

**INDEPENDENT AUDITOR'S REPORT**

To the members of Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)

**Report on the Financial Statements**

We have audited the accompanying financial statements of Blue Star Engineering & Electronics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

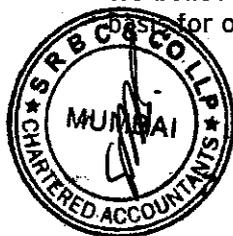
**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



# **S R B C & CO LLP**

Chartered Accountants

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### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, its loss, and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, 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 purpose 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) 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, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company does not have any pending litigation which would impact its financial position;
    - (ii) The Company has made provision, as required as per accounting standard, for foreseeable losses on long term contracts- Refer Note 6 to the financial statements.



# **S R B C & CO LLP**

Chartered Accountants

**Blue Star Engineering and Electronics Limited**  
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(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

  
per Sudhir Soni  
Partner

Membership Number: 41870



Place: Mumbai  
Date: 28 May 2015

# **S R B C & CO LLP**

Chartered Accountants

## **Blue Star Engineering and Electronics Limited**

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**Annexure referred to in paragraph 1 under the heading "Report on other legal and Regulatory Requirement" of our report of even date**

**Re: Blue Star Engineering and Electronics Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(ii)(a) and (b) of Order are not applicable to the company and hence not commented upon.
- (b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regards to the explanation that certain vendors are preferred by the Company's project customers there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the rendering the services. The activities of the company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, employees' state insurance, value added tax, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales-tax, service tax, employees' state insurance, value added tax and cess and other material statutory dues were



# **S R B C & CO LLP**

Chartered Accountants

## **Blue Star Engineering and Electronics Limited**

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outstanding at the year end, for period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, value added tax and cess which have not been deposited on account of any dispute.
- (c) According to the information and explanations given to us, the provisions of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder are not applicable to company.
- (viii) The Company has been registered for a period less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of financial year is fifty percent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E

  
per Sudhir Soni  
Partner

Membership Number: 41870



Place: Mumbai

Date: 28 May 2015

**BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)**  
**BALANCE SHEET AS AT 31 MARCH 2015**

	Notes	31 March 2015 In ₹	31 March 2014 In ₹
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	7,66,00,104	1,97,00,000
Reserves and surplus	4	67,12,81,992	(19,20,40,345)
		<u>74,78,82,096</u>	<u>(17,23,40,345)</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	-	16,25,00,000
Long term provisions	6	37,18,941	42,05,241
		<u>37,18,941</u>	<u>16,67,05,241</u>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	7	67,39,09,085	34,09,30,030
Trade payables	8	23,07,19,960	24,15,96,118
Other current liabilities	9	27,81,55,426	26,46,67,691
Short-term provisions	6	2,52,59,562	1,38,00,563
		<u>1,20,80,44,033</u>	<u>86,09,94,402</u>
<b>TOTAL</b>		<u>1,95,96,45,070</u>	<u>85,53,59,298</u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	10	1,86,18,248	5,49,802
Capital Work in progress		37,445	-
Intangible assets	10	80,88,61,614	3,72,292
Intangible assets under development		1,34,528	-
Trade receivables	11	6,03,52,096	5,34,77,214
Loans and advances	12	4,94,97,091	4,51,03,382
		<u>93,75,01,022</u>	<u>9,95,02,690</u>
<b>CURRENT ASSETS</b>			
Current investments	13	18,00,00,000	-
Inventories	14	18,50,04,683	8,95,198
Trade receivables	11	43,30,10,498	39,34,15,929
Cash and bank balances	15	57,391	40,59,925
Loans and advances	12	11,37,75,513	16,12,95,950
Other current assets	16	11,02,95,963	19,61,89,606
		<u>1,02,21,44,048</u>	<u>75,58,56,608</u>
<b>TOTAL</b>		<u>1,95,96,45,070</u>	<u>85,53,59,298</u>
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **S R B C & CO LLP**  
 ICAI Firm Registration No 324982E  
 Chartered Accountants

Per Sudhir Soni  
 Partner  
 Membership No. 41870  
 Place: Mumbai  
 Date: 28 May 2015



For and on behalf of the Board of Directors of  
 Blue Star Engineering & Electronics Limited

Sujan Chatterjee  
 Director

Vir S Advani  
 Director

Place: Mumbai  
 Date: 28 May 2015

Karina Pereira  
 Company Secretary

**BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	31 March 2015 In ₹	31 March 2014 In ₹
<b>INCOME</b>			
Revenue from operations	17	34,28,78,372	68,56,71,245
Other income	18	1,72,88,355	63,16,148
<b>Total Revenue (I)</b>		<b>36,01,66,727</b>	<b>69,19,87,393</b>
<b>EXPENSES</b>			
Cost of materials consumed and project related costs	19	28,07,10,352	65,03,95,431
Employee benefits expense	20	5,43,90,010	7,05,23,555
Depreciation and amortisation expenses	21	8,01,168	3,64,357
Finance cost	22	6,11,82,891	5,26,14,117
Other expenses	23	14,78,59,865	5,08,16,296
<b>Total Expense (II)</b>		<b>54,49,44,286</b>	<b>82,47,13,756</b>
<b>Profit (Loss) before tax (I - II)</b>		<b>(18,47,77,559)</b>	<b>(13,27,26,363)</b>
Tax expenses			
Tax for earlier year		-	1,18,061
<b>Total Tax Expenses</b>		<b>-</b>	<b>1,18,061</b>
<b>Profit (Loss) for the year</b>		<b>(18,47,77,559)</b>	<b>(13,28,44,424)</b>
<b>Earnings per equity share [nominal value of share ₹ 2 (31 March 2014 : ₹ 10)]</b>			
<b>Basic and diluted EPS</b>	24	<b>(18.61)</b>	<b>(13.49)</b>
<b>Summary of significant accounting policies</b>	2.1		

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

As per our report of even date

For **S R B C & CO LLP**  
 ICAI Firm Registration No 324982E  
 Chartered Accountants

Per Sudhir Soni  
 Partner  
 Membership No. 41870  
 Place: Mumbai  
 Date: 28 May 2015



For and on behalf of the Board of Directors of  
 Blue Star Engineering & Electronics Limited

*Sujan Chatterjee*  
 Sujan Chatterjee  
 Director

*Karina Pereira*  
 Karina Pereira  
 Company Secretary

*Vir S Advani*  
 Vir S Advani  
 Director

Place: Mumbai  
 Date: 28 May 2015

**BLUE STAR ENGINEERING & ELECTRONICS LIMITED (Formerly known as Blue Star Electro-Mechanical Limited)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	31 March 2015 In ₹	31 March 2014 In ₹
<b>Cash flow from Operating Activities</b>			
(Loss) before tax from continuing operations		(18,47,77,559)	(13,27,26,363)
<b>(Loss) before tax</b>		(18,47,77,559)	(13,27,26,363)
<b>Adjustment to reconcile profit before tax to net cash flows</b>			
Depreciation / amortisation		8,01,168	3,64,357
Loss / (profit) on sale of fixed assets		(1,79,678)	37,424
Provision for doubtful debts and advances		11,92,91,332	2,15,44,387
Interest expenses		6,11,82,891	5,26,14,117
Interest on Income tax refund		(77,118)	(14,32,565)
Interest on Bill Discounting		(13,13,121)	(22,74,106)
Provision/Liability no longer required written back		(1,57,18,438)	(26,09,477)
<b>Operating loss before working capital changes</b>		(2,07,90,523)	(6,44,82,226)
<b>Movements in working capital :</b>			
Increase/(decrease) in trade payables		(12,91,44,653)	(4,12,62,381)
Increase/(decrease) in short/long term provisions		(83,96,294)	(40,04,121)
Increase/(decrease) in other current liabilities		(13,16,14,223)	(17,06,63,228)
Decrease/(increase) in trade receivable		15,33,07,338	7,17,93,121
Decrease/(increase) in inventory		8,95,198	(86,59,488)
Decrease/(increase) in Short/long term loans & advances		7,62,28,161	(26,12,564)
Decrease/(increase) in other current assets		8,68,41,052	12,24,69,888
<b>Cash generated from/(Used In) operations</b>		4,81,16,579	(3,29,38,774)
Income tax paid ( net) for earlier year		-	(1,18,061)
Interest on Income tax refund		77,118	14,32,565
<b>Net cash flow (used In) operating activities [A]</b>		2,74,03,174	(9,61,06,496)
<b>Cash flow from investing activities</b>			
Capital Expenditure on Intangible asset		(33,15,598)	(2,93,058)
Proceeds from sale of fixed assets		3,00,605	3,51,712
Investment purchased		(18,00,00,000)	-
<b>Net cash flow from/(used In) Investing activities [B]</b>		(18,30,14,993)	58,654
<b>Cash flow from financing activities</b>			
Proceeds from short-term borrowings		5,11,82,22,682	47,92,26,402
Repayment of short-term borrowings		(4,78,52,43,627)	(51,30,00,000)
Proceeds from long-term borrowings		-	21,00,00,000
Repayment of long-term borrowings		(12,15,00,000)	(4,75,00,000)
Interest paid		(6,11,82,891)	(3,24,24,897)
Interest on Bill Discounting		13,13,121	22,74,106
<b>Net Cash flow from financing activities [C]</b>		15,16,09,285	9,85,75,611
<b>Net increase/(decrease) in cash and cash equivalents [A + B + C]</b>		(40,02,534)	25,27,769
<b>Cash and cash equivalents at the beginning of the year</b>		40,59,925	15,32,156
<b>Cash and cash equivalents at the end of the year</b>		57,391	40,59,925
<b>Components of cash and cash equivalents</b>			
Cash on hand		-	361
Cheques in hand		-	40,02,173
With banks - on current account		57,391	57,391
<b>Total Cash &amp; Cash Equivalent (Refer note 15)</b>		57,391	40,59,925

**Note:**

Cash flow excludes non cash transaction pertaining to acquisition of business from Holding Company (Refer Note 37).

**Summary of significant accounting policies**

2.1

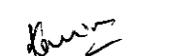
As per our report of even date  
For S R B C & CO LLP  
ICAI Firm Registration No 324982E  
Chartered Accountants

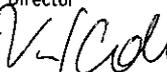
For and on behalf of the Board of Directors of  
Blue Star Engineering & Electronics Limited

  
Per Sudhir Soni  
Partner  
Membership No. 41870  
Place: Mumbai  
Date: 28 May 2015



  
Sujan Chatterjee  
Director

  
Karina Pereira  
Company Secretary

  
Vir S Advani  
Director  
Place: Mumbai  
Date: 28 May 2015

**Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)**  
**Notes to financial statements for the year ended 31 March 2015**

**1. Corporate information**

Blue Star Engineering and Electronic Limited ("the Company") is a public company domiciled in India (with effect from 27<sup>th</sup> February 2015, the name of the company has changed from Blue Star Electro Mechanical Limited to Blue Star Engineering and Electronics Limited). The Company is in the business of providing Plumbing & Fire Fighting Contracting Services. During the year Company has acquired Professional Electronics and Industrial System Division ( Refer note 37) from its holding company Blue Star Ltd.

**Basis of preparation**

The financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standard notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year except for change in accounting policy as explained below.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of Companies Act, 2013 ('The Act').

Based on the nature of business and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

**1.1 Summary of significant accounting policies**

**a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b) Tangible fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.



**Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)**  
**Notes to financial statements for the year ended 31 March 2015**

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**c) Depreciation on Tangible Fixed Assets**

Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following life to provide depreciation on its fixed assets.

Useful lives estimated by the management (years)

Plant & Machinery	20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - Desktop, Laptops	3

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

The useful life of plant and machinery has been estimated as 20 years. These lives are higher than those indicated in schedule II of the Act.

**d) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Amortization of Goodwill:

Goodwill arising on acquisition of PE&IS business is tested for impairment as at the reporting date and impairment, if any, is written off.

**e) Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present



**Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)**  
**Notes to financial statements for the year ended 31 March 2015**

value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f) Leases**

**Where the Company is the lessee:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**g) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis

**h) Inventories**

**Inventories are valued as follows:**

- (i) Stores and Spares and Traded goods are valued at lower of cost or net realizable value. Cost includes cost of Purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.
- (ii) Project Work-in-Progress is valued at the Project Rate.
- (iii) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**i) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, upon fulfillment of following criteria:

**Construction revenue**

In case of construction contracts, the Company follows percentage of completion (POC) method based on the stage of completion at the balance sheet date, taking into account contractual price and revisions thereto by estimating total revenue including claims / amendments / variations, that have been confirmed by the customer or for which payment is considered highly probable, and total cost till completion of the contract and the profit so determined has been accounted for proportionate to the percentage of actual work done, as certified on the construction site.

In case of cost-plus contract, the Company recognises revenue only when it is probable that the economic benefits associated with the contract flows to the Company and the costs are clearly identified and reliably measured.



**Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)**  
**Notes to financial statements for the year ended 31 March 2015**

Contract costs that relate to future activity on the contract are recognised as an asset provided it is probable that they will be recovered. Such costs represent an amount due from the customer and are classified as construction work-in-progress.

A provision for expected loss on construction contracts is recognized when it is probable that the contract costs will exceed total contract revenue. For all other contracts, loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue is reflected under "Current Liabilities" in the balance sheet.

**AMC services**

Revenue from annual maintenance contract is recognized as when the services are rendered.

**Interest Income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

**Sale of Goods**

Revenue from sale of goods is recognized when then the significant risks and rewards of ownership of the goods have passed to the buyer, which is generally on dispatch of goods. Sales taxes and Value added taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

**Interest income**

Commission income is recognized as and when the terms of the contracts are fulfilled.

**j) Retirement and other employee benefits**

**Defined contribution plan**

**Provident fund**

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions are due. There are no other obligations other than the contribution payable to the respective funds.

**Superannuation Scheme**

The Company's liability towards Superannuation scheme administered through the Trusts maintained by the Company, are considered as Defined Contribution Plan. The Company's contributions paid/payable towards this defined contribution plan is recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. There are no other obligations other than the contributions payable to the Trust.

**Defined benefit plans**



**Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)**  
**Notes to financial statements for the year ended 31 March 2015**

Company's liability towards gratuity is considered as a Defined Benefit Plan. The present value of the obligations towards Gratuity and additional gratuity are determined based on actuarial valuation using the projected unit credit method at the end of each financial year. The obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields on Government securities at the balance sheet date, and adjusted for salary escalations and attrition rate. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

**Other Employee Benefits**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are taken to the statement of profit and loss. The Company presents the entire leave as a Current Liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting period.

**k) Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.



**Blue Star Engineering & Electronics Limited (Formerly known as Blue Star Electro-Mechanical Limited)**  
**Notes to financial statements for the year ended 31 March 2015**

**D) Segment reporting**

(i) Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Allocation of common costs/ assets & liabilities:

Common allocable costs/assets and liabilities are consistently allocated amongst the segments on appropriate basis.

(ii) Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment

(iii) Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**m) Earnings per Share**

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**n) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**o) Warranty provisions**

Provision for warranty-related costs is recognized when the service is provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

**p) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Notes to financial statements for the year ended 31 March 2015

3 Share capital

	31 March 2015 In ₹	31 March 2014 In ₹
<b>Authorised Shares</b>		
45,000,000 equity shares of ₹ 2 each ( 31 March 2014 : 2,000,000 of ₹ 10 each)	9,00,00,000	2,00,00,000
<b>Issued, Subscribed and Fully Paid up</b>		
38,300,052 Equity Shares of Rs. 2 each ( 31st Mar 2014: 19,70,000 Equity shares of Rs. 10 Each) (All the above share are held by Blue Star Limited, the Holding Company and its nominees)	7,66,00,104	1,97,00,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>7,66,00,104</b>	<b>1,97,00,000</b>

(a) Reconciliation of Shares outstanding at the beginning & end of the reporting period

Equity Shares

	31 March 2015		31 March 2014	
	No of shares	In ₹	No of shares	In ₹
At the beginning of the year *	98,50,000	1,97,00,000	19,70,000	1,97,00,000
Issued during the year ( Refer Note 37)	2,84,50,052	5,69,00,104	-	-
Outstanding at the end of the year	<b>3,83,00,052</b>	<b>7,66,00,104</b>	<b>19,70,000</b>	<b>1,97,00,000</b>

\* 1,970,000 equity share of ₹ 10 each has been subdivided into 9,850,000 equity share of ₹ 2 each on May 28, 2014.

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹2 per share (31 March 2014 @ ₹10 each). Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, 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 proportion to the number of equity shares held by the shareholders.

(c) Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	31 March 2015 In ₹	31 March 2014 In ₹
Blue Star Limited, the Holding Company and its nominees 38,300,052 of ₹2 each fully paid up ( 31 March 2014 : 1,970,000 of ₹10 each fully paid up)	7,66,00,104	1,97,00,000

d. Details of shareholders holding more than 5% shares in the company

Name of Share Holder	31 March 2015		31 March 2014	
	No. of shares held	% holding	No. of shares held	% holding
Equity Shares of ₹ 2 each fully paid up ( 31 March 2014: ₹10 each fully paid up)				
Blue Star Ltd. the holding Company and its nominees	3,83,00,052	100%	19,70,000	100%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4 Reserves and surplus

	31 March 2015 In ₹	31 March 2014 In ₹
<b>Securities premium</b>		
Balance as per last financial statements	20,88,86,630	20,88,86,630
Add: Premium on shares issued during the year (Refer Note 37)	1,04,80,99,896	-
<b>Closing Balance</b>	<b>1,25,69,86,526</b>	<b>20,88,86,630</b>
<b>Deficit in the Statement of Profit and Loss</b>		
Balance as per last financial statements	(40,09,26,975)	(26,80,82,551)
Loss for the year	(18,47,77,559)	(13,28,44,424)
<b>Net Deficit in Statement of Profit and Loss</b>	<b>(58,57,04,534)</b>	<b>(40,09,26,975)</b>
<b>Total Reserves &amp; Surplus</b>	<b>67,12,81,992</b>	<b>(19,20,40,344)</b>



Notes to financial statements for the year ended 31 March 2015

5 Long term borrowings

	Non Current Portion		Current Portion	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	In ₹	In ₹	In ₹	In ₹
Inter-corporate loan ( Unsecured)	-	16,25,00,000	4,10,00,000	-
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(4,10,00,000)	-
	-	16,25,00,000	-	-

Loan taken from Blue Star Design & Engineering Limited carries interest @11% p.a. and is repayable on demand after 31 March 2015.

6 Provisions

	Long term		Short term	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	In ₹	In ₹	In ₹	In ₹
<b>Provision for Employee Benefits</b>				
Provision for gratuity ( Refer Note 25)	37,18,941	42,05,241	5,72,668	73,468
Provision for leave benefits	-	-	1,71,97,982	22,36,945
Super Annuation Fund	-	-	39,04,089	-
	37,18,941	42,05,241	2,16,74,739	23,10,413
<b>Other Provisions</b>				
Provision for warranties	-	-	32,75,183	32,83,370
Provision for loss orders	-	-	3,09,640	82,06,780
	-	-	35,84,823	1,14,90,150
	37,18,941	42,05,241	2,52,59,562	1,38,00,563

**Provision for warranties**

Warranty is provided to the customer for a period of 12-24 months from the handing over of the project. A provision is recognised for expected warranty claims on jobs completed during provision periods, based on past experience of such claims. Assumptions used to calculate the provision for warranties were based on amount of planned revenue from respective projects. The estimate of such warranty cost are revised annually. The table below gives information about the movement.

	31 March 2015	31 March 2014
	In ₹	In ₹
At the beginning of the year	32,83,370	58,92,847
Arises during the year	26,10,289	13,57,497
Utilized during the year	(26,10,289)	-
Less: Reversal of warranty provision	(8,188)	(39,66,974)
<b>At the ending of the year</b>	<b>32,75,182</b>	<b>32,83,370</b>
Current	32,75,182	32,83,370
Non Current Portion	-	-

**Provision for loss orders**

A provision for expected loss on construction contract is recognised when it is probable that the contract cost will exceed the total contract revenue. For all other contracts, loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

	31 March 2015	31 March 2014
	In ₹	In ₹
At the beginning of the year	82,06,780	78,79,632
Arising during the year	-	3,27,148
Utilized during the year	78,97,140	-
Unused amounts reversed during the year	-	-
<b>At the ending of the year</b>	<b>3,09,640</b>	<b>82,06,780</b>
Current Portion	3,09,640	82,06,780
Non Current Portion	-	-



Notes to financial statements for the year ended 31 March 2015

**7 Short term borrowings**

	31 March 2015 In ₹	31 March 2014 In ₹
Cash credit (Secured)	23,99,13,041	33,10,51,203
Working Capital Demand Loan (Secured)	15,00,00,000	-
Purchase bill discounting (Unsecured)	39,96,044	98,78,827
Inter-corporate loan ( Unsecured)	28,00,00,000	-
	<u>67,39,09,085</u>	<u>34,09,30,030</u>

**Cash credit (Secured)**

Secured by all existing and future current and movable assets and irrevocable Corporate Guarantee of Blue Star Limited. The cash credit is repayable in 60 days and carries interest @ 12.25% to 12.70% p.a.

**Working Capital Demand Loan (Secured)**

Secured by all existing and future current and movable fixed assets and irrevocable Corporate Guarantee of Blue Star Limited. The Working Capital Demand Loan is repayable in six months and carries interest @ 10% to 11.50% p.a.

**Purchase bill discounting (Unsecured)**

Secured by all existing and future current and movable assets and irrevocable Corporate Guarantee of Blue Star Limited. The purchase bill discounting is repayable in 60 days and carries interest @ 12.50% p.a.

**Inter-corporate loan ( Unsecured)**

Inter-corporate loan carries interest @ 11% to 12.75%, repayable on demand.

**8 Trade payables**

	31 March 2015 In ₹	31 March 2014 In ₹
<b>Trade payables (including acceptances) (refer note 30 for details of dues to micro and small enterprises)</b>	<u>23,07,19,960</u>	<u>24,15,96,118</u>

**9 Other current liabilities**

Current maturities of long-term borrowings (Refer Note 5)	4,10,00,000	-
Interest on Dealer deposit	11,974	-
Interest accrued and due on borrowings	1,88,31,925	1,81,70,297
Unearned revenue (Amount due to customers )	4,01,44,844	4,36,07,603
Advance from customers	17,49,71,290	8,34,51,070
<b>Others :</b>		
Others liabilities	-	4,58,724
Advisory bonus	-	11,27,00,000
VAT payable	11,50,010	3,63,405
TDS payable	18,22,158	50,57,687
Service Tax Payable	-	1,05,494
Others Statutory Dues	2,23,225	7,53,411
	<u>27,81,55,426</u>	<u>26,46,67,691</u>
	<u>50,88,75,386</u>	<u>50,62,63,809</u>



Notes to financial statements for the year ended 31 March 2015

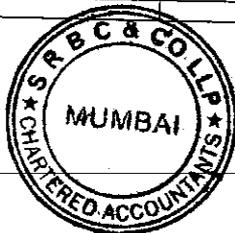
10 Fixed Assets

Tangible Assets

Particulars	Office Equipments	Computers	Furniture & Fixtures
Cost or Valuation as at 1st April 2013	2,29,167	2,48,093	76,155
Additions:	-	-	-
Disposals:	-	-	-
As at 31st March 2014	2,29,167	2,48,093	76,155
Additions:	-	-	-
Disposals:	-	-	-
Other Adjustment	-	-	-
Assets acquired under BTA (Refer Note NO 37)	21,20,004	1,13,214	12,887
As at 31st March 2015	23,49,171	3,61,307	89,042
Accumulated Depreciation as at 1st April 2013	57,903	1,33,604	76,155
Charge for the year	23,823	49,059	-
Disposals	-	-	-
As at 31st March 2014	81,726	1,82,663	76,155
Charge for the year	1,47,441	65,430	-
Disposals	-	-	-
As at 31st March 2015	2,29,167	2,48,093	76,155
Net Block			
At 31 March 2014	1,47,441	65,430	-
At 31 March 2015	21,20,004	1,13,214	12,887

Intangible Assets

Particulars	Software	Goodwill	Total
Cost or Valuation as at 1st April 2013	2,90,255	-	2,90,255
Additions:	2,93,058	-	2,93,058
Disposals:	-	-	-
As at 31st March 2014	5,83,313	-	5,83,313
Additions:	-	-	-
Other Adjustment	-	-	-
Assets acquired under BTA (Refer Note NO 37)	-	80,88,61,614	80,88,61,614
Disposals:	-	-	-
As at 31st March 2015	5,83,313	80,88,61,614	80,94,44,927
Depreciation			
as at 1st April 2013	1,05,742	-	1,05,742
Charge for the year	1,05,279	-	1,05,279
Disposals	-	-	-
As at 31st March 2014	2,11,021	-	2,11,021
Charge for the year	3,72,292	-	3,72,292
Disposals	-	-	-
As at 31st March 2015	5,83,313	-	5,83,313
Net Block			
At 31 March 2014	3,72,292	-	3,72,292
At 31 March 2015	-	80,88,61,614	80,92,33,906



Notes to financial statements for the year ended 31 March 2015

11 Trade receivables

	Non Current		Current	
	31 March 2015 In ₹	31 March 2014 In ₹	31 March 2015 In ₹	31 March 2014 In ₹
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	-	11,98,12,191
Unsecured, considered good	-	-	5,18,40,587	11,93,79,243
Unsecured, considered doubtful	-	-	14,80,87,773	3,42,89,433
(Less) Provision for doubtful debts	-	-	(14,80,87,773)	(3,42,89,433)
(A)	-	-	5,18,40,587	23,91,91,434
<b>Other receivables</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	6,03,52,096	5,34,77,214	38,11,69,911	15,42,24,495
Unsecured, considered doubtful	-	-	-	-
(Less) Provision for doubtful debts	-	-	-	-
(B)	6,03,52,096	5,34,77,214	38,11,69,911	15,42,24,495
<b>Total (A+B)</b>	<b>6,03,52,096</b>	<b>5,34,77,214</b>	<b>43,30,10,498</b>	<b>39,34,15,929</b>

12 Loans and advances

	Non Current		Current	
	31 March 2015 In ₹	31 March 2014 In ₹	31 March 2015 In ₹	31 March 2014 In ₹
<b>Security deposit</b>				
Unsecured, considered good	11,22,130	2,57,103	76,41,722	-
(A)	11,22,130	2,57,103	76,41,722	-
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	8,08,13,688	12,60,96,229
Unsecured, considered doubtful	-	-	-	22,64,464
(Less) Provision for doubtful advances	-	-	-	(22,64,464)
(B)	-	-	8,08,13,688	12,60,96,229
Advances recoverable in cash or kind include ₹ 2,627,106 from Blue Star Limited (Refer Note 37)				
<b>Other loans and advances</b>				
Advance Income Tax (net of provision for taxation)	2,85,07,192	3,12,81,249	-	-
Prepaid expenses	-	-	22,75,214	7,90,516
Balances with statutory / government authorities	1,83,60,897	1,35,65,030	2,26,43,790	3,44,09,205
Advance to Employee	15,06,872	-	4,01,099	-
(C)	4,83,74,961	4,48,46,279	2,53,20,103	3,51,99,721
<b>Total (A+B+C)</b>	<b>4,94,97,091</b>	<b>4,51,03,382</b>	<b>11,37,75,513</b>	<b>16,12,95,950</b>

13 Current Investments

	31 March 2015 In ₹	31 March 2014 In ₹
<b>Non Trade Investment</b>		
<b>Preference Shares (Unquoted)</b>		
1,800,000 (31 March 2014: NIL) 10% preference shares of 100 each fully paid up in Blue Star Design & Engineering Limited**	18,00,00,000	-
	<u>18,00,00,000</u>	<u>-</u>

\*\* Preference shares are redeemable at the option of shareholders and management has no intention to carry these investment for the period more than 12 months. Investments are valued at lower of cost and fair value. (Refer Note 36)



Notes to financial statements for the year ended 31 March 2015

14 Inventories (valued at lower of cost and net realisable value)

	31 March 2015	31 March 2014
	In ₹	In ₹
Raw Material		8,95,198
Stores and Spares	1,22,950	-
Traded Goods (Including in Transit Rs. 8,558,103, 31st March 2014)	18,48,81,733	-
	<u>18,50,04,683</u>	<u>8,95,198</u>

15 Cash and bank balances

	Current	
	31 March 2015	31 March 2014
	In ₹	In ₹
Cash and cash equivalents		
Balances with banks:		
On current accounts	57,391	57,391
Cash on hand	-	361
Cheques in hand	-	40,02,173
	<u>57,391</u>	<u>40,59,925</u>

16 Other current assets

	Current	
	31 March 2015	31 March 2014
	In ₹	In ₹
Unbilled revenue (Contract revenue in excess of billing) (Refer Note 32)	9,58,90,852	17,88,07,394
Project Work in progress	1,34,57,702	1,73,82,212
AMC Unbilled (Refer Note 36)	9,47,409	-
Total	<u>11,02,95,963</u>	<u>19,61,89,606</u>



Notes to financial statements for the year ended 31 March 2015

**17 Revenue from operations**

	31 March 2015	31 March 2014
	In ₹	In ₹
Revenue from operations		
Revenue from project contracts (Refer Note 32)	31,49,02,710	67,37,21,125
Other Operating Revenue (Refer 17a)	2,79,75,662	1,19,50,120
Revenue from operations	<u>34,28,78,372</u>	<u>68,56,71,245</u>

**17a. Details of Other Operating Revenue**

	31 March 2015	31 March 2014
	In ₹	In ₹
Recovery from Group Company	1,59,93,275	69,22,489
AMC Services, Consultancy Fee & income from Miscellaneous work	1,19,82,387	50,27,631
	<u>2,79,75,662</u>	<u>1,19,50,120</u>

**18 Other income**

	31 March 2015	31 March 2014
	In ₹	In ₹
Interest on income tax refund	77,118	14,32,565
Interest on Bill Discounting	13,13,121	22,74,106
Provision/Liability no longer required written back (Refer Note 35)	1,57,18,438	26,09,477
Profit on Sale of assets	1,79,678	-
	<u>1,72,88,355</u>	<u>63,16,148</u>

**19 Cost of materials consumed and project related costs**

	31 March 2015	31 March 2014
	In ₹	In ₹
Inventory at the beginning of the year	8,95,198	96,17,922
Add: Purchase of materials and project related costs	27,98,15,154	64,16,72,707
	28,07,10,352	65,12,90,629
Less: Inventory at the end of the year	-	(8,95,198)
Cost of materials consumed and project related costs	<u>28,07,10,352</u>	<u>65,03,95,431</u>

**20 Employee benefit expenses**

	31 March 2015	31 March 2014
	In ₹	In ₹
Salaries, Wages and Bonus	5,05,04,496	6,88,42,728
Contribution to Provident and other Funds	13,15,386	13,30,602
Gratuity Expense (Refer Note 25)	19,31,188	(7,01,034)
Staff welfare expenses	6,38,940	10,51,259
	<u>5,43,90,010</u>	<u>7,05,23,555</u>

**Contribution to provident and other funds**

	31 March 2015	31 March 2014
	In ₹	In ₹
Provident fund contribution	12,75,772	12,04,013
ESIC contribution	39,614	1,26,589
	<u>13,15,386</u>	<u>13,30,602</u>

**21 Depreciation**

	31 March 2015	31 March 2014
	In ₹	In ₹
Depreciation of tangible assets	4,28,876	2,59,078
Amortisation of intangible assets	3,72,292	1,05,279
	<u>8,01,168</u>	<u>3,64,357</u>



Notes to financial statements for the year ended 31 March 2015

22 Finance Cost

	31 March 2015	31 March 2014
	In ₹	In ₹
Interest on inter-corporate loans	2,32,77,307	2,01,89,220
Interest on cash credit	3,71,95,217	3,13,73,434
Interest on bill discounting	7,10,367	10,51,463
	<u>6,11,82,891</u>	<u>5,26,14,117</u>

23 Other expenses

	31 March 2015	31 March 2014
	In ₹	In ₹
Insurance	5,49,105	8,18,065
Rent and Hire charges	5,37,920	7,04,990
Repairs and maintenance (others)	2,17,875	7,60,477
Travelling and conveyance	14,79,366	27,88,754
Communication costs	7,42,491	10,76,643
Printing and stationery	3,97,935	4,07,700
Rates & taxes	14,36,179	8,25,784
Legal and professional fees	2,07,12,909	1,84,15,529
Payment to auditor (Refer details below)	10,65,943	8,58,250
Provision for bad & doubtful debts	11,92,91,332	2,15,44,387
Loss on sales of fixed assets	-	37,424
Provision for doubtful advances	-	22,64,464
Miscellaneous expenses	14,28,810	3,13,829
	<u>14,78,59,865</u>	<u>5,08,16,296</u>

Payment to auditors (excluding service tax)

	31 March 2015	31 March 2014
	In ₹	In ₹
As auditor:		
Audit fees	10,00,000	8,50,000
Certification charges	25,000	-
Reimbursement of expenses	40,943	8,250
	<u>10,65,943</u>	<u>8,58,250</u>



Notes to financial statements for the year ended 31 March 2015

24 Earnings per share [EPS]

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2015	31 March 2014
	In ₹	In ₹
Net profit/ (loss) for calculation of basic EPS	(18,47,77,559)	(13,28,44,424)
Weighted average number of equity shares in calculating basic EPS	99,27,945	98,50,000
<b>Basic and diluted Earnings per share</b>	<b>(18.61)</b>	<b>(13.49)</b>

\* 1,970,000 equity share of ₹ 10 each has been subdivided into 9,850,000 equity share of ₹ 2 each on May 28, 2014.

25 Gratuity & other post employment benefit plans

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.

I. Defined Contribution Plans:

Amount of Rs. 1,275,772 (31 March 2014: Rs. 1,204,013) is recognized as an expense and included in "Employee Benefits expense" (refer note 20) in the statement of Profit and Loss.

II. Defined Benefits Plans:

Amounts for the current period are as follows:

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31 March 2015	31 March 2014
	In ₹	In ₹
Current service cost	13,86,144	13,65,138
Interest cost on benefit obligation	2,46,795	5,76,598
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	2,98,249	(26,42,770)
Net benefit expense	19,31,188	(7,01,034)
Actual return on plan assets	-	-

Balance Sheet

Benefits assets / liabilities

	Gratuity	
	31 March 2015	31 March 2014
	In ₹	In ₹
Present value of defined benefit obligation	3,51,84,041	42,78,709
Fair value of plan assets	4,69,266	-
Plan asset / (liability)	(3,13,61,698)	-
	(42,91,609)	(42,78,709)

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	31 March 2015	31 March 2014
	In ₹	In ₹
Opening defined benefit obligation	42,78,709	78,33,551
Current service cost	13,86,144	13,65,138
Interest cost	2,46,795	5,76,598
Benefits paid	(23,87,554)	(28,53,808)
Actuarial (gains) / losses on obligation	2,98,249	(26,42,770)
Business Acquisition Additional Gratuity	4,69,266	-
Closing defined benefit obligation	42,91,609	42,78,709

The principal assumptions used in determining gratuity for the company's plans are shown below:

	Gratuity	
	31 March 2015	31 March 2014
	In ₹	In ₹
Discount Rate	8%	9%
Salary Escalation Rate	7%	7%
Employee Turnover	3% up to age 35, 2% for 36-45 and 1% afterwards	3% up to age 35, 2% for 36-45 and 1% afterwards
Retirement Age	60	60
Expected average remaining service	22.8	23.3

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
	In ₹				
Gratuity	-	-	-	-	-
Defined benefit obligation	42,91,609	42,78,709	78,33,551	92,98,993	71,12,881
Plan assets	-	-	-	-	-
Surplus / (deficit)	(42,91,609)	(42,78,709)	(78,33,551)	(92,98,993)	(71,12,881)
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-



Notes to financial statements for the year ended 31 March 2015

26 Leases

The Company has entered into operating lease agreements for residential premises. The future lease rental payments are determined on the basis of monthly lease payment terms as per the agreements. Lease rental expenses debited to Statement of Profit and Loss Account under cost of sales are Rs.317,500/- (31 March 2014 Rs.1,642,496/-), and under rent & hire charges Rs. 537,920/- (31 March 2014 Rs. 704,990/-)

27 Segment information

A. Primary Segment Reporting (by Business Segment)

The Company's business segments are organized around product lines as under :

- Plumbing & Fire-fighting systems including contracting business of engineering, construction, installation, commissioning and after sales service
- Professional Electronics and Industrial Systems includes trading and services for industrial products and systems, Material Testing Equipment & Systems (Destructive / Non-destructive), Data Communication Products & Services, Testing & Measuring Instruments and Healthcare Systems (Refer Note

Segment Revenues, Results and other Information :

	31 March 2015 In ₹	31 March 2014 In ₹
<b>I. SEGMENT REVENUE</b>		
i. Plumbing & Fire-fighting Systems	34,28,78,372	68,56,71,245
ii. Professional Electronics and Industrial Systems	-	-
<b>TOTAL SEGMENT REVENUE</b>	<b>34,28,78,372</b>	<b>68,56,71,245</b>
Add : Other Income	1,72,88,355	63,16,148
<b>TOTAL INCOME</b>	<b>36,01,66,727</b>	<b>69,19,87,393</b>
<b>II. SEGMENT RESULT</b>		
i. Plumbing & Fire-fighting Systems	(12,35,94,668)	(8,01,12,246)
ii. Professional Electronics and Industrial Systems	-	-
<b>TOTAL SEGMENT RESULT</b>	<b>(12,35,94,668)</b>	<b>(8,01,12,246)</b>
Less : i) Finance Cost	6,11,82,891	5,26,14,117
ii) Other un-allocable Expenditure Net of un-allocable Income	-	-
<b>TOTAL PROFIT / (LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM</b>	<b>(18,47,77,559)</b>	<b>(13,27,26,363)</b>
<b>EXCEPTIONAL ITEM</b>	<b>-</b>	<b>-</b>
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>(18,47,77,559)</b>	<b>(13,27,26,363)</b>
<b>PROVISION FOR TAXES</b>	<b>-</b>	<b>1,18,061</b>
<b>NET PROFIT / (LOSS) AFTER TAX</b>	<b>(18,47,77,559)</b>	<b>(13,28,44,424)</b>
<b>III. OTHER INFORMATION :</b>		
<b>a. SEGMENT ASSETS</b>		
i. Plumbing & Fire-fighting Systems	56,86,79,997	82,40,78,049
ii. Professional Electronics and Industrial Systems	1,36,24,57,881	-
<b>TOTAL SEGMENT ASSETS</b>	<b>1,93,11,37,878</b>	<b>82,40,78,049</b>
Add : Un-allocable Corporate Assets	2,85,07,192	3,12,81,249
<b>TOTAL ASSETS</b>	<b>1,95,96,45,070</b>	<b>85,53,59,298</b>
<b>a. SEGMENT LIABILITIES</b>		
i. Plumbing & Fire-fighting Systems	28,76,10,193	51,77,53,959
ii. Professional Electronics and Industrial Systems	22,48,50,016	-
<b>TOTAL SEGMENT LIABILITIES</b>	<b>51,24,60,209</b>	<b>51,77,53,959</b>
Add : Un-allocable Corporate Liabilities	69,93,02,765	50,99,45,684
<b>TOTAL LIABILITIES</b>	<b>1,21,17,62,974</b>	<b>1,02,76,99,643</b>
<b>c. CAPITAL EXPENDITURE (Including Capital WIP)</b>		
i. Plumbing & Fire-fighting Systems	-	2,93,058
ii. Professional Electronics and Industrial Systems	82,76,51,835	-
iii. Other Un-allocable	-	-
<b>TOTAL</b>	<b>82,76,51,835</b>	<b>2,93,058</b>
<b>d. DEPRECIATION</b>		
i. Plumbing & Fire-fighting Systems	8,01,168	3,64,357
ii. Professional Electronics and Industrial Systems	-	-
iii. Other Un-allocable	-	-
<b>TOTAL</b>	<b>8,01,168</b>	<b>3,64,357</b>
<b>e. NON CASH EXPENSES OTHER THAN DEPRECIATION</b>		
i. Plumbing & Fire-fighting Systems	11,92,91,332	2,38,08,851
ii. Professional Electronics and Industrial Systems	-	-
iii. Other Un-allocable	-	-
<b>TOTAL</b>	<b>11,92,91,332</b>	<b>2,38,08,851</b>

B. Secondary Segment Reporting (By Geographical Segment):

There are no secondary reportable segment.



Notes to financial statements for the year ended 31 March 2015

28 Related party disclosure

Names of related parties and related party relationship

Related parties where controls exists

Holding Company Blue Star Limited

Related parties under AS 18 with whom transactions have taken place during the year

Fellow subsidiary Blue Star Design and Engineering Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	31 March 2015 In ₹	31 March 2014 In ₹
<b>Purchase of material:-</b>		
Blue Star Limited	9,83,855	53,83,456
<b>Sale of material:-</b>		
Blue Star Limited	-	5,43,515
<b>Reimbursement of expenses:-</b>		
Blue Star Limited	1,13,34,391	1,71,59,564
Blue Star Design and Engineering Limited	88,438	1,68,033
<b>Recovery of expenses:-</b>		
Blue Star Limited	1,64,04,577	70,02,732
<b>Interest expenses:-</b>		
Blue Star Limited	1,41,61,371	83,80,795
Blue Star Design and Engineering Limited	91,15,936	1,18,08,425
<b>Loan taken during the period:-</b>		
Blue Star Limited	13,00,00,000	51,30,00,000
Blue Star Design and Engineering Limited	25,00,00,000	21,00,00,000
<b>Loan repaid during the period:-</b>		
Blue Star Limited	10,00,00,000	51,30,00,000
Blue Star Design and Engineering Limited	12,15,00,000	4,75,00,000
<b>Balance due -Loan:-</b>		
Blue Star Limited	3,00,00,000	-
Blue Star Design and Engineering Limited	29,10,00,000	16,25,00,000
<b>Balance due -Advance Receivable:-</b>		
Blue Star Limited	17,07,104	(4,67,062)
<b>Balance due -creditors:-</b>		
Blue Star Design and Engineering Limited	23,481	1,68,033
<b>Balance due -interest on loan:-</b>		
Blue Star Limited	-	75,42,715
Blue Star Design and Engineering Limited	1,88,31,925	1,06,27,582
<b>Investment:-</b>		
Blue Star Design and Engineering Limited	18,00,00,000	-
<b>Issue of Shares at Premium:-</b>		
Blue Star Limited	1,10,50,00,000	-

29 Capital and other commitments

At 31 March 2015, the company has commitments of Rs. Nil (previous year Rs. Nil).

30 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	31 March 2015 In ₹	31 March 2014 In ₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	15,48,740	-
Interest due on above	62,699	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	62,699	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	62,699	-
The 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 MSMED Act 2006	62,699	-



Notes to financial statements for the year ended 31 March 2015

31 Imported and Indigenous raw materials, components and spare parts consumed

	31 March 2015		31 March 2014	
	% of Total Consumption	In ₹	% of Total Consumption	In ₹
Raw Materials Indigenous	100%	28,07,10,352	100%	65,03,95,431
	<b>100%</b>	<b>28,07,10,352</b>	<b>100%</b>	<b>65,03,95,431</b>

32 Disclosure in terms of revised Accounting Standard 7 on the Accounting of Construction Contracts is as under:

	31 March 2015 In ₹	31 March 2014 In ₹
I. Contract revenue recognised as revenue in the period	31,49,02,710	67,37,21,125
II. For Contracts that are in progress as on 31-03-2015		
A) Contract costs incurred and recognized profits (Less Recognised losses) up to the reporting date.	32,83,60,412	68,82,33,257
B) Advances received*	10,30,14,755	8,34,51,070
C) Gross amount due from customers for Contract Work	9,58,90,852	17,88,07,394
D) Gross amount due to customers for Contract Work*	80,11,397	4,36,07,603
E) Retention amount	6,03,52,096	10,10,97,073

\*Excludes amount on account of business acquisition (Refer Note 37).

33 Deferred tax assets (net)

In the absence of virtual certainty as required by Accounting Standard 22 on 'Taxes on Income' deferred tax assets have not been recognized in the balance Sheet of the Company as at the period ended March 31, 2015.

34

Aggregation of expenses disclosed in Project cost and Other expenses for the Year 2014-2015 in specific items are as follows

Nature of Expenses	Note 19	Note 23	Total
Subcontracting cost	12,29,86,923 (28,22,85,956)	-	12,29,86,923 (28,22,85,956)
Rent	3,17,500 (16,42,496)	5,37,920 (7,04,990)	8,55,420 (23,47,486)
Power & fuel	11,76,546 (62,02,478)	-	11,76,546 (62,02,478)
Insurance	7,61,284 (24,10,871)	5,49,105 (8,18,065)	13,10,389 (32,28,936)
Travelling & conveyance	14,42,801 (95,96,311)	14,79,366 (27,88,754)	29,22,167 (1,23,85,065)
Printing & stationery	8,03,717 (12,39,748)	3,97,935 (4,07,700)	12,01,652 (16,47,448)
Legal & professional fees	-	2,07,12,909 (1,82,65,529)	2,07,12,909 (1,82,65,529)
Bank charges	4,17,088 (9,65,943)	4,06,818 (1,77,360)	8,23,906 (11,43,303)

Figures in brackets are for previous year

35 During the year 2011, the Company had acquired the plumbing and firefighting contracting business of D.S Gupta Constructions Private Limited ("DSGCPL") on a slump sale basis via Business Purchase Agreement dated 31 May 2010 for consideration of Rs 800,000,000. During the year the company has carried out final reconciliation/settlement of the business purchase and accordingly has accounted Rs. 15,705,200 as other income.

36. In the meeting held on January 21, 2014, the Board of Directors of the Company had approved a Scheme of Amalgamation of the Company's Fellow Subsidiary, Blue Star Design and Engineering Limited (BSDEL), with the Company effective from February 1, 2015 subject to all required approvals and sanctions. The company has filed the scheme before the Hon'ble Bombay High Court on March 5, 2015, seeking approval for the amalgamation of BSDEL with the Company. Pending the approvals no adjustments have been made in the accounts.



Notes to financial statements for the year ended 31 March 2015

37. The Board of Directors of the Company had approved the Business Transfer Agreement (BTA) for the acquisition of Professional Electronics and Industrial System (PE&IS) business from Blue Star Limited, the Holding Company effective from March 31, 2015 upon receipt of the consent from the members of the Company.

Pursuant to the said BTA, the Company has purchased PE&IS business on a going concern and "as-is-where-is" basis by way of slump sale. The Company has discharged the purchase consideration amounting to Rs 1,105,000,000 by issuing 2,84,50,052 fully paid up equity shares of Rs 2 each at a premium of Rs. 36.84 per share.

The results for the year ended 31st March, 2015 are after giving the effect of the BTA and accordingly, not comparable with previous year.

In accordance with the BTA, the Company had acquired the following assets and liabilities as on the date of slump sale at fair value as set out below:

Particulars	Amount In ₹	Amount In ₹
<b>Assets Taken Over (A)</b>		
Fixed Assets	1,86,18,248	
Capital Work in Progress	1,71,973	
<b>Current Asset</b>		
Inventories	18,50,04,683	
Trade Receivables	31,90,68,121	
Loans and advance	3,31,01,433	
Other Current Assets	9,47,408	55,69,11,866
<b>Liabilities taken over (B)</b>		
Trade Payables	13,39,86,931	
Statutory liabilities (net)	1,93,68,993	
Other Liabilities	10,41,01,957	25,74,57,881
<b>Net Assets taken over (C= A-B)</b>		29,94,53,985
Consideration of 2,84,50,052 equity shares of Rs 2 each at a premium of Rs. 36.84 per share as per Business Transfer Agreement (D)		1,10,50,00,000
Add: Adjustment on account of Stamp Duty (E)		33,15,598
<b>Goodwill (D-C+E)</b>		<b>80,88,61,613</b>

38 Particulars of Un-hedged foreign Currency Exposure as at the Balance Sheet date

	Currency	Amt in FC	Amount In ₹
Payable	AED	(6,745)	(1,14,367)
	EUR	(1,62,910)	(1,09,15,584)
	GBP	(41)	(3,818)
	JPY	(5,64,625)	(2,92,884)
	USD	(8,17,339)	(5,09,75,339)
Receivable	CAD	78,052	38,24,166
	EUR	3,70,848	2,48,29,761
	GBP	31,146	28,72,902
	JPY	51,15,382	26,49,768
	USD	12,96,174	8,08,93,681

39 Previous year figures

The previous years figures have been regrouped, reclassified wherever necessary, to confirm this year classification.

As per our report of even date

For S R B C & CO LLP  
ICAI Firm Registration No 324982E  
Chartered Accountants

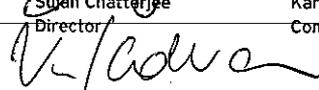
  
Per Sudhir Soni  
Partner  
Membership No. 41870  
Place: Mumbai  
Date: 28 May 2015



For and on behalf of the Board of Directors of  
Blue Star Engineering & Electronics Limited

  
Sujan Chatterjee  
Director

  
Karina Pereira  
Company Secretary

  
Vir S Advani  
Director  
Place: Mumbai  
Date: 28 May 2015