BLUE STAR LIMITED ANNUAL REPORT 2012-2013

BLUE STAR

*"We grew because we didn't sit back
and wait for plums to fall into our laps.
When we saw our opportunities,
we reached out boldly and seized them."*

- Mohan T Advani.

100th

BIRTH ANNIVERSARY OF A VISIONARY

MOHAN T ADVANI

November 11, 2012

On his birth centenary, a grateful Blue Star Limited does hereby express its great appreciation of the visionary leadership of the Founder Chairman, Mr Mohan T Advani, and rededicates itself to his values.

Resolution of the Board of Directors on October 19, 2012

BLUE STAR

Contents

BOARD OF DIRECTORS

Ashok M Advani
Chairman

Suneel M Advani
Executive Vice Chairman

Satish Jamdar
Managing Director

Vir S Advani
Executive Director &
President - Electro Mechanical Projects Business

B Thiagarajan
Executive Director &
President - AC&R Products Business
(w.e.f. May 13, 2013)

Shailesh Haribhakti
Pradeep Mallick
M K Sharma *(w.e.f. May 13, 2013)*
Gurdeep Singh
Suresh N Talwar

COMPANY SECRETARY

Sangameshwar Iyer

BANKERS

The Hongkong & Shanghai Banking Corporation Ltd
State Bank of India
Oriental Bank of Commerce
The Royal Bank of Scotland
BNP Paribas

AUDITORS

S R Batliboi & Associates LLP

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt Ltd
C-13, Kantilal Maganlal Estate
Pannalal Silk Mills Compound
L B S Marg, Bhandup (West)
Mumbai 400 078.
Telephone: +91 22 2594 6970
Fax: +91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in

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Mohan T Advani Chowk
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Mumbai 400 020.
Telephone: +91 22 6665 4000
Fax: +91 22 6665 4151
www.bluestarindia.com

CORPORATE MANAGEMENT

Suneel M Advani
Executive Vice Chairman

Satish Jamdar
Managing Director

Vir S Advani
Executive Director & President - Electro Mechanical Projects Business

B Thiagarajan
Executive Director & President - AC&R Products Business (w.e.f. May 13, 2013)

J M Bhambure
Executive Vice President - R&D and Technology

Tojo Jose
Executive Vice President - Human Resources

Manek Kalyaniwala
Executive Vice President - Finance

Arun Khorana
Executive Vice President - Professional Electronics & Industrial Systems Division

P Venkat Rao
Executive Vice President - Central and Packaged Airconditioning Products

G Anandkumar
Vice President - Plumbing Projects Division

R Aravindan
Vice President - Airconditioning Projects, Southern & Eastern Regions

Sujan Chatterjee
Vice President - Corporate Financial Services

R G Devnani
Vice President - Thane, Wada, Dadra, Bharuch & Ahmedabad Plants

V V Lanka
Vice President - Electrical Projects Division

C P Mukundan Menon
Vice President - Room Airconditioners and Refrigeration Products & Systems

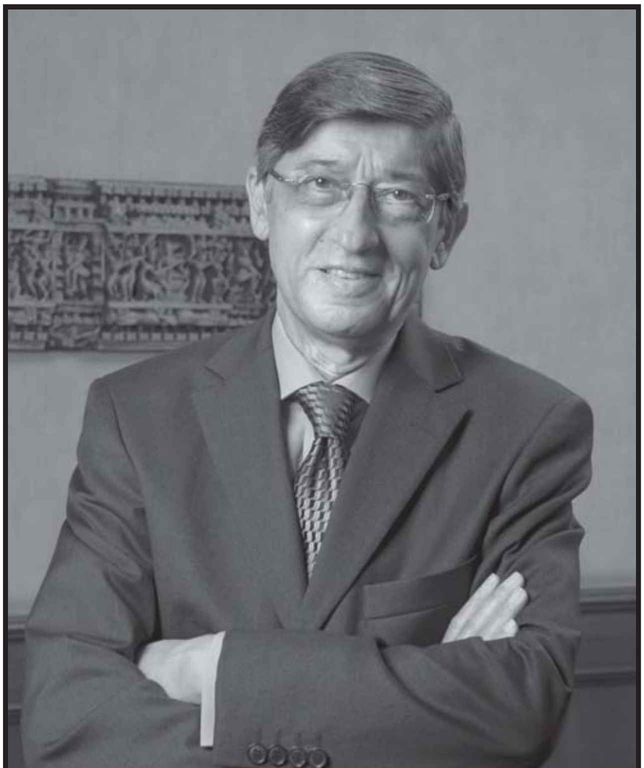
D H Roy
Vice President - Himachal Plants

K P Sukumar
Vice President - Corporate Programmes

Rajendra Verma
Vice President - Airconditioning Projects, Northern & Western Regions

Letter from the Chairman

Dear Shareholder,



Ashok M Advani, *Chairman*

A year ago in my annual letter to shareholders, I assessed the sharp deterioration in Blue Star's financial performance in 2011-12 that resulted in a loss for the year. I also summarised the decisive corrective measures that we had taken. In conclusion, I indicated that while the Company's profits would be back in positive territory in 2012-13, the general economic slowdown and uncertain business environment were challenges that would stretch our recovery process.

The audited results for 2012-13 before you are more or less in line with what I wrote last year. Total Operating Income rose marginally by 2% to ₹2767 crores and Net Profit returned to ₹52 crores from a loss of ₹89 crores the year before.

The stagnation in revenues was anticipated because of some important management decisions taken in 2011-12. The first was to only book new project orders at profitable prices. Last year, we continued to enforce these sensible guidelines for electro-mechanical projects. As expected, new order inflow dropped, but the profitability of business in hand improved significantly.

Another decision was to avoid unprofitable segments. Small value central airconditioning jobs were being aggressively targeted by a multitude of small, local contractors at very low prices. Being labour-intensive, they tied up disproportionate manpower and capital with low value added that resulted in losses. But we did not give up on the small projects segment; instead, we are addressing it differently by leveraging our strengths selling chillers, air handlers and VRF systems while letting the small contractors handle the rest.

Big value airconditioning and MEP projects are very different and present several challenges. They require engineering capability, project management expertise and deep pockets which only big, established contractors can provide. Due to the prolonged slump in infrastructure investments, ongoing projects have slowed down. There are few new projects available and tough competition has driven prices and cash flow to unviable levels. Given this difficult situation, we have prudently limited our financial exposure to only a few projects which offer better cash flow and reasonable margins. These should see us through the slowdown. We expect that as the economy picks up and investment levels revive, this sector should get back to a healthy growth path.

A more reassuring development has been the comparatively strong performance of Cooling Products, Packaged Airconditioning Systems and After Sales Service. While growth in sales and profit may not have been exciting in these segments last year, they remain basically healthy, and have produced sufficient profit to enable the Company to absorb large one-time cost over-runs and losses in the projects business and still show an overall profit.

Over the years, Blue Star has expanded its airconditioning and refrigeration product offerings by investing in new product development, manufacturing, marketing, brand building and distribution reach. We manufacture and market a wide range of airconditioning products from room airconditioners to large chillers. Our refrigeration products include water coolers, commercial deep freezers and cold rooms. As our research and development capability has grown, we have successfully launched many high-technology products including digital and inverter VRF airconditioning systems and Turbocor chillers.

In short, our product range is best in class and we enjoy market leadership in several product categories. On the distribution front, we are expanding beyond the larger cities into fast-growing Tier-III and IV markets. Thus our products business has become a significant contributor to the Company's profitable growth.

One of Blue Star's basic business principles is to fully support whatever we sell. Blue Star is, perhaps, the largest Indian service provider in the industry and our team maintains over 1 million tons of airconditioning and refrigeration equipment. The ability to provide service throughout the country is reassuring to our customers and a great competitive strength.

Economic Growth and Blue Star's Performance

The global economic environment has undergone radical change in the last ten years. The boom years of 2003-2007 were accompanied by financial excesses that inevitably led to a financial crisis and prolonged economic slowdown which still persists to this day.

Blue Star's growth and financial performance in the last 10 years have mirrored the national and global trends. These 10 years can be split into 2 distinct 5-year periods: the boom from 2002-03 to 2007-08 followed by the slump from 2007-08 to 2012-13.

The Company's Total Income grew rapidly from ₹601 crores in 2002-03 to ₹2270 crores in 2007-08. Over the 5-year span, this amounted to a compound annual growth rate (CAGR) of 40%, an impressive performance by any standard. Meanwhile, in the same 5 years, Net Profit grew almost six-fold from a modest ₹31 crores to ₹174 crores, a CAGR of 55% which is even more impressive.

It is in the most recent 5 years from 2007-08 to 2012-13 that the tables turned on us. Global stagnation and the slowing Indian economy affected the revenue growth of the Company which dropped to a disappointing CAGR of 5%. The biggest concern is the collapse of net profit which is sharply down to ₹52 crores. While profit should continue to grow as the Company re-invents itself, a full revival to the peak levels of 4 or 5 years ago will be difficult until macro-economic growth picks up sufficiently.

The experience of the last 10 years has taught us some important lessons. First, there is a strong correlation between the Company's financial performance and the growth rate of the Indian economy. Secondly, the duration and impact of the current economic downturn is uncertain and difficult to forecast. Thirdly, uncertainty about the future has become a fact of life and has greatly increased business risks.

Building a New Blue Star

Clearly, the old ways of working will not be acceptable in the new environment; we must change ourselves to build a new Blue Star. To start with, we have a new mindset and have identified the Corporate priorities. From these have emerged the key objectives and action plans for the Company. Briefly, they include:

- Avoiding unviable business activities
- Accelerated new product development and adoption of new technology
- Strengthening of project planning and execution capability
- Revamping the supply chain including procurement
- Enhancing after-sales service for greater customer satisfaction
- Outsourcing non-core support activities to reduce fixed overheads
- Focusing on cash flow and efficient use of capital

These plans require commitment and hard work in a difficult environment. Blue Starites understand that the Company faces new challenges. What is encouraging is that we have never shirked challenges, and hard work is an intrinsic part of our culture.

2013 is a historic year for Blue Star when we celebrate the 70th anniversary of the founding of the Company by Mr Mohan T Advani. Although Blue Star has changed dramatically since our modest beginnings seven decades ago, what remain timeless are his basic values such as never compromising on doing a good job, being open, transparent and fair, and integrity in business. Today, we continue to draw inspiration from our Founder Chairman as we focus on re-inventing Blue Star to compete effectively and grow profitably in the evolving Indian market.

Ashok M Advani

Mumbai: June 7, 2013 Chairman

Board of Directors

Ashok M Advani, Chairman

Ashok M Advani is an MBA from the Harvard Graduate School of Business Administration, an Electrical Engineer from MIT, USA and a BSc (Honours) from Mumbai University.

He joined Blue Star in 1969 and held a variety of senior positions in manufacturing and finance in the Company before he took over the Company's affairs as Chairman & Chief Executive in 1984. He was redesignated as Chairman & Managing Director in 2005 and Executive Chairman in 2009. He relinquished his position as the Executive Chairman w.e.f. April 1, 2012, and continues as the Chairman of the Company.

Ashok is also the Vice Chairman of Blue Star Infotech Ltd. He has been a member of the Local Advisory Board of The Chase Manhattan Bank and a past President of the Bombay Chamber of Commerce and Industry.

Suneel M Advani, Executive Vice Chairman

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

He joined Blue Star in 1969 as a Management Trainee and moved up steadily by holding responsible positions before he was elevated to the position of President and Vice Chairman in 1984. He was redesignated as Vice Chairman & Managing Director in 2005. He relinquished his position of Managing Director w.e.f. April 1, 2012 and is presently the Executive Vice Chairman of the Company.

Suneel is also the Chairman & Managing Director of Blue Star Infotech Ltd; Chairman of Blue Star Infotech (UK) Ltd and Blue Star Infotech America, Inc as well as a Director of Blue Star Electro-Mechanical Ltd. Suneel is a Member of the CII National Council, the apex governing body of CII. Besides, he is also associated with other trade associations and is a past President of the Refrigeration and Airconditioning Manufacturers' Association (RAMA).

Satish Jamdar, Managing Director

Satish Jamdar is a Mechanical Engineering graduate from IIT Bombay with additional qualifications in Systems Management from NIIT, and Management Studies from UK and USA. He has over four decades of experience in manufacturing, supply chain, general management and IT projects, having worked for Siemens Ltd, BPL-Sanyo Ltd and Alstom Ltd, before joining Blue Star in 1996.

Satish has spearheaded the establishment of Blue Star's modern manufacturing facilities in Dadra, Himachal, Wada and Ahmedabad. He was also responsible for the Service business, International Operations, Corporate Finance and Human Resources. Satish was promoted as Executive Director in 2003, and as Deputy Managing Director in 2007, before taking over as the Managing Director of the Company in 2009. He oversees all the operations and support services of the Company.

Satish is also a Director of Blue Star Electro-Mechanical Ltd. He is a past Chairman of the CII Maharashtra State Council, and is currently Chairman of the CII-Western Region Affirmative Action Committee, as well as a member of the CII National Manufacturing Council.

Vir S Advani, Executive Director & President - Electro Mechanical Projects Business

Vir S Advani holds a BS degree in Systems Engineering and a BA degree in Economics from the University of Pennsylvania. He has also completed a comprehensive Executive Management Programme on Leadership Development at Harvard Business School.

Vir, after a 2-year working stint in New York, joined Blue Star Infotech Ltd in 2000 and then founded Blue Star Design & Engineering Ltd in 2003, designated as its Chief Executive Officer. In 2007, he moved to Blue Star as Vice President - Corporate Affairs, where he made valuable contributions in a profit improvement programme as well as in electro mechanical projects. He was promoted as Executive Vice President in 2008; President - Corporate Affairs & Special Projects in 2009 and Executive Director in 2010. Vir currently oversees the Electro Mechanical Projects business, Professional Electronics & Industrial Systems business, Corporate Planning and Investor Relations.

Vir is also a Director of Blue Star Design & Engineering Ltd, Blue Star Electro-Mechanical Ltd and J T Advani Finance Pvt Ltd.

B Thiagarajan, Executive Director & President - AC&R Products Business *(w.e.f. May 13, 2013)*

B Thiagarajan is a Bachelor of Engineering in Electrical and Electronics from Madurai University. He has also completed the Senior Executive Program of London Business School. He has over three decades of experience having worked for Larsen & Toubro Ltd, BPL Ltd and Voltas Ltd, prior to joining Blue Star in 1998.

Thiagarajan has handled various assignments in the Service business, Corporate Communications & Marketing and Corporate Affairs & Planning before he was promoted as President - AC&R Products Group in 2009. Under his leadership, the AC&R products business of the Company grew significantly. With effect from May 2013, Thiagarajan has been elevated as Executive Director & President - AC&R Products Business and will oversee AC&R Products, Manufacturing, Supply Chain, Service, Corporate Communications & Marketing and Public Relations.

Thiagarajan plays an active role in various industry forums and is the President of the Refrigeration and Airconditioning Manufacturers' Association (RAMA). He is also a Member of the CII National Council of Agriculture, Chairman of the CII National Task Force on Cold Chain Development and Executive Committee Member of Indian Green Building Council.

Shailesh Haribhakti, Director

Shailesh Haribhakti is a Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner. During a career span of four decades, he has successfully established and led many innovative services including outsourcing of knowledge processes, engaged investing, as well as efficiency and effectiveness enhancement in society, commercial and governmental organisations.

Shailesh joined the Board of Blue Star in 2005. In addition, he is also on the Boards of several leading companies such as Ambuja Cements Ltd, ACC Ltd and Pantaloon Retail India Ltd, amongst others. He has been associated with several institutions and trade associations such as Indian Merchants' Chamber, Institute of Internal Auditors, Bombay Management Association, ASSOCHAM, Western India Regional Council of ICAI and NMIMS. In addition, he is empanelled as an Arbitrator by the Indian Council of Arbitration.

Pradeep Mallick, Director

Pradeep Mallick is a B Tech from IIT Madras and Diploma holder in Business Management from UK. He is also a Chartered Engineer and Fellow of the Institution of Engineering & Technology, London. Pradeep was the Managing Director of Wartsila India Ltd from 1988 to 2003, prior to which he worked with several leading companies in the field of electrical power transmission and distribution. He joined the Board of Blue Star in 2003.

Pradeep is also on the Boards of several other leading companies including Automotive Stampings & Assemblies Ltd, ESAB India Ltd, Foseco India Ltd, Gujarat Pipavav Port Ltd and Tube Investments of India Ltd. In addition, he is associated with Industry Associations such as CII, Bombay Chamber of Commerce and Industry, and social organisations like Population First.

M K Sharma, Director *(w.e.f. May 13, 2013)*

M K Sharma holds Bachelors Degrees in Arts and Law, and Post Graduate Diplomas in Personnel Management and Labour Laws. He has also attended the Advanced Management Programme at Harvard Business School.

M K Sharma joined Hindustan Lever Ltd in 1974 and retired as its Vice Chairman in 2007, including serving 12 years on its Board. He has rich experience in mergers and acquisitions, corporate restructuring and law. He has also served as a member of Corporate Law Committee formed by the Ministry of Corporate Affairs and Naresh Chandra Committee on Corporate Governance.

M K Sharma joined the Board of Blue Star in May 2013. He is on the Boards of several companies including Wipro Ltd, Asian Paints Ltd, ICICI Lombard General Insurance Company Ltd and KEC International Ltd, amongst others. He is also actively involved in several industry associations and respected academic institutions.

Gurdeep Singh, Director

Gurdeep Singh is a Chemical Engineering Graduate from IIT Delhi. After his graduation, he joined Hindustan Lever Ltd as a Management Trainee. He held various responsible positions in the Company before he was expatriated to Brazil as Technical Director of the Unilever Detergents business.

Gurdeep returned to Hindustan Lever Ltd in 1998 as Director - Human Resources, Corporate Affairs and Technology, and retired from the Company in October 2003. He joined the Board of Blue Star in 2003. He is also on the Boards of several leading companies including Halonix Ltd, Gabriel India Ltd, Everest Kanto Cylinder Ltd, Technova India Ltd and Gateway Rail Freight Ltd.

Suresh N Talwar, Director

Suresh Talwar is a Commerce and Law graduate, and a qualified Solicitor and Advocate. He is the Co-Founder and Partner of the law firm, Talwar, Thakore & Associates. Prior to this, he was associated with M/s Crawford Bayley & Company as a Senior Partner. He acts as legal counsel to numerous Indian companies, multinational corporations, and Indian and foreign banks. His professional specialisation includes corporate law; corporate tax; foreign exchange and restrictive trade practices laws; and international issue of securities by Indian companies.

He joined the Board of Blue Star in 1986. He is also on the Boards of several eminent public and private limited companies including Merck Ltd, Larsen & Toubro Ltd, Greaves Cotton Ltd, Sandvik Asia Pvt Ltd, ESAB India Ltd, Johnson & Johnson Ltd and Uhde India Pvt Ltd, amongst others.

Directors' Committee

Vir S Advani
Executive Director & President - Electro Mechanical Projects Business

Suneel M Advani
Executive Vice Chairman

Ashok M Advani
Chairman

Satish Jamdar
Managing Director

B Thiagarajan
Executive Director & President - AC&R Products Business

Directors' Report

The Directors are pleased to present their 65th Annual Report and the Audited Accounts for the year ended March 31, 2013.

SUMMARISED FINANCIAL RESULTS

(₹ in crores)

	April 2012 - March 2013	April 2011 - March 2012
Total Income	2803.37	2724.59
Profit (Loss) before Interest, Depreciation and Taxation	135.34	13.25
Financial Expenses	49.85	70.25
Depreciation	32.90	31.45
Add: Profit on sale of investments	-	-
Profit (Loss) before Tax	**52.59**	**(88.45)**
Taxes	0.85	0.70
Profit (Loss) after Tax	**51.74**	**(89.15)**
Add: Balance brought forward	**180.17**	279.77
Total available for appropriation	231.91	190.62
Less: General Reserve	5.50	-
Proposed Dividend	26.98	8.99
Corporate Dividend Tax	4.59	1.46
Balance carried forward	**194.84**	**180.17**

DIVIDEND

The Directors have proposed a dividend of ₹2.00 per equity share (Previous Year ₹1.00 per equity share). In addition, a special dividend of ₹1.00 per equity share has been recommended to commemorate the birth centenary of the Founder Chairman of the Company, Mr Mohan T Advani, as well as the 70th anniversary of the founding of Blue Star. The dividend will absorb ₹31.57 crores, including Corporate Dividend Tax.

OPERATING PERFORMANCE

Total Revenue of the Company rose to ₹2803.37 crores for the year ended March 31, 2013 from ₹2724.59 crores in the previous year. Operating Profit before Interest, Tax, Depreciation and Amortisation increased substantially from ₹13.25 crores in 2011-12 to ₹135.34 crores in 2012-13. Total Segment Result showed a huge improvement from ₹54.65 crores to ₹182.52 crores.

The major improvement in profit was in Segment I i.e. Electro Mechnical Projects & Packaged Airconditioning Systems, where the Segment Result turned around from a loss of ₹85.09 crores to a profit of ₹72.33 crores. This was the result of a number of corrective actions such as control of cost overruns, faster closure of jobs and focus on more profitable business areas.

Cooling Products showed a modest increase in Revenue to ₹965.15 crores, but a decline in Segment Result from ₹87.45 crores to ₹80.35 crores.

Professional Electronics & Industrial Systems had a difficult year with decline in Revenue to ₹182.29 crores, while the Segment Result reduced to ₹29.84 crores mainly due to the industrial slowdown.

FINANCIAL PERFORMANCE

There was a significant reduction in finance costs which declined from ₹70.25 crores to ₹49.85 crores. Focus on cash flow to reduce borrowing and lower foreign exchange loss succeeded in improving the financial position and reducing the finance cost.

EXPORT & FOREIGN EXCHANGE EARNINGS

Foreign exchange inflows for the year, including commission income, was ₹158.57 crores compared to ₹149.45 crores for the previous year. Foreign exchange outflow for the year was ₹664.43 crores as compared to ₹544.35 crores in the previous year.

SUBSIDIARY COMPANY

During the year, the Company's wholly owned subsidiary, Blue Star Electro-Mechanical Ltd reported a turnover of ₹97.64 crores, and a loss of ₹15.95 crores.

CONSOLIDATED RESULTS

The Annual Report also includes the Consolidated Financial Statements of the Company, which include the results of the Company's wholly owned subsidiary, Blue Star Electro-Mechanical Ltd, and its share in the results of its joint venture companies and associate company. The Consolidated Financial results for the year show a Total Income of ₹2960.45 crores compared to ₹2843.02 crores and consolidated Net Profit of ₹39.07 crores compared to a Net Loss of ₹105.10 crores in the previous year.

In terms of the general permission granted by the Ministry of Corporate Affairs vide General circular no.2/2011, the Accounts of the subsidiary have not been attached with the accounts of the holding company. Any member desirous of obtaining the same will be provided with a copy thereof upon making a request to the Company.

AUDITORS

M/s S R Batliboi & Associates LLP, Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained a written certificate from M/s S R Batliboi & Associates LLP, Chartered Accountants, to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.

In pursuance to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, M/s ABK & Associates, Cost Accountants (Regn. No. 036) were appointed as Cost Auditors to conduct audit of cost records for airconditioners activity for the financial year 2012-13.

The Cost Audit Report for the financial year 2011-12 was filed with the Ministry of Corporate Affairs within the prescribed time.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to inform the members that the Audited Accounts for the financial year ended March 31, 2013 are in full conformity with the requirement of the Companies Act, 1956. These financial results have been audited by the statutory auditors, M/s S R Batliboi & Associates LLP, Chartered Accountants. The Directors further confirm that:

1) In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2) The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.

3) 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 providing and detecting fraud and other irregularities.
4) The Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

Mr B Thiagarajan and Mr M K Sharma were appointed as Additional Directors at the Meeting of the Board of Directors of the Company held on May 13, 2013.

Mr Thiagarajan was also appointed as a Wholetime Director of the Company for a period of 5 years effective from May 13, 2013, subject to the approval of the shareholders at their forthcoming Annual General Meeting.

Mr Thiagarajan and Mr Sharma hold office up to the date of the forthcoming Annual General Meeting of the Company.

The Company has received notice from a member signifying his intention to propose Mr Thiagarajan and Mr Sharma as Directors of the Company at the forthcoming Annual General Meeting.

Mr Gurdeep Singh retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-election thereat.

Mr Suresh N Talwar retires by rotation at the forthcoming Annual General Meeting. In line with the retirement policy of the Company for Directors, Mr Talwar will be stepping down from the Board with effect from the conclusion of the forthcoming Annual General Meeting and accordingly, he is not seeking re-election thereat.

The Directors wish to place on record their deep appreciation and gratitude to Mr Talwar for the services rendered by him during his tenure as Director of the Company.

EMPLOYEES

The number of employees decreased from 2785 at the end of the previous year to 2698 as at March 31, 2013.

EMPLOYEE STOCK OPTION SCHEME

During the year, the Company decided to introduce and implement an Employee Stock Option Scheme, and for this purpose, has obtained the consent of the shareholders vide a Special Resolution passed by Postal Ballot. No options have been granted by the Company during the year under review. Necessary disclosures will be made by the Company as and when options are granted.

DISCLOSURE OF PARTICULARS

Information as per Section 217(1)(e) of the Companies Act, 1956, read with the rules made thereunder relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure A forming part of this report. Particulars of employees as required under Section 217(2A) of the Companies Act,1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, form part of this report. However, in pursuance of Section 219(1) (b) of the Companies Act, 1956, this report is being sent to all the shareholders of the Company "excluding" the aforesaid information. The said particulars will be made available for inspection at the Registered Office of the Company. Members interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company. A Management Discussion and Analysis Report and Corporate Governance Report as required under Clause 49 of the Listing Agreement are published separately in this Annual Report.

For and on behalf of the Board

Ashok M Advani

Mumbai: May 13, 2013

Chairman

Annexure to Directors' Report - A

Information pursuant to Companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988.

CONSERVATION OF ENERGY

a) Energy conservation measures taken:

The Company believes that energy provides the means for economic growth as well as social and political development. Hence, it is important to conserve and use energy judiciously.

Even though energy does not constitute a major cost factor in the Company's manufacturing facilities, during the year under review, several initiatives were undertaken to reduce energy consumption. The Company has a certified Energy-Conservation audit team, which also helps customers in identifying and addressing their energy conservation plans.

Accordingly, the Company has taken the following measures for energy conservation:

Himachal Plant

- Installed VRF Airconditioning System in the office block for energy efficiency.
- Installed loading and unloading circuit on HP compressor to work at low pressure air, resulting in switching off of high power compressor in second shift and running of 500 KVA DG set, thus saving diesel costs substantially and reducing carbon content.
- Use of cooling tower for heat exchange of hydraulic oil in place of chiller unit for Vipros punching machine.
- LED lights were installed in the utility section in place of conventional lights.
- Mid-way luminary T-5 lights were installed in HP-II Plant for energy conservation and to reduce carbon content.
- 300 KVAR power factor control panel to improve power factor and reduce energy losses.
- Water Recovery System was installed for the pull down testing of water coolers, saving energy.
- Switching from 25 Nm^3 Nitrogen Generator to Storage Type Liquid Cryo-container for Nitrogen, saving significant energy.

Ahmedabad Plant

- All hydraulic power packs of sheet metal machinery are installed with timers for automatic power cut off after idle run of 10 minutes for conservation of energy.
- Puff machine motors (50 HP) installed with VFDs for conservation of energy.
- Use of portable air compressor during partial load condition to conserve energy.
- Installed CFL lamps on the shop floor for energy conservation.
- Installed electronic water level sensors in the main overhead tank to control the water level automatically, thereby reducing water wastage and energy consumption of pumps.
- Use of Sewage Treatment Plant (STP) outlet water and RO system waste water for gardening purposes to control water consumption.
- Installed flow meters for effective monitoring and control of water consumption.
- Air Turbo Ventilators for effective ventilation and hot air exhaust.
- Transparent FRP roofing sheets for better lighting during daytime for energy conservation.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy at Himachal Plant:

- To explore methods/devices to supplement load reduction.
- Change in sequence and timing for CAB Furnace for substantial energy savings.
- To eliminate the running of 200 KVA DG set which is being used for performance testing of products.
- Installation of LED lights working on inverter to save lighting load.

c) Impact of measures taken:

Reduction in electrical and fuel consumption, saving in production costs.

RESEARCH AND DEVELOPMENT

a) Specific areas in which R&D carried out by the Company:

The Company continued to invest in R&D infrastructure and manpower to keep pace with the technological developments, mainly in the areas of energy-efficient products and eco-friendly refrigerants to meet regulatory requirements, and to be competitive in the market.

Manpower has been increased by 20%. The Stage-Gate Process introduced in 2011-12 is established, and has helped in streamlining the R&D operations. The R&D Facility has an approved status from DSIR (Department of Scientific & Industrial Research).

During the year, a complete range of ducted systems, based on micro-channel heat exchanger technology and a complete new range of room airconditioners, deep freezers as well as ducted systems with eco-friendly refrigerant were developed.

The Evolution-3 VRF System, based on digital scroll technology was introduced, and a major exercise has been undertaken to reduce the cost of products across all product lines, by adopting alternative technologies and material.

A project on developing 60Hz products to cater to the Middle East market has been initiated.

b) Benefits derived as a result of the above R&D:

The development of new products has helped the Company to keep abreast with the market demand and current technologies in order to improve the market share.

c) Future Plan of Action:

The Company will continue to invest in infrastructure, additional manpower, as well as restructuring and upgrading the R&D functions. The Company intends to develop products to meet the regulatory requirements of new Energy Efficiency Standards for room airconditioners, and to meet the regulatory requirements of refrigerant change and e-waste treatment. There is market demand for inverter technologies across all product lines, and investments will be made in these technologies.

d) Expenditure on R&D:

(₹ in lakhs)

	2012-13	2011-12
(a) Capital	1345.53	1317.81
(b) Recurring	1969.25	1633.12
Total	3314.78	2950.93
Total R & D expenditure as a percentage of total turnover	1.18%	1.08%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts made towards technology absorption, adaptation and innovation:

Efforts continued in strengthening the R&D facilities in order to provide a comprehensive range of products complying with the legislative requirements and to suit market needs. This also enabled widening the export opportunities, import substitution and adaptation of imported technology to suit the Indian market. Training was imparted to technical staff as an ongoing process.

b) Benefits derived as a result of the above efforts:

Availability of energy-efficient, environment-friendly airconditioning systems and equipment; wider range of products; improved quality and product designs; as well as cost reduction were amongst the benefits derived.

c) Information regarding imported technology:

No technologies were imported during the past five financial years.

MAJOR ITEMS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Discussed in detail in the 'Management Discussion and Analysis' Report.

b) Total foreign exchange used and earned:

(₹ in lakhs)

	2012-13	2011-12
Total foreign exchange used	66443.10	54435.52
Total foreign exchange earned	15857.38	14945.60

For and on behalf of the Board

Ashok M Advani

Mumbai: May 13, 2013

Chairman

Report of the Directors on Corporate Governance

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Blue Star has consistently followed the principles of good corporate governance through transparency, accountability, fair dealings and mutual trust. A basic set of Corporate Values and Beliefs has become a way of life in the Company and each employee is responsible for strict adherence to these values.

GUIDING VALUES AND BELIEFS

Blue Star has clearly spelt out a set of 12 Guiding Values and Beliefs that enunciate its basic business philosophy and its responsibilities to all stakeholders: customers, shareholders, employees, business partners and society. Ensuring high standards of corporate governance is one of the core values.

CODE OF CONDUCT

While Blue Star participates in a competitive and demanding market, the Blue Star Way provides a code of conduct for its employees that requires strict adherence to the Corporate Values while delivering a world-class customer experience. The Company makes conscious efforts to align employees and business partners with the Blue Star Way.

CORPORATE SAFETY POLICY

Blue Star's Management firmly believes that safety of its employees and all the stakeholders associated with the Company's project sites and manufacturing facilities is of utmost importance. Safety is an essential and integral part of all the Company's work activities. Blue Star believes that incidents or accidents and risk to health are preventable through the active involvement of all the stakeholders, thereby creating a safe and accident-free work place.

CORPORATE SOCIAL RESPONSIBILITY

The Company has chosen 3 broad areas to focus its CSR activities:

1. Energy Conservation comprising:
    a) Energy Efficient Products and Services
    b) Other Energy Conservation Measures
2. Environmental Protection
3. Community Development

BOARD OF DIRECTORS

During the year ended March 31, 2013, the Board consisted of eight Directors - three Wholetime and five Non-Executive. Out of the eight Directors, four were Independent Directors.

BOARD MEETINGS

Five Board Meetings were held during the financial year 2012-13, i.e. on May 16, 2012; July 31, 2012; October 19, 2012; January 18, 2013 and March 11, 2013. The Company had its Annual General Meeting on July 31, 2012.

The particulars of Directors, their attendance and other Directorships, Memberships/Chairmanships of Committees for the financial year 2012-13 are given below:

Name	Category	Attendance		Particulars of other Directorships, Committee Memberships/Chairmanships		
		Board Mtg.	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Ashok M Advani	Promoter Non-Executive	5	Yes	1	1	Nil
Suneel M Advani	Promoter Executive	5	Yes	2	1	Nil
Satish Jamdar	Non-Promoter Executive	5	Yes	1	Nil	Nil
Vir S Advani	Promoter Executive	5	Yes	2	Nil	Nil
Suresh N Talwar	Independent Non-Executive	5	Yes	13	5	2
Pradeep Mallick	Independent Non-Executive	4	Yes	7	7	2
Gurdeep Singh	Independent Non-Executive	5	Yes	5	1	Nil
Shailesh Haribhakti	Independent Non-Executive	5	Yes	12	4	5

Note:- Alternate Directorships, Directorships in Private Companies, Foreign Companies and Memberships in Governing Councils, Chambers and other bodies not included.

Except Mr Ashok M Advani, Mr Suneel M Advani and Mr Vir S Advani who are relatives, none of the other Directors are inter se related to the other.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors; namely, Mr Suresh N Talwar, Mr Pradeep Mallick and Mr Shailesh Haribhakti, with Mr Suresh N Talwar as the Chairman.

The Committee met on April 17, 2012; May 16, 2012; July 31, 2012; October 19, 2012; January 18, 2013 and March 12, 2013. The attendance of Committee Members is given below:-

Name of the Member	No. of Meetings attended
Mr Suresh N Talwar	6
Mr Pradeep Mallick	4
Mr Shailesh Haribhakti	6

The gap between two meetings did not exceed four months.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

The terms of reference of the Committee inter alia include review of Company's financial reporting process and disclosure of its financial information; recommending the appointment and removal of external auditors and fixation of audit fees; review of periodical and annual financial statements, related party transactions, risk assessment and minimisation procedure, adequacy of internal control systems, performance of statutory and internal auditors and adequacy of internal audit system and structure of internal audit department; looking into the reasons for substantial default in payments to depositors, shareholders, creditors etc; and review of the appointment, removal and remuneration of Chief Internal Auditor.

REMUNERATION POLICY

The Managing Director's and Wholetime Directors' remuneration is recorded in a service agreement with the Company, the terms of which are approved by the Board of Directors and shareholders. Notice period for termination is 6 months on either side and no severance compensation is payable on termination.

The annual increment and commission for the Managing and Wholetime Directors, and the commission for the Non-Executive Directors within the limits approved by the shareholders is determined by the Board of Directors. The Managing and Wholetime Directors are paid by way of salary, perquisites and commission, based on their agreements with the Company. Non-Executive Directors are, in addition to sitting fees, paid a commission based on the net profits of the Company, partly by way of a fixed amount and partly based on the number of Meetings attended by them. The details of amount paid/provided towards Directors' remuneration are as follows:

(₹ in lakhs)

Name	Salary	Perquisites	Commission	Sitting Fees	Total
Suneel M Advani	67.80	127.51	28.80	-	224.11
Satish Jamdar	44.20	100.33	28.80	-	173.33
Vir S Advani	27.39	62.18	14.40	-	103.97
Ashok M Advani	-	-	12.60	1.20	13.80
Suresh N Talwar	-	-	10.00	2.40	12.40
Pradeep Mallick	-	-	8.20	1.60	9.80
Gurdeep Singh	-	-	7.60	1.20	8.80
Shailesh Haribhakti	-	-	9.70	2.40	12.10

Note:

1. Mr Suresh N Talwar holds 71500 equity shares, Mr Gurdeep Singh holds 1200 equity shares and Mr Ashok M Advani holds 10857481 equity shares. Mr Shailesh Haribhakti and Mr Pradeep Mallick do not hold any shares in the Company.

SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee comprises Mr Ashok M Advani, Mr Suneel M Advani and Mr Gurdeep Singh. Mr Gurdeep Singh, who is a Non-Executive Director, is the Chairman of the Committee. The Committee met on January 18, 2013 and reviewed the status of shareholders' grievances.

The Board has authorised Mr Sangameshwar Iyer, Company Secretary, to approve the transfer of shares and attend to other related matters, and has designated him as the Compliance Officer.

During the year, the Company's Registrars received 263 letters, of which 220 letters were requests for various actions such as change of address, dividend mandate, nominations, etc., and 43 letters were complaints for non-receipt of share certificates, dividend, demat credit, etc. All requests/complaints were attended to promptly and resolved to the satisfaction of the shareholders. There were no valid transfers pending as on March 31, 2013.

ANNUAL GENERAL MEETINGS

Financial Year	Date	Location of Meetings	Time
2009-10	July 26, 2010	Jai Hind College Hall, Sitaram Deora Marg ('A' Road), Churchgate, Mumbai 400020.	2.30 pm
2010-11	July 29, 2011	-do-	2.30 pm
2011-12	July 31, 2012	-do-	2.30 pm

Following special resolutions were passed in the previous three Annual General Meetings:

Subject	Date of Meeting
Payment of Managerial Remuneration to Managing and Wholetime Directors	July 31, 2012

Following two special resolutions were passed through Postal Ballot during the year 2012-13 relating to introduction and implementation of an Employee Stock Option Scheme in the Company. No special resolution is proposed to be passed at the forthcoming Annual General Meeting.

1. Special Resolution under sections 79A & 81 of the Companies Act, 1956, seeking shareholders' consent for introduction of Employee Stock Option Scheme for the Employees/Directors of the Company.
2. Special Resolution under sections 79A & 81 of the Companies Act, 1956 seeking shareholders' consent for introduction of Employee Stock Option Scheme for the Employees/Directors of Subsidiary Companies.

Process of Postal Ballot

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 was adopted.

Particulars of Special Resolution	Details of voting pattern	
	Votes cast in favour (No of shares)	Votes cast against (No of shares)
Introduction of Employee Stock Option Scheme for Employees/Directors of the Company	51553737	405684
Introduction of Employee Stock Option Scheme for Employees/Directors of Subsidiary Companies	51504347	420609

Mr Haresh M Jani of M/s Haresh Jani & Associates, Company Secretaries, was appointed as the Scrutiniser, and the results of these resolutions were declared on March 7, 2013. The result of the Postal Ballot was published in the Free Press Journal (English) and Navshakti (Marathi) on March 8, 2013.

DISCLOSURES

a. The details of transactions with related parties are given in Note No. 32 to the financial statements for the year ended March 31, 2013. There were no transactions with related parties, which are likely to have potential conflict with the interests of the Company at large.

b. The Company has complied with the requirements of regulatory authorities on capital markets, and no penalties/strictures have been imposed on/against it.

c. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. It has adopted the non-mandatory requirement of the said Clause relating to provision of a Chairman's office for a Non-Executive Chairman at Company's expense.

d. The Company has followed all relevant Accounting Standards while preparing the Financial Statements.

MEANS OF COMMUNICATION

The Company published its quarterly and half yearly results in the prescribed form within the prescribed time. The results were forthwith sent to the Stock Exchanges where shares are listed and the same were published in Economic Times and Maharashtra Times/Mumbai Lakshadweep. The Financial Results were also displayed on the website of the Company www.bluestarindia.com. Official press releases are also displayed on the website. The Company did not have any meetings with analysts/investors during the year 2012-13. Management Discussion and Analysis forms part of the Annual Report.

SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING

Date	:	July 22, 2013
Time	:	2.30 pm
Venue	:	Jai Hind College Hall 23-24, Sitaram Deora Marg ('A' Road), Churchgate, Mumbai 400 020.

FINANCIAL CALENDAR (PROVISIONAL)

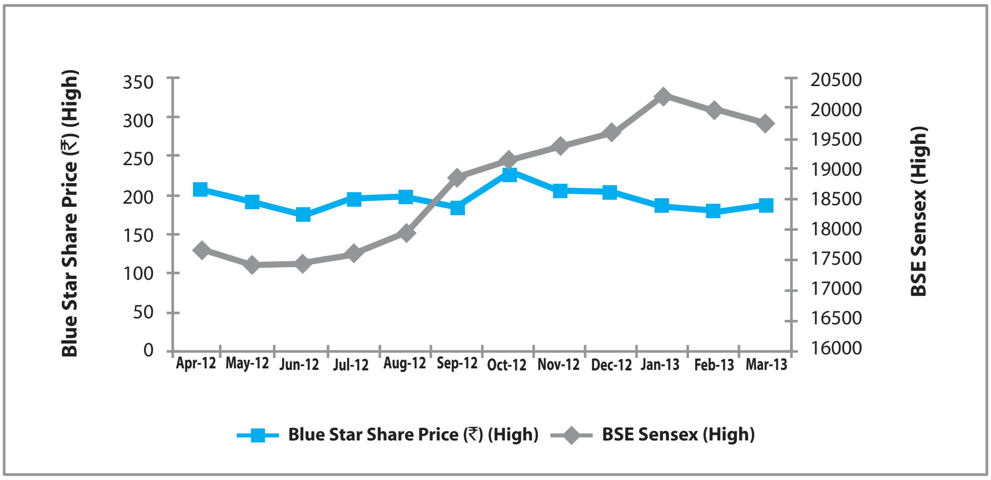
Unaudited results for the quarter ending June 30, 2013	:	July 22, 2013
Unaudited results for the quarter ending Sept 30, 2013	:	October 21, 2013
Unaudited results for the quarter ending Dec 31, 2013	:	January 22, 2014
Audited results for the year ending March 31, 2014	:	May 2014
Date of Book Closure	:	Tuesday, July 9, 2013 to Tuesday, July 16, 2013
Dividend Payment Date	:	July 26, 2013
LISTING ON STOCK EXCHANGES	:	Bombay Stock Exchange Ltd National Stock Exchange of India Ltd
STOCK CODE	:	Bombay Stock Exchange Ltd - 500067 National Stock Exchange of India Ltd - BLUESTARCO NSDL/CDSL-ISIN-INE 472A01039

MARKET PRICE DATA

(₹ per share)

	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
2012				
April	206.90	181.00	206.40	183.20
May	191.00	159.00	191.70	159.00
June	175.00	158.05	174.60	158.00
July	195.80	162.55	195.50	162.00
August	198.70	170.05	200.00	173.10
September	184.00	164.00	185.00	164.00
October	230.65	179.10	231.00	178.10
November	206.90	184.05	206.00	183.10
December	204.00	178.60	204.10	178.90
2013				
January	186.75	162.20	186.55	161.50
February	179.70	162.30	175.85	164.00
March	187.90	151.80	188.50	151.80

PERFORMANCE - COMPARISON WITH BSE SENSEX



REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt Ltd
C-13, Kantilal Maganlal Estate
Pannalal Silk Mills Compound
L B S Marg, Bhandup (W)
Mumbai 400 078.
Tel.: 022-25946970, Fax: 022-25946969
E-mail: rnt.helpdesk@linkintime.co.in

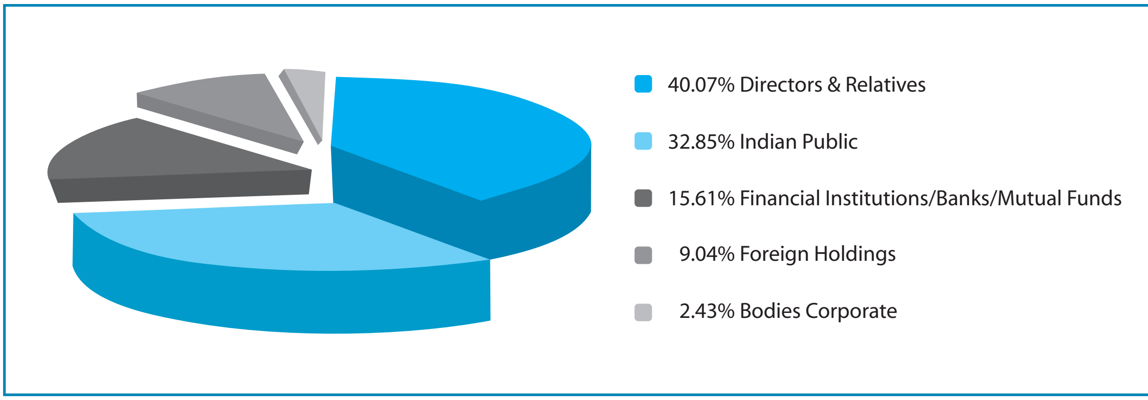
SHARE TRANSFER SYSTEM

The Company's shares are traded in the Stock Exchanges in demat mode. These transfers are effected through NSDL and CDSL. Most of the transfers of shares take place in this form. Transfers of shares in the physical form are processed and approved weekly, and the certificates are returned to the shareholders within 15 days from the date of receipt, subject to documents being valid and complete in all respects. The Board has authorised Mr Sangameshwar Iyer, Company Secretary, to approve the transfer of shares.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2013

No. of equity shares held	No. of Shareholders	Percentage of Shareholders	Total No. of shares held	Percentage of shares held
1 - 5000	22584	91.71	7819289	8.69
5001 - 10000	1043	4.23	3788376	4.21
10001 - 20000	565	2.29	3965182	4.41
20001 - 30000	164	0.66	1996376	2.22
30001 - 40000	63	0.25	1098615	1.22
40001 - 50000	35	0.14	777930	0.88
50001 - 100000	60	0.24	2134256	2.37
100001 - and above	109	0.44	68356081	76.00
TOTAL	24623	100.00	89936105	100.00

CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2013



DEMATERIALISATION OF SHARES & LIQUIDITY

About 96% of the equity shares have been dematerialised by about 87% of the total shareholders as on March 31, 2013. The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company has entered into agreements with NSDL and CDSL whereby shareholders have the option to dematerialise their shares with either of the Depositories. About 33% of the equity shares are held by public and the shares are actively traded in BSE and NSE.

PLANT LOCATIONS

Blue Star Limited
IInd Pokhran Road
Majiwada
Thane 400 601.

Blue Star Limited
Village Vasuri
Khanivali Road
Taluka: Wada
Dist: Thane
421 312.

Blue Star Limited
Survey No. 265/2
Demni Road
U.T. of Dadra &
Nagar Haveli
396 193.

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

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

Blue Star Limited
501/3, 503/2, Tejpur Road
Sarkhej Baula Highway
Changodar
Ahmedabad 382 213.

Blue Star Limited
Plot Nos. 4 & 5
GIDC Indl Estate
Bharuch 392 015.

COMPLIANCE OFFICER

Mr Sangameshwar Iyer
Company Secretary
Tel: 022 6665 4040, Fax: 022 6665 4151
Email: sangameshwar@bluestarindia.com

ADDRESS FOR CORRESPONDENCE

Blue Star Limited
Kasturi Buildings, 4th floor
Mohan T Advani Chowk
Jamshedji Tata Road
Mumbai 400 020.

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the financial year ended March 31, 2013.

For **BLUE STAR LIMITED**

Satish Jamdar
Managing Director

Mumbai: May 13, 2013

Auditors' Certificate

To
The Members of Blue Star Limited

We have examined the compliance of conditions of corporate governance by Blue Star Limited, for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S R Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

Management Discussion and Analysis

INTRODUCTION

Blue Star is India's leading airconditioning and commercial refrigeration company with seven decades of experience in providing expert cooling solutions. It fulfills the cooling requirements of a large number of corporate, commercial as well as residential customers. It also offers expertise in allied contracting activities such as electrical, plumbing and fire-fighting services, in order to provide a comprehensive solution. Blue Star's other businesses include marketing and maintenance of imported professional electronic and industrial systems, and execution of industrial projects.

BUSINESS SEGMENTS

In accordance with the nature of products and markets, business drivers, and competitive positioning, the lines of business of Blue Star can be segmented as follows:

ELECTRO MECHANICAL PROJECTS AND PACKAGED AIRCONDITIONING SYSTEMS

This business segment covers the design, manufacturing, installation, commissioning and maintenance of central airconditioning plants, packaged/ducted systems and variable refrigerant flow (VRF) systems, as well as contracting services in electrification, plumbing and fire-fighting. After-sales services such as revamp, retrofit and upgrades are also included in this segment.

COOLING PRODUCTS

Blue Star offers a wide variety of modern stylish room airconditioners for both residential as well as commercial applications. It also manufactures and markets a comprehensive range of commercial refrigeration products and cold chain equipment.

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS

For nearly six decades, Blue Star has been the exclusive distributor in India for many internationally renowned manufacturers of professional electronic equipment and services, as well as industrial products and systems. The Company is also in the business of specialised industrial projects.

INDUSTRY STRUCTURE AND DEVELOPMENTS

AIRCONDITIONING

In 2012-13, the estimated total market size for airconditioning in India was around ₹13,700 crores. Of this, the market for central airconditioning, including central plants, packaged/ducted systems, VRF systems and other ancillary equipment, was about ₹6900 crores, while the market for room airconditioners comprised the balance ₹6800 crores.

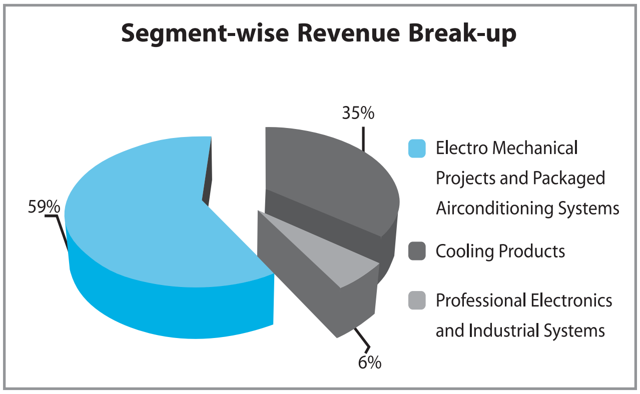
During the year, owing to the uncertain economic environment, the pace of inflow of orders as well as execution of projects in the central airconditioning segment was sluggish. While several enquiries were floated, the rate of finalisation of orders was adversely impacted. While the commercial construction sector continued to be affected; healthcare, education, IT/ITeS, industrial and manufacturing segments performed well. Even in the room airconditioners business, which is largely driven by the residential segment, the market witnessed a second consecutive year of negative growth in volume terms and a marginal growth in value terms. This was mainly due to a relatively soft summer in most parts of the country as well as reduced consumer spending on account of rising interest rates and inflationary pressures. Further, the implementation of Bureau of Energy Efficiency (BEE) Table 2.2 in January 2012 necessitated an upward revision in energy efficiency for the same star-rating. This, coupled with appreciation of the US Dollar, increased the product prices contributing to sluggish sales and erosion of margins. However, the current penetration level of airconditioners in the country is a mere 3%, and this presents significant opportunities to the players in the room airconditioners business, when the economic as well as geographic climate is favourable.

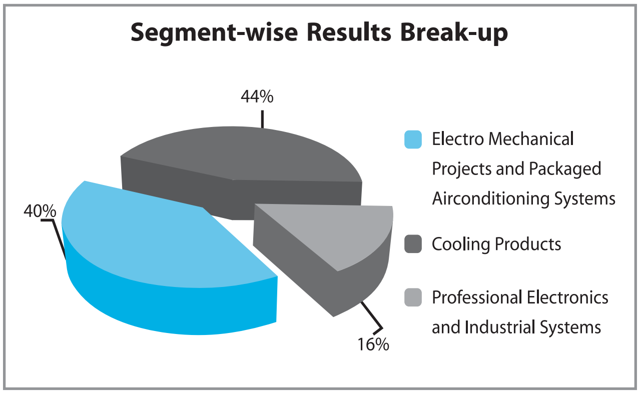
COMMERCIAL REFRIGERATION

The commercial refrigeration segment includes a wide range of products such as cold storages, water coolers, bottled water dispensers, deep freezers, milk coolers, bottle coolers and ice cubers. During the year, these segments performed well with demand from the ice cream, dairy and fast food segments. The Ministry of Agriculture in co-ordination with CII has been taking initiatives to boost the cold chain infrastructure in the country to enhance agricultural produce and contain food inflation. These initiatives are expected to significantly enhance demand for cold chain equipment in the country.

SEGMENT-WISE ANALYSIS

The revenue and results break-up in terms of business segments were as follows:





ELECTRO MECHANICAL PROJECTS AND PACKAGED AIRCONDITIONING SYSTEMS

The Electro Mechanical Projects and Packaged Airconditioning Systems continued to be the largest segment, accounting for 59% of the Company's Total Segment Revenue. During the review period, there was demand from industrial, manufacturing, healthcare, education, IT/ITeS and mixed-use development segments. There was a concerted effort on improving the quality of new orders, in terms of margins as well as terms of payment. However, inflationary trends adversely impacted the older jobs, resulting in significant cost-overruns.

In the central plant equipment segment, the Company offers a range of screw and scroll chillers as well as air distribution products such as air handling units and fan coil units. The innovative Blue Star-Turbocor centrifugal chiller, which was launched a couple of years back, continued to perform well with breakthrough orders from large customers. The Company also maintained its leadership position in scroll chillers as well as increased its market share in the screw chiller segment. The Company actively pursued consultants as well as independent contracting companies to enhance its base.

Significant orders received during the year include OP Jindal Super Thermal Power Plant, Raigad; Trauma Centre and OT Complex, Ahmedabad; Mantralaya Building, Mumbai; Singhitarai Thermal Power Plant, Singhitarai; Wipro, Pune/Noida; HCL Technologies, Chennai; TBEA, Vadodara; Gujarat International Finance Tec-City (GIFT), Gandhinagar; Srijan Tech Park–II, Kolkata; Yashoda Hospital, Secunderabad; QRG Hospital, Faridabad; JSW, Bengaluru; JW Marriott (Mani Group), Kolkata; Pavani, Secunderabad; Infosys, Trivandrum/Hyderabad; Jalsa Mall, Jaipur; Forum Rangoli Mall, Kolkata; Capital Greens, New Delhi; TSI Waverock, Hyderabad; Apollo Reach Hospital, Nellore; Success Towers, Gurgaon and Aranya Buddha Hotel, Gaya; amongst several others.

The electrical projects business focused on opportunities available in the industrial and power sector during the review period. It enhanced its capabilities in the areas of construction and engineering in order to handle large value industrial and power sector orders independently. The Company bagged a prestigious order from Gujarat International Finance Tec-City at

Gandhinagar towards turnkey execution of the 66KV substation and underground distribution network. Blue Star also won two major contracts from BSES Rajdhani Power for turnkey execution of two 66KV grid substations at New Delhi.

In the plumbing and fire-fighting business, some of the notable projects completed during the year were Hotel Shangri-La, Mumbai; Hotel Park Hyatt, Chennai; Hotel Novotel Sea Valley Resorts, Vizag; Island Star Mall, Bengaluru; Phoenix Mall, Chennai; E I DuPont, Hyderabad and Wipro, Delhi; to name a few. Some of the orders under execution include Continental Hospitals, Hyderabad; Hotel J W Marriott, Mumbai; Panacea New Rise Hospital, Gurgaon and Hotel Radisson Plaza, Mumbai; amongst others.

Blue Star's ducted systems range comprises packaged airconditioners, ducted split airconditioners and variable refrigerant flow (VRF) systems. In the ducted systems segment, there was good demand from offices, industrial segments, showrooms and educational institutes. Prestigious orders were won from SRM Hospital and Medical Research Centre, Chennai; Yes Bank, Mumbai; Adani Group, Vadodara; Volkswagen, Mumbai and Glaxo, Mumbai; amongst others. During the year, the Company launched its new range of digital VRF systems, which met with an encouraging response in the market place. The range of inverter-based VRF airconditioning systems also performed extremely well. In FY14, the Company is looking at further consolidating its position in this segment by aggressively marketing its solutions amongst customers, consultants, architects and interior designers.

COOLING PRODUCTS

This business segment includes room airconditioners apart from commercial refrigeration products and systems.

During the year, the Company launched a new range of contemporary and stylish room airconditioners for the residential segment which is available in a large number of retail channels across the country. The Company also entered several new Tier III and IV markets for growth. It also enhanced its advertising budgets to build brand salience. The above initiatives helped the Company make deep inroads into the residential segment during the year. In FY14, the Company is gearing up to meet the next and stringent level of BEE Table 2.3 which will be in force from Jan 1, 2014. Plans are also afoot to meet the regulatory change in refrigerants. The Company has also taken proactive measures to meet the e-waste management regulations.

In the commercial refrigeration products segment, the appreciation of the dollar impacted the pricing of imported products such as chest freezers and bottled water dispensers, thereby affecting the overall profitability of the business. Sales of chest freezers and coolers grew well, especially during the second half of the year, with enhanced demand from the ice cream and dairy segments. The Company received large orders from Vadilal, Amul, Havmor, Ramani, Cream Bell, Hatsun and Lazza. The market also witnessed enhanced demand for glass-top freezers. Sales of storage water coolers were flat due to a slack in demand from institutional segments. Bottled water dispensers also showed a flat trend through the year, which reversed during the last quarter with significant off-take from the residential, commercial and small offices segments.

In the cold chain segment, Blue Star offers a wide range of equipment across the chain from the farm to the fork. The quick service restaurants segment witnessed significant growth, with the Company winning a large share of business from fast food majors such as Dominos, Yum India, McDonald's and Starbucks, to name a few. The Company also enhanced its share of business from the ice cream segment, with several orders from distributors of major players. Owing to its increased channel network, the modular cold rooms business performed well with demand from traditional segments such as hotels, pharmaceuticals, horticulture and banana ripening.

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS

This segment comprises several strategic business units namely Industrial Projects, Industrial Products and Systems, Material Testing Equipment and Systems (Destructive/Non Destructive), Data Communication Products & Services, Test and Measuring

Instruments, Analytical Instruments and Medical Diagnostic Equipment. Over the years, the Company has changed its business model from being only a distributor of leading global manufacturers to that of a system integrator and value added reseller, thereby moving up the value chain.

During the review period, the demand for hi-technology imported equipment was sluggish due to the appreciation of foreign currencies. The Government as well as scientific and educational institutes were extremely cautious in adding new equipment. The demand for destructive and non-destructive testing machines was reasonable with the light/medium industrial segments continuing to make incremental capital investments. However, there was a significant slowdown and deferring of expansion investments in core industrial segments such as steel, mines, metals, oil and gas. This adversely affected the industrial projects business substantially.

During the year, the Company added new potential streams of business. It won significant buffer vessel project orders from Bhilai Steel Plant and Rourkela Steel Plant. In the automated bagging plants business, several orders for jumbo packaging and high throughput packaging were received. The business line of environmental growth chambers also looks promising with multi-national companies such as Monsanto, DuPont and Bayer setting up their R&D centers in India. The data communication business won a large order from Karnataka Police for expanded video surveillance. In addition, it won orders for security modules in mobile banking from Vodafone.

MANUFACTURING FACILITIES

Blue Star has seven modern, state-of-the-art manufacturing facilities at Thane, Dadra, Wada, Himachal, Bharuch and Ahmedabad.

Thane, which is the oldest manufacturing facility in Blue Star, primarily manufactures a range of screw chillers in air cooled, water cooled and flooded types, with all products being AHRI certified. It also manufactures the innovative Blue Star-Turbocor centrifugal chiller. The Dadra plant, regarded as one of the best manufacturing facilities in the country for high quality airconditioning products, manufactures packaged/ducted split airconditioners and VRF systems. The Wada Plant, which is the largest manufacturing facility of Blue Star, manufactures air handling units, screw chillers, scroll chillers and refrigeration units for cold rooms. It is also a contract manufacturer of sophisticated condensing units and roof top units for a few multinationals. The two Himachal Plants manufacture room airconditioners as well as storage water coolers. The Bharuch plant manufactures commercial refrigeration products and systems. Driven by the ice cream, frozen food and dairy segments, the commercial refrigeration business of Blue Star has been on the rise and considering the expected demand in the future, the Company thought it prudent to expand its manufacturing capacity for refrigeration products by setting up another plant in Ahmedabad which will augment the current production capacity of these products significantly. This plant was made operational during the year, and it has a production capacity of 80,000 chest freezers per annum.

During the year, the plants undertook several value analysis and value engineering projects, process improvement and quality control initiatives. There was focus on energy management, enhancing safety practices and TPM during the period.

RESEARCH & DEVELOPMENT

The new R&D structure created a couple of years ago, helped the Company meet its requirements of adopting new technologies and in developing products required by the various lines of business. New products launched during the year included VRF with digital scroll; complete new range of room airconditioners and deep freezers; and ultra-high efficiency Turbocor chillers, amongst others. In order to comply with the refrigerants phase-out plan, various pilot projects have been undertaken.

EXPORTS

The main focus of product exports is on the Middle East markets. However, even European markets are now contributing and comprise one-fourth of the total exports. The Company offers products such as chillers, air handling units, fan coil units and roof top units, apart from traditional cooling products like water coolers, ducted systems and room airconditioners. These products, which compete with global brands, enjoy a good reputation in the market. The Company has also taken the initiatives to develop the products in 60 Hz for growing markets such as Saudi Arabia.

After the economic recession, followed by the unrest, the airconditioning market in the Middle East is showing signs of recovery. The market is being driven by the adoption of energy efficient models, rapidly growing replacement market and mega project announcements. In the endeavour to increase its presence in the Middle East, the Company shifted its office from Sharjah to Jumeirah Lakes Towers in Dubai during the year.

As far as international projects are concerned, the Company has joint ventures in Qatar as well as in Malaysia. During the year, the Company continued to be selective in pursuing only those projects with reasonable margins.

AIRCONDITIONING AND REFRIGERATION SERVICE

Blue Star continues to be the largest after-sales airconditioning and commercial refrigeration service provider in the country, and has sustained its reputed position in the market place as a superior value added service provider.

In order to support its foray into the residential room airconditioners business, about 135 service expert associates have been appointed over the last couple of years to cover the entire country effectively. The service operations are automated and systems have been designed for call management, preventive maintenance systems management and for providing visibility on spare parts. The customer call desk operates on a 24x7 basis all days a year and is ISO certified. Apart from customary warranty and maintenance services, the Company performed well in revamp, retrofit and upgrades; facility management and green building certification services.

SUPPLY CHAIN MANAGEMENT

During the year, the Company further consolidated the supply chain for the products business, and aligned both resources as well as processes to be more cost-effective. It completed implementation of major initiatives on procurement, which covered global sourcing for all major commodities as well as for product exports to Middle East markets. This has ensured speedier implementation of various initiatives as well as benchmarking of the whole procurement process. It also effectively leveraged use of IT and outsourcing for better cost control in logistics and improved service levels.

CHANNEL DEVELOPMENT

The Company has a Channel Management Centre, which is the overall custodian of Blue Star channel partners and a single point contact for all channel development and channel conflict resolution initiatives. Blue Star has approximately 1800 channel partners for room airconditioners, packaged airconditioning, chillers, cold rooms and refrigeration products. Blue Star has also expanded the retail distribution reach of room airconditioners in several cities across the country.

Several developmental and motivational programmes including foreign incentive trips were undertaken during the year. Further, new Star League clubs were announced for loyal channel partners of room airconditioners and refrigeration products. There were several product launch events showcasing new products related to room airconditioners, refrigeration products and VRF systems, especially for channel partners. With a clear focus to enhance the overall competence and capabilities of channel partners across the country, the Company conducted extensive training on an array of topics including product features, selling techniques, installation and service techniques, and customer-facing skills.

FINANCIAL PERFORMANCE

The analysis of the financial performance for the year ended March 31, 2013 in comparison to the previous year on a stand-alone basis is as under:

1. INCOME

For the year, the Total Income (net of excise duty) at ₹2803.37 crores was 2.9% higher as compared to ₹2724.59 crores in the previous year.

2. COST OF SALES, WORK BILLS AND SERVICES

The cost of sales, work bills and services during the year was ₹2037.84 crores, yielding a gross margin at 26.4% of the revenue from sales, work bills and commission as compared to 22.8% in the previous year. The gross margins have improved by 3.6% over the previous year, partly due to the adverse impact on account of revision in cost estimates of projects being much lower in the year under review.

3. EMPLOYEE REMUNERATION AND BENEFITS

Employee cost increased by 4.2% from ₹206.92 crores to ₹215.50 crores. The employee cost at 7.8% of the Total Income was marginally higher than the previous year.

4. OPERATING AND GENERAL EXPENSES

Operating and General expenses decreased marginally by 1.0% to ₹414.67 crores. As a percentage of Total Income, the Operating and General Expenses for the year were at 14.8% as compared to 15.4% in the previous year.

5. FINANCIAL EXPENSES

Financial cost for the year amounted to ₹49.85 crores, and was significantly lower than ₹70.25 crores incurred in the previous year. This was due to reduction in exchange difference and forward cover cost from ₹36.66 crores in the previous year to ₹22.42 crores in the year under review, as well as a reduction in interest cost from ₹27.35 crores in the previous year to ₹21.91 crores in the year under review. Interest cost for the year was 0.78% of the Total Income as compared to 1.0% in the previous year.

6. DEPRECIATION

Depreciation charge for the year was marginally higher at ₹32.90 crores as compared to ₹31.45 crores in the previous year.

7. TAXATION

In view of the brought forward business loss, the Company does not have a liability for normal income tax for the year under review. In view of this, the Company has a liability of ₹11.52 crores towards Minimum Alternate Tax (MAT), against which the Company has recognised an equivalent amount as MAT Credit Entitlement. The Company has provided an amount of ₹0.85 crores towards shortfall in tax provision on accepted assessed liabilities for prior years.

8. NET PROFIT/(LOSS)

Net Profit for the year was ₹51.74 crores as compared to a Net Loss of ₹89.15 crores in the previous year.

9. CAPITAL EXPENDITURE

Capital expenditure incurred by the Company during the year was ₹50.99 crores as compared to ₹45.05 crores in the previous year. This includes capital expenditure for setting up the additional manufacturing facility at Himachal Pradesh and Ahmedabad, and amount spent on technical know-how developed for the VRF system at the Dadra R&D unit.

10. CONSOLIDATED ACCOUNTS

The consolidated financial statements incorporate the result of the Company's wholly owned subsidiary, Blue Star Electro-Mechanical Ltd and its share in the result of joint venture companies namely Blue Star M&E Engineering SDN BHD, Malaysia; Blue Star Qatar (WLL) and Blue Star Design & Engineering Ltd as well as the share in the profit of its associate company, Blue Star Infotech Ltd. The Total Income (net of excise duty) was ₹2960.45 crores compared to ₹2843.02 crores in the previous year, and the Net Profit after tax was ₹39.07 crores compared to a Net Loss of ₹105.10 crores in the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place, a robust internal control mechanism based on a highly integrated ERP system, which is commensurate with the nature of its business as well as the size and complexity of its operations. The Company's in-house ISO 9001:2008 certified Internal Audit Department, objectively and independently tests the design, operating effectiveness and adequacy of the internal control system, in accordance with the annual Internal Audit plan approved by the Audit Committee of the Board. The Internal Audit Department, which is supported and supplemented by external firms which carry out internal audits at the regions and factories, also reviews and reports on the adherence to operating policies and guidelines as well as statutory requirements. A summary of Internal Audit Reports is periodically submitted by the Internal Audit Department to the Audit Committee of the Board, which discusses and reviews the findings with the senior management and head of Internal Audit.

RISKS AND CONCERNS

RISKS

Risks which could impact the Company relate to exchange rates, interest rates, credit risks and volatile commodity prices risks as well as operating risks, arising out of high input costs, especially in the case of fixed price contracts, and changes in technology which impact the Company's product offerings. In addition, a general slow down in the global and local economy tends to aggravate risks faced by the Company. All such risks are periodically identified and assessed in terms of the Company's risk management framework, and appropriate action is undertaken to minimise and mitigate the impact. Risks and the effectiveness of the risk management process are also periodically reviewed by the senior management and the Board.

CONCERNS

The possibility of a slow down in economic growth due to the need to bring inflation under control are cause for concern, and this could impact the growth of the Company to some extent in the coming year. The Company will, however, continue to remain vigilant and will proactively take steps to mitigate the adverse impact, if any, arising out of these concerns. The strong fundamentals of the Company and its sound financial base places it in a strong position to face the vagaries of the market and the overall uncertain economic scenario.

HUMAN RESOURCES

During the review period, the Company reduced its total permanent head count marginally to 2698 as on March 31, 2013 as compared to 2785 as on March 31, 2012. Recruiting the right talent was a key thrust area, keeping in mind the need to optimise costs. The Company appointed over 130 campus recruits as a Corporate pool, and allocated them to the respective functions based on their business needs. For the first time, the Performance Management System was implemented online, including KRA setting and mid-term review, which made the process transparent and easy to monitor. People development continued to be the focus. Over 26,000 man-days of training were delivered during the year, including both technical as well as behavioural training.

During the year, the Environment, Health and Safety (EHS) function further enhanced safety awareness among the employees and business partners. Over 20,000 employees and technicians/workers of business partners were covered under safety training, and around 800 safety audits were carried out during the year. The Company also received Gold Certification from Indian Green Building Council for its Wada Plant. A nation-wide programme across the Company and its stakeholders has been initiated for spreading awareness about e-waste management.

INFORMATION TECHNOLOGY

During the year, the Company's main IT focus was on enhancing its IT systems to collaborate with external business partners as well as strengthening its core ERP and CRM systems to improve operational efficiencies and enhance business process automation. It strengthened its SAP backbone through improved project management and controls, implementation of LE module for enhanced freight visibility, automation of SAP Billing and other key areas. It has implemented a Preventive Maintenance solution that is expected to significantly improve after-sales service and customer satisfaction. The Company has also deployed an e-procurement solution for attaining procurement excellence and generating cost savings. Further, it deployed Business Intelligence solutions across the Company for facilitating business performance analysis, decision making through dashboards and drill-down reporting.

BRAND EQUITY

In terms of advertising and brand communication, the Company enhanced its advertising spends, given its foray into the residential segment. The differentiated value proposition for the residential audience continued to be 'Get office-like cooling at home', which leverages Blue Star's expertise in cooling offices, and communicates that one can get the very same expertise at home. Residential consumers, including those in non-metros, have reacted favourably to this communication, resulting in greater traction for the brand and enhanced enquiry levels at the retail stores.

Apart from mass media, the Company also made affordable investments in field marketing. These include participation in trade exhibitions, sponsorships of CII and other events, IDEAC (Interior Designers, Architects and Consultants) relationship management, customer events and public relations through the Press. These field activities are critical and have gone a long way in complementing mass media campaigns as well as in strengthening brand equity.

CORPORATE SOCIAL RESPONSIBILITY

Blue Star's Corporate Social Responsibility (CSR) philosophy is built on three pillars; namely, Environment protection, Energy conservation and Community development around its manufacturing facilities.

The Company is highly committed to the cause of protecting the environment. Energy efficiency of its products remains a corner-stone of its research and development efforts. Air, water and energy management services as well as LEED consultancy for Green Buildings have been part of its business and practices. The Company has also been contributing in the technical domain for the use of eco-friendly refrigerants in its products.

During the year, the Company continued to sponsor various philanthropic causes through its charitable trust, Blue Star Foundation, which has been supporting activities in the areas of education, healthcare, poverty alleviation and environment protection. The organisations supported by the Trust during the year included St Jude India, Mumbai for cancer-affected children and families; Akshar Trust, Vadodara for education of children with hearing difficulties; Vijit Ramchandani Education Trust towards education of less privileged children in Dehradun; United Orphanage, Coimbatore for the physically challenged; Aishwarya Trust, Chennai towards medical support for children affected by congenital heart disorders; and Seva Sadan Society, Mumbai for residential and educational facilities for young girls in difficult circumstances; to name a few.

CORPORATE OUTLOOK

The Company's effort to drive margins through price increases, value engineering, prudent working capital management and cost control, coupled with a focus on improving the quality of new orders, helped it return to profitability during the year. While the electro mechanical projects business will continue to be under pressure over the next few quarters due to the challenging and uncertain business environment, the cooling products business is likely to perform well during the summer season. The corrective steps taken by the Company in the previous year have shown results, and the Company intends to further enhance these efforts in order to sustain this performance over the current year as well.

The Dynamics of Blue Star's Growth

10 YEAR FINANCIAL HIGHLIGHTS

		2012-13	2011-12	2010-11	2009-10
OPERATING RESULTS:					
Total Income (incl. Excise duty)	₹ in crores	2835.34	2752.55	2922.11	2576.62
Profit before Tax	"	52.59	(88.45)	227.00	276.62
Tax	"	0.85	0.70	72.00	65.14
Profit after Tax	"	51.74	(89.15)	155.00	211.49
Dividend (incl. Corporate Dividend tax)	"	31.57	10.45	73.18	83.90
Retained Profit	"	20.17	(99.60)	81.82	127.59
FINANCIAL POSITION:					
Paid up Capital	"	17.99	17.99	17.99	17.99
Reserves	"	476.38	455.91	555.51	473.69
Shareholders' Funds	"	494.37	473.90	573.50	491.67
Borrowings	"	372.67	373.57	418.38	65.99
Total Funds Employed	"	867.04	847.47	991.88	557.67
Net Fixed Assets, Investments, DTA/DTL	"	351.97	358.70	324.09	205.92
Net Working Capital	"	515.07	488.77	667.79	351.74
Debt Equity Ratio	Ratio	0.75	0.79	0.73	0.13
Book Value per Equity Share	₹	54.97	52.69	63.77	54.67
OTHER INFORMATION:					
Number of Shareholders	Nos.	24623	24338	22830	22781
Number of Employees	Nos.	2698	2785	2825	2603
PERFORMANCE INDICATORS:					
Earnings per Share	₹	5.75	(9.9)	17.23	23.52
Dividend per Share **	₹	3.00	1.00	7.00	8.00
Return on Shareholders' Funds	%	10.5	(18.8)	27.03	43.0
Return on Capital Employed	%	6.1	(10.4)	22.9	49.6

** Proposed Dividend

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
2574.04	2270.09	1607.41	1178.62	930.92	716.06
238.22	242.02	92.60	69.09	52.44	46.59
57.93	67.92	21.42	19.42	13.71	11.88
180.29	174.10	71.18	48.90	39.16	32.55
73.65	73.65	30.93	24.61	20.55	18.26
106.64	100.45	40.26	24.29	18.61	14.29
17.99	17.99	17.99	17.99	17.99	17.99
349.15	245.56	194.98	154.72	130.43	111.82
367.13	263.54	212.97	172.71	148.42	129.81
27.28	36.54	89.05	75.87	37.28	13.35
394.41	300.08	302.02	248.58	185.70	143.15
216.76	160.39	121.79	113.04	89.03	70.41
295.70	141.86	184.49	141.33	100.53	77.17
0.07	0.14	0.42	0.44	0.25	0.10
40.82	29.30	23.68	19.20	16.50	14.43
20470	19096	18065	15609	17187	19422
2620	2566	2181	1999	1868	1798
20.05	19.36	7.91	5.44	4.35	3.62
7.00	7.00	3.00	2.40	2.00	1.80
49.1	66.1	33.4	28.3	26.4	25.1
60.4	81.4	32.1	30.1	30.0	33.8

Independent Auditor's Report

To The Members of Blue Star Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Blue Star Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 26 to the financial statements regarding managerial remuneration of ₹402.47 lakhs paid/provided in the previous year in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 against which the Company has received Central Government approval of ₹202.47 lakhs. The management has taken necessary steps for obtaining Central Government approval for balance ₹200 lakhs which has been paid during the current financial year. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:

   (a) We have 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 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, May 13, 2013

Annexure to the Auditors' Report

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

Re: Blue Star Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(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) The Company has granted loans to two Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹2,520.44 lakhs and the year-end balance of loans granted to such parties was ₹649 lakhs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for loan given to one Company is not prima facie prejudicial to the interest of the Company. Further, the Company has made interest-free loans to wholly-owned subsidiary. According to the information and explanations given to us, and having regard to management's representation that the interest free loans are given to wholly-owned subsidiary of the Company in the interest of the Company's business, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) The loans granted are re-payable on demand. We are informed that the company has not demanded repayment of any such loans during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. *As explained in note 25b to the financial statements, the payment of interest of ₹213 lakhs from a Company has not been regular.*

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, 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 sale of goods and services. 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) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases in deposit of employees' state insurance and sales-tax wherein the amounts involved are not significant.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, excise duty and cess on account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount (₹ Lakhs*)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of Section 80IA/80IB deduction for non allocation of Expenses	692.14	AY 1998-99, 2000-01 to 2005-06	ITAT/High Court
	Disallowance of Section 80IB deduction for non allocation of Corporate Expenses, Disallowance of depreciation on intangible assets acquired from NEPL & others	119.05	AY 2008-2009	Commissioner of Income tax (Appeals)
Service Tax under Finance Act, 1994	Service tax demand on Composite Contracts	55.00	2003-2004 to 2006-2007	CESTAT
	Disallowance of Cenvat Credit to the extent of 80%	328.43	2004-2005 to 2009-2010	CESTAT/Commissioner Appeals
	Reversal of Cenvat credit on input services used for providing taxable service as well as exempted services	148.62	2009-2010	CESTAT
	Disallowance of input tax credit on common service	29.76	2005-2006 to 2009-2010	CESTAT
	Disallowance of claim of CRA under Export of Services	10.63	2006-2007	Commissioner Appeals
Central Excise Act, 1944	10% Demand of Excise Duty on Finished Goods, raised for not maintaining separate books of accounts for dispatches to SEZ Developers	56.00	2008-2009	CESTAT Mumbai
	Excise Duty on Insulated panels which is considered as walk in coolers and claimed as concessional duty	11.53	1986-1990	Central Excise Commissioner
	Excise Duty on Electric fans manufactured and captively use in manufacture of water cooler	2.77	1980-1982	CESTAT
	Excise Duty on whole unit including Cabinet which is considered as walk in coolers and claimed as exemption	10.00	1981-1986	Supreme Court
	Exemption granted to Power projects under Notification 6/2006 rejected	7.11	2009-10	CESTAT
	Non submission of proof of export during EA 2000 Audit	16.56	2008-09	CESTAT
	Non submission of proof of re-warehousing under certificates obtained from customers	1.28	2008-09	CESTAT
Local Sales Tax Act, VAT Act and Central Sales Tax Act	Additional demand/disallowances on work contracts	486.81	1994-95; 2002-2003; 2003-2004; 2007-2008 to 2009-2010	Appellate Tribunal; High Court, Addl/Appellate Commissioner/ Appellate Asst. Commissioner
	Additional Sales tax on work contract	151.67	2006-07	Deputy Commissioner (Appeals)
	Demand notice received from Assessing authority treating works contract sales as product sales	4,136.36	2001-2002 to 2008-2009	Supreme Court
	Factory Direct Sale treated as Local branch sales	107.82	2002-2003; 2003-2004	Deputy Commissioner (Appeals)
	Non Submission of Forms	1,170.26	1992-1993;1997-1998; 2000-2001; 2005-2006 to 2009-2010	Deputy/Asst. Commissioner (Appeals)
	Disallowance of set off u/s 41D & interest liability	98.82	2002-2003; 2004-2005	Deputy Commissioner (Appeals)
	Sales tax demand on assessment	1,071.29	1990-91, 2002-2003, 2004-2005 to 2007-08, 2009-10	Deputy/Asst. Commissioner (Appeals)
Entry Tax	On Factory direct sales	7.33	2001-2002; 2004-2005	Asst. Commissioner (Appeals)

* net of advances

According to the information and explanations given to us, there are no dues of wealth tax, customs duty and cess which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses in the current year *but had incurred cash losses in immediately preceding financial year*.

(xi) 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.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through public issue during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xxi) 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. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, May 13, 2013

Balance Sheet as at March 31, 2013

(₹ in lakhs)

	Notes	As at March 31 2013	As at March 31 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,798.72	1,798.72
Reserves and surplus	4	47,638.42	45,591.22
		49,437.14	**47,389.94**
Non-current liabilities			
Long-term provisions	5	335.76	294.76
		335.76	**294.76**
Current liabilities			
Short-term borrowings	6	37,267.25	34,321.14
Trade payables (refer note 29)		75,274.52	70,299.68
Other current liabilities	7	41,343.90	47,725.82
Short-term provisions	5	6,326.39	5,030.97
		160,212.06	**157,377.61**
TOTAL		**209,984.96**	**205,062.31**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	20,204.31	19,856.42
Intangible assets	8	2,090.99	725.06
Capital work-in-progress		307.88	1,901.47
Intangible assets under development		458.29	1,251.84
Non-current investments	9	12,135.79	12,135.79
Deferred tax assets (net)	10	-	-
Long-term loans and advances	11	11,135.69	7,760.79
Trade receivables	12.1	8,059.14	5,145.53
Other non-current assets	12.2	7.50	6.95
		54,399.59	**48,783.85**
Current assets			
Inventories	13	50,882.30	43,715.52
Trade receivables	12.1	64,905.38	64,206.09
Cash and bank balances	14	1,097.78	5,080.62
Short-term loans and advances	11	9,202.93	9,165.12
Other current assets	12.2	29,496.98	34,111.11
		155,585.37	**156,278.46**
TOTAL		**209,984.96**	**205,062.31**
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. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Ashok M Advani	Chairman
Suneel M Advani	Executive Vice Chairman
Satish Jamdar	Managing Director
Vir S Advani	Executive Director
Shailesh Haribhakti	Director
Pradeep Mallick	Director
Gurdeep Singh	Director
Suresh N Talwar	Director
Manek Kalyaniwala	Executive Vice President - Finance
Sangameshwar Iyer	Company Secretary

Mumbai: May 13, 2013

Statement of Profit & Loss Account for the year ended March 31, 2013

(₹ in lakhs)

	Notes	Year ended March 31 2013	Year ended March 31 2012
INCOME			
Revenue from operations (gross)	15	279,902.57	272,879.39
Less: excise duty		3,196.59	2,796.31
Revenue from operations (net)		276,705.98	270,083.08
Other Income	16	3,631.00	2,376.00
Total revenue (I)		**280,336.98**	**272,459.08**
Expenses			
Cost of raw material and components consumed and Project related cost	17	159,726.30	166,391.54
Purchase of traded goods	17	46,944.82	36,937.93
(Increase)/decrease in inventories of Finished goods, work-in-progress and traded goods	18	(2,886.30)	5,253.99
Employee benefits expense	19	21,550.37	20,691.71
Other expenses	20	41,467.39	41,858.78
Total (II)		**266,802.58**	**271,133.95**
Profit before interest, tax, depreciation and amortization (I) – (II)		**13,534.40**	**1,325.13**
Depreciation and amortization expense	8	3,289.77	3,144.52
Finance costs	21	4,985.28	7,025.41
Profit/(Loss) before tax		**5,259.35**	**(8,844.80)**
Tax expenses			
Current tax : Minimum Alternate Tax (MAT)		1,151.87	-
Less: MAT credit Entitlement		1,151.87	-
Net Current tax		-	-
Adjustment of tax relating to earlier periods		85.54	-
Deferred tax		-	69.84
Total tax expense		**85.54**	**69.84**
Profit/(loss) for the year		**5,173.82**	**(8,914.64)**
Earnings per equity share [nominal value of share ₹2 (31 March 2012: ₹2) (refer note 34)			
Basic			
Computed on the basis of profit/(loss) for the year	₹	**5.75**	**(9.91)**
Diluted			
Computed on the basis of profit/(loss) for the year	₹	**5.75**	**(9.91)**
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. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Ashok M Advani	Chairman
Suneel M Advani	Executive Vice Chairman
Satish Jamdar	Managing Director
Vir S Advani	Executive Director
Shailesh Haribhakti	Director
Pradeep Mallick	Director
Gurdeep Singh	Director
Suresh N Talwar	Director
Manek Kalyaniwala	Executive Vice President - Finance
Sangameshwar Iyer	Company Secretary

Mumbai: May 13, 2013

Cash Flow statement for the year ended March 31, 2013

(₹ in lakhs)

	Year ended March 31	
	2013	**2012**
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,259.35	(8,844.80)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	3,289.77	3,144.52
Loss/(profit) on sale of fixed assets	(218.93)	20.52
Bad debts/advances written off	1,289.27	2,375.60
Provision for doubtful debts and advances	416.76	1,601.66
Unrealized foreign exchange loss/(gain)	(48.44)	(17.93)
Interest expense	4,985.28	7,025.41
Interest (income)	(219.12)	(79.08)
Dividend (income)	(267.73)	(334.75)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	14,486.21	4,891.15
Movements in working capital :		
Increase/(decrease) in trade payables	4,974.89	1,395.00
Increase/(decrease) in long-term/short-term provisions	(774.94)	827.12
Increase/(decrease) in other current liabilities	(3,386.23)	(1,983.23)
Decrease/(increase) in trade receivables	(5,351.29)	4,220.59
Decrease/(increase) in inventories	(7,166.78)	5,735.22
Decrease/(increase) in long-term/short-term loans and advances	(528.92)	697.92
Decrease/(increase) in other current/non-current assets	4,613.57	13,467.02
Cash generated from/(used in) operations	6,866.51	29,250.79
Direct taxes paid (net of refunds)	(2,866.01)	(3,210.17)
Net cash flow from/(used in) operating activities (A)	**4,000.50**	**26,040.62**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(2,620.32)	(5,296.02)
Proceeds from sale of fixed assets	315.02	67.26
Purchase of current investments	(12,900.00)	(21,000.00)
Proceeds from sale/maturity of current investments	12,900.00	21,000.00
Purchase of investment in subsidiary	-	(1,952.01)
Receipt of capital subsidy from Government	30.00	-
Interest received	159.81	30.14
Dividends received	267.73	334.75
Net cash flow from/(used in) investing activities (B)	**(1,847.76)**	**(6,815.88)**
Balance carried forward	**2152.74**	**19224.74**

(₹ in lakhs)

	Year ended March 31	
	2013	**2012**
Balance brought forward	**2152.74**	**19224.74**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(3,037.32)	-
Proceeds from long-term borrowings	-	3,036.49
Proceeds/(Repayment) from short-borrowings, net	2,946.11	(7,516.58)
Interest paid	(5,004.08)	(6,993.23)
Dividend paid on equity shares	(899.94)	(6,269.62)
Tax on equity dividend paid	(145.90)	(1,021.40)
Net cash flow from/(used in) in financing activities (C)	**(6,141.14)**	**(18,764.34)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**(3,988.40)**	**460.40**
Effect of exchange differences on cash & cash equivalents held in foreign currency	5.56	(28.67)
Cash and cash equivalents at the beginning of the year	5,080.62	4,648.89
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,097.78**	**5,080.62**
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Balances with banks:		
– On current accounts	836.43	4,825.89
– On unpaid dividend account*	227.02	227.60
Cash on hand	34.33	27.13
TOTAL CASH AND CASH EQUIVALENTS (NOTE 14)	**1,097.78**	**5,080.62**

Summary of significant accounting policies 2.1

* The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Ashok M Advani	Chairman
Suneel M Advani	Executive Vice Chairman
Satish Jamdar	Managing Director
Vir S Advani	Executive Director
Shailesh Haribhakti	Director
Pradeep Mallick	Director
Gurdeep Singh	Director
Suresh N Talwar	Director
Manek Kalyaniwala	Executive Vice President - Finance
Sangameshwar Iyer	Company Secretary

Mumbai: May 13, 2013

1. Corporate information

Blue Star Limited ("The Company") is into the business of central air conditioning and commercial refrigeration. The Company is also into distribution and maintenance of imported professional electronics and industrial systems.

2. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. 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.

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 Revised Schedule VI to the Companies Act, 1956.

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 12 months for the purpose of current/ non-current classification of assets and liabilities.

2.1 Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Tangible fixed assets and Capital WIP

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for their intended use are also included in the cost of the assets to the extent these relate to the period up to the date such assets are ready to be put to use.

Expenditure (including interest) incurred during the construction period is included in Capital work-in-progress and the same is allocated to respective fixed assets on completion of the construction.

(c) Depreciation on tangible fixed assets

Depreciation is charged on all assets at rates applicable under Schedule XIV of Companies Act, 1956, on written down value of assets.

Cost of leasehold land is amortised on a straight line basis over the period of lease.

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to assess 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 its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the recognition criteria are met. Development expenditure capitalised is amortised over the period of expected future sales from the related project not exceeding ten years.

Amortization of Intangible fixed assets:

- Softwares are amortised on written down value of assets effectively over a period 6 years.
- Technical knowhow is amortised on straight line basis over a period of 6 years.

(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) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

Capital subsidy received from the government is credited to capital reserve and treated as part of the shareholders' funds.

(h) Investments

All investments intended to be held for more than one year from the date of the purchase are classified as Long term investments. Long-term investments are carried at cost. A provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

(i) Inventories

Inventories are valued as follows:

(i) Raw materials, stores and components are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

(ii) Contract Work-in-Progress is stated at cost till such time as the outcome of the project cannot be ascertained reliably.

(iii) Work-In-Progress and Finished goods are valued at lower of cost and net realisable value.

Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

(iv) 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.

(j) Revenue Recognition

(i) Revenue from long – term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

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

(iii) Annual Maintenance contracts: Revenues from annual maintenance contracts are recognized pro-rata over the period of the contract.

(iv) Revenue from sale of goods is recognized when 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.

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

(vi) Claims recoverable are accrued only to the extent admitted by the parties.

(vii) Export incentive receivable is accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

(viii) Dividend income is recognized when the right to receive dividend is established.

(ix) Interest income is recognized on accrual basis.

(k) Foreign Exchange Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are restated at the exchange rate prevailing on the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange difference

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts entered into to hedge foreign currency risk of an existing Asset/Liabilities

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Exchange difference arising on financing activities is reflected under the head 'finance costs' as "Exchange difference on Borrowing (net)".

(l) Retirement and other Employee Benefits

(i) Defined Contribution Plan

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.

(ii) Defined Benefit Plan

Provident Fund:

Eligible employees receive benefit from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contribution to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the Blue Star Employees Provident Fund. The trust invests in specific designated instruments as permitted by the statute. The remaining portion is contributed to the government administered pension fund.

The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

Gratuity:

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.

(iii) 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.

(iv) Voluntary Retirement Scheme

The cost incurred under the Voluntary Retirement Scheme is charged to the statement of Profit and loss in the month of separation of the employee.

(m) Excise Duty

Excise duty on direct sales by the manufacturing units is reduced from the sales.

Excise Duty liability on closing stock of finished goods lying at the manufacturing units is accounted based on the estimated duty payable as at the close of the year.

(n) Taxes on Income

Tax expense comprises of 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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 recognised 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 realised. In situation where the Company has unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises deferred tax assets to the extent that it has become reasonably 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 that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(o) Segment Reporting Policies

(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.

(p) Earnings per share

Basic 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.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(q) 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 will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

(s) 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.

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

3: SHARE CAPITAL

(₹ in lakhs)

		As at March 31	
		2013	2012
Authorised Shares			
10,000	(31 March 2012: 10,000) 7.8% Cumulative Convertible Preference Shares of ₹100 each	10.00	10.00
148,700,000	(31 March 2012: 148,700,000) Equity Shares of ₹2 each	2,974.00	2,974.00
16,000	(31 March 2012: 16,000) Unclassified Shares of ₹100 each	16.00	16.00
		3,000.00	**3,000.00**
Issued, subscribed and fully paid-up shares			
89,936,105	(31 March 2012: 89,936,105) Equity Shares of ₹2 each	1,798.72	1,798.72
Total issued, subscribed and fully paid-up share capital		**1,798.72**	**1,798.72**

a) There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

b) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March, 2013 the amount of per share dividend proposed as distribution to the equity shareholders is ₹3 (31 March, 2012: ₹1)

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

Name of the shareholder	As at 31 March 2013		As at 31 March 2012	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of ₹2 each fully paid				
Ashok Mohan Advani	10,857,481	12.07%	10,857,481	12.07%
IL & FS Trust Company Ltd #	11,013,076	12.24%	11,013,076	12.24%
Suneel Mohan Advani	5,804,258	6.45%	5,325,098	5.92%
HDFC Trustee Company Limited - HDFC Capital Builder Fund	4,659,324	5.18%	4,888,971	5.44%

these shares are held in Trust for the Promoter group who are the beneficial owners.

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 & SURPLUS

(₹ in lakhs)

	As at March 31	
	2013	2012
General reserve		
Balance as per the last financial statements	27,310.81	27,310.81
Add: amount transferred from surplus balance in the statement of profit and loss	550.00	-
Closing Balance	27,860.81	27,310.81
Capital redemption reserve	233.56	233.56
Capital Subsidy from Government		
Balance as per the last financial statements	30.00	30.00
Add: Received during the year	30.00	-
Closing Balance	60.00	30.00
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	18,016.85	27,976.75
Profit/(loss) for the year	5,173.82	(8,914.64)
Less: Appropriations		
Proposed final equity dividend (amount per share ₹3 (31 March 2012: ₹1))	2,698.08	899.36
Tax on proposed equity dividend	458.54	145.90
Transfer to general reserve	550.00	-
Total appropriations	3,706.62	1,045.26
Net surplus in the statement of profit and loss	19,484.05	18,016.85
Total reserves and surplus	**47,638.42**	**45,591.22**

5: PROVISIONS

(₹ in lakhs)

	Long-term		Short-term	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Provision for employee benefits				
Provision for Leave benefits	-	-	1,144.15	1,684.96
Provision for Additional Gratuity (refer note 30)	65.76	60.48	4.55	4.30
	65.76	60.48	1,148.70	1,689.26
Other provisions				
Provision for warranties	270.00	234.28	645.79	814.92
Loss order	-	-	1,375.28	1,481.53
Proposed equity dividend	-	-	2,698.08	899.36
Provision for tax on proposed equity dividend	-	-	458.54	145.90
	270.00	234.28	5,177.69	3,341.71
	335.76	**294.76**	**6,326.39**	**5,030.97**

Provision for warranties

A provision is recognised for standard warranty claims based on turnover during the year and extended warranty on the basis of turnover for preceding two years. The company estimates the future cost of warranty based on historical experience of the level of repairs and returns.The estimates of such warranty cost are revised annually.

(₹ in lakhs)

	As at March 31	
	2013	2012
At the beginning of the year	1,049.20	1,229.52
Arising during the year	608.88	923.89
Utilized during the year	(469.37)	(890.53)
Unused amounts reversed during the year	(272.92)	(213.68)
At the end of the year	**915.79**	**1,049.20**
Current portion	645.79	814.92
Non-current portion	270.00	234.28

Loss order

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.

(₹ in lakhs)

	As at March 31	
	2013	2012
At the beginning of the year	1,481.53	543.46
Arising during the year	4,283.80	9,158.72
Utilized during the year	(4,092.81)	(8,131.92)
Unused amounts reversed during the year	(297.24)	(88.73)
At the end of the year	**1,375.28**	**1,481.53**
Current portion	1,375.28	1,481.53
Non-current portion	-	-

6. SHORT TERM BORROWINGS

(₹ in lakhs)

	As at March 31	
	2013	2012
Cash credit from banks (secured)	3,200.35	-
Buyers credit (secured)	14,147.63	11,523.11
Buyers credit (unsecured)	9,919.27	8,849.65
Commercial Papers from Banks (unsecured)	5,000.00	1,000.00
Commercial Papers from Others (unsecured)	5,000.00	12,100.00
Term Loans from Banks (unsecured)		
Foreign Currency loan	-	848.38
	37,267.25	**34,321.14**
The above amount includes		
Secured borrowings	17,347.98	11,523.11
Unsecured borrowings	19,919.27	22,798.03

Cash credit and Buyers Credit from banks is secured by hypothecation of stock-in-trade and trade receivables. The cash credit carries average interest @ 10.11% p.a (31 March 2012: 10% p.a.) and Buyers credit carries average interest @ Libor plus 1.25%. Cash credit are repayable on demand and Buyers' Credit are availed for imports payables and are repayable within maximum tenure of 360 days from the date of shipment.

Commercial Papers carry average interest rate @ 8.97% p.a. for the current year (31 March 2012: 9.80% p.a.). These are repayable within 45 days to 365 days from the date of drawdown.

Foreign Currency Loan carry average interest @ 7% p.a. for the current year (31 March 2012: 7% p.a.). The loan is repayable within one year from the date of its origination.

7: OTHER CURRENT LIABILITIES

(₹ in lakhs)

	As at March 31	
	2013	2012
Other liabilities		
Current maturities of long term borrowings (Foreign Currency Loan) unsecured	-	3,036.49
Interest accrued but not due on borrowings	52.95	71.75
Amount Due to Customers	2,522.35	2,249.45
Unearned revenue on AMC services	3,838.35	3,401.85
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	227.02	227.60
Advance from customers (refer note 22)	30,713.48	34,882.64
Unrealised loss on Forward Contract liability	69.59	144.14
Others		
Creditors - Capital Expenditure	163.03	27.60
Interest free deposits from customers	345.27	377.92
Due to statutory bodies	3,230.32	3,111.64
Other Liabilities - Payroll deduction	181.54	194.74
	41,343.90	**47,725.82**

Foreign Currency Loan carry average interest @ 7% p.a. for the current year (31 March 2012: 7% p.a.). The loan is repayable after one year from the date of its origination.

8: FIXED ASSETS

(₹ in lakhs)

Description of Assets		Gross Block				Depreciation				Net Block
		As at 1.4.2012	Additions during the year	Deductions	As at 31.3.2013	As at 1.4.2012	Deductions	Provided during the year	As at 31.3.2013	As at 31.3.2013
Tangible Assets										
1	Land - Freehold	889.39 (889.02)	- (0.37)	- -	889.39 (889.39)	- -	- -	- -	- -	889.39 (889.39)
2	Land - Leasehold	7.94 (7.94)	- -	- -	7.94 (7.94)	2.68 (2.68)	- -	- -	2.68 (2.68)	5.26 (5.26)
3	Building Sheds and Road	11,637.09 (10,366.75)	143.43 (1,275.61)	56.85 (5.27)	11,723.67 (11,637.09)	4,620.81 (3,981.52)	25.56 (3.65)	620.41 (642.94)	5,215.66 (4,620.81)	6,508.01 (7,016.28)
4	Plant & Machinery #	20,010.11 (17,764.36)	2,796.92 (2,414.29)	94.82 (168.54)	22,712.21 (20,010.11)	10,179.86 (8,825.03)	76.45 (136.09)	1,692.35 (1,490.92)	11,795.76 (10,179.86)	10,916.45 (9,830.25)
5	Furniture & Fixtures	2,169.25 (2,167.24)	7.94 (34.01)	4.75 (32.00)	2,172.44 (2,169.25)	1,460.33 (1,363.79)	4.48 (23.69)	129.84 (120.23)	1,585.68 (1,460.33)	586.76 (708.92)
6	Office Equipments	1,220.64 (1,168.97)	92.30 (68.24)	10.10 (16.57)	1,302.84 (1,220.64)	590.37 (498.89)	6.50 (13.34)	110.11 (104.82)	693.98 (590.37)	608.86 (630.27)
7	Vehicles	942.81 (851.98)	117.36 (150.06)	90.38 (59.23)	969.79 (942.81)	483.25 (362.43)	50.10 (26.19)	126.19 (147.01)	559.34 (483.25)	410.45 (459.56)
8	Computers	1,553.40 (1,539.13)	108.51 (172.90)	100.90 (158.63)	1,561.01 (1,553.40)	1,236.91 (1,182.17)	81.39 (149.57)	126.35 (204.31)	1,281.87 (1,236.91)	279.13 (316.49)
	Total 2012-13	**38,430.63**	**3,266.46**	**357.80**	**41,339.29**	**18,574.21**	**244.48**	**2,805.25**	**21,134.98**	**20,204.31**
	Total 2011-12	**(34,755.39)**	**(4,115.48)**	**(440.24)**	**(38,430.63)**	**(16,216.51)**	**(352.53)**	**(2,710.23)**	**(18,574.21)**	**(19,856.42)**

Intangible Assets

Description of Assets		Gross Block				Depreciation				Net Block
		As at 1.4.2012	Additions during the year	Deductions	As at 31.3.2013	As at 1.4.2012	Deductions	Provided during the year	As at 31.3.2013	As at 31.3.2013
1	Technical Knowhow	259.78 (259.78)	1,385.46 -	0.07	1,645.17 (259.78)	259.78 (259.78)	0.09 -	134.16 -	393.85 (259.78)	1,251.32 -
2	Software	2,769.59 (2,390.31)	447.68 (390.46)	- (11.18)	3,217.27 (2,769.59)	2,044.52 (1,621.35)	17.28 (11.12)	350.36 (434.29)	2,377.60 (2,044.52)	839.67 (725.06)
	Total 2012-13	**3,029.37**	**1,833.14**	**0.07**	**4,862.44**	**2,304.30**	**17.37**	**484.52**	**2,771.45**	**2,090.99**
	Total 2011-12	**(2,650.09)**	**(390.46)**	**(11.18)**	**(3,029.37)**	**(1,881.13)**	**(11.12)**	**(434.29)**	**(2,304.30)**	**(725.06)**

Figures in brackets represents amounts pertaining to previous years.

Net of Grant for UNIDO machine ₹36.24 lakhs (Previous year: ₹36.24 lakhs) and accumalated depreciation thereon ₹32.16 lakhs (Previous year: ₹31.33 lakhs)

(₹ in lakhs)

Depreciation and Amortization Expense	March 31	
	2013	2012
Depreciation on Tangible Assets	2,805.25	2,710.23
Amortization of Intangible Assets	484.52	434.29
	3,289.77	**3,144.52**

9: NON CURRENT INVESTMENTS

(₹ in lakhs)

		As at March 31	
		2013	2012
Trade investments (valued at cost unless stated otherwise)			
Unquoted equity instruments			
Investment in Subsidiary			
19,70,000	(31 March 2012: 19,70,000) Fully Paid Equity Shares of ₹10 each in Blue Star Electro Mechanical Ltd.	11,717.00	11,717.00
Investment in Joint Ventures			
367,500	(31 March 2012: 367,500) Fully paid Equity Shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd	49.97	49.97
975,000	(31 March 2012: 585,000) Fully paid Equity shares of ₹10 each in Blue Star Design and Engineering Limited (refer note 25a)	58.50	58.50
49	(31 March 2012: 49) Fully Paid Equity shares of QR 2000 each in Blue Star Qatar(WLL)	12.11	12.11
		11,837.58	11,837.58
Non-trade investments (valued at cost unless stated otherwise)			
Investment in Associates (Quoted)			
3,098,025	(31 March 2012: 3,098,025) Fully Paid Equity shares of ₹10 each in Blue Star Infotech Ltd.	298.21	298.21
		298.21	298.21
		12,135.79	**12,135.79**
Aggregate amount of quoted investments (Market value: ₹1,751.93 Lakhs (31 March 2012: ₹2,236.77 lakhs))		298.21	298.21
Aggregate amount of unquoted investments		11,837.58	11,837.58

10: DEFERRED TAX ASSETS, (NET)

(₹ in lakhs)

	As at March 31	
	2013	2012
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1,787.20	1,858.51
Gross deferred tax liability	1,787.20	1,858.51
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	476.74	649.74
Provision for doubtful debts and advances	1,074.39	890.33
Impact of Carried Forward Tax Loss	236.07	318.44
Gross deferred tax asset	1,787.20	1,858.51
Net deferred tax asset	-	-

The Company has recognised the deferred tax asset on carried forward loss for the year only to the extent of the deferred tax liability arising from timing differences.

11: LOANS AND ADVANCES

(₹ in lakhs)

	Non-current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Capital advances				
Unsecured, considered good	211.83	168.37	-	-
	211.83	168.37		-
Security deposit				
Unsecured, considered good	1,689.42	1,568.22	-	-
	1,689.42	1,568.22		-
Loan and advances to related parties				
Unsecured, considered good	655.12	582.41	372.56	374.95
Considered Doubtful	320.58	320.58	-	-
	975.70	902.99	372.56	374.95
Provision for Doubtful advances	320.58	320.58		
	655.12	582.41	372.56	374.95
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	3,954.09	4,668.84
	-	-	3,954.09	4,668.84
Other loans and advances, Unsecured, considered good				
Advance income-tax (net of Provisions ₹34,382.22 lakhs (31 March 2012: ₹34,560.03 lakhs))	5,882.97	4,253.82	-	-
MAT credit Entitlement	1,151.87	-	-	-
Prepaid expenses	10.86	14.27	1,143.03	1,323.12
Loans to employees	389.38	237.49	150.35	115.29
Balances with statutory/government authorities	1,144.24	936.21	3,582.90	2,682.92
	8,579.32	5,441.79	4,876.28	4,121.33
Total	**11,135.69**	**7,760.79**	**9,202.93**	**9,165.12**
Disclosures pursuant to Clause 32 of the Listing Agreement:				
Loans and Advances to related parties include:				
Dues from Subsidiary Company				
Blue Star Electro Mechanical Limited	-	-	160.93	37.77
Maximum amount outstanding during the year ₹1,871.44 lakhs (Previous Year: ₹1,500.93 lakhs)				
Dues from Joint Ventures	975.70	902.99	211.63	337.18

12 TRADE RECEIVABLES AND OTHER ASSETS

(₹ in lakhs)

12.1 TRADE RECEIVABLES

	Non-current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, Considered good (refer note 37)	8,059.14	5,145.53	18,499.65	14,033.49
Considered Doubtful	-	-	2,840.31	2,423.55
	8,059.14	5,145.53	21,339.96	16,457.04
Provision for Doubtful Receivables	-	-	2,840.31	2,423.55
	8,059.14	5,145.53	18,499.65	14,033.49
Other receivables				
Unsecured, Considered good	-	-	46,405.73	50,172.60
	-	-	46,405.73	50,172.60
	8,059.14	**5,145.53**	**64,905.38**	**64,206.09**
Due from Companies in which the Company's Non executive Director is a Director				
Sandvik Asia Pvt. Ltd	-	-	6.64	-
Uhde India Pvt Ltd	-	-	0.16	-

12.2: OTHER ASSESTS

(₹ in lakhs)

	Non-current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 14)	7.50	6.95	-	-
Unrealised gain on Forward Contract	-	-	24.47	267.41
Unbilled Revenue :				
Project Revenue (refer note 22)	-	-	28,893.57	33,607.16
AMC	-	-	578.94	236.54
	-	-	29,472.51	33,843.70
	7.50	**6.95**	**29,496.98**	**34,111.11**

13: INVENTORIES

(Valued at lower of cost and net realisable value)

(₹ in lakhs)

	As at March 31	
	2013	2012
Raw materials & components (includes in transit ₹3,545.31 lakhs (31 March 2012: ₹1,700.86 lakhs))	11,812.08	8,027.05
Work-in-progress	2,992.71	1,931.90
Finished goods	8,494.99	7,172.07
Traded goods (including in transit ₹2,146.74 lakhs (31 March 2012: ₹3,518.70 lakhs))	10,873.24	8,828.96
Work in progress - Projects	13,305.63	14,847.34
Stores and spares	3,403.65	2,908.20
	50,882.30	**43,715.52**

14: CASH AND BANK BALANCES

(₹ in lakhs)

	Non-current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	836.43	4,825.89
– On unpaid dividend account	-	-	227.02	227.60
Cash on hand	-	-	34.33	27.13
	-	-	1,097.78	5,080.62
Other bank balances				
Margin money Deposit	7.50	6.95	-	-
	7.50	6.95	-	-
Amount disclosed under non-current assets (refer note 12.2)	(7.50)	(6.95)	-	-
	-	**-**	**1,097.78**	**5,080.62**

Margin Money Deposits given as security

Margin money deposits with a carrying amount of ₹7.50 lakhs (31 March 2012: ₹6.95 lakhs) are subject to a first charge to secure the Custom claim.

15: REVENUE FROM OPERATIONS

(₹ in lakhs)

	Year Ended March 31	
	2013	**2012**
Revenue from operations		
Sale of products		
Finished goods	117,096.56	115,363.29
Traded goods	52,838.25	48,886.67
Sale of Services	27,286.16	26,294.91
Revenue from Construction Contracts (refer note 22)	80,030.80	79,186.48
Other operating revenue		
Commission income	2,194.79	2,831.87
Other	456.01	316.17
Revenue from operations (gross)	**279,902.57**	**272,879.39**
Less: Excise duty#	3,196.59	2,796.31
Revenue from operations (net)	**276,705.98**	**270,083.08**

Excise duty on sales amounting to ₹3,196.59 lakhs (31 March 2012: ₹2,796.31 lakhs) has been reduced from sales in the statement of profit & loss and excise duty on (increase)/decrease in stock amounting to ₹(22.70) lakhs (31 March 2012: ₹39.42 lakhs) has been considered as (income)/ expense in note 18 of financial statements.

Details of Products Sold		
Finished goods sold		
Air-conditioning & Refrigeration Equipment	79,094.30	61,797.68
Central Air-conditioning Plant	24,728.86	41,939.00
Spares & Components	13,273.40	11,626.61
	117,096.56	**115,363.29**
Traded goods sold		
Air-conditioning & Refrigeration Equipment	35,347.44	38,652.54
Central Air-conditioning Plant	2,242.79	1,735.04
Electronics & Other Appliances, Equipment, Instruments etc.	8,815.61	4,349.91
Spares & Components	6,432.41	4,149.18
	52,838.25	**48,886.67**
Detail of services rendered		
AMC services	27,286.16	26,294.91
	27,286.16	**26,294.91**

16: OTHER INCOME

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Interest income on		
Bank deposits	4.53	5.84
Others	214.59	73.23
Dividend income on		
Current investments	47.22	60.66
Long-term investments	220.51	274.09
Profit on sale of fixed assets (net)	218.93	-
Provisions and Liabilities no longer required	2,294.42	1,671.05
Exchange gain/(loss) (net)	355.19	-
Other non operating Income	275.61	291.13
	3,631.00	**2,376.00**

17: COST OF RAW MATERIAL AND COMPONENTS CONSUMED AND PROJECT EXPENSES

	Year Ended March 31	
	2013	2012
Cost of material consumed	88,413.61	77,639.43
Project Cost (including bought outs) (refer note 27a and 27b)	71,312.69	88,752.11
	159,726.30	**166,391.54**
Purchase of traded Goods	**46,944.82**	**36,937.93**
Details of raw material and components consumed		
Non ferrous metals	10,799.95	14,932.47
Ferrous metals	8,775.18	10,681.28
Compressors	20,915.33	17,238.97
Others	47,923.15	34,786.71
	88,413.61	**77,639.43**

(₹ in lakhs)

	31-Mar-13		31-Mar-12	
	₹ lakhs	% of Total Consumption	₹ lakhs	% of Total Consumption
Imported (at Landed Cost)	26,683.32	30.18%	26,540.48	34.18%
Indigenous	61,730.29	69.82%	51,098.95	65.82%
	88,413.61	**100.00%**	**77,639.43**	**100.00%**

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Details of Purchase of Traded Goods		
Air-conditioning & Refrigeration Equipment	30,415.42	22,904.49
Central Air-conditioning Plant	1,204.62	1,848.72
Electronics & Other Appliances, Equipment, Instruments Etc.	10,149.60	5,746.38
Spares & Components	5,175.18	6,438.34
	46,944.82	**36,937.93**

18: (INCREASE)/DECREASE IN INVENTORIES

(₹ in lakhs)

	31-Mar-13	31-Mar-12	(Increase) / decrease
			31-Mar-13
Inventories at the end of the year			
Traded goods	10,873.24	8,828.96	(2,044.28)
Work-in-progress	2,992.71	1,931.90	(1,060.81)
Finished goods	8,494.99	7,172.07	(1,322.92)
Work-in-progress Projects	13,305.63	14,847.34	1,541.71
	35,666.57	32,780.27	(2,886.30)

(₹ in lakhs)

	31-Mar-13	31-Mar-12	(Increase) / decrease
			31-Mar-12
Inventories at the beginning of the year			
Traded goods	8,828.96	8,424.76	(404.20)
Work-in-progress	1,931.90	2,389.16	457.26
Finished goods	7,172.07	10,683.29	3,511.22
Work-in-progress Projects	14,847.34	16,537.05	1,689.71
	32,780.27	38,034.26	5,253.99
	(2,886.30)	**5,253.99**	

19: EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Salaries, wages and bonus	18,492.91	17,263.88
Contribution to provident and other funds	1,250.31	1,296.49
Gratuity expense (refer note 30)	93.32	138.77
Other employment benefits	-	296.19
Staff welfare expenses	1,713.83	1,696.38
(refer notes 26)	**21,550.37**	**20,691.71**

20: OTHER EXPENSES

(₹ in lakhs)

	Year Ended March 31	
	2013	**2012**
Stores and Spares consumed	703.34	613.41
AMC Subcontracting cost	14,437.67	13,679.61
Rent (refer note 27b and 33)	2,935.62	3,007.29
Rates and taxes	75.04	53.34
Power and fuel (refer note 27b)	1,327.93	1,000.74
Insurance (refer note 27b)	332.87	231.74
Repairs and maintenance		
Buildings	535.99	541.14
Plant and machinery	242.87	213.63
Others	606.58	550.70
Advertising and sales promotion	3,002.96	2,344.15
Commission, Discounts and Incentives on Sales (refer note 27a)	3,229.45	3,480.03
Freight and forwarding charges	2,965.73	3,453.43
Travelling and conveyance (refer note 27b)	2,969.82	2,676.52
Printing and stationery (refer note 27b)	362.06	336.48
Legal and professional fees (refer note 27b)	4,198.58	3,853.01
Directors' sitting fees	8.82	7.80
Payment to auditor (Refer details below)	71.36	76.08
Non Executive Directors Commission	0.01	-
Donations	12.54	21.55
Loss on sale of Fixed Assets (net)	-	20.52
Exchange differences (net)	-	73.18
Bad debts/advances written off	1,289.27	2,375.60
Provision for doubtful debts and advances (net)	416.76	1,601.66
Miscellaneous expenses	1,742.12	1,647.17
	41,467.39	**41,858.78**
Payment to auditor		
As auditor:		
Audit fee	50.00	44.50
Tax audit fee	5.00	5.00
Limited review	12.00	12.00
In other capacity:		
Other services (certification fees)	3.38	9.72
Reimbursement of expenses	0.98	4.86
	71.36	**76.08**

21: FINANCE COSTS

(₹ in lakhs)

	Year Ended March 31	
	2013	**2012**
Interest	2,190.96	2,735.05
Bank charges (refer note 27b)	552.39	623.62
Exchange Difference on Borrowing (net)	2,241.93	3,666.74
	4,985.28	**7,025.41**

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

(₹ in lakhs)

		2012-13	**2011-12**
I	Contract revenue recognised for the year	**80,030.80**	79,186.48
II	For Contracts that are in progress as on 31.3.2013		
	A) Contract costs incurred and recognized profits (Less Recognised losses)	**320,750.33**	361,494.91
	B) Advances received	**21,317.92**	17,542.61
	C) Gross amount due from customers for Contract work	**28,893.57**	33,607.16
	D) Gross amount due to customers for Contract work	**2,522.35**	2,249.45
	E) Retention amount	**3,942.05**	1,592.43

23: CONTINGENT LIABILITIES

(₹ in lakhs)

	2012-13	**2011-12**
Claims against the Company not acknowledged as debts	**70.76**	71.76
Sales Tax matters	**7,267.40**	5,353.93
Excise Duty matters	**105.25**	105.25
Service Tax matters	**672.44**	483.43
Income Tax matters	**1,763.29**	2,837.04
Corporate Guarantee given on behalf of Joint Ventures	**6,347.39**	1,084.25
Corporate Guarantee given on behalf of Subsidiary and others	**6,956.76**	7,234.49

Future cash outflows in respect of above matters are determinable only on receipt of judgments/decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

24 Estimated amount of Contracts remaining to be executed on Capital account and not provided for ₹695.66 lakhs (31 March 2012 : ₹616.47 lakhs).

25 a. During the year, the Company has acquired back 390,000 shares of ₹10/- each equivalent to 20% of paid up capital of Blue Star Design and Engineering Ltd at no cost based on the stipulated conditions in the Shareholders' Agreement with the JV partner.

25 b. The Company has an outstanding balance of loan to its Joint Venture, Blue Star Design Engineering Limited (BSDEL) amounting to ₹649 lakhs and interest accrued thereon of ₹213 lakhs as at March 31, 2013. The loan is repayable on demand and the Company has not called for repayment. BSDEL has filed a scheme of amalgamation with Synergy Realtors & Services Private Limited, with the High Courts having jurisdiction over the Companies and the proposed effective date is April 1, 2012. Subsequent to the approvals by the High Courts, BSDEL would become a wholly owned subsidiary of the Company and would have income from operations, which would be utilized to repay outstanding loan and interest to the Company.

26 During the previous year, the Company had paid/provided ₹402.47 lakhs as managerial remuneration in excess of the limits prescribed under Schedule XIII of The Companies Act, 1956. Pursuant to the application made by the Company to the Central Government, the Company has received approval for ₹202.47 lakhs. The Company has taken necessary steps for obtaining further approval for balance ₹200 lakhs which has been paid during the current financial year. Pending receipt of such approval, the amounts are held in trust by the said Directors.

27 a. Project costs and Commission on sales are net of ₹217 lakhs (31 March 2012: ₹213 lakhs) and ₹312.64 lakhs (31 March 2012: Nil) respectively, on account of reversal of provision no longer required.

27 b. Aggregation of expenses disclosed in Project cost, Other expenses and Finance Cost vide note 17, 20 and 21 in respect of specific items is as follows:

(₹ in lakhs)

	2012-13			
	Note 17	Note 20	Note 21	Total
Subcontracting cost	17,415.55	-	-	17,415.55
	(21,596.47)	-	-	(21,596.47)
Rent	79.14	2,935.62	-	3,014.76
	(36.53)	(3,007.29)	-	(3,043.82)
Power & fuel	69.10	1,327.93	-	1,397.03
	(98.31)	(1,000.74)	-	(1,099.05)
Insurance	507.93	332.87	-	840.80
	(604.32)	(231.74)	-	(836.06)
Travelling & Conveyance	961.40	2,969.82	-	3,931.22
	(1,186.44)	(2,676.52)	-	(3,862.96)
Printing & Stationary	23.46	362.06	-	385.52
	(39.35)	(336.48)	-	(375.83)
Legal & Professional fees	171.67	4,198.58	-	4,370.25
	(313.01)	(3,853.01)	-	(4,166.02)
Bank charges	151.34	-	552.39	703.73
	(125.14)	-	(623.62)	(748.76)

Figures in brackets are for previous year

28a: DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in lakhs)

	2012-13	2011-12
Employee benefits expense	**857.73**	727.78
Cost of raw material and components consumed	**220.82**	145.23
Legal & Professional fees	**233.48**	216.55
Depreciation	**347.89**	159.31
Others	**309.34**	384.25
	1,969.26	1,633.12

28b: DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in lakhs)

	2012-13	2011-12
Tangible Assets		
Plant & Machinery	**66.88**	370.49
Office Equipments	**0.29**	49.48
Electrical Installations	**-**	2.07
Computer	**6.94**	5.36
Furniture & Fixtures	**9.31**	42.41
Intangible Assets (including under development)		
Software	**48.75**	49.80
Technical Knowhow	**1,213.36**	798.20
	1,345.53	1,317.81

29: AS PER REQUIREMENT OF SECTION 22 OF MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ("THE ACT") FOLLOWING INFORMATION IS DISCLOSED:

	2012-13	2011-12
(a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year	**220.81**	173.59
(ii) The interest due on above	**6.15**	13.98
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year but without adding the interest specified under this Act).	**47.45**	41.30
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	**61.43**	55.28
(e) 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 Micro Small and Medium Enterprise Development Act, 2006	-	-

30: DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 "EMPLOYEE BENEFITS"

i. Defined Contribution Plans:

Amount of ₹719.11 lakhs (31 March 2012: ₹882.06 lakhs) is recognized as an expense and included in "Employee Benefits expense" (refer note 19) in the statement of Profit and Loss.

ii. Defined Benefits Plans:

a) Amounts for the current period are as follows: *(₹ in lakhs)*

		Gratuity		Additional Gratuity	
		March 31,2013	March 31,2012	**March 31,2013**	March 31,2012
I	**Expense recognised in the Statement of Profit & Loss for the year**				
1)	Current Service Cost	**210.00**	209.12	**4.55**	4.67
2)	Interest Cost	**210.70**	206.87	**-**	-
3)	Expected return on plan assets	**(206.54)**	(212.46)	**NA**	NA
4)	Net Actuarial (Gains)/Losses	**(120.84)**	(64.76)	**-**	-
5)	Total Expense	**93.32**	138.77	**4.55**	4.67
6)	Actual return on plan Assets	**235.25**	229.84	**NA**	NA
II	**Net Assets/(Liability) recognised in the Balance Sheet**				
1)	Present Value of Defined Obligation	**2,587.02**	2,800.29	**70.31**	64.78
2)	Fair Value of plan assets	**2,598.46**	2,800.43	**-**	-
3)	Funded Status [Surplus/(Deficit)]	**11.44**	0.14	**(70.31)**	(64.78)
4)	Net Assets/(liability)	**11.44**	0.14	**(70.31)**	(64.78)
III	**Change in Obligation during the Year**				
1)	Present value of defined Benefit Obligation at the beginning of the year	**2,800.29**	2,740.04	**64.78**	64.01
2)	Current Service Cost	**210.00**	209.12	**4.55**	4.67
3)	Interest Cost	**210.70**	206.87	**-**	-
4)	Actuarial (Gains)/Losses	**(92.13)**	(47.37)	**-**	-
5)	Benefits Payments	**(541.84)**	(308.37)	**(0.98)**	3.90
6)	Present value of Defined Benefit Obligation at the end of the year	**2,587.02**	2,800.29	**70.31**	64.78
IV	**Change in Fair Value of Plan Assets during the year**				
1)	Fair Value of Plan Assets at the beginning of the year	**2,800.43**	2,740.28	**-**	-
2)	Expected return on Plan assets	**206.54**	212.46	**-**	-
3)	Contribution by Employer	**104.80**	137.95	**-**	-
4)	Actual benefits paid	**(541.84)**	(308.37)	**-**	-
5)	Actuarial Gains/(losses) on Plan Assets	**28.55**	18.11	**-**	-
6)	Fair Value of Plan Assets at the end of the year	**2,598.46**	2,800.43	**-**	-
V	**Actuarial Assumptions:**				
1)	Discount rate	**8.33%**	8.33%	**8.33%**	8.33%
2)	Rate of return on Plan Assets	**8.00%**	8.00%	**-**	-
3)	Mortality Rate	**LIC(1994-96)**	LIC(1994-96)	**LIC(1994-96)**	LIC(1994-96)
4)	Salary escalation rate (Management-Staff-Directors)	**6%, 2%, 10%**	7%, 2%, 12%	**6%, 2%, 10%**	7%, 2%, 12%
5)	Attrition rate	**1%**	1%	**1%**	1%

VI. Amounts for the current and previous four years are as follows :

(₹ in lakhs)

		Gratuity				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Defined benefit obligation	**2,587.02**	2,800.29	2,740.04	2,737.62	2,682.89
2	Plan Assets	**2,598.46**	2,800.43	2,740.28	2,737.62	2,682.89
3	Surplus/(Deficit)	**11.44**	0.14	0.24	-	-
4	Experience adjustments on plan liabilities	**(92.13)**	(47.37)	(108.89)	(56.04)	323.54
5	Experience adjustments on plan assets	**28.55**	18.11	18.66	-	-

		Additional Gratuity				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Defined benefit obligation	**70.31**	64.78	64.01	79.33	69.53
2	Plan Assets	**-**	-	-	-	-
3	Surplus/(Deficit)	**70.31**	64.78	64.01	79.33	69.53
4	Experience adjustments on plan liabilities	**-**	-	-	-	-
5	Experience adjustments on plan assets	**-**	-	-	-	-

b) The Company makes annual contribution to Blue Star Employees Gratuity Fund, which is a funded defined benefit plan for qualifying employees. The fund formed by the Company manages the investments of the Gratuity fund. Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year, Yield on portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities. The Company expects to contribute ₹280 lakhs to gratuity fund in 2013-14 (31 March 2012: ₹168 Lakhs)

c) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

d) The guidance issued by the Accounting Standard Board (ASB) on implementing AS 15, Employee Benefits (revised 2005) states that provident fund set up by employers which require interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2013. The Company's contribution to the Employee's Provident fund aggregates to ₹531.20 lakhs (31 March 2012: ₹414.43 lakhs).

The details of the fund and plan assets position are as follows:

	As at March 31	
	2013	2012
Plan assets at year end, at fair value	**190.00**	116.44
Present value of defined obligation at year end	**157.10**	105.90
Shortfall	**-**	-
The assumption used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:		
Discounting rate	**8.42%**	8.32%
Expected guaranteed interest rate	**8.50%**	8.50%
Expected Rate of Return on Asset	**8.32%**	8.32%

iii. General Description of significant defined plans:

1. Gratuity Plan

Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years of service after continuous service for five years.

2. Additional Gratuity

Additional Gratuity is payable as per the specific rules of the Company i.e. ₹5,000 for staff and ₹10,000 for Managers subject to qualifying service of 15 years.

iv. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31	
	2013	**2012**
Special Deposit Schemes	**4.43%**	5.29%
Central government Securities	**15.89%**	18.13%
State government Securities	**21.47%**	21.97%
Public Sector Undertakings	**52.42%**	50.12%
Liquid funds	**5.79%**	4.49%
Total Investments	**100.00%**	100.00%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable for the period over which the obligation is to be settled.

31: SEGMENT INFORMATION

A. **Primary Segment Reporting (by Business Segment)**

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

a. Electro Mechanical Projects and Packaged Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.

b. Cooling Products includes cooling appliances, cold storage products, including manufacturing and after sales service.

c. Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

Segment Revenues, Results and other Information: *(₹ in lakhs)*

	As at March 31	
	2013	**2012**
I. SEGMENT REVENUE		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**161,961.07**	155,607.49
ii. Cooling Products	**96,515.52**	93,264.34
iii. Professional Electronics and Industrial Systems	**18,229.39**	21,211.25
TOTAL SEGMENT REVENUE	**276,705.98**	270,083.08
Add: Other Income	**3,631.00**	2,376.00
TOTAL INCOME	**280,336.98**	272,459.08
II. SEGMENT RESULT		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**7,233.40**	(8,509.43)
ii. Cooling Products	**8,035.34**	8,745.49
iii. Professional Electronics and Industrial Systems	**2,983.21**	5,229.06
TOTAL SEGMENT RESULT	**18,251.95**	5,465.12
Less: i) Finance Cost	**4,985.28**	7,025.41
ii) Other un-allocable Expenditure Net of un-allocable Income	**8,007.32**	7,284.51
TOTAL PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM	**5,259.35**	(8,844.80)
EXCEPTIONAL ITEM	**-**	-
PROFIT/(LOSS) BEFORE TAXATION	**5,259.35**	(8,844.80)
PROVISION FOR TAXES	**85.53**	69.84
NET PROFIT/(LOSS) AFTER TAX	**5,173.82**	(8,914.64)

(₹ in lakhs)

	As at March 31	
	2013	**2012**
III. OTHER INFORMATION:		
a. SEGMENT ASSETS		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**123,448.71**	123,117.70
ii. Cooling Products	**52,011.27**	45,734.79
iii. Professional Electronics and Industrial Systems	**13,105.01**	12,511.73
TOTAL SEGMENT ASSETS	**188,564.99**	181,364.22
Add: Un-allocable Corporate Assets	**21,419.97**	23,698.09
TOTAL ASSETS	**209,984.96**	205,062.31
b. SEGMENT LIABILITIES		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**83,359.74**	88,058.42
ii. Cooling Products	**30,059.78**	25,051.51
iii. Professional Electronics and Industrial Systems	**6,804.24**	5,416.73
TOTAL SEGMENT LIABILITIES	**120,223.76**	118,526.66
Add: Un-allocable Corporate Liabilities	**40,324.06**	39,145.71
TOTAL LIABILITIES	**160,547.82**	157,672.37
c. CAPITAL EXPENDITURE (including Capital WIP)		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**3,327.90**	2,835.87
ii. Cooling Products	**2,425.91**	3,735.66
iii. Professional Electronics and Industrial Systems	**69.06**	91.09
iv. Other Un-allocable	**42.72**	998.46
TOTAL	**5,865.59**	7,661.08
d. DEPRECIATION		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**1,616.30**	1,583.33
ii. Cooling Products	**1,115.22**	905.02
iii. Professional Electronics and Industrial Systems	**61.60**	63.71
iv. Other Un-allocable	**496.65**	592.46
TOTAL	**3,289.77**	3,144.52
e. NON CASH EXPENSES OTHER THAN DEPRECIATION		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**1,024.49**	2,745.26
ii. Cooling Products	**229.56**	796.21
iii. Professional Electronics and Industrial Systems	**406.91**	430.07
iv. Other Un-allocable	**45.07**	5.72
TOTAL	**1,706.03**	3,977.26

B. **Secondary segment information:**

Secondary segmental reporting is based on the geographical location of customer. The geographical segments have been disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customer located outside India.

(₹ in lakhs)

	As at March 31	
	2013	**2012**
Revenue (Sales, Services & Commission) by Geographical Market		
India	**261,420.33**	255,781.09
Outside India	**15,285.65**	14,301.99
Total	**276,705.98**	270,083.08
Carrying amount of Segment Assets & Intangibles Assets		
India	**205,102.25**	199,191.34
Outside India	**4,882.70**	5,870.97
Total	**209,984.95**	205,062.31
Capital Expenditure including Capital Work in Progress		
India	**5,865.59**	7,661.08
Outside India	**-**	-
Total	**5,865.59**	7,661.08

32: DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

a) Related Party Disclosure

Names of Related parties

Name of the Related parties where control exists irrespective of whether transactions have occurred or not.

Subsidiary :

Blue Star Electro Mechanical Limited

Names of other related parties with whom transactions have taken place during the year

Associate

Blue Star Infotech Limited

Joint Ventures

Blue Star Qatar- WLL

Blue Star M & E Engineering (Sdn) Bhd

Blue Star Design and Engineering Limited

Key Management Personnel

Mr Ashok M Advani

Mr Suneel M Advani

Mr Satish Jamdar

Mr Vir Advani

Relatives of Key Management Personnel

Ms. Nargis Advani

Transactions during the period with Related Parties are as under:

(₹ in lakhs)

Name of Related party	2012-13 Amount ₹	2012-13 Balance O/s DR/(CR) ₹	2011-12 Amount ₹	2011-12 Balance O/s DR/(CR) ₹
Blue Star M & E Engineering (Sdn) Bhd		**43.22**		10.71
Consultancy services rendered by us	**396.97**		357.13	
Dividend received (Gross)	**158.55**		181.15	
Reimbursement of expenses paid	**254.80**		178.55	
Blue Star Infotech Limited		**(760.11)**		(303.55)
Sales & Services	**18.67**		54.46	
IT services	**1,067.20**		738.70	
Reimbursement of expenses	**61.26**		40.58	
Recovery of expenses	**4.89**		2.09	
Advance against services	**5.60**		-	
Rent received	**36.00**		36.00	
Dividend received	**61.96**		92.94	
Blue Star Qatar WLL		**168.41**		326.78
Guarantee commission	**58.71**		6.00	
Sales & Services	**20.06**		259.00	
Corporate guarantee given	**5,870.63**		600.08	
Blue Star Design & Engineering Limited		**975.70**		902.99
Sales & Services rendered	**1.21**		63.28	
Consultancy service received	**86.62**		556.44	
Loan repaid	**10.00**		20.00	
Interest On Loan	**65.90**		67.90	
Corporate guarantee given	**476.76**		484.17	
Guarantee commission	**5.00**		8.75	
Purchase of Asset	**-**		-	
Reimbursement of expenses	**-**		-	
Blue Star Electro Mechanical Limited		**160.93**		37.77
Investment in Shares			1,952.00	
Corporate guarantee given	**6,131.75**		6,016.99	
Advances given	**11,909.81**		12,136.26	
Advances repaid	**11,909.81**		12,136.26	
Reimbursement of expenses charged	**115.99**		37.77	
Sales	**30.26**		-	
Sales & Services received	**23.90**		-	
Key Management Personnel				
Managerial remuneration				
Ashok M Advani	**-**		208.92	
Suneel M Advani	**224.11**		209.78	
Satish Jamdar	**173.33**		131.25	
Vir S Advani	**103.97**		81.35	
Directors Sitting Fees & Commission				
Ashok M Advani	**13.80**		-	
Leave Benefits and Retirals				
Ashok M Advani	**33.15**		-	
Relative of Key Management Personnel		**70.00**		70.00
Rent paid	**1.20**		1.20	

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

b) Interest in Joint Ventures

(₹ in lakhs)

	Blue Star M & E Engineering (Sdn) Bhd	Blue Star Qatar WLL	Blue Star Design & Engineering Limited
Percentage of Interest	49%	49%	50%
Percentage of Interest	*49%*	*49%*	*30%*
Country of Incorporation	Malaysia	Qatar	India
Assets	1,669.92	3,274.52	364.32
	2,117.80	*849.73*	*248.21*
Liabilities	1,220.62	2,991.63	922.16
	1,635.39	*677.60*	*573.96*
Revenue	2,540.81	3,456.99	309.62
	3,192.56	*963.23*	*239.47*
Expenses	2,428.59	3,304.40	339.83
	2,942.90	*876.20*	*231.25*

Figures in italics are for previous year

Contingent Liabilities of the jointly controlled entity is disclosed in note 23 to the financial statements.

33: LEASES

The Company has entered into operating lease agreements for its office premises, storage locations and residential premises for its employees. All leases are cancellable. There are no exceptional/restrictive covenants in the lease agreements. Lease rental expense debited to statement of Profit and Loss is ₹3,014.76 lakhs (31 March 2012: ₹3,043.82 lakhs)

34: EARNING PER SHARE

		2012-13	2011-12
Profit/(Loss) after taxation as per Statement of Profit & loss.	₹ lakhs	**5,173.82**	(8,914.64)
Weighted average number of Equity Shares Outstanding.	Nos.	**89,936,105**	89,936,105
Basic and diluted Earnings per share (Face Value ₹2 per share)	₹	**5.75**	(9.91)

35: During the year, the Company has entered into a contract, in the normal course of business, for sale of goods and services for a value of ₹29.36 lakhs with two Private Limited Companies in which a Director of the Company is a Director. Payment has been received in accordance with the normal sales terms. The Company is in the process of filing necessary application for approval from the Central Government under Section 297 of the Companies Act, 1956.

36: The Company has long term investment in Blue Star Electro Mechanical Limited (BSEML), a wholly owned subsidiary. BSEML has incurred losses of ₹1,594.90 lakhs during the year ended March 31, 2013 and its net worth has fully eroded. Considering it to be a long term strategic investment and having regard to the operating plans, management does not consider diminution in value (other than temporary) as at the year end.

37: The classification of current and non current debtors in previous year was done based on project specific operating cycle in case of project business. During the year ICAI issued a FAQ on revised Schedule VI. where it has been clarified that the operating cycle is to be identified for each of its businesses and not based on each of its customers. Accordingly, the Company has revised its operating cycle to twelve months for project business. Further the Company has reclassified previous year's disclosure for debtors in line with current year's classification.

38: DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

a. Derivative Instruments: Forward contract outstanding as at Balance Sheet date

Foreign Currency	2012-13		2011-12	
	Amount in Foreign Currency	₹ lakhs	Amount in Foreign Currency	₹ lakhs
Particulars of Derivatives				
Forward cover to Purchase USD & EUR:				
Hedge of underlying payables - USD	**42,685,596.19**	**23,176.14**	51,005,372.04	25,948.98
- Buyers' Credit	**42,685,596.19**	**23,176.14**	39,840,690.00	20,268.95
- Other Payables	**-**	**-**	11,164,682.04	5,680.03
Foreign Currency Loan from Bank				
EUR	**-**	**-**	3,850,000.00	2,613.00
USD	**-**	**-**	2,500,000.00	1,271.88

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

Foreign Currency	2012-13		2011-12	
	Amount in Foreign Currency	₹ lakhs	Amount in Foreign Currency	₹ lakhs
Bank Balances				
AED	**5,240,181.01**	**773.71**	6,165,289.55	813.94
EUR	**321.74**	**0.22**	165,956.34	7.60
MUR	**658,405.24**	**11.44**	650,341.82	12.23
RMB	**67,137.39**	**5.86**	-	-
USD	**1,416,644.72**	**769.17**	1,592,921.17	156.21
Receivables				
AED	**22,500.00**	**3.32**	7,974,127.23	1,087.67
CAD	**107,118.93**	**57.20**	12,892.00	6.48
EUR	**736,988.45**	**512.61**	570,212.35	307.09
GBP	**67,919.98**	**56.01**	20,829.00	16.56
JPY	**13,642,114.00**	**78.64**	11,551,911.00	71.23
MYR	**555,520.00**	**97.24**	485,483.63	69.47
QAR	**878,342.24**	**128.24**	878,342.24	103.70
SEK	**27,200.00**	**2.26**	-	-
USD	**8,820,600.10**	**4,789.14**	6,589,092.79	2,363.16
Payables				
AED	**8,473,958.23**	**1,251.18**	9,794,319.06	1,328.30
AUD	**55,199.05**	**31.19**	40,921.51	18.22
CAD	**9,691.65**	**5.17**	9,691.65	0.34
CHF	**419.37**	**0.24**	2,349.27	1.33
EUR	**1,426,565.37**	**992.25**	1,231,918.37	503.09
GBP	**31,992.11**	**26.38**	11,519.71	9.08
JPY	**12,984,790.00**	**74.85**	22,548,280.00	137.01
MYR	**29,000.00**	**5.08**	-	-
RMB	**7,417.72**	**0.65**	-	-
SEK	**34,079.35**	**2.83**	3,599.73	0.26
SGD	**82,393.20**	**36.03**	82,524.83	29.16
USD	**36,397,708.87**	**19,762.14**	13,422,106.95	5,157.36
Buyers' Credit				
USD	**1,640,590.60**	**890.76**	204,050.00	103.81

39: VALUE OF IMPORTS ON CIF BASIS

(₹ in lakhs)

	2012-13	2011-12
Raw Materials & Components	**42,937.09**	34,919.42
Capital goods	**471.60**	1,421.88
Spares	**4,425.05**	3,399.02
Traded Goods	**17,925.21**	14,191.64
Others	**1.27**	1.05
Total	**65,760.22**	53,933.01

40: EXPENDITURE INCURRED IN FOREIGN EXCHANGE

	2012-13	2011-12
Royalty & Know-how	**20.99**	9.86
Rent	**16.86**	14.44
Technical Services	**235.03**	178.55
Others	**410.00**	299.66
Total	**682.88**	502.51

41: EARNINGS IN FOREIGN EXCHANGE (ACCRUAL BASIS)

	2012-13	2011-12
Export of goods on F.O.B. basis	**13,104.30**	11,496.63
Royalty, Know-how, Professional & Consultation fees	**407.95**	438.11
Other Income:		
Commission	**2,186.58**	2,829.71
Others	**158.55**	181.15
Total	**15,857.38**	14,945.60

42: PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Ashok M Advani	Chairman
Suneel M Advani	Executive Vice Chairman
Satish Jamdar	Managing Director
Vir S Advani	Executive Director
Shailesh Haribhakti	Director
Pradeep Mallick	Director
Gurdeep Singh	Director
Suresh N Talwar	Director
Manek Kalyaniwala	Executive Vice President - Finance
Sangameshwar Iyer	Company Secretary

Mumbai: May 13, 2013

Independent Auditors' Report on Consolidated Financial Statements

To The Board of Directors of Blue Star Limited

We have audited the accompanying consolidated financial statements of Blue Star Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 27 to the financial statements regarding managerial remuneration of ₹402.47 lakhs paid/provided in the previous year in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 against which the Company has received Central Government approval of ₹202.47 lakhs. The management has taken necessary steps for obtaining Central Government approval for balance ₹200 lakhs which has been paid during the current financial year. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit total assets of ₹5,571.80 lakhs as at March 31, 2013, total revenues of ₹5,994.96 lakhs and net cash inflows amounting to ₹266.60 lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of Joint Ventures and total assets of ₹2,425.49 lakhs and proportionate share of profit for the year ₹93.52 lakhs included in the accompanying consolidated financial statements in respect of an Associate, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such joint ventures and associate is based solely on the report of other ouditors. Our opinion is not qualified in respect of this matter.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W

per Sudhir Soni
Partner
Membership No. 41870

Mumbai, May 13, 2013

Consolidated Balance Sheet As at March 31, 2013

(₹ in lakhs)

	Notes	As at March 31 2013	As at March 31 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,798.72	1,798.72
Reserves and surplus	4	38,268.77	37,734.84
		40,067.49	**39,533.56**
Non-current liabilities			
Trade payables		126.79	-
Long-term provisions	5	516.39	490.22
		643.18	**490.22**
Current liabilities			
Short-term borrowings	6	42,161.40	36,703.37
Trade payables (refer note 29)		80,235.70	73,592.69
Other current liabilities	7	46,419.66	53,103.75
Short-term provisions	5	6,443.05	5,052.62
		175,259.81	**168,452.43**
TOTAL		**215,970.48**	**208,476.21**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	20,424.56	19,976.38
Intangible assets	8	2,309.98	725.66
Capital work-in-progress		307.88	1,902.29
Intangible assets under development		458.29	1,252.07
Non-current investments	9	2,723.70	2,751.88
Deferred tax assets (net)	10	40.39	23.89
Long-term loans and advances	11	11,193.19	7,653.75
Trade receivables	12.1	9,209.96	5,689.84
Other non-current assets	12.2	7.50	44.62
		46,675.45	**40,020.38**
Current assets			
Inventories	13	50,980.03	44,668.69
Trade receivables	12.1	74,304.34	71,066.11
Cash and bank balances	14	1,653.59	5,369.91
Short-term loans and advances	11	9,817.08	10,158.79
Other current assets	12.2	32,539.99	37,192.33
		169,295.03	**168,455.83**
TOTAL		**215,970.48**	**208,476.21**
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. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Satish Jamdar Managing Director
Vir S Advani Executive Director
Manek Kalyaniwala Executive Vice President - Finance
Sangameshwar Iyer Company Secretary

Mumbai: May 13, 2013

Statement of Consolidated Profit & Loss Account For the year ended March 31, 2013

(₹ in lakhs)

	Notes	Year ended March 31 2013	Year ended March 31 2012
INCOME			
Revenue from operations (gross)	15	295,597.33	284,836.57
Less: excise duty		3,196.59	2,796.31
Revenue from operations (net)		**292,400.74**	**282,040.26**
Other Income	16	3,645.11	2,262.44
Total revenue (I)		**296,045.85**	**284,302.70**
Expenses			
Cost of raw material and components consumed and Project related cost	17	173,460.09	178,353.48
Purchase of traded goods	17	46,944.82	36,937.93
(Increase)/decrease in inventories	18	(2,030.86)	4,665.39
Employee benefits expense	19	22,995.18	22,068.65
Other expenses	20	41,991.70	42,232.77
Total (II)		**283,360.93**	**284,258.22**
Profit before interest, tax, depreciation and amortization (I) – (II)		**12,684.92**	**44.48**
Depreciation and amortization expense	8	3,336.72	3,175.71
Finance costs	21	5,279.97	7,211.60
Profit/(Loss) before tax		**4,068.23**	**(10,342.83)**
Tax expenses			
Current tax		66.95	65.53
Minimum Alternate Tax (MAT)		1,151.87	-
Less: MAT credit Entitlement		1,151.87	-
Net Current tax		66.95	65.53
Adjustment of tax relating to earlier periods		186.29	-
Deferred tax		1.46	49.40
Total tax expense		**254.70**	**114.93**
Profit/(Loss) for the year before Share in Associate		**3,813.53**	**(10,457.76)**
Share of profit/(loss) in Associate company		**93.52**	**(52.50)**
Profit/(Loss) for the year		**3,907.05**	**(10,510.26)**
Earnings per equity share [nominal value of share ₹2 (31 March 2012: ₹2)(refer note 35)			
Basic			
Computed on the basis of profit/(loss) for the year	₹	**4.34**	**(11.69)**
Diluted			
Computed on the basis of profit/(loss) for the year	₹	**4.34**	**(11.69)**
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. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Satish Jamdar	Managing Director
Vir S Advani	Executive Director
Manek Kalyaniwala	Executive Vice President - Finance
Sangameshwar Iyer	Company Secretary

Mumbai: May 13, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹ in lakhs)

	Year ended March 31	
	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	4,068.23	(10,342.83)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	3,336.72	3,175.71
Loss/(profit) on sale of fixed assets	(216.69)	20.87
Bad debts/advances written off	1,289.27	2,384.93
Provision for doubtful debts and advances	544.21	1,601.66
Unrealized foreign exchange loss/(gain)	(12.35)	54.31
Interest expense	5,279.97	7,211.60
Interest (income)	(243.66)	(99.21)
Fees/Cost adjusted against security premuim	-	(188.32)
Dividend (income)	(267.73)	(153.60)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	13,777.97	3,665.12
Movements in working capital:		
Increase/(decrease) in trade payables	6,750.69	680.98
Increase/(decrease) in long-term/short-term provisions	(721.12)	945.30
Increase/(decrease) in other current liabilities	(3,726.05)	(1,011.73)
Decrease/(increase) in trade receivables	(8,524.00)	1,007.79
Decrease/(increase) in inventories	(6,311.34)	5,153.82
Decrease/(increase) in long-term/short-term loans and advances	(323.30)	928.27
Decrease/(increase) in other current/non-current assets	4,691.07	16,406.66
Cash generated from/(used in) operations	5,613.92	27,776.21
Direct taxes paid (net of refunds)	(2,992.66)	(3,364.80)
Net cash flow from/(used in) operating activities (A)	**2,621.26**	**24,411.41**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(2,760.97)	(5,357.74)
Proceeds from sale of fixed assets	316.70	68.90
Purchase of current investments	(12,900.00)	(21,000.00)
Proceeds from sale/maturity of current investments	12,900.00	21,000.00
Receipt of capital subsidy from Government	30.00	-
Interest received	181.31	50.27
Dividends received	267.73	153.60
Net cash flow from/(used in) investing activities (B)	**(1,965.23)**	**(5,084.97)**
Balance carried forward	**656.03**	**19326.44**

(₹ in lakhs)

	Year ended March 31	
	2013	**2012**
Balance brought forward	**656.03**	**19326.44**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(3,036.49)	-
Proceeds from long-term borrowings	-	3,036.49
Proceeds/(Repayment) from short-Borrowings, net	5,228.51	(7,749.86)
Interest paid	(5,366.21)	(7,166.48)
Dividend paid on equity shares	(1,060.81)	(6,269.62)
Tax on equity dividend paid	(145.90)	(1,021.40)
Net cash flow from/(used in) in financing activities (C)	**(4,380.90)**	**(19,170.87)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(3,724.87)	155.57
Effect of exchange differences on cash & cash equivalents held in foreign currency	8.55	(28.66)
Cash and cash equivalents at the beginning of the year	5,369.91	5,243.00
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,653.59**	**5,369.91**
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Balances with banks:		
– On current accounts	1,153.66	4,860.71
– On unpaid dividend account*	227.02	227.60
– On Fixed Deposits	235.99	253.03
Cash on hand	36.92	28.57
TOTAL CASH AND CASH EQUIVALENTS (NOTE 14)	**1,653.59**	**5,369.91**

Summary of significant accounting policies 2.1

* The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Satish Jamdar	Managing Director
Vir S Advani	Executive Director
Manek Kalyaniwala	Executive Vice President - Finance
Sangameshwar Iyer	Company Secretary

Mumbai: May 13, 2013

1. Corporate information

Blue Star Limited (hereinafter referred to as "The Company") is a Company registered under the Indian Companies Act, 1913. The Company along with its Subsidiary (hereafter collectively referred to as the "Blue Star Group" or "the Group"), along with its Joint Ventures and its Associate is primarily engaged in the business of central air conditioning & commercial refrigeration, plumbing & fire fighting and varied IT services.

2. Basis of preparation

The consolidated financial statements have been prepared to comply in all material respects with the notified Accounting Standard by the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared on accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

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 Revised Schedule VI to the Companies Act, 1956.

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 12 months for the purpose of current/non-current classification of assets and liabilities.

2.1 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The Consolidated Financial Statements relate to the Blue Star Group and have been accounted for in accordance with Accounting Standard 21 - Consolidated Financial Statements, Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures respectively of the Companies Accounting Standards (Rules), 2006 (as amended). The Consolidated Financial Statements are prepared on the following basis:

i) Subsidiary company is consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

ii) Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.

iii) The difference between the cost to the Group of investment in Subsidiaries and Joint Ventures and the proportionate share in the equity of the investee Company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.

iv) Investments in Associate is accounted for using the equity method under which the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting.

v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements.

vi) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2013.

(b) Use of estimates

The preparation of consolidated financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets and Capital WIP

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for their intended use are also included in the cost of the assets to the extent these relate to the period up to the date such assets are ready to be put to use.

Expenditure (including interest) incurred during the construction period is included in Capital Work in progress and the same is allocated to respective fixed assets on completion of the construction.

(d) Depreciation on tangible fixed assets

Depreciation is charged on all assets at rates applicable under Schedule XIV of the Companies Act, 1956, on written down value of assets.

Depreciation on the following fixed assets of some foreign joint ventures is charged on straight line method at the rates, based on the estimated useful lives of the assets as estimated by the management, which are higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

The principal annual rates used are as follows :-

Office equipment	10 - 33.33%
Furniture and fittings	10%
Motor vehicles	20%

Cost of leasehold land is amortised over the period of lease.

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to assess 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 its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) 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.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the recognition criteria are met. Development expenditure capitalized is amortised over the period of expected future sales from the related project not exceeding ten years.

Amortization of Intangible fixed assets:

- Software are amortised on written down value of assets effectively over a period 6 years.
- Technical knowhow are amortised on straight line basis over a period of 6 years.

(g) 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.

(h) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. Capital subsidy received from the government are credited to capital reserve and treated as part of the shareholders' funds.

(i) Investments

All investments intended to be held for more than one year from the date of the purchase are classified as Long term investments. Long-term investments are carried at cost. A provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

(j) Inventories

Inventories are valued as follows:

(i) Raw materials, stores and components are valued at Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

(ii) Contract Work-in-Progress is stated at cost till such time as the outcome of the project cannot be ascertained reliably.

(iii) Work-In-Progress and Finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

(iv) 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.

(k) Revenue Recognition

(i) Revenue from long – term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

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

(iii) Annual Maintenance contracts: Revenues from annual maintenance contracts are recognized pro-rata over the period of the contract.

(iv) Revenue from sale of goods is recognized when 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.

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

(vi) Claims recoverable are accrued only to the extent admitted by the parties.

(vii) Export incentive receivable is accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

(viii) Dividend income is recognized when the right to receive dividend is established.

(ix) Interest income is recognized on accrual basis.

(l) Foreign Exchange Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are restated at the exchange rate prevailing on the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange difference

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Translation of Integral and Non-integral foreign operation

The company classifies all its foreign operations as either “integral foreign operations” or “non-integral foreign operations.” The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss is translated at exchange rates prevailing at the dates of transactions or average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve.

(v) Forward Exchange Contracts entered into hedge foreign currency risk of existing Assets/Liabilities

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the consolidated statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

(vi) Exchange difference arising on financing activities is reflected under the head ‘finance costs’ as ‘Exchange differences on borrowing (net).’

(m) Retirement and other Employee Benefits

(i) Defined Contribution Plan

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 recognized as expense in the consolidated 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 Trusts.

(ii) Defined Benefit Plan

Provident Fund: Eligible employees receive benefit from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contribution to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the Blue Star Employees Provident Fund. The trust invests in specific designated instruments as permitted by the statute. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

Gratuity: Company's liabilities towards gratuity are considered as Defined Benefit Plans. 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 escalation and attrition rate. Actuarial gains and losses are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

(iii) 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 consolidated statement of profit and loss and are not deferred. The Company 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.

(iv) The cost incurred under the Voluntary Retirement Scheme is charged to the statement of Profit and Loss in the month of separation of the employee.

(n) Excise Duty

Excise duty on direct sales by the manufacturing units is reduced from the sales.

Excise Duty liability on closing stock of finished goods lying at the manufacturing units is accounted based on the estimated duty payable as at the close of the year.

(o) Taxes on Income

Tax expense comprises of 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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 situation where the Company has unabsorbed depreciation or carry forward 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 balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes deferred tax assets to the extent that it has become reasonably 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 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 that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(p) Segment Reporting Policies

(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.

(ii) Allocation of common costs/assets & liabilities: Common allocable costs/assets and liabilities are consistently allocated amongst the segments on appropriate basis.

(iii) Unallocated items: Includes general corporate income and expense items which are not allocated to any business segment.

(iv) Segment Policies: The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the company as a whole.

(q) Earnings per share

Basic 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.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(r) 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 will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(s) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

(t) 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.

(u) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

3: SHARE CAPITAL

(₹ in lakhs)

		As at March 31	
		2013	**2012**
Authorized Shares			
10,000	(31 March 2012: 10,000) 7.8% Cumulative Convertible Preference Shares of ₹100 each	10.00	10.00
148,700,000	(31 March 2012: 148,700,000) Equity Shares of ₹2 each	2,974.00	2,974.00
16,000	(31 March 2012: 16,000) Unclassified Shares of ₹100 each	16.00	16.00
		3,000.00	**3,000.00**
Issued, subscribed and fully paid-up shares			
89,936,105	(31 March 2012: 89,936,105) Equity Shares of ₹2 each	1,798.72	1,798.72
Total issued, subscribed and fully paid-up share capital		**1,798.72**	**1,798.72**

a) There is no movement in the shares outstanding at the beginning and at the end of the reporting period.

b) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March, 2013 the amount of per share dividend proposed as distribution to the equity shareholders is ₹3 (31 March, 2012: ₹1)

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

Name of the shareholder	**As at 31 March 2013**		**As at 31 March 2012**	
	Nos.	**% holding in the class**	**Nos.**	**% holding in the class**
Equity shares of ₹2 each fully paid				
Ashok Mohan Advani	10,857,481	12.07%	10,857,481	12.07%
IL & FS Trust Company Ltd #	11,013,076	12.24%	11,013,076	12.24%
Suneel Mohan Advani	5,804,258	6.45%	5,325,098	5.92%
HDFC Trustee Company Limited - HDFC Capital Builder Fund	4,659,324	5.18%	4,888,971	5.44%

these shares are held in Trust for the Promoter group who are the beneficial owners.

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 & SURPLUS

(₹ in lakhs)

	As at March 31	
	2013	**2012**
General reserve		
Balance as per the last financial statements	17,885.48	18,073.80
Less: Adjusted per Scheme of Arrangement (Refer Note 30b)	-	188.32
	17,885.48	17,885.48
Add: amount transferred from surplus balance in the statement of profit and loss	550.00	-
Closing Balance	18,435.48	17,885.48
Capital Redemption Reserve	233.56	233.56
Capital Subsidy from Government		
Balance as per the last financial statements	30.00	30.00
Add: Received during the year	30.00	-
Closing Balance	60.00	30.00
Foreign Currency Translation Reserve*		
Balance as per the last financial statements	77.71	5.01
Add: Adjustment on account of Joint ventures	36.09	72.70
Closing Balance	113.80	77.71
Hedging Reserve on Forward Contract		
Balance as per the last financial statements	80.45	-
Add: Adjustment on account of Associate	(121.73)	80.45
Closing Balance	(41.28)	80.45
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	19,427.64	30,983.16
Profit/(loss) for the year	3,907.05	(10,510.26)
Less:Appropriations		
Proposed final equity dividend (amount per share ₹3 (31 March 2012: ₹1))	2,698.08	899.36
Tax on proposed equity dividend	458.54	145.90
Interim equity dividend by Joint venture	160.86	-
Transfer to general reserve	550.00	-
Total appropriations	3,867.48	1,045.26
Net surplus in the statement of profit and loss	19,467.21	19,427.64
Total reserves and surplus	**38,268.77**	**37,734.84**

* Represents foreign currency translation reserve arising on proportionate consolidation of non- integral joint ventures.

5: PROVISIONS

(₹ in lakhs)

	Long-term		Short-term	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Provision for employee benefits				
Provision for gratuity (refer note 31)	82.03	90.37	1.10	6.48
Provision for Additional Gratuity (refer note 31)	65.76	60.48	4.55	4.30
Provision for other employment benefits	39.81	10.96	-	14.19
Provision for Leave benefits	6.47	54.46	1,174.31	1,685.94
	194.07	216.27	1,179.96	1,710.91
Other provisions				
Provision for warranties	322.32	273.95	652.39	814.92
Loss order	-	-	1,454.08	1,481.53
Proposed equity dividend	-	-	2,698.08	899.36
Provision for tax on proposed equity dividend	-	-	458.54	145.90
	322.32	273.95	5,263.09	3,341.71
	516.39	**490.22**	**6,443.05**	**5,052.62**

Provision for warranties

A provision is recognised for standard warranty claims based on turnover during the year and extended warranty on the basis of turnover for preceding two years. The company estimates the future cost of warranty based on historical experience of the level of repairs and returns. The estimates of such warranty cost are revised annually.

(₹ in lakhs)

	As at March 31	
	2013	2012
At the beginning of the year	1,088.87	1,229.52
Arising during the year	628.14	963.56
Utilized during the year	(469.37)	(890.53)
Unused amounts reversed during the year	(272.93)	(213.68)
At the end of the year	**974.71**	**1,088.87**
Current portion	652.39	814.92
Non-current portion	322.32	273.95

Loss order

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.

(₹ in lakhs)

	As at March 31	
	2013	2012
At the beginning of the year	1,481.53	543.46
Arising during the year	4,362.60	9,158.72
Utilized during the year	(4,092.81)	(8,131.92)
Unused amounts reversed during the year	(297.24)	(88.73)
At the end of the year	**1,454.08**	**1,481.53**
Current portion	1,454.08	1,481.53
Non-current portion	-	-

6. SHORT TERM BORROWINGS

(₹ in lakhs)

	As at March 31	
	2013	2012
Cash credit from banks (secured)	8,094.50	2,382.23
Buyers credit (secured)	14,147.63	11,523.11
Buyers credit (unsecured)	9,919.27	8,849.65
Commercial Papers from Banks (unsecured)	5,000.00	1,000.00
Commercial Papers from Others(unsecured)	5,000.00	12,100.00
Term Loans from Banks		
Foreign Currency loan (unsecured)	-	848.38
	42,161.40	**36,703.37**
The above amount includes		
Secured borrowings	22,242.13	13,905.34
Unsecured borrowings	19,919.27	22,798.03

Cash credit and Buyers Credit from banks is Secured by hypothecation of stock-in-trade and trade receivables. The cash credit carries average interest @ 10.11% p.a. (31 March 2012: 10.0% p.a.) and Buyers' credit carries average interest @ Libor plus 1.25%. Cash credit are repayable on demand and Buyers' Credit are availed for imports payables and are repayable within maximum tenure of 360 days from the date of shipment.

Commercial Papers carry average interest rate @ 8.97% p.a. for the current year (31 March 2012: 9.80% p.a.). These are repayable within 45 days to 365 days from the date of drawdown.

Foreign Currency Loan carry average interest @ 7% p.a. for the current year (31 March 2012: 7% p.a.). The loan is repayable within one year from the date of its origination.

7: OTHER CURRENT LIABILITIES

(₹ in lakhs)

	As at March 31	
	2013	2012
Other liabilities		
Current maturities of long term borrowings (Foreign Currency Loan), unsecured	-	3,036.49
Interest accrued but not due on borrowings	52.95	139.19
Amount Due to Customers (refer note 23)	4,105.33	4,102.49
Unearned revenue on AMC services	3,843.26	3,401.85
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	227.02	227.60
Advance from customers	32,952.84	37,124.21
Unrealised loss on Forward Contract liability	69.59	144.14
Others		
Creditors - Capital Expenditure	163.10	30.23
Interest free deposits from customers	345.27	377.92
Due to statutory bodies	3,349.23	3,197.33
Other Liabilities	1,311.07	1,322.30
	46,419.66	**53,103.75**

Foreign Currency Loan carry average interest @ 7% p.a. for the current year (31 March 2012 : 7% p.a.). The loan is repayable after one year from the date of its origination.

8: FIXED ASSETS

(₹ in lakhs)

	Description of Assets	Gross Block					Depreciation					Net Block
		As at 1.4.2012	Additions during the year	Adjustment during the year (Refer Note 26)	Deductions	As at 31.03.2013	As at 1.4.2012	Deductions	Provided during the year	Adjustment during the year (Refer Note 26)	As at 31.03.2013	As at 31.03.2013
	Tangible Assets											
1	Land - Freehold	889.39	-	-	-	889.39	-	-	-	-	-	889.39
		(889.02)	(0.37)	-	-	(889.39)	-	-	-	-	-	(889.39)
2	Land - Leasehold	7.94	-	-	-	7.94	2.68	-	-	-	2.68	5.26
		(7.94)	-	-	-	(7.94)	(2.68)	-	-	-	(2.68)	(5.26)
3	Building Sheds and Road	11,637.09	189.10	-	56.85	11,769.34	4,620.81	25.56	620.41	-	5,215.66	6,553.68
		(10,366.75)	(1,275.61)	-	(5.27)	(11,637.09)	(3,981.52)	(3.65)	(642.94)	-	(4,620.81)	(7,016.28)
4	Plant & Machinery#	20,026.60	2,807.30	-	93.66	22,740.24	10,182.59	76.27	1,696.87	-	11,803.19	10,937.05
		(17,765.44)	(2,429.70)	-	(168.54)	(20,026.60)	(8,825.21)	(136.08)	(1,493.46)	-	(10,182.59)	(9,844.01)
5	Furniture & Fixtures	2,231.18	14.74	25.95	3.35	2,268.52	1,496.49	3.87	137.99	16.12	1,646.73	621.79
		(2,227.59)	(37.13)	-	(33.54)	(2,231.18)	(1,394.71)	(24.52)	(126.30)	-	(1,496.49)	(734.69)
6	Office Equipments	1,297.89	102.00	3.45	6.73	1,396.61	640.11	4.22	118.08	1.79	755.76	640.85
		(1,231.46)	(83.58)	-	(17.15)	(1,297.89)	(542.85)	(13.59)	(110.85)	-	(640.11)	(657.78)
7	Vehicles	1,031.52	180.75	-	98.51	1,113.76	522.77	51.42	148.96	-	620.31	493.45
		(915.53)	(175.22)	-	(59.23)	(1,031.52)	(388.00)	(26.19)	(160.96)	-	(522.77)	(508.75)
8	Computers	1,608.55	109.39	35.85	100.92	1,652.87	1,288.33	81.41	129.04	33.82	1,369.78	283.09
		(1,595.31)	(173.02)	-	(159.78)	(1,608.55)	(1,232.18)	(150.68)	(206.83)	-	(1,288.33)	(320.22)
	Total 2012-13	**38,730.16**	**3,403.28**	**65.25**	**360.02**	**41,838.67**	**18,753.78**	**242.75**	**2,851.35**	**51.73**	**21,414.11**	**20,424.56**
	Total 2011-12	**(34,999.04)**	**(4,174.63)**	**-**	**(443.51)**	**(38,730.16)**	**(16,367.15)**	**(354.71)**	**(2,741.34)**	**-**	**(18,753.78)**	**(19,976.38)**

Intangible Assets

(₹ in lakhs)

	Description of Assets	Gross Block					Depreciation					Net Block
		As at 1.4.2012	Additions during the year	Adjustment during the year	Deductions	As at 31.03.2013	As at 1.4.2012	Deductions	Provided during the year	Adjustment during the year	As at 31.03.2013	As at 31.03.2013
1	Technical Knowhow	259.78	1,385.46	-	0.07	1,645.17	259.78	0.07	134.14	-	393.85	1,251.32
		(259.78)	-	-	-	(259.78)	(259.78)	-	-	-	(259.78)	-
2	Softwares	2,770.14	449.82	-	-	3,219.96	2,044.48	17.26	351.23	-	2,378.45	841.51
		(2,390.66)	(390.65)	-	(11.17)	(2,770.14)	(1,621.42)	(11.12)	(434.18)	-	(2,044.48)	(725.66)
3	Marketing KnowHow	2.68	-	-	-	2.68	2.68	-	-	-	2.68	-
		(2.68)	-	-	-	(2.68)	(2.49)	-	(0.19)	-	(2.68)	-
4	Goodwill (Refer Note 26)	-	217.15	-	-	217.15	-	-	-	-	-	217.15
	Total 2012-13	**3,032.60**	**2,052.43**	**-**	**0.07**	**5,084.96**	**2,306.94**	**17.33**	**485.37**	**-**	**2,774.98**	**2,309.98**
	Total 2011-12	**(2,653.12)**	**(390.65)**	**-**	**(11.17)**	**(3,032.60)**	**(1,883.69)**	**(11.12)**	**(434.37)**	**-**	**(2,306.94)**	**(725.66)**

Figures in brackets represents amounts pertaining to previous years.

\# Net of Grant for UNIDO machine ₹36.24 lakhs (Previous year: ₹36.24 lakhs) and accumalated depreciation thereon ₹32.16 lakhs (Previous year: ₹31.33 lakhs)

(₹ in lakhs)

	As at March 31	
	2013	2012
Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	2,851.35	2,741.34
Amortization of Intangible Assets	485.37	434.37
	3,336.72	**3,175.71**

9: NON CURRENT INVESTMENTS

(₹ in lakhs)

	As at March 31	
	2013	2012
Non-trade investments (valued at cost unless stated otherwise)		
Investment in Associates (Quoted)		
3,098,025 (31 March 2012: 3,098,025) Fully Paid Equity shares of ₹10 each in Blue Star Infotech Ltd. (including Capital Reserve ₹203.52 lakhs)	2,723.70	2,751.88
	2,723.70	**2,751.88**

Aggregate amount of quoted investments (Market value: ₹1,751.93 Lakhs (31 March 2012: ₹2,236.77 lakhs))

10: DEFERRED TAX ASSETS, (NET)

(₹ in lakhs)

	As at March 31	
	2013	2012
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1,789.20	1,856.48
Gross deferred tax liability	1,789.20	1,856.48
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	485.60	653.04
Provision for doubtful debts and advances	1,074.39	890.33
Impact of Carried Forward Tax Loss	269.60	337.00
Gross deferred tax asset	1,829.59	1,880.37
Net deferred tax asset	**40.39**	**23.89**

Blue Star Limited and Blue Star Electro Mechanical Limited has recognised the deferred tax asset on carried forward loss for the year only to the extent of the deferred tax liability arising from timing differences.

11: LOANS AND ADVANCES

(₹ in lakhs)

	Non-current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Capital advances				
Unsecured, considered good	211.83	168.37	-	-
	211.83	168.37		-
Security deposit				
Unsecured, considered good	1,695.51	1,568.86	35.30	23.57
Unsecured Considered Doubtful	-	-	-	-
	1,695.51	1,568.86	35.30	23.57
Loan and advances to related parties				
Unsecured, considered good	167.27	311.51	107.94	172.12
Unsecured Considered Doubtful	320.58	320.58	-	-
	487.85	632.09	107.94	172.12
Provision for Doubtful advances	320.58	320.58	-	-
	167.27	311.51	107.94	172.12
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	4,714.60	5,471.09
	-	-	4,714.60	5,471.09
Other loans and advances, Unsecured, considered good				
Advance income-tax (net of Provisions ₹34,449.17 lakhs (31 March 2012: ₹34,560.03 lakhs))	5,988.56	4,312.82	18.85	4.90
MAT credit entitlement	1,151.87	101.82	-	-
Prepaid expenses	10.86	16.67	1,165.48	1,354.11
Loans to employees	389.38	237.49	164.88	150.26
Balances with statutory/government authorities	1,577.91	936.21	3,610.03	2,982.74
	9,118.58	5,605.01	4,959.24	4,492.01
Total	**11,193.19**	**7,653.75**	**9,817.08**	**10,158.79**

12 TRADE RECEIVABLES AND OTHER ASSETS

(₹ in lakhs)

12.1 TRADE RECEIVABLES

	Non-current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, Considered good (Refer Note 38)	9,036.74	5,689.84	21,439.10	16,639.70
Considered Doubtful	-	-	2,840.31	2,423.55
	9,036.74	5,689.84	24,279.41	19,063.25
Provision for Doubtful Receivables	-	-	2,840.31	2,423.55
	9,036.74	5,689.84	21,439.10	16,639.70
Other receivables				
Secured, Considered good	-	-	1,178.10	1,026.31
Unsecured, Considered good	173.22	-	51,687.14	53,400.10
	173.22	-	52,865.24	54,426.41
Considered Doubtful	-	-	-	-
	173.22	-	52,865.24	54,426.41
	9,209.96	**5,689.84**	**74,304.34**	**71,066.11**
12.2: OTHER ASSESTS				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 14)	7.50	6.95	-	-
Unrealised gain on Forward Contract	-	-	24.47	267.41
Unbilled Revenue:				
Project Revenue (refer note 23)	-	37.67	31,936.58	36,687.75
AMC	-	-	578.94	237.17
	-	37.67	32,515.52	36,924.92
	7.50	**44.62**	**32,539.99**	**37,192.33**

13: INVENTORIES

(Valued at lower of cost and net realisable value)

(₹ in lakhs)

	As at March 31	
	2013	2012
Raw materials & components (includes in transit ₹3,545.31 lakhs (31 March 2012: ₹1,700.86 lakhs))	11,812.08	8,027.05
Work-in-progress	2,992.71	1,931.90
Finished goods	8,494.99	7,172.07
Traded goods (including in transit ₹2,146.74 lakhs (31 March 2012: ₹3,518.70 lakhs))	10,873.24	8,828.96
Work in progress - Projects	13,403.36	15,800.51
Stores and spares	3,403.65	2,908.20
	50,980.03	**44,668.69**

14: CASH AND BANK BALANCES

(₹ in lakhs)

	Non-current		Current	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	1,153.66	4,860.71
– On unpaid dividend account	-	-	227.02	227.60
– Fixed Deposits	-	-	235.99	253.03
Cash on hand	-	-	36.92	28.57
	-	-	1,653.59	5,369.91
Other bank balances				
Margin money Deposit	7.50	6.95	-	-
	7.50	6.95	-	-
Amount disclosed under non-current assets (refer note 12.2)	(7.50)	(6.95)	-	-
	-	**-**	**1,653.59**	**5,369.91**

Margin Money Deposits given as security

Margin money deposits with a carrying amount of ₹7.50 lakhs (31 March 2012: ₹6.95 lakhs) are subject to a first charge to secure the Custom claim.

15: REVENUE FROM OPERATIONS

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Sale of products		
Finished goods	117,096.56	115,363.29
Traded goods	52,838.25	48,886.67
Sale of Services	27,580.69	26,271.24
Revenue from Construction Contracts (refer note 23)	95,376.65	91,159.64
Other operating revenue		
Commission income	2,194.79	2,831.87
Other	510.39	323.86
Revenue from operations (gross)	**295,597.33**	**284,836.57**
Less: Excise duty#	3,196.59	2,796.31
Revenue from operations (net)	**292,400.74**	**282,040.26**

Excise duty on sales amounting to ₹3,196.59 lakhs (31 March 2012: ₹2,796.31 lakhs) has been reduced from sales in the statement of profit & loss and excise duty on (increase)/decrease in stock amounting to ₹(22.70) lakhs (31 March 2012: ₹39.42 lakhs) has been considered as (income)/ expense in note 18 of financial statements.

NOTES 16: OTHER INCOME

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Interest income on		
Bank deposits	58.90	25.98
Others	184.76	73.23
Dividend income on		
Current investments	47.22	60.66
Long-term investments	220.51	92.94
Profit on sale of fixed assets (net)	216.91	-
Provisions & Liabilities no longer required	2,306.17	1,679.64
Exchange Differences (net)	363.71	-
Other non operating Income	246.93	329.99
	3,645.11	**2,262.44**

17: COST OF RAW MATERIAL AND COMPONENTS CONSUMED AND PROJECT EXPENSES

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Cost of material consumed	88,413.61	77,639.43
Project Cost (including bought outs) (refer note 28a and 28b)	85,046.48	100,714.05
	173,460.09	**178,353.48**
Purchase of traded Goods	**46,944.82**	**36,937.93**

18. (INCREASE)/DECREASE IN INVENTORIES

(₹ in lakhs)

	31-Mar-13	31-Mar-12	(Increase) / decrease 31-Mar-13
Inventories at the end of the year			
Traded goods	10,873.24	8,828.96	(2,044.28)
Work-in-progress	2,992.71	1,931.90	(1,060.81)
Finished goods	8,494.99	7,172.07	(1,322.92)
Work-in-progress Projects	13,403.36	15,800.51	2,397.15
	35,764.30	33,733.44	(2,030.86)
Inventories at the beginning of the year			
Traded goods	8,828.96	8,417.56	(411.40)
Work-in-progress	1,931.90	2,389.16	457.26
Finished goods	7,172.07	10,683.29	3,511.22
Work-in-progress Projects	15,800.51	16,908.82	1,108.31
	33,733.44	38,398.83	4,665.39
	(2,030.86)	**4,665.39**	

19. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Salaries, wages and bonus	19,832.52	18,521.79
Contribution to provident and other funds	1,297.31	1,344.11
Gratuity expense (refer note 31)	103.24	167.69
Other employment benefits	1.89	321.53
Staff welfare expenses	1,760.22	1,713.53
(refer notes 27)	**22,995.18**	**22,068.65**

20: OTHER EXPENSES

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Stores and Spares consumed	703.34	613.41
AMC Subcontracting cost	14,457.56	13,713.36
Rent (refer note 28b and 34)	3,000.90	3,060.00
Rates and taxes	82.67	53.34
Power and fuel	1,334.69	1,006.79
Insurance	343.75	239.89
Repairs and maintenance		
Buildings	537.01	542.23
Plant and machinery	242.87	213.63
Others	614.47	553.94
Advertising and sales promotion	3,003.37	2,345.11
Commission, Discounts and Incentives on Sales	3,229.45	3,481.74
Freight and forwarding charges	2,965.73	3,453.43
Travelling and conveyance	3,044.47	2,741.39
Printing and stationery	374.09	346.67
Legal and professional fees	4,296.86	3,921.27
Directors' sitting fees	8.82	8.13
Payment to auditor	81.58	85.42
Non Executive Directors Commission	-	-
Donations	13.64	22.41
Loss on sale of Fixed Assets (net)	0.22	20.87
Exchange differences (net)	-	69.03
Bad debts/advances written off	1,289.27	2,384.93
Provision for doubtful debts and advances (net)	544.21	1,601.66
Miscellaneous expenses	1,822.73	1,754.12
	41,991.70	**42,232.77**

21. FINANCE COSTS

(₹ in lakhs)

	Year Ended March 31	
	2013	2012
Interest	2,506.27	2,911.05
Bank charges (refer note 28b)	531.77	633.81
Exchange Difference on Borrowing (net)	2,241.93	3,666.74
	5,279.97	**7,211.60**

22: A. THE BLUE STAR GROUP COMPRISES OF THE FOLLOWING ENTITIES

(₹ in lakhs)

	Country of Incorporation	% Shareholding	
		2012-13	2011-12
a) Subsidiary			
Blue Star Electro Mechanical Limited	India	**100%**	100%
b) Foreign Joint Ventures- Jointly Controlled Entities			
Blue Star M & E Engineering (Sdn) Bhd	Malaysia	**49%**	49%
Blue Star Qatar - WLL	Qatar	**49%**	49%
c) Indian Joint Ventures-Jointly Controlled Entity			
Blue Star Design and Engineering Limited (refer note 26)	India	**50%**	30%
d) Associate			
Blue Star Infotech Limited	India	**29.83%**	29.83%

22 B. IN RESPECT OF JOINTLY CONTROLLED ENTITIES, THE COMPANY'S SHARE OF ASSETS, LIABILITIES, INCOME AND EXPENDITURE OF THE JOINT VENTURE COMPANIES ARE AS FOLLOWS:

(₹ in lakhs)

		2012-13	2011-12
i	**Assets**		
	Non current assets		
	Fixed Assets		
	Tangible assets	**208.26**	105.82
	Intangible assets	**217.15**	-
	Deferred tax assets (net)	**40.39**	23.89
	Long-term loans and advances	**18.07**	11.22
	Trade receivables	**198.63**	544.31
	Other non-current assets	**-**	37.67
	Current assets		
	Inventories	**1.55**	-
	Trade receivables	**3,770.74**	1,455.78
	Cash and bank balances	**554.97**	288.37
	Short-term loans and advances	**531.80**	655.45
	Other current assets	**30.23**	75.35
ii	**Liabilities**		
	Non current liabilities and Provisions		
	Trade payables	**126.79**	-
	Long-term provisions	**50.98**	36.22
	Current liabilities and Provisions		
	Short-term borrowings	**1,147.12**	146.58
	Trade payables	**2,103.07**	1,059.75
	Other current liabilities	**1,114.79**	1,179.15
	Short-term provisions	**0.12**	14.30
iii	**Reserves**	**316.80**	208.20
iv	**Income**		
	Revenue from operations	**5,984.88**	4,016.19
	Other Income	**10.07**	44.88
v	**Expenses**		
	Cost of raw material and components consumed and Project related cost	**4,952.44**	3,141.55
	Purchase of traded goods	**-**	-
	(Increase)/decrease in inventories	**(1.55)**	-
	Employee benefits expense	**437.60**	350.83
	Other expenses	**254.23**	240.23
	Depreciation and amortization expense	**40.68**	25.99
	Finance costs	**9.60**	22.42
vi	**Contingent liabilities**	**-**	-
vii	**Capital commitment**	**-**	-

23 DISCLOSURE IN TERMS OF REVISED ACCOUNTING STANDARD 7 ON THE ACCOUNTING OF CONSTRUCTION CONTRACTS IS AS UNDER

(₹ in lakhs)

		2012-13	2011-12
I	Contract revenue recognised for the year	**95,376.65**	91,159.64
II	For Contracts that are in progress as on 31.3.2013		
	A) Contract costs incurred and recognized profits (Less Recognised losses)	**335,456.62**	337,487.00
	B) Advances received	**23,445.91**	20,314.73
	C) Gross amount due from customers for Contract work	**31,936.58**	36,687.75
	D) Gross amount due to customers for Contract work	**4,105.33**	4,102.49
	E) Retention amount	**5,440.31**	2,821.63

24 CONTINGENT LIABILITIES:

(₹ in lakhs)

	2012-13	2011-12
Claims against the Company not acknowledged as debts	**70.76**	71.76
Sales Tax matters	**7,267.40**	5,353.93
Excise Duty matters	**105.25**	105.25
Service Tax matters	**672.44**	483.43
Income Tax matters	**1,763.29**	2,837.04
Corporate Guarantee given on behalf of Joint Ventures	**3,232.40**	644.96
Corporate Guarantee given on behalf of others	**825.01**	1,217.50

Future cash outflows in respect of above matters are determinable only on receipt of judgments/decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

25 Estimated amount of Contracts remaining to be executed on Capital account and not provided for ₹695.66 lakhs (31 March 2012: ₹617.27 lakhs).

26 During the year, the Company has acquired back 390,000 shares of ₹10/- each equivalent to 20% of paid up capital of Blue Star Design and Engineering Ltd at no cost based on the stipulated conditions in the Shareholders' Agreement with the JV partner and has recognised Goodwill of ₹217.15 lakhs in the financial statements.

27 During the previous year, the Company had paid/provided ₹402.47 lakhs as managerial remuneration in excess of the limits prescribed under Schedule XIII of The Companies Act, 1956. Pursuant to the application made by the Company to the Central Government, the Company has received approval for ₹202.47 lakhs. The Company has taken necessary steps for obtaining further approval for balance ₹200 lakhs which has been paid during the current financial year. Pending receipt of such approval, the amounts are held in trust by the said Directors.

28 a Project costs and Commission on sales are net of ₹217 lakhs (31 March 2012: ₹213 lakhs) and ₹312.64 lakhs (31 March 2012: Nil) respectively, on account of reversal of provision no longer required.

28 b Aggregation of expenses disclosed in Project cost, Other expenses and Finance Cost vide note 17, 20 and 21 in respect of specific items is as follows:

(₹ in lakhs)

Nature of expenses	2012-13			
	Note 17	Note 20	Note 21	Total
Subcontracting cost	21,311.34	-	-	21,311.34
	(25,232.51)	-	-	(25,232.51)
Rent	123.48	3,000.90	-	3,124.38
	(86.34)	(3,060.00)	-	(3,146.34)
Power & fuel	106.19	1,334.69	-	1,440.87
	(133.16)	(1,006.79)	-	(1,139.95)
Insurance	543.83	343.75	-	887.58
	(651.90)	239.89	-	(412.01)
Travelling & Conveyance	1,010.41	3,044.47	-	4,054.88
	(1,226.81)	(2,741.39)	-	(3,968.20)
Printing & Stationary	38.01	374.09	-	412.10
	(51.34)	(346.67)	-	(398.01)
Legal & Professional fees	216.28	4,296.86	-	4,513.14
	(318.64)	(3,921.27)	-	(4,239.91)
Bank charges	161.36	-	531.77	693.12
	(128.81)	-	(633.81)	(762.62)

Figures in brackets are for previous year

29: A DETAILS OF REVENUE EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in lakhs)

	2012-13	2011-12
Employee benefits expense	**857.73**	727.78
Cost of raw material and components consumed	**220.82**	145.23
Legal & Professional fees	**233.48**	216.55
Depreciation	**347.89**	159.31
Others	**309.34**	384.25
	1,969.26	1,633.12

29: B DETAILS OF CAPITAL EXPENDITURE DIRECTLY RELATED TO RESEARCH & DEVELOPMENT:

(₹ in lakhs)

	2012-13	2011-12
Tangible Assets		
Plant & Machinery	**66.88**	370.49
Office Equipments	**0.29**	49.48
Electrical Installations	**-**	2.07
Computer	**6.94**	5.36
Furniture & Fixtures	**9.31**	42.41
Intangible Assets	**-**	-
Software	**48.75**	49.80
Technical Knowhow	**1,213.36**	798.20
	1,345.53	1,317.81

30 a) During the earlier year, Blue Star Electro Mechanical Limited ('Wholly owned Subsidiary' hereinafter referred to as BSEML) had acquired the plumbing and fire fighting contracting business of D. S. Gupta Construction Private Limited ('DSGCPL') on a slump sale basis via Business Purchase Agreement dated May 31, 2010 for a consideration of ₹8,000 lakhs. The closing date of the Transaction was August 31, 2010. Pursuant to the said agreement the Normalized Net Working Capital (herein after referred as "NNWC") was to be maintained at ₹2,000 lakhs.The business purchase has been accounted in the books on provisional basis pending the final reconciliation/settlement of the opening net current assets with the seller.

30 b) In accordance with the Scheme of Arrangement between Blue Star Electro Mechanical Limited ('the Company') and it's Shareholders & Creditors duly approved by the Hon'ble High Court of judicature at Bombay vide its order dated March 25, 2011, the Company has adjusted the followings items against Securities Premium account:

(₹ in lakhs)

Particulars	2012-13	2011-12
Fees, incentives, bonuses paid/payable to the employees/consultants in accordance with the business purchase agreement entered into between the Company and DSGCPL and corporate advisory agreement entered into between the Company and promoters of DSGCPL (Net of taxes of ₹Nil)*	**-**	169.53
Costs, Charges and expenses incurred by the Company in connection with the Scheme (Net of taxes of ₹Nil)*	**-**	18.79
	-	188.32

* Nil taxes is on account of non recognition of Deferred Tax Assets.

31: DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 "EMPLOYEE BENEFITS"

i. Defined Contribution Plans:

Amount of ₹766.11 lakhs (31 March 2012: ₹929.68 lakhs) is recognized as an expense and included in "Employee Benefits expense" (refer note 19) in the statement of Profit and Loss.

ii. Defined Benefits Plans:

a) Amounts for the current period are as follows:

(₹ in lakhs)

	Gratuity (Funded)		Gratuity (Unfunded)		Additional Gratuity	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
I Expense recognised in the Statement of Profit & Loss for the year						
1 Current Service Cost	**210.00**	209.12	**13.25**	16.68	**4.55**	4.67
2 Interest Cost	**210.70**	206.87	**6.91**	5.70	**-**	-
3 Expected return on plan assets	**(206.54)**	(212.46)	**-**		**NA**	NA
4 Net Actuarial (Gains)/Losses	**(120.84)**	(64.76)	**(10.24)**	6.53	**-**	-
5 Total Expense	**93.32**	138.77	**9.91**	28.91	**4.55**	4.67
6 Actual return on plan Assets	**235.25**	229.84	**-**	NA	**NA**	NA
II Net Assets/(Liability) recognised in the Balance Sheet						
1 Present Value of Defined Obligation	**2,587.02**	2,800.29	**83.13**	96.85	**70.31**	64.78
2 Fair Value of plan assets	**2,598.46**	2,800.43	**-**	-	**-**	-
3 Funded Status [Surplus/(Deficit)]	**11.44**	0.14	**(83.13)**	(96.85)	**(70.31)**	(64.78)
4 Net Assets/(liability)	**11.44**	0.14	**(83.13)**	(96.85)	**(70.31)**	(64.78)
III Change in Obligation during the Year						
1 Present value of defined Benefit Obligation at the beginning of the year	**2,800.29**	2,740.04	**99.42**	74.60	**64.78**	64.01
2 Current Service Cost	**210.00**	209.12	**13.25**	16.68	**4.55**	4.67
3 Interest Cost	**210.70**	206.87	**6.91**	5.70	**-**	-
4 Actuarial (Gains)/Losses	**(92.13)**	(47.37)	**(10.24)**	6.53	**-**	-
5 Benefits Payments	**(541.84)**	(308.37)	**(26.21)**	(6.66)	**(0.98)**	3.90
6 Present value of Defined Benefit Obligation at the end of the year	**2,587.02**	2,800.29	**83.13**	96.85	**70.31**	64.78
IV Change in Fair Value of Plan Assets during the year						
1 Fair Value of Plan Assets at the beginning of the year	**2,800.43**	2,740.28	**-**	-	**-**	-
2 Expected return on Plan assets	**206.54**	212.46	**-**	-	**-**	-
3 Contribution by Employer	**104.80**	137.95	**26.21**	6.66	**-**	-
4 Actual benefits paid	**(541.84)**	(308.37)	**(26.21)**	(6.66)	**-**	-
5 Actuarial Gains/(losses) on Plan Assets	**28.55**	18.11	**-**	-	**-**	-
6 Fair Value of Plan Assets at the end of the year	**2,598.46**	2,800.43	**-**	-	**-**	-

(₹ in lakhs)

		Gratuity (Funded)		Gratuity (Unfunded)		Additional Gratuity	
		March 31,2013	March 31,2012	March 31,2013	March 31,2012	March 31,2013	March 31,2012
V	**Actuarial Assumptions:**						
1	Discount rate	**8.33%**	8.33%	**8.00%**	8.00%	**8.33%**	8.33%
2	Rate of return on Plan Assets	**8.00%**	8.00%				
3	Mortality Rate	**LIC(1994-96)**	LIC(1994-96)	**LIC(1994-96)**	LIC(1994-96)	**LIC(1994-96)**	LIC(1994-96)
4	Salary escalation rate (Management-Staff-Directors)	**6%, 2%, 10%**	7%, 2%, 12%	**6%,10%**	6%,10%	**6%, 2%, 10%**	7%, 2%, 12%
5	Attrition rate	**1%**	1%	**1%**	1%	**1%**	1%

VI. Amounts for the current and previous year are as follows :

		Gratuity (Funded)				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Defined benefit obligation	**2,587.02**	2,800.29	2,740.04	2,737.62	2,682.89
2	Plan Assets	**2,598.46**	2,800.43	2,740.28	2,737.62	2,682.89
3	Surplus/(Deficit)	**11.44**	0.14	0.24	-	-
4	Experience adjustments on plan liabilities	**(92.13)**	(47.37)	(108.89)	(56.04)	323.54
5	Experience adjustments on plan assets	**28.55**	18.11	18.66	-	-

		Gratuity (Unfunded)				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Defined benefit obligation	**83.13**	96.85	74.60	NA	NA
2	Plan Assets	**-**	-	-	NA	NA
3	Surplus/(Deficit)	**83.13**	96.85	74.60	NA	NA
4	Experience adjustments on plan liabilities	**-**	-	-	NA	NA
5	Experience adjustments on plan assets	**-**	-	-	NA	NA

		Additional Gratuity				
		2012-13	2011-12	2010-11	2009-10	2008-09
1	Defined benefit obligation	**70.31**	64.78	64.01	79.33	69.53
2	Plan Assets	**-**	-	-	-	-
3	Surplus/(Deficit)	**70.31**	64.78	64.01	79.33	69.53
4	Experience adjustments on plan liabilities	**-**	-	-	-	-
5	Experience adjustments on plan assets	**-**	-	-	-	-

b) The Company makes annual contribution to Blue Star Employees Gratuity Fund, which is a funded defined benefit plan for qualifying employees. The fund formed by the Company manages the investments of the Gratuity fund. Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year, Yield on portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities. The Company expects to contribute ₹280 lakhs to gratuity fund in 2013-14 (31 March 2012: ₹168 Lakhs)

c) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

d) The guidance issued by the Accounting Standard Board (ASB) on implementing AS 15, Employee Benefits (revised 2005) states that provident fund set up by employers which require interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2013. The Company's contribution to the Employee's Provident fund aggregates to ₹579.00 lakhs (31 March 2012: ₹414.43 lakhs).

The details of the fund and plan assets position are as follows :

(₹ in lakhs)

	As at March 31	
	2013	2012
Plan assets at year end, at fair value	**190.00**	116.44
Present value of defined obligation at year end	**157.10**	105.90
Shortfall	**-**	-

The assumption used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Discounting rate	**8.42%**	8.32%
Expected guaranteed interest rate	**8.50%**	8.50%
Expected Rate of Return on Asset	**8.32%**	8.32%

iii. General Description of significant defined plans:

1. **Gratuity Plan**

   Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years of service after continuous service for five years.

2. **Additional Gratuity**

   Additional Gratuity is payable as per the specific rules of the Company i.e. ₹5,000 for staff and ₹10,000 for Managers subject to qualifying service of 15 years.

iv. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(₹ in lakhs)

	As at March 31	
	2013	2012
Special Deposit Schemes	**4.43%**	5.29%
Central government Securities	**15.89%**	18.13%
State government Securities	**21.47%**	21.97%
Public Sector Undertakings	**52.42%**	50.12%
Liquid funds	**5.79%**	4.49%
Total Investments	**100.00%**	100.00%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable for the period over which the obligation is to be settled.

32 SEGMENT INFORMATION:

A. Primary Segment Reporting (by Business Segment)

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

a. Electro Mechanical Projects and Packaged Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.

b. Cooling Products includes cooling appliances, cold storage products, including manufacturing and after sales service.

c. Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

Segment Revenues, Results and other Information:

(₹ in lakhs)

	As at March 31	
	2013	**2012**
I. SEGMENT REVENUE		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**177,655.83**	167,564.67
ii. Cooling Products	**96,515.52**	93,264.34
iii. Professional Electronics and Industrial Systems	**18,229.39**	21,211.25
TOTAL SEGMENT REVENUE	**292,400.74**	282,040.26
Add: Other Income	**3,645.11**	2,262.44
TOTAL INCOME	**296,045.85**	284,302.70
II. SEGMENT RESULT		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**6,336.98**	(9,820.00)
ii. Cooling Products	**8,035.34**	8,745.49
iii. Professional Electronics and Industrial Systems	**2,983.21**	5,229.06
TOTAL SEGMENT RESULT	**17,355.53**	4,154.55
Less: i) Finance Cost	**5,279.97**	7,211.60
ii) Other un-allocable Expenditure Net of un-allocable Income	**8,007.33**	7,285.78
TOTAL PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM	**4,068.23**	(10,342.83)
EXCEPTIONAL ITEM	**-**	-
PROFIT/(LOSS) BEFORE TAXATION	**4,068.23**	(10,342.83)
PROVISION FOR TAXES	**254.70**	114.93
NET PROFIT/(LOSS)AFTER TAX	**3,813.53**	(10,457.76)
Share of profit in Associate company	**93.52**	(52.50)
PROFIT/(LOSS) FOR THE YEAR	**3,907.05**	(10,510.26)
III. OTHER INFORMATION:		
a. SEGMENT ASSETS		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**138,629.17**	135,317.52
ii. Cooling Products	**52,011.27**	45,734.79
iii. Professional Electronics and Industrial Systems	**13,105.01**	12,511.73
TOTAL SEGMENT ASSETS	**203,745.45**	193,564.04
Add: Un-allocable Corporate Assets	**12,225.03**	14,912.17
TOTAL ASSETS	**215,970.48**	208,476.21
b. SEGMENT LIABILITIES		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**98,714.91**	96,951.69
ii. Cooling Products	**30,059.78**	25,051.51
iii. Professional Electronics and Industrial Systems	**6,804.24**	5,416.73
TOTAL SEGMENT LIABILITIES	**135,578.93**	127,419.93
Add: Un-allocable Corporate Liabilities	**40,324.06**	41,522.72
TOTAL LIABILITIES	**175,902.99**	168,942.65

(₹ in lakhs)

	As at March 31	
	2013	**2012**
c. CAPITAL EXPENDITURE (including Capital WIP)		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**3,467.05**	2,835.87
ii. Cooling Products	**2,425.91**	3,735.66
iii. Professional Electronics and Industrial Systems	**69.06**	91.09
iv. Other Un-allocable	**42.72**	1,057.03
TOTAL	**6,004.74**	7,719.65
d. DEPRECIATION		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**1,663.25**	1,614.52
ii. Cooling Products	**1,115.22**	905.02
iii. Professional Electronics and Industrial Systems	**61.60**	63.71
iv. Other Un-allocable	**496.65**	592.46
TOTAL	**3,336.72**	3,175.71
e. NON CASH EXPENSES OTHER THAN DEPRECIATION		
i. Electro Mechanical Projects and Packaged Air-conditioning Systems	**1,151.94**	2,754.59
ii. Cooling Products	**229.56**	796.21
iii. Professional Electronics and Industrial Systems	**406.91**	430.07
iv. Other Un-allocable	**45.07**	5.72
TOTAL	**1,833.48**	3,986.59

B. Secondary segment information:

Secondary segmental reporting is based on the geographical location of customer. The geographical segments have been disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customer located outside India).

(₹ in lakhs)

	As at March 31	
	2013	**2012**
Revenue (Sales, Services & Commission) by Geographical Market		
India	**270,922.27**	263,582.48
Outside India	**21,478.47**	18,457.78
Total	**292,400.74**	282,040.26
Carrying amount of Segment Assets & Intangibles Assets		
India	**206,082.16**	199,637.71
Outside India	**9,888.32**	8,838.50
Total	**215,970.48**	208,476.21
Capital Expenditure including Capital Work in Progress		
India	**5,877.50**	7,686.44
Outside India	**127.24**	33.21
Total	**6,004.74**	7,719.65

33: Related Party Disclosure

Names of Related parties

Names of related parties with whom transactions have taken place during the year

Associate

Blue Star Infotech Limited

Joint Ventures

Blue Star Qatar- WLL

Blue Star M & E Engineering (Sdn) Bhd

Blue Star Design and Engineering Limited

Key Management Personnel

Mr Ashok M Advani

Mr Suneel M Advani

Mr Satish Jamdar

Mr Vir Advani

Relatives of Key Management Personnel

Ms Nargis Advani

Transactions during the period with Related Parties are as under:

(₹ in lakhs)

Name of Related party	2012-13		2011-12	
	Amount ₹	Balance O/s DR/(CR) ₹	Amount ₹	Balance O/s DR/(CR) ₹
Blue Star M & E Engineering (Sdn) Bhd		**22.04**		5.46
Consultancy services rendered by us	**202.45**		182.14	
Dividend received (Gross)	**158.55**		181.15	
Reimbursement of expenses paid	**129.95**		91.06	
Blue Star Infotech Limited		**(760.11)**		(303.55)
Sales & Services	**18.67**		54.46	
IT services	**1,067.20**		738.70	
Reimbursement of expenses	**61.26**		40.58	
Recovery of expenses	**4.89**		2.09	
Advance against services	**5.60**		-	
Rent received	**36.00**		36.00	
Dividend received	**61.96**		92.94	
Blue Star Qatar WLL		**85.89**		166.66
Guarantee commission	**29.94**		3.06	
Sales & Services	**10.23**		132.09	
Corporate guarantee given	**2,994.02**		306.04	
Blue Star Design & Engineering Limited		**487.85**		632.09
Sales & Services rendered	**0.61**		44.30	
Consultancy service received	**43.31**		389.51	
Loan repaid	**5.00**		20.00	
Interest On Loan	**32.95**		47.53	
Corporate guarantee given	**238.38**		338.92	
Guarantee commission	**2.50**		6.13	

(₹ in lakhs)

Name of Related party (contd.)	2012-13 Amount ₹	2012-13 Balance O/s DR/(CR) ₹	2011-12 Amount ₹	2011-12 Balance O/s DR/(CR) ₹
Key Management Personnel				
Managerial remuneration				
Ashok M Advani	**-**		208.92	
Suneel M Advani	**224.11**		209.78	
Satish Jamdar	**173.33**		131.25	
Vir S Advani	**103.97**		81.35	
Directors Sitting Fees & Commission				
Ashok M Advani	**13.80**		-	
Leave Benefits and Retirals				
Ashok M Advani	**33.15**		-	
Relative of Key Management Personnel		**70.00**		70.00
Rent paid	**1.20**		1.20	

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

34: LEASES

The Company has entered into operating lease agreements for its office premises, storage locations and residential premises for its employees. All leases are cancellable. There are no exceptional/restrictive covenants in the lease agreements. Lease rental expense debited to statement of Profit and Loss is ₹3,124.38 lakhs (31 March 2012: ₹3,146.34 lakhs)

35: EARNING PER SHARE

		As at March 31	
		2013	2012
Profit/(Loss) after taxation as per Statement of Profit & loss	₹lakhs	**3,907.05**	(10,510.26)
Weighted average number of Equity Shares Outstanding.	Nos.	**89,936,105**	89,936,105
Basic and diluted Earnings per share (Face Value ₹2 per share)	₹	**4.34**	(11.69)

36 During the year, the Company has entered into a contract, in the normal course of business, for sale of goods and services for a value of ₹29.36 lakhs with two Private Limited Companies in which a Director of the Company is a Director. Payment has been received in accordance with the normal sales terms. The Company is in the process of filing necessary application for approval from the Central Government under Section 297 of the Companies Act, 1956.

37 During the year, Blue Star Design & Engineering Limited (BSDEL), a Joint Venture of the Company and Synergy Realtors & Services Private Limited (SRSPL) filed a scheme of amalgamation of the companies. In terms of the scheme, the appointed date is April 1, 2012 and the share swap ratio will be 180 fully paid up preference shares of ₹100 each of BSDEL for every 1 fully paid up equity share of ₹10 each of SRSPL. Upon the scheme becoming effective, BSDEL would become a wholly owned subsidiary of the Company. Pending approval of the scheme by the High Courts having jurisdiction over the amalgamating companies, the effect of the proposed amalgamation has not been recognized in the financial statements of the Company.

38 The classification of current and non current debtors in previous year was done based on project specific operating cycle in case of project business. During the year ICAI issued a FAQ on revised Schedule VI, where it has been clarified that the operating cycle is to be identified for each of its businesses and not based on each of its customers. Accordingly, the Company has revised its operating cycle to twelve months for project business. Further the Company has reclassified previous year's disclosure for debtors in line with current year's classification.

39: DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

a. Derivative Instruments: Forward contract outstanding as at Balance Sheet date

Particulars	2012-13		2011-12	
	Amount in Foreign Currency	₹ lakhs	Amount in Foreign Currency	₹ lakhs
Particulars of Derivatives				
Forward cover to Purchase USD & EUR:				
Hedge of underlying payables - USD	**42,685,596.19**	**23,176.14**	51,005,372.04	25,948.98
- Buyers' Credit	**42,685,596.19**	**23,176.14**	39,840,690.00	20,268.95
- Other Payables	**-**	**-**	11,164,682.04	5,680.03
Foreign Currency Loan from Bank				
EUR	**-**	**-**	3,850,000.00	2,613.00
USD	**-**	**-**	2,500,000.00	1,271.88

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

Foreign Currency	2012-13		2011-12	
	Amount in Foreign Currency	₹ lakhs	Amount in Foreign Currency	₹ lakhs
Bank Balances				
AED	**5,240,181.01**	**773.71**	6,165,289.55	813.94
EUR	**321.74**	**0.22**	165,956.34	7.60
MUR	**658,405.24**	**11.44**	650,341.82	12.23
RMB	**67,137.39**	**5.86**	-	-
USD	**1,416,644.72**	**769.17**	1,592,921.17	156.21
Receivables				
AED	**22,500.00**	**3.32**	7,974,127.23	1,087.67
CAD	**107,118.93**	**57.20**	12,892.00	6.48
EUR	**736,988.45**	**512.61**	570,212.35	307.09
GBP	**67,919.98**	**56.01**	20,829.00	16.56
JPY	**13,642,114.00**	**78.64**	11,551,911.00	71.23
MYR	**555,520.00**	**97.24**	485,483.63	69.47
QAR	**878,412.24**	**128.25**	878,342.24	103.70
SEK	**27,200.00**	**2.26**	-	-
USD	**8,923,678.10**	**4,844.53**	6,589,092.79	2,363.16

b. Particulars of Un-hedged foreign Currency Exposure as at the Balance Sheet date (contd.)

Foreign Currency	2012-13		2011-12	
	Amount in Foreign Currency	₹ lakhs	Amount in Foreign Currency	₹ lakhs
Payables				
AED	**8,473,958.23**	**1,251.18**	9,794,319.06	1,328.30
AUD	**55,199.05**	**31.19**	40,921.51	18.22
CAD	**9,691.65**	**5.17**	9,691.65	0.34
CHF	**419.37**	**0.24**	2,349.27	1.33
EUR	**1,426,565.37**	**992.25**	1,231,918.37	503.09
GBP	**34,596.11**	**28.58**	11,519.71	9.08
JPY	**12,984,790.00**	**74.85**	22,548,280.00	137.01
MYR	**29,000.00**	**5.08**	-	-
RMB	**7,417.72**	**0.65**	-	-
SEK	**34,079.35**	**2.83**	3,599.73	0.26
SGD	**82,393.20**	**36.03**	82,524.83	29.16
USD	**36,397,708.87**	**19,762.14**	13,422,106.95	5,157.36
Buyers' Credit				
USD	**1,640,590.60**	**890.76**	204,050.00	103.81

40 Figures pertaining to Subsidiary, Joint Ventures and Associate companies have been reclassified wherever considered necessary to bring them in line with the holding Company's financial statements.

41 Previous Year Comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Firm Registration No 101049W
Chartered Accountants

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 13, 2013

For and **on behalf of the Board of Directors of Blue Star Limited**

Satish Jamdar	Managing Director
Vir S Advani	Executive Director
Manek Kalyaniwala	Executive Vice President - Finance
Sangameshwar Iyer	Company Secretary

Mumbai: May 13, 2013

Statement under Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

The details of the subsidary companies in terms of the general cicular no 2/2011 dated 8th February, 2011 issued by the Government of India, Ministry of Corporate affairs under Section 212(8) of the Companies Act, 1956.

(₹ in lakhs)

Particulars	**2012-13**	**2011-12**
Share Capital	**197.00**	197.00
Reserves and Surplus	**(591.95)**	1,002.94
Total Assets	**9,400.18**	10,071.03
Total Liabilities	**9,795.13**	8,871.09
Investments	**-**	-
Turnover & Other Income	**9,768.08**	7,964.33
Profit Before Tax	**(1,493.07)**	(1,596.79)
Provision for Taxation	**-**	-
MAT Credit Reversed	**101.82**	-
Profit/(Loss) after Tax	**(1,594.89)**	(1,596.79)
Equity Dividend	**-**	-

Investor and Shareholder Information

SHAREHOLDER INQUIRIES

Questions concerning your folio, share certificates, dividend, address changes (for physical shares only), consolidation of certificates, lost certificates and related matters should be addressed to Blue Star Limited, directly or their share transfer agents. Address changes in respect of Demat shares should be intimated to the concerned Depository Participant.

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Tel.: +91 22 6665 4000
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Compliance Officer
Mr Sangameshwar Iyer
Company Secretary
E-mail: sangameshwar@bluestarindia.com

Link Intime India Pvt Ltd
C-13, Kantilal Maganlal Estate
Pannalal Silk Mills Compound
L B S Marg, Bhandup (West)
Mumbai 400 078.
Telephone: +91 22 2594 6970
Fax: +91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in

DEMATERIALISATION

The Company has made arrangements for dematerialisation of its shares through National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Since the Company shares are traded in Demat mode, the shareholders are requested to dematerialise their shareholding.

INVESTOR RELATIONS PROGRAMME

Blue Star Limited has an active investor relations programme directed to both individual and institutional investors. The Company's investor relations mission is to maintain an ongoing awareness of the Company's performance among its shareholders and the financial community. The Company welcomes inquiries from its investors, large or small, as well as from members of the financial community.

For further information, please contact Blue Star's Investor Relations Department at the above address.

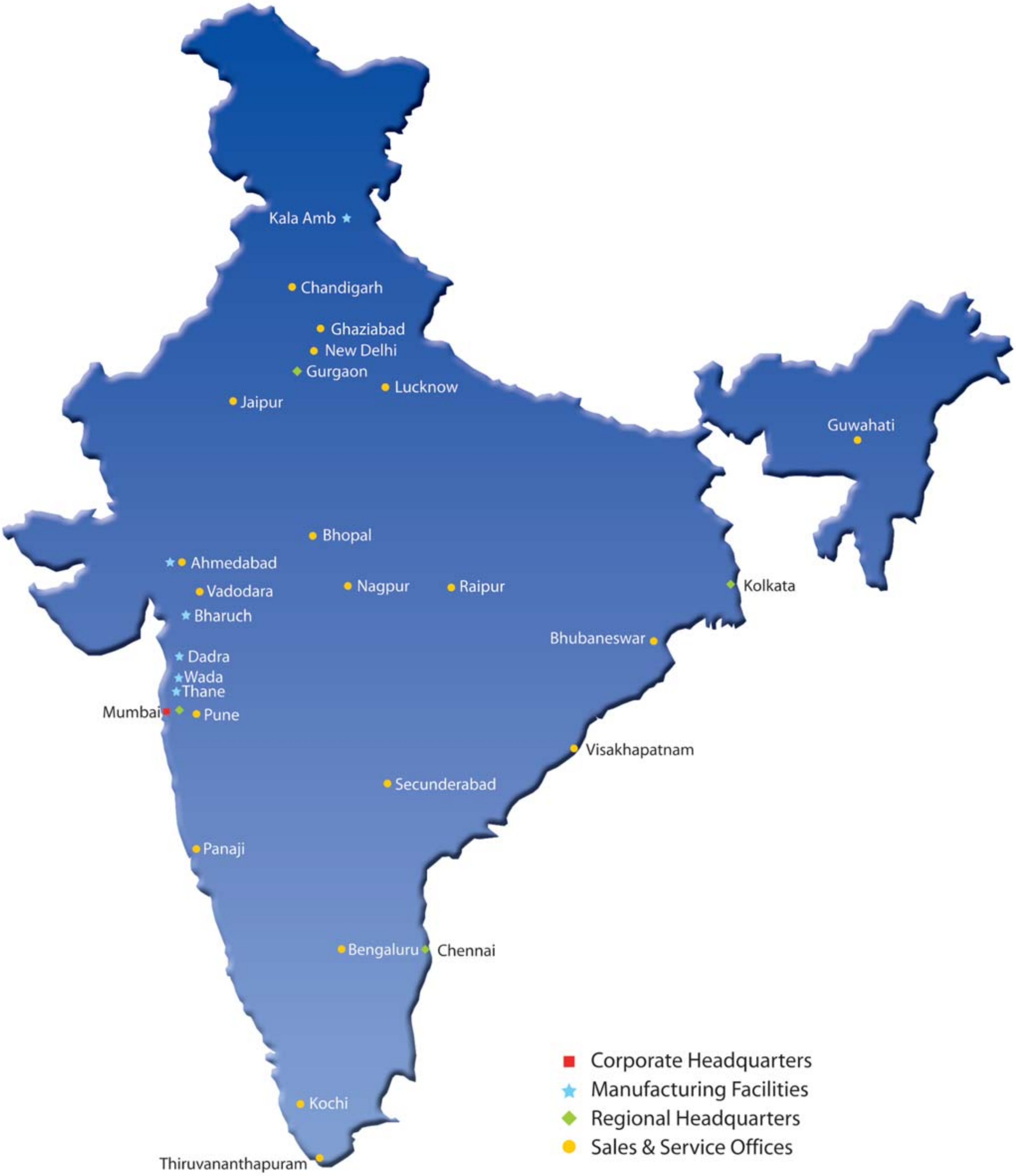
BLUE STAR SHAREHOLDERS

As of March 31, 2013, the Company has 24623 registered shareholders. Approximately 33% of the Company's shares are held by individual investors. The Promoters hold approximately 40% of the shares while Foreign Investors, Institutions and Body Corporate hold the balance shares.

STOCK EXCHANGE LISTINGS

Bombay Stock Exchange
National Stock Exchange

Blue Star Establishments



Celebrating 70

YEARS OF EXPERT COOLING

BLUE STAR