

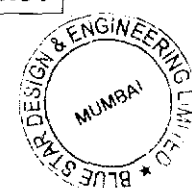
Blue Star Engineering & Electronics Limited
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 Worli, Mumbai 400 030, India.
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BOARD'S REPORT

Your Directors have pleasure in presenting its 9th Annual Report together with the audited financial statements for the financial year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

Particulars	(Rs in Crores)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Total Income	230.08	205.93
Profit/ (Loss) before depreciation, amortization, taxation and financing cost	42.42	35.34
Financing cost	1.77	4.62
Depreciation and amortization	6.69	6.64
Profit/ (Loss) before tax	33.95	24.07
Taxes:		
i) Current Tax: Minimum Alternate Tax (MAT)	7.42	1.70
ii) Less: MAT Credit Entitlement	24.48	(1.70)
Profit/ (Loss) after tax	51.01	24.07
Add: Balance brought forward	60.54	37.15
Total available for appropriation	111.56	61.23
Other Comprehensive Income	(0.43)	(0.68)
Balance carried forward	111.13	60.54



REVIEW OF OPERATIONS

The highlights of the Company's performance during the year under review are as under:

- Total revenue of the Company was Rs 226 crores, as against its previous year's revenue of Rs 203.37 crores.
- The Company has reported a net profit of Rs 51.01 crores for the year under review, as against Rs 24.07 crores in the previous year.

SEGMENT-WISE PERFORMANCE IS AS UNDER:

Revenue from Plumbing and Fire-fighting systems increased to Rs 6.16 crores as against Rs 2.12 crores in the previous year.

The revenue generated from Professional Electronics & Industrial Systems has increased by 9% to Rs 216.36 crores as against Rs 197.36 crores in the previous year.

The revenue generated by the Company from renting of properties has increased by 6% to Rs 3.81 crores as against Rs 3.61 crores in the previous year.

DIVIDEND

The Board has decided to conserve earnings made during the year for future growth of the Company. Hence, your Directors have not recommended any Dividend for the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with provisions of the Companies Act, 2013 and the Articles of Association of the Company, Vir S Advani (DIN:01571278), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Mansi Laheri resigned from the position of the Company Secretary of the Company with effect from July 11, 2018.

Keyur Mirani was appointed as the Company Secretary of the Company with effect from October 29, 2018. Keyur Mirani resigned from the position of the Company Secretary of the Company with effect from March 15, 2019.

Yogesh Joshi has been appointed as the Company Secretary of the Company with effect from April 22, 2019.

In accordance with provisions of Section 203 of the Companies Act, 2013, the following personnel have been designated as the Key Managerial Personnel of the Company:

Name	Designation
Prem Kalliath	Chief Executive Officer
Sivakumar Ramani	Chief Financial Officer
Mansi Laheri (Resigned w.e.f July 11, 2018)	Company Secretary
Keyur Mirani (Resigned w.e.f March 15, 2019)	Company Secretary
Yogesh Joshi (Appointed w.e.f. April 22, 2019)	Company Secretary

SUBSIDIARY AND JOINT VENTURE

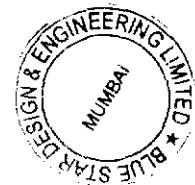
Your Company is a wholly owned subsidiary of Blue Star Limited and it does not have any subsidiary company or joint venture.

DECLARATION BY THE INDEPENDENT DIRECTORS

The Company has received necessary declarations from the Independent Directors under Section 149(7) of the Companies Act, 2013, confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013.

DEPOSITS

The Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.



INTERNAL CONTROLS

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. In addition, the Internal Audit function monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations. Periodical reports on the same are also presented to the Board.

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 are of the opinion that the Company's Internal Financial Controls were adequate and operating effectively for the financial year ended March 31, 2019.

RISK MANAGEMENT

The Company has risk management systems to identify and mitigate the elements of risk which may threaten the existence of the Company. The system supports all the processes of identifying, qualifying and mitigating risks in an interactive and transparent manner.

AUDITORS' REPORT

The Board has duly reviewed the Statutory Auditors' Report on the Financial Statements. There are no qualification, reservation, adverse remark given by the Auditors in their report.

SECRETARIAL AUDITOR

The Company became material subsidiary of Blue Star Limited under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly as required by the said regulations, the Company has 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, 2019.

The secretarial audit report given by M/s N L Bhatia & Associates, Practicing Company Secretaries has been provided as per **Annexure 2** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the

Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure 1**.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, 5 meetings of the Board of Directors were held May 2, 2018, June 27, 2018, July 25, 2018, October 29, 2018 and January 24, 2019. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. All related party transactions are approved by the Audit Committee. There are no material transactions with any related party as defined under Section 188 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014. The details of transactions with the related parties are provided in the notes to the financial statement.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 as may be applicable, are given in the notes to the Financial Statement.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, hereby confirm that:

- a. in the preparation of the annual accounts for financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for that period;
- c. the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- d. the Directors have prepared the annual accounts for the year ended March 31, 2019, on a going concern basis; and
- e. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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. In accordance with the provisions of Section 136 of the Companies Act, 2013, 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 such particulars may write to the Company Secretary at the Registered Office of the Company.

COST RECORDS

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

SECRETARIAL STANDARDS

The Company complies with all the applicable secretarial standards.



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

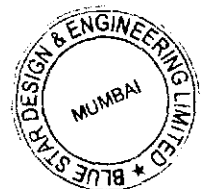
The Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complain during the year 2018-19.

EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3) (a) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return in form MGT-9 forms part of this report as **Annexure 3**.

OTHER DISCLOSURES

- There were no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year under review and the date of this report.
- 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.
- Your Company has not issued any sweat equity shares.
- There was no revision in the financial statements.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.



ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their deep and sincere gratitude towards 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. Shareholders' involvement and employees' contribution are greatly valued. The Directors look forward for their continuing support and encouragement.

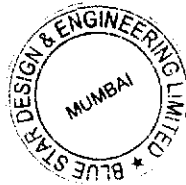
For and on behalf of the Board of Directors

Vir S Advani
Director
(DIN:01571278)

B Thiagarajan
Director
(DIN:01790498)

Date : April 22, 2019
Place : Mumbai



ANNEXURE 1

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Rule 8 of Companies (Accounts) Rules, 2014

(A) CONSERVATION OF ENERGY

The activities of the Company are not energy intensive.

- i) Steps taken or impact on energy conservation: NA
- ii) Steps taken for utilizing alternate sources of energy: NA
- iii) Capital Investment on energy conservation equipment: NA

(B) TECHNOLOGY ABSORPTION

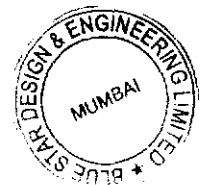
- i) Efforts made towards technology absorption: Nil
- ii) Outcome and Benefits: NA
- iii) Information regarding imported technology (imported during last 3 years): NA
- iv) Expenditure incurred in R&D: Nil

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange earnings and outgo:

(Rs in crores)

Particulars	2018-19	2017-18
Total foreign exchange earnings	50.39	4.98
Total foreign exchange outgo	35.98	9.17



Form No. MGT - 9

**Extract of Annual Return as on the financial year ended on March 31, 2019
[Pursuant to section 92(3) of the Companies Act 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]**

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U70200MH2010PLC204612
ii.	Registration Date	Incorporated on June 22, 2010
iii.	Name of the Company	Blue Star Engineering & Electronics Limited
iv.	Category / Sub-Category of the Company	Public Company
v.	Address of the Registered office and contact details	Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020
vi.	Whether listed company (Yes / No)	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Professional Electronics and Industrial Systems	Retail sale of pharmaceutical, medical and orthopedic goods and toilet articles - 47721, Retail sale of telecommunication equipment - 47414	97.10

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Blue Star Limited	L28920MH1949PLC006870	Holding Company	100%	Section 2(46) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (Face Value per share Rs.2/- each)				No. of Shares held at the end of the year (Face Value per share Rs.2/- each)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoter and Promoter Group									
1. Indian									
Individual/ HUF	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt (s)	-	-	-	-	-	-	-	-	-
Bodies Corp.*	-	5,29,25,052	5,29,25,052	100	-	5,29,25,052	5,29,25,052	100	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	5,29,25,052	5,29,25,052	100	-	5,29,25,052	5,29,25,052	100	-

Category of shareholders	No. of Shares held at the beginning of the year (Face Value per share Rs.2/- each)				No. of Shares held at the end of the year (Face Value per share Rs.2/- each)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Foreign									
NRIs – Individuals	-	-	-	-	-	-	-	-	-
Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	5,29,25,052	5,29,25,052	100	-	5,29,25,052	5,29,25,052	100	-
B. Public Shareholding									
1. Institutions									
Mutual Funds	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FIs	-	-	-	-	-	-	-	-	-
Foreign Venture	-	-	-	-	-	-	-	-	-

Category of shareholders	No. of Shares held at the beginning of the year (Face Value per share Rs.2/- each)				No. of Shares held at the end of the year (Face Value per share Rs.2/- each)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Capital Funds									
Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a. Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b. Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding	-	-	-	-	-	-	-	-	-

Category of shareholders	No. of Shares held at the beginning of the year (Face Value per share Rs.2/- each)				No. of Shares held at the end of the year (Face Value per share Rs.2/- each)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	5,29,25,052	5,29,25,052	100	-	5,29,25,052	5,29,25,052	100	-

*Beneficiary Interest held by Blue Star Limited

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year (Face Value per share Rs.2/- each)			No. of Shares held at the end of the year (Face Value per share Rs.2/- each)			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Blue Star Limited*	5,29,25,052	100	-	5,29,25,052	100	-	-

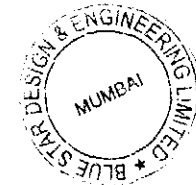
*Beneficiary Interest held by Blue Star Limited

(iii) Change in Promoters' Shareholding

Sl. No	Particulars of name and Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
1.	Blue Star Limited* (Face Value per share Rs.2/- each)	5,29,25,052	100	5,29,25,052	100
	No Change				
	No. of Shares held at the end of the year* (Face Value per share Rs.2/- each)	5,29,25,052	100	5,29,25,052	100

*Beneficiary Interest held by Blue Star Limited

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Not Applicable



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars of name, designation and Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	No. of Shares held at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares of Rs. 2/- each	% of total Shares of the Company	No. of Shares of Rs. 2/- each	% of total Shares of the Company*
1.	Vir S. Advani – Director	25	0.00	25	0.00
	No change				
	No. of Shares held at the end of the year*	25	0.00	25	0.00
2.	B Thiagarajan - Director	20	0.00	20	0.00
	No Change				
	No. of Shares held at the end of the year*	20	0.00	20	0.00
3.	Neeraj Basur	00	0.00	00	0.00
	Increase during the year	20	0.00	20	0.00
	No. of Shares held at the end of the year*	20	0.00	20	0.00
4.	Prem Kalliath – CEO	00	0.00	00	0.00
	Increase during the year	20	0.00	20	0.00
	No. of Shares held at the end of the year	20	0.00	20	0.00

5.	Siva Kumar Ramani - CFO	00	0.00	00	0.00
	Increase during the year	20	0.00	20	0.00
	No. of Shares held at the end of the year*	20	0.00	20	0.00

*Beneficiary interest held by Blue Star Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	212,619,800	100,000,000	-	312,619,800
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	212,619,800	100,000,000	-	312,619,800
Change in Indebtedness during the financial year				
Addition			-	
Reduction	-212,619,800	-100,000,000	-	-312,619,800
Net Change	-212,619,800	-100,000,000	-	-312,619,800
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

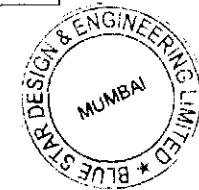


VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:
Not Applicable

B. Remuneration to other Directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount (in Rs)
1.	Independent Directors	Manek Kalyaniwala	K P T Kutty	
	• Fee for attending board and committee meetings	75,000	70,000	1,45,000
	• Commission	0	0	0
	• Others, please specify	0	0	0
	Total (1)	75,000	70,000	1,45,000
2.	Other Non-Executive Directors			
	• Fee for attending board and committee meetings	NA	NA	NA
	• Commission			
	• Others, please specify			
	Total (2)	-	-	-
	Total (B) = (1 + 2)	75,000	70,000	1,45,000
	Total Managerial Remuneration			1,45,000
	Overall Ceiling as per the Act			Not Applicable



C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		Chief Financial Officer*	Chief Executive Officer	Company Secretary*		
		Mr Siva Kumar Ramani	Mr Prem Kalliath	Ms Mansi Lehari (Upto July 11, 2018)	Mr Keyur Mirani (W.e.f. October 29, 2018 upto March 15, 2019)	
1.	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	16,786,860	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	270323	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission • as % of profit • others, specify	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Grand Total	-	1,70,57,183	-	-	-

**Chief Financial Officer and Company Secretary are deputed and remuneration is paid by the Holding Company i.e. Blue Star Limited*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for breach of any Section of the Companies Act against the Company or its Directors or other officers in default, if any, during the year.

