
Interest accrued but not due on borrowings (refer note 22)	23.27	23.30
Total financial liabilities carried at amortised cost	2,554.54	2,093.30

Borrowings and interest accrued but not due on borrowings have a fair value of ₹500.46 crores (March 31, 2021: ₹476.83 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, 2022:

(₹ in crores)

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
At the beginning of the year	349.26	105.54	55.33
Cash flows during the year (net)	68.57	(46.83)	(24.27)
Current maturity of long-term borrowings	(177.49)	177.49	-
Amortisation of upfront fees on borrowing	1.14	-	-
Variation in foreign exchange	0.09	0.06	-
At the end of the year (excluding interest liability on borrowings)	241.57	236.26	31.06
Non-cash changes due to:			
- Acquisitions under finance lease	-	-	44.81
- Interest on borrowings (clubbed under other financial liabilities)	11.63	11.64	-
At the end of the year (including interest liability on borrowings)	253.20	247.90	75.87

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	47.71	401.23	59.78
Current maturities of long-term borrowings at the beginning of year	11.44	-	-
Cash flows during the year (net)	296.76	(298.89)	(28.35)
Current maturities of long-term borrowings at the end of year	(3.20)	-	-
Transaction cost on borrowings	(3.14)	-	-
Variation in exchange rates	(0.31)	-	-
At the end of the year (excluding interest liability on borrowings)	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 (including interest liability on borrowings)	372.56	102.34	55.33

23. OTHER CURRENT LIABILITIES

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Contract liabilities from construction contracts	-	-	74.89	84.40
Contract liabilities from annual maintenance contract services	12.40	-	81.06	70.76
Advances from customers	-	-	343.04	241.82
Dues to statutory bodies	-	-	53.40	35.92
Others	-	-	6.47	9.12
Total other liabilities	12.40	-	558.85	442.02

24. PROVISIONS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Provision for employee benefits				
Provision for gratuity (refer note 36)	-	-	0.28	-
Compensated absences	-	-	22.84	17.42
Provision for other employment benefits	-	-	5.24	2.25
Additional gratuity (refer note 36)	0.45	0.45	-	-
	0.45	0.45	28.36	19.67

Particulars	Non-current		Current	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Other provisions				
Provision for customer warranties	9.61	10.37	17.93	14.81
Provision for foreseeable loss	-	-	3.02	2.37
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	10.42	10.43
	9.61	10.37	32.46	28.70
Total provisions	10.06	10.82	60.82	48.37

* The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture.

Provision for warranties

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
At the beginning of the year	25.18	28.17
Add: Additional provisions made during the year	14.77	11.06
Less: Amount used during the year	(12.52)	(14.31)
Add: Effect of change in provision on account of discounting during the year	0.11	0.26
At the end of the year	27.54	25.18
Current portion	17.93	14.81
Non-current portion	9.61	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, 2022

(₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	2.37	1.09	10.43
Add: Additional provisions made during the year	21.00	-	-
Less: Utilised during the year	(20.35)	-	(0.01)
At the end of the year	3.02	1.09	10.42

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: Utilised 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, 2022	As at 31 st March, 2021
At 1st April	11.16	12.90
Additions during the year	1.65	0.77
Amortised during the year	(3.11)	(2.51)
At 31st March	9.70	11.16
Current	2.74	2.33
Non-current	6.96	8.83

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, 2022 and 31st March, 2021

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Accounting profit before tax	249.81	145.15
Other comprehensive income before tax	-	4.33
Profit before tax	249.81	149.47
Income tax expense calculated at 34.944% (Previous year 34.944%)	87.30	52.23
Expenses not allowed for tax purpose	2.34	3.24
Additional allowances for tax purpose	(0.10)	(5.52)
Savings due to tax paid at lower rate (see footnote)	(5.32)	(4.23)
Other	(1.32)	3.22
Tax expense	82.90	54.25
Income tax expense reported in the statement of profit and loss	82.90	47.09
Income tax effect on other comprehensive expense / (income)	-	1.85
Total current tax expense	82.90	48.94

Deferred tax

Deferred tax relates to the following

(₹ in crores)

Particulars	Balance Sheet	
	As at 31 st March, 2022	As at 31 st March, 2021
Provision for loss allowance	31.44	38.59
Provisions made disallowed and allowed only on payment basis	7.37	4.94
Accelerated depreciation for tax purposes	(6.38)	(2.95)
Others (including transition impact of Ind AS 116 of ₹2.30 crores)	(4.86)	(11.54)
Total (excluding MAT credit entitlement)	27.57	29.04
MAT credit entitlement	-	18.45
Total deferred tax	27.57	47.49

Reflected in the balance sheet as follows

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Deferred tax assets	33.95	50.44
Deferred tax liabilities	(6.38)	(2.95)
Deferred tax asset, net	27.57	47.49

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, 2022	For the year ended 31 st March, 2021
Revenue from operations		
Sale of products	3,895.37	2,770.89
Sale of services	565.56	500.61
Revenue from construction contracts	1,538.60	963.54
Other operating revenue		
- Commission income	3.07	2.35
- Provisions and liabilities no longer required	25.54	19.48
- Others	17.44	6.72
Total revenue from operations	6,045.58	4,263.59

28. OTHER INCOME

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Interest income		
- Bank deposits	12.70	9.07
- Others	1.57	1.15
Rental income	1.02	6.36
Profit on redemption of mutual fund investment	2.68	5.13
Others	17.75	7.69
Profit on sale of investment property	-	32.95
Total other income	35.72	62.35

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Cost of material consumed	2,273.61	1,343.63
Project cost (including bought outs)	1,052.20	729.69
AMC subcontracting cost	336.17	287.13
Total cost of raw material and components consumed and project related cost	3,661.98	2,360.45
Purchase of stock-in-trade	1,103.64	880.09
Inventories at the end of the year		
Traded goods	342.15	326.76
Work-in-progress	78.92	62.32
Finished goods	218.61	199.66
	639.68	588.74
Inventories at the beginning of the year		
Traded goods	326.76	299.50
Work-in-progress	62.32	58.83
Finished goods	199.66	261.22
	588.74	619.55
(Increase) / decrease in inventories	(50.94)	30.81

30. EMPLOYEE BENEFIT EXPENSE

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Salaries, wages and bonus	460.80	339.51
Contribution to provident and other funds	15.55	13.48
Gratuity expense (refer note 36)	3.90	5.21
Staff welfare expenses	28.30	23.61
Total employee benefit expense	508.55	381.81

31. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Depreciation on property, plant and equipment (refer note 4)	48.13	48.96
Depreciation on right of use of asset (refer note 5)	18.24	21.17
Amortisation expenses on intangible assets (refer note 7)	18.73	18.40
Depreciation on investment properties (refer note 6)	0.88	3.76
Total depreciation and amortisation expense	85.98	92.29

32. OTHER EXPENSES

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Stores and spares consumed	14.39	10.61
Power and fuel	17.54	13.85
Rent	47.96	33.97
Repairs and maintenance		
- Buildings	3.39	4.19
- Plant and machinery	4.66	3.21
- Others	18.47	12.99
Insurance	5.28	5.06
Rates and taxes	1.88	2.75
Advertising expenses	55.53	45.83
Sales promotion expenses	26.89	23.81
Freight and forwarding charges	84.43	67.64
Legal and professional fees	58.74	37.66
Travelling and conveyance	25.90	16.43
Commission and sale incentives	18.34	16.86
Warranty cost	19.62	13.55
Printing and stationery	2.61	1.97
Payment to auditors (refer details a below)	2.02	1.64
Corporate social responsibility expenses	3.67	3.81
Donations	0.36	0.04
Loss on sale of property, plant and equipment (net)	0.65	-
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	4.94	4.18
Bad debts / Advances written-off	25.71	-
Less: Provision for bad debts	(25.00)	0.10
Allowances for doubtful debts and advances	25.86	34.18
Miscellaneous expenses	32.06	16.29
Total other expenses	475.88	370.62

A. Payment to auditors

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
As auditor:		
Audit fee	1.45	1.02
Limited review	0.27	0.24
Tax audit	0.08	0.09
In other capacity		
Other services	0.20	0.21
Reimbursement of expenses	0.02	0.08
	2.02	1.64

33. FINANCE COSTS

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Interest	33.90	53.95
Bank charges	6.14	4.58
Interest on lease liability	6.37	6.19
Total finance costs	46.40	64.72

34. 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, 2022	For the year ended 31 st March, 2021
Profit attributable to equity holders of the Company (₹ in crores)	168.00	102.95
Weighted average number of equity shares outstanding	9.63	9.63
Earning per share (₹) - Basic and Diluted in rupees (Face Value - ₹2 per share)	17.44	10.42

35. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Group's consolidated financial statements requires Management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on the Group's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying

assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Group's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognised.

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Group. This requires exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Group provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Group, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Group's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) is based on assumptions of risk of default and expected loss rates. The Group makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the ageing of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not collectible.

Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. In assessing the realisability of deferred tax assets arising from unused tax credits, the management considers convincing evidence about availability of sufficient taxable income against which such unused tax credits can be utilised. The amount of the deferred income tax assets considered realisable, however, could be reduced if estimates of future taxable income during the carry forward period are reduced.

COVID 19 - Recoverability of assets

The Group continues to monitor the economic effects of COVID-19 on its business. Based on the current evaluation by the management, the carrying amount of the assets are considered recoverable.

Code on Social Security, 2020

The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Company will assess the impact of the Code on its books of account in the period(s) in which the provisions of the Code becomes effective.

36. EMPLOYEE BENEFITS DISCLOSURE

I. Defined benefit plans

a. Gratuity

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested

employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Group contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Group recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability / (asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised as net profit in the profit or loss. The Company expects to contribute ₹2.91 crores to gratuity fund in FY 2022-23 (FY 2021-22 - ₹1.9 crores).

Change in present value of defined benefit obligation

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Defined benefit obligation at the beginning of the year	44.29	44.24	0.45	0.45
Current service cost*	4.14	5.21	0.02	0.02
Interest cost	2.74	2.82	-	0.03
Benefit payments from plan assets	(3.29)	(5.70)	(0.01)	(0.05)
Acquisition adjustment	-	-	-	-
Remeasurements				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	(0.86)	0.33	(0.01)	-
c. Due to experience adjustments	1.06	(2.61)	-	-
Defined benefit obligation at the end of the year	48.08	44.29	0.45	0.45

Change in fair value of plan assets

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Fair value of plan assets at the beginning of the year	47.47	44.46	-	-
Expected return on plan assets	2.98	2.84	-	-
Contribution by employer	0.64	2.21	-	-
Actual benefits paid	(3.29)	(5.70)	-	-
Return on assets	-	3.66	-	-
Acquisition adjustment	-	-	-	-
Fair value of plan assets at the end of the year	47.80	47.47	-	-

Components of defined benefit cost recognised in profit or loss

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Current service cost	4.14	5.21	0.02	0.02
Interest cost	2.74	2.82	-	0.03
Expected return on plan assets	(2.98)	(2.84)	-	-
Defined benefit cost recognised in profit or loss	3.90	5.19	0.02	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	(0.86)	0.33	(0.01)	-
c. Due to change in experience adjustments	1.01	(2.61)	-	-
d. (Return) on plan assets (excl. amount recognised in net interest)	-	(3.66)	-	-
Remeasurements recognised in other comprehensive income (OCI)	0.15	(5.94)	(0.01)	-

*Includes ₹1.40 crores in March 31, 2021 towards impact of changes in Remuneration structure.

Net assets / Liability recognised in the statement of financial position

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Defined benefit obligation	48.08	44.29	0.45	0.45
Fair value of plan assets	47.80	47.47	-	-
Net defined benefit liability / (asset)	0.28	(3.18)	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, 2022	As at 31 st March, 2021
Cash and cash equivalents	-	1.14
Insurance company products	44.97	38.10
Others	2.83	8.23
Total	47.80	47.47

The principal assumptions used in determining Gratuity for the Group's plan are as shown below:

(₹ in crores)

Actuarial assumptions	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Discount rate	6.60%	6.25%	6.25%	6.25%
Disability rate	5% of IALM 2012-14	5% of IALM- 2012-14	5% of IALM 2012-14	5% of IALM- 2012-14
Normal retirement age	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others	65 Years for Directors and 60 Years for Others	65 years for Directors and 60 for others
Mortality rate	100% of IALM 2012-14	100% of IALM- 2012-14	100% of IALM 2012-14	100% of IALM- 2012-14
Salary escalation rate (Management-Staff-Directors)	10%,7%,3%	7%,3%,10%	-	-
Attrition rate	14%	14%	14%	14%

The present value of defined benefit obligation after change in assumptions are as under:

(₹ in crores)

Assumptions	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Decrease in discount rate (0.5%)	47.81	44.47	0.48	0.48
Increase in discount rate (0.5%)	39.19	42.08	0.46	0.46
Decrease in salary growth rate (0.5%)	39.19	42.08	-	-
Increase in salary growth rate (0.5%)	47.81	44.46	-	-
Decrease in attrition rate (1%)	46.61	43.39	0.45	0.45
Increase in attrition rate (1%)	40.23	43.12	0.47	0.46
Decrease in mortality rate (10%)	46.53	43.24	0.47	0.47
Increase in mortality rate (10%)	46.53	43.24	0.47	0.47

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2021-22.

The average duration of the defined benefit plan obligation at the end of the reporting year 2021-22 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, 2022. The Group's contribution to the Employee's Provident Fund aggregates to ₹9.53 crores (31 March, 2021: ₹6.85 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.

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 company i.e. ₹5,000 for staff and ₹10,000 for managers subject to qualifying service of 15 years.

37. COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Claims against the Group not acknowledged as debts	0.05	0.34
Sales tax matters	61.76	96.68
Excise duty matters	4.90	4.90
Service tax matters	159.00	159.00
Income tax matters	125.99	126.80
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, 2022, Group had commitments (net of advances) of ₹130.43 crores (March 31, 2021: ₹61.56 crores)

c. Uncertain tax position

The uncertain tax position as on March 31, 2022 is ₹5.6 crores (March 31, 2021: ₹11.84 crores).

38. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

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

Joint ventures	Country of incorporations	% of equity interest	
		As at 31 st March, 2022	As at 31 st March, 2021
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 40

Key Management Personnel

Mr. Vir S Advani, Vice Chairman and Managing Director
 Mr. B Thiagarajan, Managing Director
 Mr. Vijay Devadiga, Company Secretary
(Until 4th June, 2021)
 Mr. Neeraj Basur, Group Chief Financial Officer;
 Company Secretary
(Between 5th June, 2021 to 28th October, 2021)
 Mr. Rajesh Parte, Company Secretary
(From 29th October, 2021)

Non-Executive and Independent Directors

Mr. Shailesh Haribhakti
 Mr. Rajiv R Lulla
 Mr. Dinesh Vaswani
 Mr. Sam Balsara
 Mr. Anil Harish
 Mrs. Rumjhum Chatterjee
 Mr. Arvind K Singhal
 Ms. Sunaina Murthy

Relative of Director

Mr. Ashok M. Advani
Mr. Suneel M. Advani

Enterprises in which a Director is / was a member / director / trustee during the year with whom company had transactions and / or balances

Moms Outdoor Media Solutions Pvt Ltd
Madison Communications Pvt Ltd
Somany Ceramics Ltd.
IBS Fintech India Pvt. Ltd.
Blue Star Helpline Trust

Transactions during the period with related parties are as under:

(₹ in crores)

Name of related party	For the year ended 31 st March, 2022	As at 31 st March, 2022	For the year ended 31 st March, 2021	As at 31 st March, 2021
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		0.56		1.21
Consultancy services rendered	-		1.58	
Redemption of preference shares	-		3.45	-
Blue Star Helpline Trust		1.19		
Reimbursement of expenses	1.19		-	
Blue Star Oman Electro-Mechanical Co. LLC		4.46		4.46

(₹ in crores)

Name of related party	For the year ended 31 st March, 2022	As at 31 st March, 2022	For the year ended 31 st March, 2021	As at 31 st March, 2021
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Enterprises in which Director is a member / director				
Sale of goods and services				
Madison Communications Pvt. Ltd.	0.07	-	0.06	0.01
Moms Outdoor Media Solutions Pvt. Ltd.	0.01	(0.01)	0.01	(0.01)
Somany Ceramics Ltd.	0.03	-	0.02	-
Services received				
Moms Outdoor Media Solutions Pvt Ltd.	2.08	-	0.02	0.01
Madison Communications Pvt. Ltd.	33.50	(0.70)	15.91	(0.71)
IBS Fintech India Pvt. Ltd.	0.16	-	0.35	-
Relative of director				
Fees for professional services	0.19	-	0.11	(0.01)
Compensation of key managerial personnel		(6.88)		(6.20)
Short-term employee benefits	14.83		11.95	
Sitting fees to Non-Executive and Independent Directors	0.52		0.71	
Commission to Non-Executive and Independent Directors	1.71		0.72	
Retirement benefits	0.77		0.74	
Total compensation paid to key management personnel	17.83		14.12	-

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.

39. SEGMENT INFORMATION

A. Primary segment reporting (by business segment)

The Group's business segments are organised around product lines as under:

- Electro Mechanical Projects and Commercial Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.
- Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.
- Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

Segment revenues, results and other information:

(₹ in crores)

I. SEGMENT REVENUE	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	3,194.46	2,218.72
ii. Unitary Products	2,603.77	1,868.28
iii. Professional Electronics and Industrial Systems	247.35	176.59
TOTAL SEGMENT REVENUE	6,045.58	4,263.59

(₹ in crores)

II. SEGMENT RESULT	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	194.82	106.49
ii. Unitary Products	155.86	108.82
iii. Professional Electronics and Industrial Systems	42.49	33.81
TOTAL SEGMENT RESULT	393.17	249.12
Less: i) Finance cost	(46.40)	(64.72)
ii) Other un-allocable expenditure net of un-allocable income	(96.96)	(39.25)
PROFIT BEFORE TAXATION	249.81	145.15

III. OTHER INFORMATION

(₹ in crores)

A. SEGMENT ASSETS	As at 31 st March, 2022	As at 31 st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,860.72	1,664.85
ii. Unitary Products	1,655.44	986.97
iii. Professional Electronics and Industrial Systems	156.42	62.36
TOTAL SEGMENT ASSETS	3,672.58	2,714.18
Add: Un-allocable corporate assets	640.06	835.27
TOTAL ASSETS	4,312.64	3,549.45

(₹ in crores)

B. SEGMENT LIABILITIES	As at 31st March, 2022	As at 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,527.92	1,240.69
ii. Unitary Products	999.10	757.71
iii. Professional Electronics and Industrial Systems	142.22	78.50
TOTAL SEGMENT LIABILITIES	2,669.24	2,076.90
Add: Un-allocable corporate liabilities	622.86	584.69
TOTAL LIABILITIES	3,292.10	2,661.59

(₹ in crores)

C. NON-CURRENT ASSETS (MOVEMENT)	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	20.14	53.42
ii. Unitary Products	108.76	30.20
iii. Professional Electronics and Industrial Systems	0.29	0.27
iv. Un-allocable	83.72	15.40
TOTAL	212.91	99.29

(₹ in crores)

D. DEPRECIATION / AMORTISATION	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	28.33	29.96
ii. Unitary Products	31.04	22.34
iii. Professional Electronics and Industrial Systems	4.21	0.24
iv. Un-allocable	22.40	39.75
TOTAL	85.98	92.29

(₹ in crores)

E. NON-CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	26.36	32.12
ii. Unitary Products	0.02	0.45
iii. Professional Electronics and Industrial Systems	1.47	1.71
iv. Un-allocable	0.60	1.19
TOTAL	28.45	35.47

(₹ in crores)

F. INTEREST INCOME	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	0.59	0.35
ii. Unitary Products	0.11	0.01
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	13.57	9.86
TOTAL	14.27	10.22

B. Secondary segment information:

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Revenue (sales, services & commission) by geographical market		
India	5,401.45	3,854.49
Outside India	644.13	409.10
Total	6,045.58	4,263.59
Carrying amount of non-current assets		
India	664.40	512.27
Outside India	46.63	7.28
Total	711.05	519.55

40. INTEREST IN JOINT VENTURE

The Blue Star Group comprises of the following entities

Joint venture	Country of incorporation	% Shareholding	
		As at 31 st March, 2022	As at 31 st March, 2021
Foreign joint ventures - jointly controlled entities			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	49%	49%
Carrying amount of investment (₹ in crores)		17.31	15.91

Blue Star M & E Engineering (Sdn) Bhd

Summarised Balance sheet as at March 31, 2022 and March 31, 2021:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Current assets	46.72	58.65
Non-current assets	12.16	17.76
Current liabilities	26.28	43.81
Non-current liabilities	2.82	5.75
EQUITY	29.78	26.85
The above amount of the assets and liabilities include the following		
- Cash and cash equivalents	8.29	3.30
- Current financial liabilities (excluding trade and other payables and provisions)	1.58	20.83
- Non-current financial liabilities (excluding trade and other payables and provisions)	46.72	0.96

Summarised statement of profit & loss for the year ended March 31, 2022 and March 31, 2021:

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Revenue	42.27	83.36
Other income	2.23	2.71
Cost of raw material and components consumed	34.44	67.09
Depreciation and amortisation	0.49	0.50
Finance cost	0.26	0.23
Employee benefit	4.78	5.02
Other expenses	1.37	6.78
Profit before tax	3.16	6.45
Income tax expense	0.92	1.13
Profit for the year	2.24	5.32
Group's share of profit for the year	1.09	2.60

Movement of investment in joint venture

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Investment in joint venture	15.91	16.87
Profit for the period	1.09	2.60
Redemption of preference shares	-	(3.45)
Foreign currency translation reserve	0.31	(0.11)
Investment in joint venture	17.31	15.91

Notes:

1. The Company has 51% share holding in Blue Star Oman Electro-Mechanical Co. LLC however the profit / loss sharing is on 50-50 basis and is accounted as joint venture. Since the Company has decided to exit Oman JV in FY19 and has made full provision of its investments, the above details are not applicable.

41. DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

The Group has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Group does not use foreign exchange forward and options contract for trading or speculative purposes.

Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Profit or Loss.

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

a. Derivative instruments: Forward contract outstanding as at balance sheet date:

Foreign currency	2021-2022		2020-2021	
	Amount in foreign currency (in lakh)	₹ in crores (Notional value)	Amount in foreign currency (in lakh)	₹ in crores (Notional value)
Particulars of Derivatives				
Forward cover to Purchase				
- USD	13.12	9.95	127.30	93.07
- CNY (including commitments)	81.53	9.73	221.64	24.69
Forward cover to Sell				
- USD	26.00	19.71	15.00	10.97
Forward cover against future capital commitments - PO based hedging:				
- USD	11.80	8.94	-	-

b. Derivative instruments: Option contract outstanding as at balance sheet date

Foreign currency	2021-2022		2020-2021	
	Amount in foreign currency (in lakh)	₹ in crores (Notional value)	Amount in foreign currency (in lakh)	₹ in crores (Notional value)
Particulars of Derivatives				
Option cover to Purchase				
- USD	88.40	67.00	30.00	21.93
- CNY	120.68	14.41	-	-

c. Particulars of Un-hedged foreign currency exposure as at the balance sheet date

Foreign currency	2021-2022		2020-2021	
	Amount in foreign currency (in lakh)	₹ in crores (Notional value)	Amount in foreign currency (in lakh)	₹ in crores (Notional value)
Bank balances				
AED	2.14	0.44	3.88	0.77
CAD	1.92	1.16	0.39	0.23
EUR	5.04	4.25	1.93	1.66
RMB	0.21	0.03	-	-
USD	8.07	6.12	6.79	4.96
Receivables				
AED	11.60	2.39	0.64	0.13
CAD	0.47	0.28	-	-
EUR	0.90	0.76	2.19	1.87
GBP	0.08	0.08	0.08	0.08
JPY	22.75	0.14	22.75	0.15
MYR	7.92	1.43	6.86	1.21
USD	103.68	78.58	26.93	19.69

Foreign currency	2021-2022		2020-2021	
	Amount in foreign currency (in lakh)	₹ in crores (Notional value)	Amount in foreign currency (in lakh)	₹ in crores (Notional value)
Payables				
AED	0.49	0.10	0.49	0.10
CNY	13.18	1.57	20.13	2.24
EUR	1.66	1.39	6.76	5.79
JPY	117.47	0.73	49.62	0.33
MYR	0.03	0.01	-	-
OMR	0.01	0.03	-	-
RMB	209.94	25.06	125.93	14.03
SGD	0.12	0.06	-	-
USD	90.29	68.43	73.07	53.42
CAD	-	-	0.15	0.09
Loan taken				
USD	3.28	2.49	7.66	5.60

- a. The above table does not include foreign currency exposure covered by derivative contracts as stated in (a) and (b) above although not specifically designated in hedge relationships.
- b. The un-hedged foreign currency exposures have been given in respect of currencies other than functional currency of the respective enterprises

42. 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, 2022

(₹ in crores)

Particulars	Date of valuation	Total	Quoted prices in active markets (Level1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment property (refer note 6)	March 31, 2022	32.76	-	-	32.76
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	March 31, 2022	145.03	-	145.03	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	March 31, 2022	0.11	-	0.11	-

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, 2021

(₹ 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, 2021	33.20	-	-	33.20
Assets measured at fair value:					
Investment in mutual fund (refer note 8)	March 31, 2021	279.06	-	279.06	-
Derivatives not designated as hedges					
- Foreign exchange forward contracts (refer note 10)	March 31, 2021	0.26	-	0.26	-

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.

43. 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 Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the 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 includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an 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 utilising foreign exchange forward contracts.

Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD, CNY and other currencies to the functional currency of the Group, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ in crores)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
USD	+5%	0.69	(1.44)	0.45	(0.94)
	-5%	(0.69)	1.44	(0.45)	0.94
CNY	+5%	(0.08)	(0.11)	(0.05)	(0.07)
	-5%	0.08	0.11	0.05	0.07
AED	+5%	0.14	0.04	0.09	0.03
	-5%	(0.14)	(0.04)	(0.09)	(0.03)
EUR	+5%	0.18	(0.11)	0.12	(0.07)
	-5%	(0.18)	0.11	(0.12)	0.07
RMB	+5%	(1.25)	(0.70)	(0.82)	(0.46)
	-5%	1.25	0.70	0.82	0.46
MYR	+5%	0.07	0.06	0.05	0.04
	-5%	(0.07)	(0.06)	(0.05)	(0.04)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk

from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

(₹ 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, 2022	483.06	631.72	74.96	1,189.74
Trade receivables as on March 31, 2021	229.62	482.50	98.86	810.98

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 Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Group's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Group has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(₹ in crores)

Particulars	As of 31 st March, 2022		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	236.26	241.57	477.83
Interest on borrowing	28.67	24.90	53.57
Trade payables	2,041.67	-	2,041.67
Lease liabilities	23.96	78.42	102.38
Other financial liabilities	11.76	-	11.76
Total	2,342.32	344.89	2,687.21

(₹ in crores)

Particulars	As of 31 st March, 2021		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	105.54	352.40	457.94
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	10.31	-	10.31
Total	1,771.66	456.20	2,227.86

44. CAPITAL MANAGEMENT

The Group's objective for capital management is to maximise shareholder wealth, safeguard business continuity and support the growth of the Company. The Group determines the capital management requirement based on annual

operating plans and long-term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Group's adjusted net debt and equity position is as follows:

Gearing ratio:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Borrowings	477.83	454.80
Less: Cash and cash equivalents	(265.65)	(327.93)
Net debt	212.18	126.87
Equity	1,020.54	887.86
Gearing ratio	20.79%	14.29%

Net debt = Borrowings - Cash and cash equivalents

Gearing ratio = (Net debt / Equity) x 100

**45. ADDITIONAL REGULATORY INFORMATION
REQUIRED BY SCHEDULE III**

- The Group neither holds any benami property nor any proceedings have been initiated or pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

- The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

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, 2022
			Total
Assets			
Inventories	1144.24	-	1144.24
Trade receivables	1189.74	-	1189.74
Loans	3.18	-	3.18
Other financial assets	15.78	-	15.78
Other current assets	636.09	70.66	706.75
Assets held for sale	5.90	-	5.90
Liabilities			
Trade payables	2,041.67	-	2,041.67
Lease liabilities	23.96	-	23.96
Other financial liabilities	35.04	-	35.04
Other current liabilities	558.85	-	558.85
Provisions	60.82	-	60.82

(₹ 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	8.21	-	8.21
Other financial assets	12.16	-	12.16
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	33.61	-	33.61
Other current liabilities	442.02	-	442.02
Provisions	48.37	-	48.37

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)

Particulars	Note 29	Note 30	Note 32	Note 33	Total
Salary & wages	-	460.80	-	-	460.80
	-	(380.90)	-	-	(380.90)
Rent	0.65	-	47.96	-	48.61
	(0.70)	-	(33.97)	-	(34.67)
Power & fuel	0.93	-	17.54	-	18.47
	(1.26)	-	(13.85)	-	(15.11)
Insurance	2.22	-	5.28	-	7.49
	(2.12)	-	(5.06)	-	(7.18)
Travelling & conveyance	1.20	-	25.90	-	27.10
	(0.55)	-	(16.43)	-	(16.98)
Printing & stationery	0.75	-	2.61	-	3.36
	(0.44)	-	(1.97)	-	(2.42)
Freight and forwarding charges	1.05	-	84.43	-	85.49
	(0.50)	-	(67.64)	-	(68.14)
Legal & professional fees	15.28	-	58.74	-	74.02
	(7.00)	-	(37.66)	-	(44.66)
Bank charges	1.13	-	-	6.14	7.27
	(1.04)	-	-	(4.58)	(5.62)
Communication charges	0.03	-	-	-	0.03
	(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, 2022	For the year ended 31 st March, 2021
Employee benefits expense	21.94	15.27
Cost of raw material and components consumed	4.68	3.52
Legal & professional fees	1.13	1.34
Depreciation	11.96	13.43
Others	10.09	3.27
Total	49.80	36.83

(b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Tangible assets		
Building sheds and road	-	6.77
Plant & equipment	13.80	4.06
Office equipments	-	0.98
Vehicles	0.41	0.12
Computers	-	0.26
Intangible assets (including under development)		
Technical knowhow	3.15	9.80
Software	0.05	0.28
Total	17.41	22.27

49. LEASES

Disclosure as per the requirement of Ind As 116

Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Right-of-use assets	74.53	50.07
Lease liabilities		
Current	23.96	24.10
Non-current	51.91	31.23

Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

(₹ in crores)

Particulars	Note	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Depreciation charge of right-of-use assets	31	18.24	21.17
Interest expense (included in finance costs)	33	6.37	6.19
Expense relating to short-term lease not included in lease liabilities	32	2.67	2.07
Expense relating to variable lease payments not included in lease liabilities	32	45.29	31.90

The total cash outflow for leases for the year ended March 31, 2022 was ₹74.81 crores (March 31, 2021: ₹60.78 crores).

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Contractual undiscounted cash flow

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Not later than 1 year	23.96	24.10
Later than 1 year and not later than 5 years	63.60	43.34
Later than 5 years	14.82	6.90
Total undiscounted lease liabilities	102.38	74.34

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 (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated other comprehensive Income	Amount (₹ in crores)	As % of consolidated Total comprehensive Income	Amount (₹ in crores)
Parent - Blue Star Limited (Standalone)								
Balance at March 31, 2022	99%	1,008.31	76%	127.74	0%	*	75%	127.74
Balance at March 31, 2021	104%	919.09	66%	65.93	141%	3.47	67%	69.40

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 (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated other comprehensive Income	Amount (₹ in crores)	As % of consolidated Total comprehensive Income	Amount (₹ in crores)
Subsidiaries								
Indian								
1. Blue Star Engineering and Electronics Limited								
Balance at March 31, 2022	18%	183.19	19%	31.52	(4%)	(0.14)	18%	31.38
Balance at March 31, 2021	17%	151.81	23%	23.00	26%	0.63	23%	23.63
2. Blue Star Climatech Limited								
Balance at March 31, 2022	2%	24.44	(1%)	(2.16)	-	-	(1%)	(2.16)
Balance at March 31, 2021	-	-	-	-	-	-	-	-
Foreign								
1. Blue Star Qatar - WLL								
Balance at March 31, 2022	5%	53.17	3%	5.73	0%	-	3%	5.73
Balance at March 31, 2021	5%	48.13	6%	6.12	0%	-	6%	6.12
2. Blue Star International FZCO								
Balance at March 31, 2022	4%	37.17	8%	13.61	0%	-	8%	13.61
Balance at March 31, 2021	3%	22.42	13%	12.74	0%	-	12%	12.74
3. Blue Systems & Solutions LLC								
Balance at March 31, 2022	(1%)	(13.42)	(3%)	(4.99)	0%	-	(3%)	(4.99)
Balance at March 31, 2021	(1%)	(8.04)	(4%)	(3.68)	0%	-	(4%)	(3.68)
4. BSL AC&R (SINGAPORE) PTE. LTD.								
Balance at March 31, 2022	2%	20.63	0%	(0.07)	0%	-	0%	(0.07)
Balance at March 31, 2021	3%	23.10	0%	(0.42)	0%	-	0%	(0.42)
Joint ventures								
(As per proportionate consolidation / investment as per the equity method)								
1. Blue Star M & E Engineering (Sdn) Bhd								
Balance at March 31, 2022	1%	14.59	1%	1.09	0%	-	1%	1.09
Balance at March 31, 2021	1%	13.15	3%	2.60	0%	-	3%	2.60
2. Blue Star Oman Electro-Mechanical Co. LLC								
Balance at March 31, 2022	0%	-	0%	-	0%	-	0%	-
Balance at March 31, 2021	0%	-	0%	-	0%	-	0%	-

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 (₹ in crores)	As % of consolidated profit or loss	Amount (₹ in crores)	As % of consolidated other comprehensive Income	Amount (₹ in crores)	As % of consolidated Total comprehensive Income	Amount (₹ in crores)
Consolidated adjustments/ eliminations								
Balance at March 31, 2022		(307.54)		(4.76)		3.36		(1.40)
Balance at March 31, 2021		(281.80)		(5.94)		(1.64)		(7.58)
Total								
Balance at March 31, 2022	100%	1,020.54	100%	167.71	100%	3.22	100%	170.93
Balance at March 31, 2021	100%	887.86	100%	100.35	100%	2.46	100%	102.81

* Indicates amount less than ₹ 1 Lakh.

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, 2022 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:

Revenue by type of contract

(₹ in crores)

Particulars	For the year ended 31 st March, 2022			For the year ended 31 st March, 2021		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,265.28	1,929.18	3,194.46	900.33	1,318.39	2,218.72
Unitary Products	2,558.31	45.46	2,603.77	1,830.41	37.87	1,868.28
Professional Electronics and Industrial Systems	210.35	37.00	247.35	139.71	36.88	176.60
Total	4,033.94	2,011.64	6,045.58	2,870.45	1,393.14	4,263.60

2. Reconciliation of contracted price with the revenue recognised in profit and loss:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Sale of products at transaction price & construction and service contracts at contracted price	6,095.65	4,337.67
Reductions towards variable consideration components *	(96.13)	(102.61)
Revenue recognised in profit and loss	5,999.52	4,235.06

* Reduction towards variable consideration components include discounts, service level credits, etc.

3. Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹ Nil crores (March 31, 2021 ₹ Nil crores).
4. The aggregate value of Order Book as at March 31, 2022 is ₹3,253 crores (March 31, 2021: ₹2,952 crores). Out of this, the Company expects to recognise revenue of around 65% within the next one year and the remaining thereafter.
5. Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance - Contract assets (net of impairment)	331.11	381.79
Opening balance - Contract liabilities*	(155.16)	(151.76)
Revenue recognised during the year	(2,011.64)	(1,393.14)
Less: Progress billing during the year	2,123.84	1,339.06
Closing balance	288.15	175.95
Closing balance contract assets (net of impairment)	444.10	331.11
Closing balance contract liabilities including income received in advance	(155.95)	(155.16)
The Company has recognised revenue out of opening contract liabilities	155.16	151.76

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
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Rajesh Parte	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai: May 05, 2022

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, 2022, 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, 2022, 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	Accounting for Fixed Price Contracts: Estimate of cost is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on cost till date and total cost required to complete the contract performance obligations. (Refer note 15, 23, 27 and 48)	Principal audit procedures performed: <ul style="list-style-type: none">i. assessed the appropriateness of the accounting policy for recognizing 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 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.

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Assessment of the carrying value of trade receivables and contract assets:</p> <p>The appropriate valuation of certain trade receivables and contract assets is dependent on a number of factors such as age, credit worthiness and ability of counterparties to make payment.</p> <p>(Refer Note 12 and 15)</p>	<p>Principal audit procedures performed:</p> <ol style="list-style-type: none"> evaluated the design and implementation of internal controls over the review of valuation of trade receivables and contract assets. tested the operating effectiveness of the said internal controls for selected samples. 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. verified subsequent receipts for selected samples, post balance sheet date. 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 are disqualified as on March 31, 2022 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.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 9 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 19 to financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 18 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Samir R. Shah

Partner

(Membership No. 101708)

(UDIN: 22101708AIKTBC8105)

Place: Mumbai

Date : May 5, 2022

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, 2022 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 (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with 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, 2022, 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 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: 22101708AIKTBC8105)

Place: Mumbai

Date : May 5, 2022

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of Blue Star Limited of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress, investment property and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets (including intangible assets under development).
- (b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use assets so to cover all the items once every 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the registered title deeds provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment, capital work-in progress and non-current assets held for sale) are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at

March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- (ii) (a) The inventories except for goods-in-transit, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods in transit, the goods have been received subsequent to the year end or confirmations have been obtained from the parties. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/alternate procedures performed as applicable, when compared with the books of account.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock, book debt statements, statements on ageing analysis of the debtors and other stipulated financial information) filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters. The Company has not been sanctioned any working capital facility from financial institutions.
- (iii) The Company has made investments in, provided guarantee and granted unsecured loans to companies and other parties, during the year, in respect of which:
 - (a) The Company has provided unsecured loans and stood guarantee during the year and details of which are given below:

(₹ in crores)

Particulars	Loans	Guarantees
A. Aggregate amount granted / provided during the year:		
- Subsidiaries	5	76.20
- Others (Employees)	1.86	-
B. Balance outstanding as at balance sheet date in respect of above cases:		
- Subsidiaries	5	76.20
- Others (Employees)	6.16	-

- (b) In our opinion, the investments made and the terms and conditions of the grant of all the above-mentioned loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation other than loan of ₹4.46 crores to a joint venture which has been fully provided for in earlier years – refer note 9 to the financial statements.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date other than the loan fully provided for is earlier years referred above.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government 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 by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
Income Tax Act 1961	Income Tax	High Court	PY 1997-98, PY 1999-2000, PY 2001-02, PY 2002-03, PY 2003-04	4.61	4.61
		Income Tax Appellate Tribunal (ITAT)	PY 2005-06, PY 2006-07	4.94	4.20
		Commissioner of Income Tax Appeals	PY 2007-08, PY 2008-09, PY 2013-14 to PY 2017-18	63.45	63.45

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
Local Sales Tax Act, Central Sales Tax Act and VAT Act	VAT, CST, Sales Tax, Entry Tax	Supreme Court	FY 2001-02 to FY 2010-11	7.85	7.85
		High court	FY 2004-05, FY 2006-07	5.57	5.57
		Tribunal and Appellate Board	FY 2001-02, FY 2002-03, FY 2006-07 to FY 2015-16	22.69	15.33
		Commissioner Appeals, Commercial Tax Officer and Assessing Officer (CWG)	FY 2000-01 to FY 2002-03, FY 2004-05, FY 2008-09 to FY 2017-18	40.30	36.15
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) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures companies.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under subsection (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year and provided to us, when performing our audit.

- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2022.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company, subsidiary company, or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Hence, reporting under this clause is not applicable for the year.

For **Deloitte Haskins and Sells LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

Samir R. Shah

Partner

(Membership No. 101708)

(UDIN: 22101708AIKTBC8105)

Place: Mumbai

Date : May 5, 2022

STANDALONE BALANCE SHEET as at March 31, 2022

(₹ in crores)

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
A ASSETS			
1. Non-current assets			
(a) Property, plant and equipment	4	269.63	248.95
(b) Right-of-use assets	5	66.13	43.78
(c) Capital work-in-progress	4	110.18	54.31
(d) Investment property	6	-	-
(e) Intangible assets	7	41.57	52.13
(f) Intangible assets under development	7	7.10	3.42
(g) Financial assets			
(i) Investments	8	247.42	220.82
(ii) Loans	9	3.05	5.67
(iii) Other financial assets	10	18.19	24.13
(h) Income tax assets (net)		71.48	85.32
(i) Deferred tax assets (net)	26	24.06	44.07
(j) Other non-current assets	15	57.80	55.90
Total non-current assets		916.61	838.50
2. Current assets			
(a) Inventories	11	1,126.37	867.69
(b) Financial assets			
(i) Investments	8	145.03	279.05
(ii) Loans	9	8.11	7.56
(iii) Trade receivables	12	1,018.91	712.19
(iv) Cash and cash equivalents	13	201.06	296.19
(v) Other bank balances	14	4.00	4.22
(vi) Other financial assets	10	18.06	11.42
(c) Other current assets	15	598.34	445.13
Assets held for sale	4	5.90	17.70
Total current assets		3,125.78	2,641.15
Total Assets		4,042.39	3,479.65
B EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	16	19.26	19.26
(b) Other equity	17	989.05	899.83
Total equity		1,008.31	919.09
2. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	173.00	346.86
(ii) Lease liabilities	21	50.22	29.36
(b) Provisions	24	10.09	10.81
(c) Government grants	25	6.96	8.83
Total non-current liabilities		240.27	395.86
3. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	366.94	231.93
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	20	104.65	66.89
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,738.40	1,388.96
(iii) Lease liabilities	21	20.96	22.86
(iv) Other financial liabilities	22	34.56	33.72
(b) Provisions	24	43.91	37.66
(c) Government grants	25	2.74	2.33
(d) Other current liabilities	23	481.65	380.35
Total current liabilities		2,793.81	2,164.70
Total Equity and Liabilities		4,042.39	3,479.65

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 05, 2022

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**
Shailesh Haribhakti Chairman
Vir S Advani Vice Chairman and Managing Director
Rajesh Parte Company Secretary
Neeraj Basur Group Chief Financial Officer

DIN: 00007347
DIN: 01571278

STANDALONE STATEMENT OF PROFIT & LOSS for the year ended March 31, 2022

(₹ in crores)

Particulars	Notes	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Revenue from operations	27	5,376.99	3,842.23
Other income	28	36.10	62.17
Total income (I)		5,413.09	3,904.40
Expenses			
Cost of raw materials consumed (including direct project and service cost)	29	3,379.01	2,216.38
Purchase of stock-in-trade	29	888.41	733.18
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(48.60)	25.49
Employee benefits expense	30	421.90	325.23
Depreciation and amortisation expense	31	80.49	88.34
Finance costs	33	51.41	67.89
Other expenses	32	444.72	349.54
Total expenses (II)		5,217.34	3,806.05
Profit before tax (I-II)		195.75	98.35
Tax expense			
i) Current tax	26	48.01	18.01
ii) Deferred tax	26	20.00	14.41
Total tax expense		68.01	32.42
Net profit after tax		127.74	65.93
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans		*	5.32
Income tax effect	26	-	(1.85)
Other comprehensive income for the year		*	3.47
Total comprehensive income for the year		127.74	69.40
Earnings per share	34		
Basic (in ₹)		13.26	6.85
Diluted (in ₹)		13.26	6.85

* Indicates amount less than ₹1 Lakh.

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 05, 2022

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

Shailesh Haribhakti

Chairman

DIN: 00007347

Vir S Advani

Vice Chairman and Managing Director

DIN: 01571278

Rajesh Parte

Company Secretary

Neeraj Basur

Group Chief Financial Officer

STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2022

(A) Equity share capital

For the year ended March 31, 2022

(₹ in crores)

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2022
19.26	-	-	-	19.26

For the year ended March 31, 2021

(₹ in crores)

Balance as at April 1, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at March 31, 2021
19.26	-	-	-	19.26

(B) Other equity

For the year ended March 31, 2022

(₹ in crores)

Particulars	Reserves and surplus					Other comprehensive income	Total other equity
	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Remeasurement of defined benefit plan	
Balance as at April 1, 2021	210.15	2.34	0.60	326.05	369.27	(8.58)	899.83
Profit for the year	-	-	-	-	127.74	-	127.74
Other comprehensive income for the year (net of tax)	-	-	-	-	-	*	*
Total comprehensive income for the year	-	-	-	-	127.74	-	127.74
Dividend (refer note 18)	-	-	-	-	(38.52)	-	(38.52)
Balance as at March 31, 2022	210.15	2.34	0.60	326.05	458.49	(8.58)	989.05

For the year ended March 31, 2021

(₹ in crores)

Particulars	Reserves and surplus					Other comprehensive income	Total other equity
	Securities premium (refer note 17)	Capital redemption reserve (refer note 17)	Capital subsidy from government (refer note 17)	General reserve (refer note 17)	Retained earning (refer note 17)	Remeasurement of defined benefit plan	
Balance as at April 1, 2020	210.15	2.34	0.60	326.05	303.34	(12.05)	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	-	-	-	-	65.93	-	69.40
Balance as at March 31, 2021	210.15	2.34	0.60	326.05	369.27	(8.58)	899.83

* Indicates amount less than ₹1 Lakh.

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 05, 2022

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

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Rajesh Parte	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

STANDALONE CASH FLOW STATEMENT for the year ended March 31, 2022

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	195.75	98.35
Adjustments to reconcile profit before tax to net cash flows		
Depreciation / amortisation expenses	80.49	88.34
Finance cost	51.41	67.89
Rental income	(0.43)	(6.36)
Interest income	(13.29)	(8.94)
Income from mutual fund	(2.68)	(5.13)
Dividend income	(2.40)	(2.40)
Net unrealised foreign exchange loss / (gain)	0.21	(7.58)
Loss / (profit) on sale of fixed assets	(1.71)	(32.33)
Deferred income arising from government grant	(3.11)	(2.51)
Net loss on financial assets measured at fair value through profit & loss (FVTPL)	0.26	2.00
Bad debts written off and provision for doubtful debts	18.01	30.45
Liabilities written back	(21.22)	(15.17)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	301.29	206.61
Adjustments for:		
(Increase) / decrease in trade receivables	(324.51)	2.04
(Increase) / decrease in inventories	(258.68)	(18.04)
(Increase) / decrease in financial assets - loans	2.07	(7.39)
(Increase) / decrease in other assets	(145.63)	105.06
Increase / (decrease) in trade payables	407.73	39.23
Increase / (decrease) in other liabilities	102.04	4.34
Increase / (decrease) in government grants	1.65	0.77
Increase / (decrease) in provisions	5.53	(12.53)
Cash generated from operations	91.49	320.09
Income taxes paid (net of refunds)	(34.16)	(11.74)
Net cash flow from operating activities (A)	57.33	308.35
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including capital work-in-progress and capital advances	(146.55)	(67.28)
Sale of property, plant and equipment	21.18	80.87
Purchase of current investments	-	(279.05)
Sale of current investments	134.02	-
Purchase of non-current investment - subsidiary	(26.60)	-
Rent received	0.43	6.36
Interest received	10.08	5.88
Income from mutual fund	2.68	5.13
Dividends received from subsidiary	2.40	2.40
Net cash flow (used in) investing activities (B)	(2.36)	(245.69)
Balance carried forward	54.97	62.66

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Balance brought forward	54.97	62.66
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (repayment) from short-term borrowings (net)	(68.85)	(272.11)
Proceeds from long-term borrowings	-	350.00
Repayment of long-term borrowings	-	(50.00)
Inter corporate deposit received from subsidiary	30.00	55.00
Repayment of lease liabilities	(27.39)	(23.71)
Finance cost paid	(45.11)	(42.59)
Dividend paid on equity shares	(38.75)	(1.24)
Net cash flow from / (used in) in financing activities (C)	(150.10)	15.35
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(95.13)	78.01
Cash and cash equivalents at the beginning of the year	296.19	218.18
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	201.06	296.19

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 05, 2022

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

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Rajesh Parte	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

NOTES TO STANDALONE FINANCIAL STATEMENTS for the year ended March 31, 2022

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 05, 2022.

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 35.

(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 the 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 amortised over the term of the contract.

Contract modifications are accounted for, when additions, deletions, or changes are approved either to the contract scope or the contract price.

Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on a straight line basis over the period of the performance obligation.

iv. Dividend and interest income:

Dividend income is accounted for when declared and the right to receive the same is established. Interest income is recognised using the effective interest method.

v. Rental income:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

(d) Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(e) Employee benefits

Short-term benefits:

Salaries, wages, short-term compensated absences, and other short-term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

Retirement benefits

Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan:

The Company makes monthly contributions towards the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Company, based on an actuarial valuation.

The present value of the defined benefit obligation of employees' provident fund is determined using the projected unit credit method, with actuarial valuations being carried out at each year end.

The Company's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognised in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

- i. service cost – recognised in profit or loss;
- ii. net interest on the net liability or asset - recognised in profit or loss;
- iii. re-measurement of the net liability or asset - recognised in other comprehensive income

Other long-term employee benefits:

Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

(f) Leases

As a lessee

At the inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of a lease, the Company 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 amortised on a straight-line basis over the asset's useful life or the lease period whichever is shorter.

Lease liability is measured by discounting the lease payments using the interest rate using the incremental borrowing rates. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Impairment of ROU assets is in accordance with the policy for impairment of non-financial assets.

The Company has opted for the exemption provided under Ind AS 116 for short-term leases and leases of low-value assets, hence the lease payments associated with those leases are treated as an expense on a straight-line basis over the lease term.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in the statement of profit and loss on a straight-line basis over the lease term.

(g) Foreign currencies

The functional currency of the Company is the Indian Rupee (₹). Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Foreign currency denominated non-monetary assets and liabilities that are measured at historical cost are not retranslated.

(h) Taxes

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred taxes are also recognised in other comprehensive income or equity, as applicable.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on

tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.

i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions, and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii. Deferred tax

Deferred tax is recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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 realised.

(i) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature, or incidence that their separate disclosure is considered necessary to explain the performance of the Company and to assist users of financial

statements in making projections of future financial performance.

(j) Property, plant and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation, and accumulated impairment losses.

Costs comprise of costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Company depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on a written-down value basis over their estimated useful lives. The estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60
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 estimates and technical assessment made by a technical expert.

The company has not revalued its property, plant and equipment (Including ROU), and Intangible assets.

Freehold land is not depreciated.

Any gain or loss arising from the derecognition / disposal of an asset is included in profit or loss.

The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

(k) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are derecognised on disposal, or when no further economic benefits are expected from use or disposal. Any gain or loss arising from derecognition is included in profit or loss.

Nature of intangible asset	Useful life
Software	6 years
Technical know how	6 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

(l) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates the building component of investment property over 60 years on a written down value basis from the date of original purchase, which

is as prescribed under schedule II to the Companies Act, 2013.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising from derecognition is included in profit or loss.

(m) Impairment of non-financial assets

Property, plant and equipment, and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

(n) Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised by the Company when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss.

Financial assets

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities

of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks that are unrestricted for withdrawal and usage.

For the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Wherever the customer has raised issue on contractual / performance obligation on goods and services delivered or received and is under discussion with the customer are treated as the disputed amount.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved both by collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Investment in subsidiaries and joint ventures

The Company accounts for its investments in subsidiaries and joint ventures at cost.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading

if they are incurred to repurchase in the near term. Whenever the vendor has raised issue on contractual/ performance obligation on goods and services delivered or received and is under discussion with the vendor are treated as the disputed amount. Financial liabilities are 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 amortised cost using the effective interest (EIR) method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net off direct issue costs.

Derivative financial instruments

The Company enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments or highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedged item.

Derecognition of financial instruments

The Company 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 categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in their entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(o) Inventories

Inventories including Work-in-Progress (other than construction contracts) are valued at cost or net realisable 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 realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(p) Provisions and contingencies

Provisions

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold / or the project is completed. These estimates are established using

historical information on the nature, frequency, and average cost of warranty claims and management's estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise typically up to five years.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements. However, where an inflow of economic benefits is probable, the Company discloses the same in the financial statements

(q) Segment reporting

Segments are identified based on how the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets, and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for based on the transfer price agreed between the segments.

Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets, and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

(r) Earnings per share

The Companies earnings per share ('EPS') is determined based on the net profit attributable to the equity shareholders of the Company.

Basic earnings per share are calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed using the weighted average number of common and dilutive shares outstanding during the year including share-based payments, except where the result would be anti-dilutive.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest on Borrowing is calculated using Effective Interest Rate (EIR) method and is recognised in profit or loss.

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, 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 / Transfers	-	-	-	(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
At April 1, 2021	-	15.35	76.61	273.89	6.44	13.96	6.80	22.57	29.83	445.45
Additions	-	-	7.22	54.18	1.10	1.57	2.09	5.52	0.71	72.39
Disposals / Transfers	-	-	(3.93)	(5.57)	-	(1.14)	(0.96)	(1.23)	(0.22)	(13.05)
At March 31, 2022	-	15.35	79.90	322.50	7.54	14.39	7.93	26.86	30.32	504.79
Accumulated depreciation										
At April 1, 2020	-	-	23.28	90.02	3.16	6.74	4.02	9.31	21.15	157.68
Disposals / Transfers	-	-	-	(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
At April 1, 2021	-	-	27.87	116.12	3.89	7.78	4.39	11.10	25.35	196.50
Disposals / Transfers	-	-	(0.07)	(3.17)	-	(0.62)	(0.54)	(0.88)	(0.21)	(5.49)
Provided during the year	-	-	4.94	29.60	0.62	1.55	1.07	4.16	2.21	44.15
At March 31, 2022	-	-	32.74	142.55	4.51	8.71	4.92	14.38	27.35	235.16
Net book value										
At March 31, 2022	-	15.35	47.16	179.95	3.03	5.68	3.01	12.48	2.97	269.63
At March 31, 2021	-	15.35	48.74	157.77	2.55	6.18	2.41	11.47	4.48	248.95

Note:

1. All the title deed of immovable property (other than properties lease) are in the name of the company.

(₹ in crores)

Asset held for sale	As at 31 st March, 2022	As at 31 st March, 2021
Asset held for sale	17.70	0.08
Addition during the year	5.82	17.62
Disposal	(17.62)	-
Less: Impairment allowance	-	-
Asset held for sale	5.90	17.70

Ageing of capital work-in-progress

(₹ in crores)

Particulars	As at 31 st March, 2022					As at 31 st March, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	65.77	17.13	25.16	2.12	110.18	18.49	32.39	3.10	0.33	54.31
Total capital work-in-progress	65.77	17.13	25.16	2.12	110.18	18.49	32.39	3.10	0.33	54.31

For capital work-in-progress, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below as of March 31, 2021 and March 31, 2022.

(₹ in crores)

Particulars	To be completed in									
	As at 31 st March, 2022					As at 31 st March, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Delay projects										
CPR-W2-1819-11 (Wada R&D CWIP)	-	-	-	-	-	7.17	-	-	-	7.17
CPR-W2-1920-02 (Wada R&D CWIP)	-	-	-	-	-	0.26	-	-	-	0.26
Total capital work-in-progress	-	-	-	-	-	7.43	-	-	-	7.43

5. RIGHT-OF-USE ASSETS

(₹ in crores)

Particulars	Land - leasehold	Buildings	Total
Cost			
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
At April 1, 2021	-	72.81	72.81
Additions	-	42.78	42.78
Disposals	-	(2.73)	(2.73)
At March 31, 2022	-	112.86	112.86
Accumulated depreciation			
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
At April 1, 2021	-	29.03	29.03
Provided during the year	-	17.71	17.71
At March 31, 2022	-	46.73	46.73
Net book value			
At March 31, 2022	-	66.13	66.13
At March 31, 2021	-	43.78	43.78

6. INVESTMENT PROPERTY

Particulars	(₹ in crores)
Cost	
At April 1, 2020	66.78
Additions	-
Disposals	(66.78)
At March 31, 2021	*
Additions	-
Disposals	-
At March 31, 2022	*
Depreciation	
At April 1, 2020	16.97
Additions	2.81
Disposals	(19.78)
At March 31, 2021	*
Additions	-
Disposals	-
At March 31, 2022	*
Net book value	
At March 31, 2022	*
At March 31, 2021	*
Fair Value# (refer note 41)	
At March 31, 2022	7.08
At March 31, 2021	6.97

* Indicates amount less than ₹1 Lakh.

Valuation is based on fair value assessment done by accredited independent valuer as defined under rule 2 of Companies (Register Valuers and Valuation), Rules 2017.

Movement in Fair Valuation of investment property

Particulars	(₹ in crores)
At March 31, 2021	6.97
Increase in Fair Valuation	0.11
At March 31, 2022	7.08

Information regarding income and expenditure of investment property

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Rental income derived from investment property	0.43	6.36
Direct operating expenses (including repairs and maintenance) associated with investment property	-	(0.81)
Profit arising from investment property before depreciation and indirect expenses	0.43	5.55
Less: Depreciation	-	(2.81)
Profit arising from investment property before indirect expenses	0.43	2.74

The Company has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

7. INTANGIBLE ASSETS

(₹ in crores)

Particulars	Technical knowhow	Software	Total
Cost			
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
At April 1, 2021	61.16	83.43	144.59
Additions	3.15	4.92	8.07
At March 31, 2022	64.31	88.35	152.66
Amortisation			
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
At April 1, 2021	43.43	49.03	92.46
Provided during the year	7.28	11.35	18.63
At March 31, 2022	50.71	60.38	111.09
Net book value			
At March 31, 2022	13.60	27.97	41.57
At March 31, 2021	17.73	34.40	52.13

Ageing of capital work-in-progress

(₹ in crores)

Particulars	As at 31 st March, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	5.19	1.86	0.05	-	7.10
Total intangible assets under development	5.19	1.86	0.05	-	7.10

(₹ in crores)

Particulars	As at 31 st March, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	More than 3 years
Projects in progress	3.07	0.23	0.12	-	3.42
Total intangible assets under development	3.07	0.23	0.12	-	3.42

8. INVESTMENTS

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
I. Non-current investments		
Unquoted investments at cost		
Investment in equity instruments		
Investment in subsidiaries		
5,29,25,052 (31 March 2021: 5,29,25,052) fully paid equity shares of ₹2 each in Blue Star Engineering and Electronics Ltd.	210.89	210.89
49 (31 March 2021: 49) fully paid equity shares of QR 2000 each in Blue Star Qatar (WLL)	0.12	0.12
5,350 (31 March, 2021: 5,350) fully paid equity shares of AED 1000 each in Blue Star International FZCO	9.81	9.81
2,66,00,000 (31 March 2021: Nil) fully paid equity shares of ₹10 each in Blue Star Climatech Ltd.	26.60	-
Investment in joint ventures (Refer Note 38)		
255,000 (31 March 2021: 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	247.42	220.82
II. Current investments		
Investment in units of mutual funds		
Unquoted investment in mutual funds		
Growth scheme		
1,30,881 Units (March 31, 2021: 27,259 Units) in HDFC Mutual Fund	45.01	67.67
4,75,990 Units (March 31, 2021: 16,80,961 Units) in ICICI Prudential Mutual Fund	15.01	51.23
45,018 Units (March 31, 2021: 1,87,803 Units) in SBI Mutual Fund	15.00	74.19
Nil Units (March 31, 2021: 65,531 Units) in UTI Mutual Fund	-	22.09
11,20,197 Units (March 31, 2021: 14,96,607 Units) in Aditya Birla Mutual Fund	70.01	63.87
Total current investments	145.03	279.05

9. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Loans to employees	3.05	5.67	3.11	7.56
Inter corporate deposit given to subsidiary (related party - refer note no. 38)	-	-	5.00	-
Loan to joint venture (related party - refer note 38)	4.46	4.46	-	-
Less: Allowance for doubtful loan (refer point no.3 below)	(4.46)	(4.46)	-	-
Total loans	3.05	5.67	8.11	7.56

- The company has not made loans or advances in the nature of loans to promoters, directors, KMPs and the related parties either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture. The Company has made an application to the Reserve Bank of India for its approval for a write-off of loans and investment in this Joint Venture under the provisions of the Foreign Exchange Management Act.

10. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Security deposits, considered good	11.00	18.12	17.79	11.04
Security deposits, credit impaired	-	-	0.96	0.96
Less: Allowance for doubtful deposits	-	-	(0.96)	(0.96)
	11.00	18.12	17.79	11.04
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts**	-	-	0.12	0.28
Non-current bank balances (including accrued interest thereon)*	7.19	6.01	-	-
Financial guarantee commission receivable from a subsidiary (related party - refer note 38)	-	-	0.15	0.10
Total other financial assets	18.19	24.13	18.06	11.42

* Margin money deposits with a carrying amount of ₹7.19 crores (As at 31st March, 2021: ₹6.01 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, 2022	As at 31 st March, 2021
Raw materials & components (includes in transit: ₹43.89 crores (March 31, 2021: ₹24.16 crores))	434.55	235.91
Work-in-progress	78.91	62.31
Finished goods	218.71	199.66
Stock-in-trade	324.99	312.04
Stores and spares	69.21	57.77
Total inventories	1,126.37	867.69

The finished goods and stock-in-trade inventory includes good-in-transit from one location to another of ₹70.73 crores (March 31, 2021: ₹47.27 crores)

The above inventory values are net of provisions made of ₹12.78 crores (March 31, 2021: ₹7.89 crores) for slow moving, obsolete and defective inventory.

12. TRADE RECEIVABLES

(₹ in crores)

Particulars	Current	
	As at 31 st March, 2022	As at 31 st March, 2021
Trade receivables considered good - unsecured	1,070.58	758.86
Trade receivables - credit impaired	32.17	44.63
	1,102.75	803.49
Less: Allowance for doubtful debts and credit loss	(83.84)	(91.30)
Total trade receivables	1,018.91	712.19

Ageing of trade receivables

(₹ in crores)

Particulars	As at 31 st March, 2022						
	Outstanding for following periods from due date of payments						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
Trade receivables considered good - unsecured	387.00	482.94	76.56	46.44	21.77	53.04	1,067.82
Trade receivables - credit impaired			0.10	0.19	2.45	24.34	27.08
	387.00	482.94	76.66	46.63	24.22	77.38	1,094.90
Disputed							
Trade receivables considered good - unsecured	-	0.02	0.18	0.24	0.18	2.18	2.80
Trade receivables - credit impaired	-	-	0.00	0.00	0.11	4.95	5.05
	-	0.02	0.18	0.24	0.29	7.13	7.85
Total trade receivables	387.00	482.96	76.84	46.87	24.51	84.51	1,102.75
Allowances for doubtful debts and credit loss							(83.84)
Total trade receivables	-	-	-	-	-	-	1,018.91

Ageing of trade receivables

(₹ in crores)

Particulars	As at 31 st March, 2021						
	Outstanding for following periods from due date of payments						
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
Trade receivables considered good - unsecured	213.59	366.99	40.22	57.17	29.59	49.00	756.57
Trade receivables - credit impaired	-	0.09	1.43	-	3.14	35.92	40.58
	213.59	367.08	41.65	57.17	32.73	84.92	797.15
Disputed							
Trade receivables considered good - unsecured	-	0.18	0.01	0.43	0.63	1.05	2.30
Trade receivables - credit impaired	-	-	-	0.02	0.22	3.81	4.04
	-	0.18	0.01	0.45	0.85	4.86	6.34
Total trade receivables	213.59	367.26	41.66	57.62	33.58	89.78	803.49
Allowances for doubtful debts and credit loss							(91.30)
Total trade receivables	-	-	-	-	-	-	712.19

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

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening Balances as on 1 st April	91.30	84.94
Impairment loss recognised	17.54	26.36
Less: Allowances provided earlier written off as bad debts	(25.00)	(20.00)
Closing balances as on 31st March	83.84	91.30

13. CASH AND CASH EQUIVALENT

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Cash and cash equivalent		
Balances with banks:		
- In current accounts	110.44	81.03
- In fixed deposits	90.19	214.74
Cash on hand	0.43	0.42
Total cash and cash equivalent	201.06	296.19

14. OTHER BANK BALANCES

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Other bank balances		
- Unpaid dividend*	3.91	4.14
- Cash & Bank balance not available for immediate use	0.09	0.08
Total other bank balances	4.00	4.22

*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, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Contract assets	-	-	455.03	353.13
Less: Allowance for doubtful contract assets	-	-	(20.50)	(27.89)
Net contract assets	-	-	434.53	325.24
Retention	-	-	14.68	17.30
Capital advances	25.53	18.78	-	-
Balances with statutory authorities	37.45	36.61	83.88	46.02
Less: Allowance for doubtful deposits	(5.80)	-	-	-
	31.65	36.61	83.88	46.02
Vendor advances	-	-	34.41	29.19
Less: Allowance for doubtful vendor advance	-	-	(1.00)	(1.00)
Vendor advances (Net)	-	-	33.41	28.19
Prepaid expenses	0.62	0.51	25.23	20.47
Government grant receivable	-	-	6.61	5.34
Gratuity paid in advance (Refer Note 36)	-	-	-	2.57
Total other assets	57.80	55.90	598.34	445.13

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

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening balances as on 1 st April	27.89	24.28
Impairment loss recognised / (reversal)	1.25	7.61
Less: Allowances provided earlier written off	(8.64)	(4.00)
Closing balances as on 31st March	20.50	27.89

Categorisation of financial assets:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
At Fair Value		
Investments (refer note 8)	145.03	279.05
Other financial assets (refer note 10)	0.12	0.28
Total at Fair Value through profit or loss	145.15	279.33
At Amortised Cost		
Trade receivables (refer note 12)	1,018.91	712.19
Cash & bank balances (refer note 13 and 14)	205.06	300.41
Loans (refer note 9)	11.16	13.23
Other financial assets (refer note 10)	36.25	35.27
Total financial assets carried at amortised cost	1,271.38	1,061.10

The carrying amount of financial assets measured at amortised cost in the financial statements are a reasonable approximation of their fair value.

16. EQUITY SHARE CAPITAL

Authorised share capital	7.8% Cumulative convertible preference shares of ₹ 100 each		Equity shares of ₹ 2 each		Unclassified shares of ₹ 100 each		Cumulative compulsorily convertible preference shares of ₹ 10 each	
	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores	No.	₹ in crores
At April 1, 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
Increase / (Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2022	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

Terms / Rights attached to equity shares

The Company has one class of equity shares having par value of ₹2 per share. Each share holder is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

Terms / Rights attached to 7.8% cumulative convertible preference shares and cumulative compulsorily convertible preference shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the equity shares of the Company in the event of increase in share capital or winding up of the Company up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the Company.

Issued share capital

Equity shares of ₹2 each issued, subscribed & fully paid up	No.	(₹ in crores)
At April 1, 2020	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2021	96,313,888	19.26
Issue of share capital	-	-
At March 31, 2022	96,313,888	19.26

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

Particulars	As at 31 st March, 2022		As at 31 st March, 2021	
	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	5,453,274	5.66%	5,413,075	5.62%

Shareholding pattern of promoters and changes in holding during the year

Particulars		As at 31 st March, 2022		As at 31 st March, 2021		% Changes during the year
		Numbers of shares	% of total shares	Numbers of shares	% of total shares	
Suneel Mohan Advani	Promoter	2,827,496	2.94%	2,816,496	2.92%	0.39%
Vir S Advani	Promoter	1,074,625	1.12%	1,074,625	1.12%	-
Sunaina Murthy	Promoter	72,525	0.08%	72,525	0.08%	-
Dinesh Nanik Vaswani	Promoter	26,944	0.03%	26,944	0.03%	-
Ashok M Advani	Promoter	-	-	-	0.00%	-
Rajiv Lulla	Promoter	-	-	-	0.00%	-
Suneeta Nanik Vaswani	Promoter Group	1,008,322	1.05%	1,062,322	1.10%	(5.08%)
Rohina Lulla	Promoter Group	1,168,594	1.21%	1,168,594	1.21%	-
Anissa Khanna	Promoter Group	1,126,787	1.17%	1,126,787	1.17%	-
Nargis Suneel Advani	Promoter Group	536,936	0.56%	536,936	0.56%	-
Sanjay N Vaswani	Promoter Group	121,975	0.13%	105,775	0.11%	15.32%
Armaan Sandeep Murthy	Promoter Group	50,000	0.05%	50,000	0.05%	-
Jay Talati Advani	Promoter Group	50,000	0.05%	50,000	0.05%	-

Particulars		As at 31 st March, 2022		As at 31 st March, 2021		% Changes during the year
		Numbers of shares	% of total shares	Numbers of shares	% of total shares	
Sumer Sandeep Murthy	Promoter Group	50,000	0.05%	50,000	0.05%	-
Uday Vir Advani	Promoter Group	50,000	0.05%	50,000	0.05%	-
Anita Ashok Advani	Promoter Group	30,000	0.03%	30,000	0.03%	-
Dev Khanna	Promoter Group	19,625	0.02%	19,625	0.02%	-
Nanik Ramchand Vaswani	Promoter Group	-	-	-	-	-
Vistra Itcl (India) Limited as a Trustee of Ashok M Advani Family Private Trust	Promoter Group	11,955,601	12.41%	11,955,601	12.41%	-
Vistra Itcl (India) Limited as a Trustee of SMA Family Private Trust	Promoter Group	7,719,930	8.02%	7,719,930	8.02%	-
Ashok Mohan Advani as a Trustee of Suneeta Padmi Trust and Anissa Rohina Trust	Promoter Group	2,599,744	2.70%	2,599,744	2.70%	-
Vistra Itcl (India) Limited as a Trustee of NSA Family Trust	Promoter Group	2,300,000	2.39%	2,300,000	2.39%	-
Vistra Itcl (India) Limited as a Trustee of SNA Family Trust	Promoter Group	2,300,000	2.39%	2,300,000	2.39%	-
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust	Promoter Group	542,142	0.56%	528,642	0.55%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust	Promoter Group	542,140	0.56%	528,640	0.55%	2.55%
Dinesh Nanik Vaswani as a Trustee of Suneeta Family Trust 2	Promoter Group	542,140	0.56%	528,640	0.55%	2.55%
Dinesh Nanik Vaswani as a Trustee of Nanik Family Trust 2	Promoter Group	542,139	0.56%	528,639	0.55%	2.55%
J.T. Advani Finance Private Limited	Promoter Group	52,172	0.05%	63,172	0.07%	(17.41%)
Iman Rajiv Lulla	Promoter Group	19,625	0.02%	19,625	0.02%	-
Rana Rajiv Lulla	Promoter Group	19,625	0.02%	19,625	0.02%	-

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.

18. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended March 31, 2021: ₹4 per share (March 31, 2020: ₹Nil)	38.52	-
Total dividend distribution	38.52	-

Note: The Directors have recommended a dividend of ₹10 per equity share of face value ₹2 each for FY21-22 (FY20-21, Final Dividend of ₹4 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, 2022	As at 31 st March, 2021
At amortised cost		
Non-current borrowings		
7.65% Non-convertible debentures - Unsecured (note c)	175.00	350.00
Less: Unamortised upfront fees on borrowing	(2.00)	(3.14)
Total non-current borrowings	173.00	346.86
Short-term borrowings		
Unsecured		
Current maturities of long-term debt	175.00	-
Inter corporate deposit received from a subsidiary (related party - refer note no. 38)	160.00	130.00
Packing credit loan from banks (note a)	31.75	40.53
Short-term loan (note a)	-	55.00
Cash credit / Bank overdrafts (note a)	0.19	3.65
Secured		
Packing credit loan from banks (note a & b)	-	2.75
Total current borrowings	366.94	231.93
Aggregate secured loans	-	2.75
Aggregate unsecured loans	539.94	576.04
Total borrowings	539.94	578.79

- Outstanding loans carry an average interest rate ranging from 2.75% - 2.8%p.a. (March 31, 2021 : 2.3% - 6.8% p.a.).
- The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.
- The Company has allotted 7.65% unsecured redeemable non-convertible debentures (Series I & Series II) on June 1, 2020.

Repayment schedule of Non-Convertible Debentures :

(₹ in crores)

Particulars	Repayment	
	Amount	Date
7.65% Non-Convertible Debentures (Series - I) - Principal	175.00	1-Jun-23
7.65% Non-Convertible Debentures (Series - II) - Principal	175.00	31-May-22

- d. Company does not have any borrowing which is taken for specific purpose.
- e. There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- f. The Company have not been declared as wilful defaulter by any bank, financial institutions or other lender.
- g. The company has not received any fund from any person or entity, including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20. DISCLOSURE AS PER SECTION 22 OF MSME ACT

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	102.55	64.91
(ii) Interest due on above	0.12	0.06
(b) Amount of interest paid by the buyer in terms of section 16 of the Micro, Small & Medium Enterprises Development Act, 2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Micro, Small & Medium Enterprises Development Act, 2006.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year*	2.10	1.98
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small & Medium Enterprises Development Act, 2006.	2.10	1.98
	104.65	66.89

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.

*Interest on overdue balance of Micro and Small Enterprises is fully provided. Interest provided is unclaimed by the vendor.

Ageing of payables

(₹ in crores)

Particulars	As at 31 st March, 2022					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Acceptances	330.85	-	-	-	-	330.85
Undisputed						
Dues to micro enterprises and small enterprises	84.39	20.00	0.17	0.06	0.03	104.65
Dues of creditors other than micro and small enterprises	1,112.11	270.07	8.11	3.90	13.34	1,407.53
	1,527.35	290.07	8.28	3.96	13.37	1,843.03
Disputed						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	0.02	-	*	-	-	0.02
	0.02	-	-	-	-	0.02
Total payables	1,527.37	290.07	8.28	3.96	13.37	1,843.05

* Indicates amount less than ₹1 Lakh.

Ageing of payables

(₹ in crores)

Particulars	As at 31 st March, 2021					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Acceptances	242.70	-	-	-	-	242.70
Undisputed						
Dues to micro enterprises and small enterprises	50.22	16.48	0.15	0.01	0.03	66.89
Dues of creditors other than micro and small enterprises	890.48	229.86	11.72	5.97	8.21	1,146.24
	1,183.40	246.34	11.87	5.98	8.24	1,455.83
Disputed						
Dues to micro enterprises and small enterprises	-	-	-	-	-	-
Dues of creditors other than micro and small enterprises	0.02	*	*	*	-	0.02
	0.02	-	-	-	-	0.02
Total payables	1,183.42	246.34	11.87	5.98	8.24	1,455.85

21. LEASE LIABILITY

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance	52.22	59.14
Addition during the year	36.53	13.71
Add: Interest for the year	6.29	6.36
Less: Paid during the year	(23.86)	(26.99)
Closing balance	71.18	52.22
Non-current lease liability	50.22	29.36
Current lease liability	20.96	22.86
Total lease liability	71.18	52.22

22. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	Current	
	As at 31 st March, 2022	As at 31 st March, 2021
Financial liabilities at amortised cost		
Other deposits	4.99	4.15
Financial guarantee contracts	-	0.10
Interest accrued but not due on borrowings	23.27	23.26
Unpaid dividend (refer note a below)	3.91	4.14
Creditors - capital expenditure	2.39	2.07
Total other financial liabilities	34.56	33.72

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	31 st March, 2022	31 st March, 2021
Borrowings (refer note 19)	539.94	578.79
Trade payables	1,843.05	1,455.85
Other deposits (refer note 22)	4.99	4.15
Financial guarantee contracts (refer note 22)	-	0.10
Unpaid dividend (refer note 22)	3.91	4.14
Creditor - capital expenditure (refer note 22)	2.39	2.07
Interest accrued but not due on borrowings (refer note 22)	23.27	23.26
Total financial liabilities carried at amortised cost	2,417.55	2,068.36

Borrowings and interest accrued but no due on borrowings have a fair value of ₹566.47 crores (March 31, 2021: ₹603.22 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, 2022:

(₹ in crores)

Particulars	Non-current borrowings	Current borrowings	Lease liabilities
At the beginning of the year	346.87	231.93	52.22
Cash flows during the year (net)	-	(39.99)	(23.86)
Current maturity of long-term borrowings	(175.00)	175.00	-
Transaction cost written off	1.13	-	-
At the end of the year (excluding interest liability on borrowings)	173.00	366.94	28.36
Non cash changes due to:			
- Acquisitions under finance lease	-	-	42.82
- Interest on borrowings (clubbed under other financial liabilities)	11.63	11.64	-
At the end of the year (including interest liability on borrowings)	184.63	378.58	71.18

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, 2022	As at 31 st March, 2021
Contract liabilities from construction contracts	52.88	62.95
Contract liabilities from annual maintenance contract services	64.88	57.55
Advances from customers	302.85	218.25
Dues to statutory bodies	48.60	34.99
Others	12.43	6.61
Total other current liabilities	481.65	380.35

24. PROVISIONS

(₹ in crores)

Particulars	Non-current		Current	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Provision for employee benefits				
Provision for gratuity (refer note 36)	-	-	0.35	-
Compensated absences	-	-	17.69	13.81
Additional gratuity (refer note 36)	0.47	0.44	-	-
	0.47	0.44	18.04	13.81
Other provisions				
Provision for customer warranties	9.62	10.37	12.27	10.85
Provision for foreseeable loss	-	-	2.09	1.49
Provision for obligation towards guarantee given*	-	-	1.09	1.09
Other provisions	-	-	10.42	10.42
	9.62	10.37	25.87	23.85
Total	10.09	10.81	43.91	37.66

* The Company holds 51% shareholding in Blue Star Oman Electro-Mechanical Co. LLC. However, the profit/loss sharing is on 50-50 basis and the investment is therefore accounted for as a joint venture. During FY19, the Company decided to exit from this joint venture.

Provision for warranties

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
At the beginning of the year	21.22	24.19
Add: Additional provisions made during the year	12.00	8.65
Less: Amount used during the year	(11.44)	(11.88)
Add: Effect of change in provision on account of discounting during the year	0.11	0.26
At the end of the year	21.89	21.22
Current portion	12.27	10.85
Non-current portion	9.62	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 Provisions for the year ended March 31, 2022

(₹ in crores)

Particulars	Provision for foreseeable loss	Provision for obligation towards guarantee given	Other Provisions
At the beginning of the year	1.49	1.09	10.42
Add: Additional provisions made during the year	21.00	-	-
Less: Utilised during the year	(20.40)	-	-
At the end of the year	2.09	1.09	10.42

Other Provisions 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: Utilised 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, 2022	As at 31 st March, 2021
At the beginning of the year	11.16	12.90
Additions during the year	1.65	0.77
Amortised during the year	(3.11)	(2.51)
At the end of the year	9.70	11.16
Current	2.74	2.33
Non-current	6.96	8.83

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 For the year ended 31st March, 2022 and For the year ended 31st March, 2021 are:

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2022 and 31st March, 2021:
(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Accounting profit before tax	195.75	98.35
Other comprehensive income before tax	*	5.32
Profit before tax	195.75	103.67
At India's statutory income tax rate of 34.94%	68.40	36.23
Expenses not allowed for tax purpose	1.23	1.64
Additional allowances for tax purpose	(0.10)	(5.41)
Others	(1.52)	1.81
Tax expense	68.01	34.27
Income tax expense reported in the statement of profit and loss	68.01	32.42
Income tax effect on other comprehensive expenses / (income)	-	1.85
Total current tax expense	68.01	34.27

* Indicates amount less than ₹1 Lakh.

Deferred tax

Deferred tax relates to the following

(₹ in crores)

Particulars	Balance Sheet	
	As at 31 st March, 2022	As at 31 st March, 2021
Provision for loss allowance	28.37	35.45
Provisions made disallowed and allowed only on payment basis	7.13	4.99
Accelerated depreciation for tax purposes	(6.39)	(2.95)
Others	(5.05)	(11.85)
Total (excluding MAT credit entitlement)	24.06	25.64
MAT credit entitlement	-	18.43
Total deferred tax	24.06	44.07

Reflected in the balance sheet as follows

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Deferred tax assets	30.45	47.02
Deferred tax liabilities	(6.39)	(2.95)
Deferred tax Assets, net	24.06	44.07

27. REVENUE FROM OPERATIONS

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Sale of products	3,588.51	2,552.93
Revenue from construction contracts	1,247.48	812.31
Sale of services	501.29	453.87
Other operating revenue		
- Provisions and liabilities no longer required	21.22	15.17
- Shared service recovery	1.32	1.32
- Others	17.17	6.63
Total revenue from operations	5,376.99	3,842.23

28. OTHER INCOME

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Interest income on		
- Bank deposits	12.35	8.63
- Others	0.94	0.31
Rental Income	0.43	6.36
Dividend received from subsidiary	2.40	2.40
Income from mutual fund investment	2.68	5.13
Profit on sale of investment property	-	32.95
Others	17.30	6.39
Total other income	36.10	62.17

29. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Cost of material consumed	2,007.58	1,230.28
Project cost (including bought outs)	1,077.61	719.64
AMC subcontracting cost	293.82	266.46
Total cost of raw material and components consumed and project related cost	3,379.01	2,216.38
Purchase of stock-in-trade	888.41	733.18
Inventories at the end of the year		
Traded goods	324.99	312.04
Work-in-progress	78.91	62.31
Finished goods	218.71	199.66
	622.61	574.01
Inventories at the beginning 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
(Increase) / decrease in inventories	(48.60)	25.49

30. EMPLOYEE BENEFIT EXPENSE

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Salaries, wages and bonus	378.28	286.80
Contribution to provident and other funds	13.31	12.55
Gratuity expense (refer note 36)	3.60	4.94
Staff welfare expenses	26.71	20.94
Total employee benefit expense	421.90	325.23

31. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Depreciation on property, plant and equipment (refer note 4)	44.15	46.03
Depreciation on right-of-use assets (refer note 5)	17.71	21.17
Amortisation expenses on intangible assets (refer note 7)	18.63	18.33
Depreciation on investment property (refer note 6)	-	2.81
Total depreciation and amortisation expense	80.49	88.34

32. OTHER EXPENSES

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Stores and spares consumed	14.39	10.61
Power and fuel	17.41	13.68
Rent	46.78	33.58
Repairs and maintenance		
- Buildings	3.03	3.96
- Plant and machinery	4.66	3.20
- Others	18.24	12.81
Insurance	4.42	4.14
Rates and taxes	1.33	1.26
Advertising expenses	53.32	43.60
Sales and promotion expenses	25.28	23.05
Freight and forwarding charges	82.72	66.22
Legal and professional fees	54.64	35.46
Travelling and conveyance	21.38	13.19
Commission and sales incentives	18.34	16.86
Warranty cost	19.27	13.32
Printing and stationery	2.42	1.86
Payment to auditors (refer details A below)	1.32	1.20
Corporate social responsibility expenses (refer details B below)	2.91	3.31
Donations	0.36	0.04
Loss on sale of property, plant and equipment	-	-
Foreign exchange differences (net) (including fair value impact on financial instruments at fair value through profit or loss)	4.93	3.86
Bad debts / Advances written-off	25.45	
Less:- Allowance for doubtful debts	(25.00)	0.09
Allowances for doubtful debts and advances	17.56	30.36
Miscellaneous expenses	29.56	13.88
Total other expenses	444.72	349.54

A. Payment to auditors

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
As auditor:		
Audit fee	0.87	0.71
Limited review	0.24	0.21
Tax Audit	0.08	0.07
In other capacity		
Other services	0.12	0.15
Reimbursement of expenses	0.01	0.06
	1.32	1.20

B. Corporate social responsibility expenses

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
(i) Gross amount required to be spent by the Company during the year	2.91	3.31
(ii) Amount spent during the year	2.91	3.31
(iii) Shortfall in amount spent for CSR expenses	-	-
(iv) Nature of CSR activities	'Skill Development' and 'Health, Hygiene and Wellness'	
(v) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
(vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

C. Political contribution

Company has made political contribution of ₹0.25 crore during FY 2021-22 (FY 2020-21: ₹0.04 crore).

33. FINANCE COSTS

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Interest	40.15	58.12
Bank charges	4.97	3.41
Interest on lease liabilities	6.29	6.36
Total finance costs	51.41	67.89

34. EARNING PER SHARES (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, 2022	For the year ended 31 st March, 2021
Profit attributable to equity holders of the Company (₹ in crores)	127.74	65.93
Weighted average number of Equity shares outstanding	9.63	9.63
Earning Per Share (₹) - Basic and Diluted in rupees (Face Value - ₹2 per share)	13.26	6.85

35. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's standalone financial statements requires Management to make judgements, estimates, and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such Judgements, estimates, and associated assumptions are evaluated based on the Company's historical experience, existing market conditions, as well as forward-looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and

underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the standalone financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Company's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future cost projections against budgets, based on which, proportionate revenue (or anticipated losses), if any, are recognised.

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and is probable that the economic benefits associated will flow to the Company. This requires the exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Company provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Company, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Company's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold that are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant, and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs and anticipated technological changes. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using several underlying assumptions, including the discount rate, mortality rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Company capitalises intangible assets under development for a project in accordance with the accounting policy. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied, and the expected period of benefits.

Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) is based on assumptions of risk of default and expected loss rates. The Company makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not collectible.

Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. In assessing the realisability of deferred tax assets arising from unused tax credits, the management considers convincing evidence about availability of sufficient taxable income against which such unused tax credits can be utilised. The amount of the deferred income tax assets considered realisable, however, could be reduced if estimates of future taxable income during the carry forward period are reduced.

COVID 19 - Recoverability of assets

The Company continues to monitor the economic effects of COVID-19 on its business. Based on the current evaluation by the management, the carrying amounts of the assets are considered recoverable.

Code on Social Security, 2020

The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Company will record any related financial impact of the Code in the books of account, in the period(s) in which the Code becomes effective.

Additional regulatory information required by Schedule III

- i. The Company neither holds any benami property nor any proceedings have been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- ii. The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- iii. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- iv. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- iv. The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- v. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

36. 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 as net profit in the profit or loss. The Company expects to contribute ₹2.49 crores to gratuity fund in FY 2022-23 (FY 2021-22 - ₹1.9 crores).

Change in present value of defined benefit obligation

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Defined benefit obligation at the beginning of the year	41.34	40.90	0.44	0.42
Current service cost *	3.81	4.94	0.02	0.02
Interest cost	2.49	2.64	0.03	0.03
Benefits paid	(2.83)	(5.26)	(0.01)	(0.03)
Acquisition adjustment	-	-	-	-
Remeasurements				
a. Due to change in demographic assumptions	-	-	-	-
b. Due to change in financial assumptions	(0.83)	0.33	(0.01)	-
c. Due to experience adjustments	0.84	(2.21)	-	-
Defined benefit obligation at the end of the year	44.82	41.34	0.47	0.44

Change in fair value of plan assets

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Fair value of plan assets at the beginning of the year	43.91	41.17	-	-
Expected return on plan assets	2.75	2.64	-	-
Contribution	0.64	2.02	-	-
Benefits paid	(2.83)	(5.26)	-	-
Return on assets	-	3.34	-	-
Acquisition adjustment	-	-	-	-
Fair value of plan assets at the end	44.47	43.91	-	-

Components of defined benefit cost recognised in profit or loss

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Components of defined benefit cost recognised in profit or loss				
Current service cost	3.81	4.94	0.02	0.02
Interest cost	2.49	2.64	0.03	0.03
Expected return on plan assets	(2.75)	(2.64)	-	-
Defined benefit cost recognised in profit or loss	3.55	4.94	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	(0.83)	0.33	-	-
c. Due to change in experience adjustments	0.84	(2.21)	-	-
d. (Return) on plan assets (excl. interest income)		(3.44)	-	-
Remeasurements recognised in other comprehensive income (OCI)	0.01	(5.32)	-	-

*Includes ₹1.40 crores in March 31, 2021 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, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
Present value of defined benefit obligation	44.82	41.34	0.47	0.44
Fair value of plan assets	44.47	43.91	-	-
Net liability / (assets)	0.35	(2.57)	0.47	0.44

The major categories of plan assets are as follows:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Cash and cash equivalents	-	1.05
Insurance company products	42.30	35.24
Others	2.17	7.62
Total	44.47	43.91

The principal assumptions used in determining Gratuity and Additional Gratuity for the Company's plan are as shown below:

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Discount rate	6.60%	6.25%	6.25%	6.25%
Disability rate	5% of IALM 2012-14	5% of IALM 2012-14	5% of IALM 2012-14	5% of IALM 2012-14
Normal retirement age	65 Years for Directors and 60 Years for Others	65 Years for Directors and 60 Years for Others	65 Years for Directors and 60 Years for Others	65 Years for Directors and 60 Years for Others
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2012-14
Salary escalation rate (Directors-Management-staff)	10%,7%,3%	10%,7%,3%	-	-
Attrition rate	14%	14%	14%	14%

The present value of defined benefit obligation after change in assumptions are as under:

(₹ in crores)

Particulars	Gratuity		Additional Gratuity	
	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Decrease in discount rate	44.58	41.03	0.48	0.46
Increase in discount rate	42.25	38.82	0.46	0.43
Decrease in salary growth rate	42.25	38.82	-	-
Increase in salary growth rate	44.58	41.03	-	-
Decrease in attrition rate	43.42	39.98	0.45	0.43
Increase in attrition rate	43.35	39.82	0.47	0.44
Decrease in mortality rate	43.38	39.90	0.47	0.44
Increase in mortality rate	43.38	39.90	0.47	0.44

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 2021-22.

The average duration of the defined benefit plan obligation at the end of the reporting year 2021-22 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, 2022. The

Company's contribution to the Employee's Provident fund aggregates to ₹8.48 crores (March 31, 2021: ₹6.85 crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the Company has made for an estimated amount, provision on a prospective basis.

General description of significant defined plans:

a. Gratuity plan

Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years' of service after continuous service for five years.

b. Additional gratuity

Additional gratuity is payable as per the specific rules of the Group i.e. ₹5,000 for staff and ₹10,000 for managers subject to qualifying service of 15 years.

37. COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Claims against the company not acknowledged as debts	0.05	0.34
Sales tax matters	60.77	94.10
Excise duty matters	4.90	4.90
Service tax matters	159.00	159.00
Income tax matters	108.13	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, 2022, Company had commitments (net of advances) of ₹34.22 crores (March 31, 2021: ₹69.01 crores)

c. Financial guarantees provided

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Corporate guarantee / Letter of comfort given on behalf of subsidiaries (to the extent utilised)	76.20	100.27

- 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, 2022 is ₹5.6 crores (March 31, 2021: ₹11.84 crores)

38. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Related party disclosure	Country of incorporations	% of equity interest	
		As at 31 st March, 2022	As at 31 st March, 2021
Name of the related parties where control exists irrespective of whether transactions have occurred or not			
Subsidiaries:			
Blue Star Engineering and Electronics Limited	India	100.00	100.00
Blue Star Climatech Limited		100.00	-
Blue Star Qatar- WLL*	Qatar	49.00	49.00
Blue Star Systems and Solutions LLC	UAE	100.00	100.00
BSL AC&R (SINGAPORE) PTE. LTD.	Singapore	100.00	100.00
Blue Star International FZCO	UAE	100.00	100.00

* The Company holds 49% of the share capital in Blue Star Qatar WLL (BSQ). Upon assessment of control over BSQ, the Company has concluded that the said Company is a subsidiary of the Company under Ind AS 110.

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

Joint ventures	Country of incorporations	% of equity interest	
		As at 31 st March, 2022	As at 31 st March, 2021
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 (Until 4th June, 2021)
 Mr. Neeraj Basur, Group Chief Financial Officer; Company Secretary (Between 5th June, 2021 to 28th October, 2021)
 Mr. Rajesh Parte, Company Secretary (From 29th October, 2021)

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
 Ms. Sunaina Murthy

Relative of Director

Mr. Ashok M. Advani
 Mr. Suneel M. Advani

Enterprises in which a Director is / was a member / director / trustee during the year with whom company had transactions and / or balances

Moms Outdoor Media Solutions Pvt. Ltd.
 Madison Communications Pvt. Ltd.
 Somany Ceramics Ltd.
 IBS Fintech India Pvt. Ltd.
 Blue Star Helpline Trust

Transactions during the year with related parties are as under:

(₹ in crores)

Name of related party	For the year ended 31 st March, 2022	As at 31 st March, 2022	For the year ended 31 st March, 2021	As at 31 st March, 2021
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		0.87		0.87
Consultancy services rendered	-		0.02	
Blue Star Qatar WLL		0.87		0.23
Sales and services	0.80		-	
Guarantee commission	0.07		0.20	
Dividend received	2.40		2.40	
Blue Star Engineering and Electronics Ltd.		5.64		6.43
Reimbursement of expenses charged	0.43		-	
Purchase	-		0.01	
Sales of goods	0.16		0.06	
Shared service recovery	1.32		1.32	
Rent paid	3.25		3.29	
Finance cost	6.51		5.17	
Material cost reimbursement	1.46		-	
Inter corporate deposit	30.00	(160.00)	55.00	(130.00)
Project cost	9.46		0.82	
Blue Star International FZCO		36.95		22.67
Sale of goods	200.27		140.92	
Reimbursement of expenses	-		-	
Guarantee commission	*		0.02	
Blue Star System and Solution LLC		2.25		1.40
Sale of goods	4.57		2.23	
Guarantee commission	*		-	
Blue Star Climatech Ltd.		1.59		
Investment in equity shares	26.60		-	-
Transfer of leasehold land	4.01		-	-
Transfer of infrastructure development rights	19.59		-	-
Reimbursement of expenses	1.32		-	-
Inter corporate deposit	5.00	5.00	-	-
Reimbursement of expenses - salary	0.39		-	-
Corporate guarantee charges	0.07		-	-
Interest on ICD	*		-	-
Blue Star Helpline Trust		1.19		
Reimbursement of expenses	1.19			
Blue Star Oman Electromechanical Co. LLC[#]		4.46		4.46

Name of related party	For the year ended 31 st March, 2022	As at 31 st March, 2022	For the year ended 31 st March, 2021	As at 31 st March, 2021
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Enterprises in which Director is a member/ director				
Sale of goods and services				
Madison Communications Pvt. Ltd.	0.07	-	0.07	0.01
Moms Outdoor Media Solutions Pvt. Ltd.	0.01	(0.01)	0.01	(0.01)
Somany Ceramics Ltd.	0.03	-	0.02	-
Services received				
Moms Outdoor Media Solutions Pvt. Ltd.	2.08	-	0.20	0.01
Madison Communications Pvt. Ltd.	33.50	(0.70)	15.91	(0.71)
IBS Fintech India Pvt. Ltd.	0.16	-	0.35	-
Relative of director				
Fees for professional services	0.19	-	0.11	(0.01)
Compensation of key managerial personnel		(6.88)		(6.20)
Short-term employee benefits	14.83		11.95	
Sitting fees to Non-Executive and Independent Directors	0.52		0.71	
Commission to Non-Executive and Independent Directors	1.71		0.72	
Retirement benefits	0.77		0.74	
Total compensation paid to key management personnel	17.83		14.12	

* Indicates amount less than ₹1 Lakh.

fully provided for Allowance for doubtful loan.

Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

Corporate Guarantees / Letter of Comfort (LOC) to related parties

The Company had given corporate guarantees / letter of comfort (LOC) to subsidiaries and relevant joint ventures in the ordinary course of business to meet the working capital requirements of subsidiaries and joint ventures.

(₹ in crores)

Name of related party	For the year ended 31 st March, 2022	As at 31 st March, 2022	For the year ended 31 st March, 2021	As at 31 st March, 2021
	Transactions (Utilised till date)	Balance O/S (Gross Guarantee given / LOC)	Transactions (Utilised till date)	Balance O/S (Gross Guarantee given / LOC)
Blue Star Qatar WLL	2.10	232.50	81.06	236.76
Blue Star Engineering and Electronics Ltd.	-	5.00	-	5.00
Blue Star International FZCO	1.77	77.47	19.21	74.79
Blue Star System and Solutions LLC	3.76	7.58	-	-
BSL AC&R (SINGAPORE) PTE. LTD.	-	7.58	-	-
Blue Star Climatech Ltd.	68.57	105.00	-	-

The above transactions are in the ordinary course of business and are at arm's length.

39. 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.

Segment Revenues, results and other information:

(₹ in crores)

I. SEGMENT REVENUE	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	2,772.30	1,973.78
ii. Unitary Products	2,604.62	1,868.30
iii. Professional Electronics and Industrial Systems	0.07	0.15
TOTAL SEGMENT REVENUE	5,376.99	3,842.23

Note:

- Revenue contributed by any single customer in any of the operating segments, whether reportable or otherwise, does not exceed ten percent of the Company's total revenue.

(₹ in crores)

II. SEGMENT RESULT	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	178.87	94.05
ii. Unitary Products	163.86	108.82
iii. Professional Electronics and Industrial Systems	(0.25)	0.14
TOTAL SEGMENT RESULT	342.48	203.01
Less: i) Finance cost	(51.41)	(67.89)
ii) Other un-allocable expenditure net of un-allocable Income	(95.32)	(36.77)
PROFIT BEFORE TAXATION	195.75	98.35

III. OTHER INFORMATION

(₹ in crores)

A. SEGMENT ASSETS	As at 31 st March, 2022	As at 31 st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,665.84	1,478.33
ii. Unitary Products	1,571.45	987.08
iii. Professional Electronics and Industrial Systems (refer note 31)*	0.82	1.44
TOTAL SEGMENT ASSETS	3,238.11	2,466.85
Add: Un-allocable corporate assets	804.28	1,012.80
TOTAL ASSETS	4,042.39	3,479.65

(₹ in crores)

B. SEGMENT LIABILITIES	As at 31st March, 2022	As at 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,342.77	1,108.10
ii. Unitary Products	931.25	758.25
iii. Professional Electronics and Industrial Systems	1.56	1.13
TOTAL SEGMENT LIABILITIES	2,275.58	1,867.48
Add: Un-allocable corporate liabilities	758.50	693.08
TOTAL LIABILITIES	3,034.08	2,560.56

(₹ in crores)

C. NON-CURRENT ASSETS (MOVEMENT)	As at 31st March, 2022	As at 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	19.15	52.61
ii. Unitary Products	53.53	30.20
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	81.62	13.86
TOTAL	154.30	96.67

(₹ in crores)

D. DEPRECIATION / AMORTISATION	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	24.59	17.77
ii. Unitary Products	30.56	22.33
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	25.34	48.24
TOTAL	80.49	88.34

(₹ in crores)

E. NON CASH EXPENSES OTHER THAN DEPRECIATION	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	19.07	29.80
ii. Unitary Products	0.02	0.45
iii. Professional Electronics and Industrial Systems	-	0.20
iv. Un-allocable	0.80	1.19
TOTAL	19.89	31.64

(₹ in crores)

F. INTEREST INCOME	For the year ended 31st March, 2022	For the year ended 31st March, 2021
i. Electro-Mechanical Projects and Commercial Air Conditioning Systems	0.29	0.13
ii. Unitary Products	0.08	0.01
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	12.93	8.80
TOTAL	13.30	8.94

B. Secondary segment information:

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Revenue from operations for the year ended		
India	5,147.45	3,676.03
Outside India	229.54	166.20
Total	5,376.99	3,842.23
Carrying amount of non-current assets		
India	552.41	458.49
Outside India	-	-
Total	552.41	458.49

40. 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, 2022		As at 31 st March, 2021	
	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)
Particulars of Derivatives				
Forward cover to Purchase:				
- USD	13.12	9.95	126.56	92.53
- CNY (including commitments)	81.53	9.73	221.64	24.69
Forward cover to Sell:				
- USD	26.00	19.71	15.00	10.97

b. Derivative Instruments: Option contract outstanding as at balance sheet date

Foreign currency	As at 31 st March, 2022		As at 31 st March, 2021	
	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)
Particulars of Derivatives				
Option cover to Purchase:				
- USD	88.40	67.00	30.00	21.93
- CNY	120.68	14.41	-	-

c. Particulars of Un-hedged foreign currency exposure as at the balance sheet date

Foreign currency	As at 31 st March, 2022		As at 31 st March, 2021	
	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)	Amount in foreign currency (in lakhs)	₹ in crores (Notional value)
Bank balances				
EUR	-	-	0.01	0.01
USD	1.36	1.03	3.59	2.63
AED	1.73	0.36	3.53	0.70
RMB	0.21	0.03	-	-
Receivables				
AED	11.20	2.31	36.72	7.31
EUR	0.04	0.04	-	-
MYR	7.92	1.43	6.86	1.21
USD	41.82	31.70	16.76	12.25
SGD	0.59	0.33	-	-
Payables				
AED	0.03	0.01	-	-
CNY	13.18	1.57	20.13	2.24
EUR	0.92	0.78	1.95	1.67
GBP	#	*	-	-
JPY	42.64	0.26	49.48	0.33
OMR	0.01	0.03	-	-
RMB	209.94	25.06	125.93	14.03
USD	59.17	44.85	65.96	48.22

Indicates amount less than GBP 1 Thousand.

* Indicates amount less than ₹ 1 Lakh.

The above table does not include foreign currency exposure covered by derivative contracts as stated in (a) and (b) above although not specifically in hedge relationships.

41. 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 March 31, 2022:

(₹ in crores)

Particulars	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment Property (refer note 6)	March 31, 2022	7.08	-	-	7.08
Assets measured as fair value:					
Investment in mutual funds (refer note 8)	March 31, 2022	145.03	-	145.03	-
Derivatives not designated as hedges (refer note 10)					
- Foreign exchange forward contracts	March 31, 2022	0.12	-	0.12	-

There have been no transfers between Level 1, Level 2 and Level 3 during the period.

Quantitative disclosures of fair value measurement hierarchy as at March 31, 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	6.97	-	-	6.97
Assets measured as 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 1, Level 2 and Level 3 during the period.

Fair value hierarchy of financial assets and liabilities measured at fair value:

Valuation technique used to determine fair value:

1. Level - 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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVE & POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise 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 utilising foreign exchange forward contracts.

Foreign currency sensitivity

The following table demonstrates the sensitivity in multiple foreign currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ in crores)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		As at 31 st March, 2022	As at 31 st March, 2021	As at 31 st March, 2022	As at 31 st March, 2021
USD	+5%	(0.61)	(1.67)	(0.40)	(1.09)
	-5%	0.61	1.67	0.40	1.09
CNY	+5%	(0.08)	(0.11)	(0.05)	(0.07)
	-5%	0.08	0.11	0.05	0.07
AED	+5%	0.13	0.37	0.08	0.24
	-5%	(0.13)	(0.37)	(0.08)	(0.24)
EUR	+5%	(0.04)	(0.08)	(0.03)	(0.05)
	-5%	0.04	0.08	0.03	0.05
RMB	+5%	(1.25)	(0.70)	(0.82)	(0.46)
	-5%	1.25	0.70	0.82	0.46
MYR	+5%	0.07	0.06	0.05	0.04
	-5%	(0.07)	(0.06)	(0.05)	(0.04)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly to the company. Company does not have any exposure to the future cash flows resulting from change in interest rate as the Company's net obligations and assets carries fixed interest rate.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily trade receivables

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, 2022	387.07	559.80	72.04	1,018.91
Trade receivables as of March 31, 2021	213.59	408.92	89.68	712.18

Refer Note 12 for details on the allowance for expected credit loss on trade receivables.

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Company's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Company's maximum exposure for financial guarantees is given in Note 37.

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.

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, 2022		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	366.94	175.00	541.94
Trade payables	1,843.05	-	1,843.05
Lease liabilities	20.96	75.36	96.32
Other financial liabilities	34.56	-	34.56
Interest on borrowings	25.50	13.57	39.07
Total	2,291.01	263.93	2,554.94

(₹ 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

43. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise 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, 2022	As at 31 st March, 2021
Borrowings	539.94	578.79
Less: Cash and cash equivalents	(201.06)	(296.19)
Net debt	338.88	282.60
Equity	1,008.31	919.09
Gearing ratio	33.61%	30.75%

Net debt = Borrowings - Cash and cash equivalents

Gearing ratio = (Net debt / Equity) x 100

44. FINANCIAL RATIOS

(₹ in crores)

	As at 31 st March, 2022	As at 31 st March, 2021	Variance	Reason
Current ratio	1.12	1.22	(8.20%)	
Debt-Equity ratio	0.54	0.66	(18.18%)	
Debt Service Coverage Ratio (DSCR)	5.88	1.45	305.52%	In FY22, the Company has generated higher operating income to cover its annual debt & interest payments. Further, with lower debt and interest cost, the ratio has significantly improved compared to FY21.
Return on Equity Ratio (ROE)	13.25%	7.45%	77.81%	Revenue and profit growth in FY22 compared to the Pandemic hit FY21 resulted in higher ROE. Net profit for the year in FY 2021-22 improved.
Inventory turnover (No. of days)	86.26	105.35	(18.12%)	
Trade receivables turnover (No. of days)	58.76	69.25	(15.15%)	
Trade payables turnover (No. of days)	129.10	158.89	(18.75%)	
Net capital turnover ratio (in times)	16.08	8.02	100.57%	Revenue growth in FY22 along with better working capital management has improved the Net Capital Turnover ratio. Revenue growth along with higher efficiency on working capital improvement has resulted in improvement in the ratio.
Net profit ratio	2.36%	1.69%	39.64%	Revenue growth along with efficient operating cost management has resulted in an improved net profit ratio.
Return on Capital Employed (ROCE)	15.96%	11.10%	43.84%	Revenue and profit growth in FY22 as compared to the Pandemic hit FY21 has resulted in higher ROCE.
Return on investment				
Investment in mutual fund	4.59%	2.81%	63.58%	The increase in Mutual Fund returns is due to an increase in investment of longer duration funds compared to FY21, and better cashflow generation.
Investment in fixed deposit	5.35%	4.28%	24.99%	The increase in Fixed Deposit (FD) returns is due to placement of FDs for longer duration as compared to FY21, and better cashflow generation.

Current ratio = Current assets / Current liabilities

Debt / Equity ratio = Total debt / Shareholder's equity

DSCR = [Earnings before interest and tax] / [Interest expenses + Principal repayments made during the period for long-term loans]

Return on equity ratio = Net profit after tax / Average shareholder's equity X 100

Inventory turnover (no. of days) = Average Inventory / Cost of goods sold for the period X 365

Trade receivable turnover (no. of days) = Average debtors / Turnover for the period X 365

Trade payables turnover (no. of days) = Average payables / (Cost of material consumed + purchase of stock-in-trade + change in inventory + other expenses) X 365

Net capital turnover ratio (in times) = Net sales / Working capital

Net profit ratio (%) = Profit/(Loss) for the period / Total income X 100

Return on capital employed (%) = (Profit before tax + Finance charges + Depreciation) / Capital employed X 100

Return on investment (%) = Income from investment / Average investment X 100

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, 2022
			Total
Assets			
Inventories	1126.37	-	1126.37
Trade receivables	1018.91	-	1018.91
Loans	8.11	-	8.11
Other financial assets	18.06	-	18.06
Other current assets	589.13	9.21	598.34
Assets held for sale	5.90	-	5.90
Liabilities			
Trade payables	1843.05	-	1843.05
Lease liabilities	20.96	-	20.96
Other financial liabilities	34.56	-	34.56
Other current liabilities	481.65	-	481.65
Provisions	43.91	-	43.91

(₹ 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	7.56	-	7.56
Other financial assets	11.42	-	11.42
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

46. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST, 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 and wages	-	378.28	-	-	378.28
	-	(328.26)	-	-	(328.26)
Rent	0.65	-	46.78	-	47.43
	(0.70)	-	(33.58)	-	(34.28)
Power and fuel	0.93	-	17.41	-	18.34
	(1.26)	-	(13.68)	-	(14.94)
Insurance	2.22	-	4.42	-	6.64
	(2.12)	-	(4.14)	-	(6.26)
Travelling and conveyance	1.18	-	21.38	-	22.56
	(0.54)	-	(13.19)	-	(13.73)
Printing and stationery	0.75	-	2.42	-	3.17
	(0.44)	-	(1.86)	-	(2.30)
Communication expenses	0.03	-	-	-	0.03
	(0.03)	-	-	-	(0.03)
Freight and forwarding charges	0.88	-	82.72	-	83.60
	(1.45)	-	(66.22)	-	(67.67)
Legal and professional fees	15.22	-	54.64	-	69.86
	(6.91)	-	(35.46)	-	(42.37)
Bank charges	1.13	-	-	4.97	6.10
	(1.03)	-	-	(3.41)	(4.44)

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, 2022	For the year ended 31 st March, 2021
Employee benefit expense	21.94	15.27
Cost of raw material and components consumed	4.68	3.52
Legal & professional fees	1.13	1.34
Depreciation	11.96	13.43
Others	10.09	3.27
Total	49.80	36.83

(b) DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:*(₹ in crores)*

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Tangible assets		
Building sheds and road	-	6.77
Plant & equipment	13.80	4.06
Office equipments	-	0.98
Vehicles	0.41	0.12
Computers	-	0.26
Intangible assets		
Technical knowhow	3.15	9.80
Software	0.05	0.28
Total	17.41	22.27

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, 2022 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, 2022			For the year ended 31 st March, 2021		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Commercial Air Conditioning Systems	1,157.34	1,614.96	2,772.30	807.38	1,166.40	1,973.78
Unitary Products	2,558.34	46.28	2,604.62	1,830.41	37.89	1,868.30
Professional Electronics and Industrial Systems	-	0.07	0.07	0.01	0.14	0.15
Total	3,715.68	1,661.31	5,376.99	2,637.80	1,204.43	3,842.23

2. Reconciliation of contracted price with the revenue recognised in statement of profit and loss:*(₹ in crores)*

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Sale of products at transaction price & construction and service contracts at contracted price	5,430.07	3,919.11
Reductions towards variable consideration components*	(92.79)	(100.00)
Revenue recognised in profit and loss	5,337.28	3,819.11

Reduction towards variable consideration components include discounts, service level credits, etc.

3. Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹ Nil (March 31, 2021 ₹ Nil).
4. The aggregate value of Order Book as at March 31, 2022, is ₹3,004.70 crores (March 31, 2021: ₹2,815 crores). Out of this, the Company expects to recognise revenue of around 62% within the next one year and the remaining thereafter.
5. Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Opening balance - Contract assets (net of impairment)	325.24	378.50
Opening balance - Contract liabilities*	(120.50)	(116.89)
Revenue recognised during the year	(1,661.31)	(1,204.43)
Less: Progress billing during the year	1,773.34	1,147.56
Closing balance	316.77	204.74
Closing balance contract assets (net of impairment)	434.53	325.24
Closing balance contract liabilities including income received in advance	(117.76)	(120.50)
*The Company has recognised revenue out of opening contract liabilities	120.50	116.89

49. LEASES

Disclosure as per the requirement of Ind AS 116

Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

(₹ in crores)

Particulars	As at 31 st March, 2022	As at 31 st March, 2021
Right-of-use assets	66.13	43.78
Lease liabilities		
Current	20.96	22.86
Non-current	50.22	29.36

Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

(₹ in crores)

Particulars	Note	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Depreciation charge of right-of-use assets	31	17.71	21.17
Interest expense (included in finance costs)	33	6.29	6.36
Expense relating to short-term lease not included in lease liabilities	32	1.37	1.49
Expense relating to variable lease payments not included in lease liabilities	32	45.41	32.09

The total cash outflow for leases for the year ended March 31, 2022 was ₹73.62 crores (for March 31, 2021: ₹59.63 crores).

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Contractual undiscounted cash flow

(₹ in crores)

Particulars	For the year ended 31 st March, 2022	For the year ended 31 st March, 2021
Not later than 1 year	20.96	22.86
Later than 1 year and not later than 5 years	60.54	38.61
Later than 5 years	14.82	6.90
Total undiscounted lease liabilities	96.32	68.37

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
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Rajesh Parte	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai: May 05, 2022

Form AOC - 1

(Pursuant to first provision to Section 129(3) of the Companies Act, 2013
read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

PART A - SUBSIDIARIES

(₹ in crores)

Sr No.	Particulars	Name of the subsidiaries					
		Blue Star Engineering & Electronics Limited	Blue Star Climatech Limited	Blue Star Qatar WLL	Blue Star International FZCO	Blue Star Systems and Solutions LLC	BSL AC&R (Singapore) PTE. LTD.
1	Date since when subsidiary was acquired	June 22, 2010	May 17, 2021	February 12, 2007	April 18, 2017	August 15, 2018	August 29, 2020
2	Reporting period	April - March	April - March	April - March	April - March	April - March	April - March
3	Reporting currency	INR	INR	QAR	AED	AED	USD
4	Exchange rate as on the last date of the relevant financial year*	NA	NA	20.69	20.64	20.64	75.79
5	Share capital	529,25,052 Shares of ₹2/- each fully paid up	26,600,000 shares of ₹10/- each fully paid up	100 shares of QR 2000 each	5,350 shares of AED 1000 each	300 shares of AED 1000 each	43,80,001 Shares of S\$1 each
6	Reserves & surplus (other equity)	172.60	(2.16)	52.77	26.52	(14.01)	(0.08)
7	Total assets	349.29	100.56	192.73	119.67	14.25	21.67
8	Total liabilities	166.11	76.12	139.56	82.50	27.67	1.04
9	Investments other than investments in subsidiary	-	-	-	-	-	-
10	Turnover (total income)	276.71	0.03	284.09	306.52	24.32	2.17
11	Profit/(loss) before taxation	43.82	(2.16)	8.32	13.61	(4.99)	(0.07)
12	Provision for taxation	12.30	-	2.59	-	-	-
13	Profit/(loss) after taxation	31.52	(2.16)	5.73	13.61	(4.99)	(0.07)
14	Other comprehensive income/(loss)	(0.14)	-	-	-	-	-
15	Total comprehensive income/(loss)	31.38	(2.16)	5.73	13.61	(4.99)	(0.07)
16	Proposed dividend	-	-	-	-	-	-
17	% of Shareholding	100%	100%	49%	100%	100%#	100%**

*Closing exchange rate as on March 31, 2022 has been considered

Blue Star Systems and Solutions LLC. a wholly owned subsidiary of Blue Star International FZCO.

**BSL AC&R (Singapore) Pte Ltd, a wholly owned subsidiary of Blue Star International FZCO.

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, 2022
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, 2022	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	-	17.31
6	Profit/(loss) for the year		
	i. Considered in consolidation	-	1.09
	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	-	1.09
	ii. Not considered in consolidation	-	-

[#] refer note 40 in Consolidated Financial Statements

^{**} Blue Star M & E Engineering (Sdn) Bhd is a joint venture of BSL AC&R (Singapore) Pte. Ltd.

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

Shailesh Haribhakti	Chairman	DIN: 00007347
Vir S Advani	Vice Chairman and Managing Director	DIN: 01571278
Rajesh Parte	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai: May 05, 2022

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
Rajesh Parte*
Email: rajeshparte@bluestarindia.com
Tel: +91 22 6654 4000
**(w.e.f. October 29, 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
Email: 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, 2022, the Company has 56,504 registered shareholders. The Promoters hold 38.78% of the Company's shares. 23.49% 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

