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May 29, 2015

**To,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra - Kurla Complex, Bandra (E),
Mumbai-400 051.
Fax No: 26598237 / 38
Ref Company Code : BLUESTARCO**

**The Secretary
BSE LTD.
Floor 25, P.J. Towers
Dalal Street
Mumbai 400 001.
Fax No. 22723121
Ref Company Code : 500067**

Sub : Press Release

Dear Sir,

We enclose herewith copy of Press Release being released into newspapers, for your information and records purpose, receipt of which may please be acknowledged.

Thanking you,

Very truly yours,
BLUE STAR LIMITED

**SANGAMESHWAR IYER
COMPANY SECRETARY**

Blue Star Ltd.
Mumbai



PRESS RELEASE

Blue Star's FY15 Net Profit increases to Rs 152.53 crores

Standalone Financial Performance for 2014-15

- The Company reported Total Operating Income of Rs 3080.79 crores for the year ended March 31, 2015, as compared to Rs 2789.51 crores in FY14, representing a growth of 10%.
- Operating Profit (PBIDT excluding Exceptional Items and Other Non Operating Income) for the year grew 15% to Rs 173.59 crores from Rs 150.68 crores in the same period last year.
- Other Income for the year stood at Rs 10.14 crores. In FY14, Other Income was significantly higher at Rs 26.41 crores mainly due to a considerable special dividend from a subsidiary as well as interest on some IT refunds.
- Financial Expenses for the year decreased to Rs 43.47 crores from Rs 49.64 crores in FY14. While last year, due to the forex volatility, the hedging costs on borrowings were higher, the same was lower in FY15 resulting in an overall decrease in financial costs. There was also an overall reduction in cost of domestic borrowings.
- Profit Before Tax (excluding Exceptional Items) increased by 9% from Rs 92.76 crores in FY14 to Rs 100.92 crores in the year.
- As regards to Tax Expense, there was a net benefit of Rs 9.71 crores in the year compared to nil in FY14. In FY15, deferred tax asset of Rs 14.97 crores was recognised at the year-end contributing to this net tax benefit.
- Exceptional Items for the year was comprised of a surplus of Rs 83.35 crores for the transfer of the Professional Electronics and Industrial Systems business to Blue Star Engineering & Electronics Ltd as well as Rs 22.48 crores gained on sale of a property. However, there were Exceptional Losses of Rs 58.25 crores on account of disputed claims on a few large infrastructure projects as well as Rs 5.67 crores for a voluntary retirement scheme. After adjusting for the losses, the Net Exceptional Gains for the year stood at Rs 41.90 crores as compared to a loss of Rs 16.86 crores in FY14.
- Consequently, Net Profit increased to Rs 152.53 crores during the year as compared to Rs 75.90 crores in FY14.

- Earnings per share for the year (Face value of Rs 2.00) doubled to Rs 16.96 vis-à-vis Rs 8.44 in FY14.

Segment Performance

- The Electro Mechanical Projects and Packaged Airconditioning Systems business, accounting for 52% of the total revenues in the year, increased marginally by 1%, while Segment Results registered a decline of 30% to Rs 64.71 crores. The market remained sluggish and slow moving jobs resulted in a higher cost structure that adversely impacted segment profitability. This was further compounded with revision in costs on specific legacy projects.
- Revenue of Cooling Products in the year increased by a healthy 24%, while Segment Results grew 55% to Rs 146.83 crores over the same period. Enhanced distribution reach, strong brand equity, higher operational efficiency due to larger volumes, extended summer in some parts of the country and a favourable product mix were some of the factors responsible for the increase in profitability of this segment.
- Professional Electronics and Industrial Systems business revenues increased by 18%, while Segment Results registered a significant increase of 43% to Rs 31.20 crores due to a conducive economic environment.

Dividend

- The Directors have recommended a Dividend of Rs 5.00 per equity share of Rs 2.00 each (Previous Year Rs 4.00 per equity share).

Consolidated Financial Performance for 2014-15

- On a consolidated basis, Total Operating Income stood at Rs 3181.94 crores for the year ended March 31, 2015 as compared to Rs 2934.27 crores in FY14. The consolidated financial results include the results of the Company's wholly owned subsidiary, Blue Star Engineering and Electronics Limited (erstwhile Blue Star Electro-Mechanical Limited) and Blue Star Design & Engineering Limited; joint ventures Blue Star M& E Engineering SDN BHD, Malaysia and Blue Star Qatar (WLL); and the share of profit in the associate company Blue Star Infotech Limited.
- The Operating Profit (PBIDT excluding Exceptional Items and Other Non Operating Income) for the year stood at Rs 167.28 crores as compared to Rs 150.48 crores in FY14, representing a growth of 11%.
- Profit Before Tax (excluding Exceptional Items) grew 10% from Rs 76.28 crores in FY14 to Rs 84.09 crores in FY15.
- Exceptional Items totalled to a loss of Rs 41.44 crores during the year.

- Consequently, the consolidated Net Profit for the year declined by 30% from Rs 77.54 crores in FY14 to Rs 54.18 crores during the year.

Standalone Performance for Q4FY15

- For the quarter ended March 31, 2015, the Total Operating Income grew by 15% to Rs 1005.37 crores, as compared to Rs 877.27 crores over the same period in the previous year.
- Operating Profit (PBIDT excluding Exceptional Items and Other Non Operating Income) increased 21% to Rs 69.15 crores from Rs 57.19 crores in Q4FY14.
- Net Profit at Rs 106.17 crores was significantly higher than Rs 42.79 crores earned during the same period in the previous year, representing a growth of 148%.

Outlook

The economic climate is improving and the macro-economic indicators are encouraging. The residential and light commercial segments are registering healthy growth with enhanced spends by consumers. While the revival in the commercial construction cycle is taking longer than anticipated, some activity is expected in this sector during FY16 which will benefit several businesses of Blue Star, especially the electro mechanical projects business which has been under severe pressure over the last few years.

Place: Mumbai

Date: May 29, 2015.

For additional information, please contact: B Thiagarajan, Executive Director & President - AC&R Products Business, Blue Star Limited, Bandbox House, 254D, Dr Annie Besant Road, Worli, Mumbai – 400 030 email: bthiagarajan@bluestarindia.com Telephone: 09600034725.