

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

We, at Blue Star, continuously strive to adopt and implement the best in class governance practices. Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. The Company's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders. We firmly believe, that for our continued success, we will need to adhere to the highest standards of corporate behaviour towards every stakeholder and the society at large. Over the years, we have strengthened our governance practices, and it is our endeavour to achieve the best in class governance standards, benchmarked globally.

## VISION, CREDO, VALUES AND BELIEFS

We have consistently followed the principles of good corporate governance through transparency, accountability, fair dealings and promoting mutual trust. Our Values and Beliefs have become a way of life in the Company, and each employee is responsible for adherence with our Values.

It is our commitment to do business with integrity, honesty and fairness. With a view to achieve this, we have defined our Vision, Credo, Values and Beliefs as follows:

Blue Star's Vision is, *"To dream, to strive, to care and, above all, to be the best in everything we do."*

Our Credo is, *"I am Blue Star. I take pride in delivering a world-class customer experience."*

The Company's core Values and Beliefs are:

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

The Company confirms compliance to the corporate governance practices as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'Listing Regulations'), details whereof for the financial year ended March 31, 2019 are as set out hereunder:

## BOARD OF DIRECTORS

The Board of Directors is the primary stakeholder influencing corporate governance. An active, well informed and independent board safeguards and maintains sound corporate governance across all the functions. The Board oversees how the management safeguards interests of all the stakeholders. The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties. The Board of Directors provide a long-term vision and policy approach which improves the quality of governance. It sets out the overall corporate objectives and provides direction and independence to the management to achieve these objectives for value creation through sustainable profitable growth.

## COMPOSITION OF THE BOARD

The Company has a balanced and diverse Board. The Company's Board has an optimum mix of Executive and Non-Executive Directors, to maintain independence and separate the functions of governance and management. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 (the 'Act'). The Listing Regulations mandate that for a company with a non-executive chairman, who is a promoter, at least half of the Board should be independent directors. As on March 31, 2019, the Board comprised twelve Directors. Out of twelve, eight (i.e. 67 percent) were Non-Executive Directors, of which six (i.e. 50 percent) were Independent Directors. Two out of twelve directors on the Board were women Independent Directors.

The Chairman presides over the meetings of the Board and of the shareholders of the Company. He leads the Board and ensures effective communication among the Directors. He is responsible for administering all matters relating to corporate governance. He ensures effectiveness of the Board and its Committees and evaluates the performance of individual directors in fulfilling their roles and responsibilities.

The Executive Directors assume overall responsibility for strategic management of business and corporate functions including oversight of governance processes and ensuring Top Management effectiveness. They act as a link between the Board and the Management of the Company and are responsible in managing and reviewing the roles and responsibilities of other executive officials including the Group Chief Financial Officer, Company Secretary and Heads of various business segments.

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

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

The composition of the Board of Directors and the number of directorships and committee positions held by them as on March 31, 2019 are as under:

Name of Director	Category	Particulars of Directorships, Committee Memberships/Chairmanships as on March 31, 2019			
		Directorships <sup>1</sup>	Number of Directorship(s) held in public listed companies	Committee Memberships <sup>2</sup>	Committee Chairmanships <sup>2</sup>
Suneel M Advani <sup>3</sup>	Non-Executive Chairman	2	1	1	-
Vir S Advani <sup>4</sup>	Managing Director	3	1	1	-
B Thiagarajan <sup>4</sup>	Joint Managing Director	2	1	2	-
Rajiv R Lulla	Non-Executive Director	5	1	1	-
Dinesh N Vaswani	Non-Executive Director	2	1	-	-
Shailesh Haribhakti <sup>3</sup>	Independent Director	16	7	10	5
Gurdeep Singh	Independent Director	4	1	3	1
Shobana Kamineni	Independent Director	14	4	-	-
Sam Balsara	Independent Director	18	1	-	-



Name of Director	Category	Particulars of Directorships, Committee Memberships/Chairmanships as on March 31, 2019			
		Directorships <sup>1</sup>	Number of Directorship(s) held in public listed companies	Committee Memberships <sup>2</sup>	Committee Chairmanships <sup>2</sup>
Anil Harish	Independent Director	10	5	4	2
Rumjhum Chatterjee <sup>5</sup>	Independent Director	6	2	-	-
Arvind K Singhal <sup>5</sup>	Independent Director	11	3	-	-

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

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

<sup>3</sup> Suneel M Advani retired as the Chairman of the Board on March 31, 2019. Subsequently, Shailesh Haribhakti was appointed as the Chairman of the Board effective April 1, 2019.

<sup>4</sup> Effective April 1, 2019, Vir S Advani was elevated from Managing Director to Vice Chairman & Managing Director and B Thiagarajan was elevated from Joint Managing Director to Managing Director.

<sup>5</sup> Rumjhum Chatterjee and Arvind K Singhal were appointed as Additional Independent Directors w.e.f. February 5, 2019.

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

Except Suneel M Advani and Vir S Advani, who are related, none of the Directors is a relative of the other, as defined under the Act.

Details of listed entity(ies) in which the Directors hold directorship as on March 31, 2019:

Name of Director	Name of Listed Entity(ies)	Category
Suneel M Advani*	- Blue Star Limited	Non-Executive Director
Vir S Advani	- Blue Star Limited	Executive Director
B Thiagarajan	- Blue Star Limited	Executive Director
Rajiv R Lulla	- Blue Star Limited	Non-Executive Director
Dinesh N Vaswani	- Blue Star Limited	Non-Executive Director
Shailesh Haribhakti*	- Blue Star Limited - Torrent Pharmaceuticals Limited - L&T Finance Holdings Limited - Future Lifestyle Fashions Limited - Mahindra Life Space Developers Limited - Ambuja Cements Limited - ACC Limited	Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director
Gurdeep Singh	- Blue Star Limited	Independent Director

Name of Director	Name of Listed Entity(ies)	Category
Shobana Kamineni	<ul style="list-style-type: none"> <li>- Blue Star Limited</li> <li>- Apollo Hospitals Enterprise Limited</li> <li>- Indraprastha Medical Corporation Limited</li> <li>- Hero Motocorp Limited</li> </ul>	Independent Director Executive Director Non-Executive Director Independent Director
Sam Balsara	<ul style="list-style-type: none"> <li>- Blue Star Limited</li> </ul>	Independent Director
Anil Harish	<ul style="list-style-type: none"> <li>- Blue Star Limited</li> <li>- Hinduja Ventures Limited</li> <li>- Oberoi Realty Limited</li> <li>- Future Enterprises Limited</li> <li>- Hinduja Global Solutions Limited</li> </ul>	Independent Director Independent Director Independent Director Independent Director Independent Director
Rumjhum Chatterjee	<ul style="list-style-type: none"> <li>- Blue Star Limited</li> <li>- Somany Ceramics Limited</li> </ul>	Independent Director Independent Director
Arvind K Singhal	<ul style="list-style-type: none"> <li>- Blue Star Limited</li> <li>- Welspun India Limited</li> <li>- Greaves Cotton limited</li> </ul>	Independent Director Independent Director Independent Director

\* Suneel M Advani retired as the Chairman of the Board on March 31, 2019. Subsequently, Shailesh Haribhakti was appointed as the Chairman of the Board effective April 1, 2019.

### CORE SKILLS REQUIRED IN THE CONTEXT OF COMPANY'S BUSINESS

The Company inducts distinguished individuals with expertise in diverse fields, as Directors on the Board. Members with high level of integrity, appropriate qualification, skills and expertise, and with the ability to contribute to the growth of the Company are brought on board.

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

Strategy & Business Planning	<ul style="list-style-type: none"> <li>- Comprehend the socio-economic, political, legal, regulatory and competitive environment in which the Company is operating and provide insights to identify opportunities and threats for the Company's businesses</li> </ul>
Financial Acumen	<ul style="list-style-type: none"> <li>- Analyse the Company's financial performance and provide oversight of capital allocation and returns</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>- Support management to develop policies and identity and retain the best talent; to develop people at all levels and make them future-ready; and to institutionalise succession planning for critical positions</li> </ul>
Governance	<ul style="list-style-type: none"> <li>- Monitor and guide statutory and regulatory compliance and contribute towards setting and upholding the highest standards of ethics, integrity and organisational conduct. Understand the key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation</li> </ul>
Stakeholder Value Creation	<ul style="list-style-type: none"> <li>- Enable shareholder value creation while ensuring interventions that create a positive and sustainable impact on society</li> </ul>

All these skills are available with the Board.

### CONFIRMATION ON INDEPENDENCE OF DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations and in the opinion of the Board the Independent Directors fulfil the said criteria and are independent of the Management.

**CERTIFICATE FOR NON DISQUALIFICATION OF DIRECTORS**

A certificate from M/s N L Bhatia and Associates, Practicing Company Secretaries, has been issued, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as a director by the Securities and Exchange Board of India (SEBI)/Ministry of Corporate Affairs or any such statutory authority. The certificate is appended as an Annexure to this report.

**BOARD MEETINGS**

Minimum four Board meetings are held each year to review the quarterly financial results and operations of the Company. Apart from this, additional Board meetings are convened to address specific needs of the Company. In case of the business exigencies, resolutions are also passed by circulation, as permitted by law, which are confirmed in subsequent Board meetings.

There could be instances where it may not be possible for each of the Directors to be physically present at all the meetings. In such cases, video conferencing facilities are provided to enable their participation.

The agenda and agenda notes are circulated to all the Directors well in advance, usually a week before the meeting. All the agenda items are backed by agenda notes and relevant supporting papers to ensure adequate flow of information from the management, and to enable Directors to have focused discussions at the meeting and take informed decisions. All relevant information as mentioned in Part A of Schedule II of the Listing Regulations are tabled before the Board.

Draft Minutes of the Board/Committee meetings are circulated to all the Directors for their comments within 15 days of the meeting, and after incorporating comments so received, from the Directors, minutes are recorded and entered in minutes book within 30 days from the date of conclusion of the meeting.

**NUMBER OF MEETINGS HELD BY THE BOARD**

During the year, the Board met five times. The meetings were held on May 14, 2018; August 8, 2018; October 30, 2018; February 5, 2019 and March 5, 2019. The gap between two consecutive Board meetings did not exceed 120 days.

The Company had convened its last Annual General Meeting on August 8, 2018.

Attendance of the Directors at the Board meetings and at the last Annual General Meeting is as under:

Name of Director	Category	Attendance	
		Board Meeting	Last AGM (Y/N/NA)
Suneel M Advani*	Non-Executive Chairman	5	Y
Vir S Advani <sup>#</sup>	Managing Director	5	Y
B Thiagarajan <sup>#</sup>	Joint Managing Director	5	Y
Rajiv R Lulla	Non-Executive Director	5	Y
Dinesh N Vaswani	Non-Executive Director	5	Y
Shailesh Haribhakti*	Independent Director	5	Y
Gurdeep Singh	Independent Director	5	Y
Shobana Kamineni	Independent Director	5	Y
Sam Balsara	Independent Director	5	Y
Anil Harish	Independent Director	4	Y
Rumjhum Chatterjee <sup>@</sup>	Independent Director	2	NA
Arvind K Singhal <sup>@</sup>	Independent Director	2	NA

<sup>#</sup> Effective April 1, 2019, Vir S Advani was elevated from Managing Director to Vice Chairman & Managing Director and B Thiagarajan was elevated from Joint Managing Director to Managing Director.

\* Suneel M Advani retired as the Chairman of the Board on March 31, 2019. Subsequently, Shailesh Haribhakti was appointed as the Chairman of the Board effective April 1, 2019.

<sup>@</sup> Rumjhum Chatterjee and Arvind K Singhal were appointed as Additional Independent Directors w.e.f. February 5, 2019.

### FAMILIARISATION OF INDEPENDENT DIRECTORS

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

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

The details of familiarisation programme imparted to the Independent Directors are available on the website of the Company under the weblink: <https://www.bluestarindia.com/media/56472/familiarization-programme-for-independent-directors.pdf>

### PERFORMANCE EVALUATION

The Board carried out an annual performance evaluation comprising review of the performance of the Directors individually as well as the evaluation of the working of the entire Board and its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as structure and composition of the Board, quality of Board processes, Board culture and dynamics, and effectiveness in carrying out its role as expected by all the stakeholders.

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

The performance evaluation criteria for Independent Directors, was determined by the Nomination and Remuneration Committee. The factors on which evaluation was carried out include (i) qualifications, experience, understanding and knowledge of business and sector, availability and attendance of meetings, (ii) openness in debating complex issues and aiding decision making, voicing opinion freely, exercises own judgment, (iii) adding value to the strategic direction and image makeover of the Company, (iv) ensuring integrity, regulatory compliance and controls as required, (v) level of preparedness, engagement and participation at various meetings, (vi) guidance and support to the leadership team as required, (vii) ability to function as a team member, actively takes initiatives in various areas, commitment to Board and Company, (viii) keeps shareholder and other stakeholder's interests in mind while voicing views and making recommendations, and (ix) expresses independent views and judgments freely.

In accordance with provisions of the Act and the Listing Regulations, a meeting of the Independent Directors of the Company was also held on March 29, 2019, to discuss the following:

- performance of Non-Independent Directors and the Board as a whole;
- performance of the Chairman of the Board, taking into account the views of Executive Directors and Non-Executive Directors; and
- quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

In the financial year 2017-18, the Independent Directors observed that Board level succession planning should be institutionalised, and younger people should be inducted in leadership roles. Further, the Company should focus on cost reduction and improvement of Return on Capital Employed and Return on Equity. These observations were implemented during the financial year 2018-19.

In the Board evaluation carried out for the financial year 2018-19, the Independent Directors observed that the Board should focus on profitability improvement, technology developments, sustainability objectives and leveraging the Blue Star brand for faster growth. To this end, more time will be spent on addressing key strategic issues and opportunities facing the Company in 2019-20.

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

## CODE OF CONDUCT

While operating in a competitive and demanding market, the Company had published a comprehensive code of conduct for its employees and business partners that requires strict adherence to our corporate values while delivering a world-class customer experience. The Company makes conscious efforts to align its employees and business partners with the Blue Star way of conduct.

In view of the recent shifts in the regulatory regime and evolving best in class governance practices, the Code of Conduct of the Company was amended.

The Company's Code of Conduct is available on the Company's website under the weblink:  
<https://www.bluestarindia.com/media/6010/code-of-conduct.pdf>

## CORPORATE SAFETY POLICY

The Company firmly believes that the safety of its employees and all the stakeholders associated with the Company's project sites, manufacturing facilities, customer premises and office locations is of utmost importance. Safety is an essential and integral part of the Company's work activities. The Company believes that incidents or accidents and risk to health are preventable through active involvement of all the stakeholders, thereby creating a safe and accident-free work place. Accordingly, health and safety awareness programs and safety audits are conducted regularly. Safety protocols have been documented and get shared across the organisation regularly.

## COMMITTEES OF THE BOARD

The Committees of the Board include Audit Committee, Nomination and Remuneration Committee, Investor Grievance cum Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Executive Management Committee and Share Transfer Committee. These Committees assist the Board in discharging its specific functions in which more focused and extensive discussions are required.

The role, composition and other details of the aforesaid Committees are given below:

### A. AUDIT COMMITTEE

The Audit Committee of the Company oversees the financial reporting process of the Company. The powers and role of the Audit Committee are in accordance with the Listing Regulations and the Act. The Audit Committee is governed by the charter which is in line with the regulatory requirements of the Act and the Listing Regulations.

As on March 31, 2019, the Committee comprised four directors:

- Shailesh Haribhakti, Chairman
- Gurdeep Singh
- Anil Harish
- B Thiagarajan

The composition of the Audit Committee is in line with the requirements of Section 177 of the Act and the Listing Regulations.

### NUMBER OF MEETINGS HELD BY THE COMMITTEE

During the year, the Committee met 5 times. The meetings were held on May 14, 2018; August 8, 2018; October 30, 2018; February 5, 2019 and March 6, 2019.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Shailesh Haribhakti, Chairman	5
Gurdeep Singh	5
Anil Harish	5
B Thiagarajan	5



The gap between two consecutive meetings did not exceed 120 days.

The Chairman of the Audit Committee was present at the last Annual General Meeting. All the recommendations made by the Audit Committee during the year were accepted by the Board.

### TERMS OF REFERENCE

#### A. Financial reporting and financial reporting processes, internal controls:

1. Oversight of the Company's financial reporting process, its overall internal controls and the disclosure of its financial information submitted to the stock exchanges, regulatory authorities or the public, and, to ensure that the financial statements are correct, sufficient and credible.
2. Oversee the Company's internal control framework, its adequacy and appropriateness across business processes.
3. Review with management, annual financial statements and the Auditors' Report thereon, before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be made part of the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
  - b) Changes, if any, in the accounting policies and reasons for the same.
  - c) Major accounting entries based on exercise of judgment by the management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements concerning financial statements.
  - f) Disclosures in financial statements, including related party transactions.
  - g) Modified opinion(s) in the draft Audit Report, if any.
4. Review any accounting adjustments that were noted or proposed by the statutory auditors but were not passed (as immaterial or otherwise).
5. Reviewing with the management, quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, statement of use/application of funds raised through an issue (public, rights, preferential issue, etc), statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take steps in the matter whenever such fund raising happens.
7. Review and monitor the auditors' independence and performance, and effectiveness of audit processes.
8. Approval or any subsequent modification of transactions of the Company with the related parties.
9. Scrutiny of inter-corporate loans and investments
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
14. Discussion with internal auditors on any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors in matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, stakeholders (in case of non-payment of declared dividends) and creditors.
18. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc of the candidate.

### **B. Review of information:**

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

### **C. Statutory audit:**

1. Recommend to the Board, the appointment, re-appointment, terms of appointment, and if required, the replacement or removal of the statutory auditors and cost auditors after considering and reviewing their independence and effectiveness, and recommend the audit fees.
2. Give approval for making all payments to the statutory auditors for any other services rendered by them.
3. Annually review and discuss with the statutory auditors, all significant relationships that they have with the Company or any of its related parties to determine the auditors' independence.
4. Review performance of the statutory auditors.
5. Review and discuss the scope of the statutory auditors' annual audit.
6. Review of management letters and any significant findings and recommendations issued by the statutory auditors, together with the management's response thereto.
7. Following completion of the annual audit, review with the statutory auditors, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
8. Meet at least once in a year separately with the statutory auditors to discuss any matters that the Committee or the statutory auditors believe should be discussed separately.
9. Review the annual Cost Audit Report submitted by the Cost Auditors.

### **D. Internal audit:**

1. Review the internal audit plan and recommend changes, for the approval of the Board.
2. To approve appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm selected to manage internal audit deliverables.
3. Consider and approve, in consultation with the Statutory Auditors and the Internal Auditors, the annual scope and plan of the Company's internal audit and any significant changes thereto.
4. Review with the Internal Auditors and the Statutory Auditors, the co-ordination of audit efforts to assure adequacy of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. Review any significant findings and recommendations of Internal Audit, together with the management's responses thereto.

6. Review the findings of any internal investigations by the Internal Auditors in matters where there is suspected fraud or irregularity or a failure of an internal control system of a material nature, and report the matters to the Board.
7. Review with the Internal Auditors, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
8. Meet at least once in a year separately with the Internal Auditors, to discuss any matters that the Committee or the Chief Internal Auditor believes should be discussed separately.

## B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for devising criteria for determining qualifications, attributes and independence of the Directors. It is also responsible for identifying persons to be appointed at senior management levels as well as devising remuneration policy for the Directors, Key Managerial Personnel and Senior Management.

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

As on March 31, 2019, the Committee comprised four directors:

- Gurdeep Singh, Chairman
- Sam Balsara
- Suneel M Advani
- Dinesh N Vaswani

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

### MEETINGS HELD BY THE NOMINATION AND REMUNERATION COMMITTEE

During the year, the Committee met three times. The meetings were held on April 26, 2018; October 30, 2018 and January 3, 2019.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Gurdeep Singh, Chairman	3
Sam Balsara	3
Suneel M Advani	3
Dinesh N Vaswani	3

### TERMS OF REFERENCE

1. To inter alia recommend nominations for Board Membership, develop and recommend policies with respect to composition of the Board, commensurate with the size, nature of the business and operations of the Company.
2. To establish criteria for selection to the Board, with respect to the competencies, qualifications, experience, track record, integrity and gender, and to establish Directors' retirement policies and appropriate succession plans, and determining overall compensation policies of the Company.
3. To monitor/administer the Company's Employee Stock Option Schemes formulated from time to time, and take appropriate decisions in terms of the concerned Scheme(s) and such other matters as may be required under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
4. To review market practices and formulate a remuneration policy, and within the framework of the said policy:
  - a) Recommend to the Board, a remuneration package applicable to the leadership team comprising the working directors and the key managerial personnel.
  - b) Recommend to the Board for its approval, performance parameters for them, review the same from time to time and thereafter, recommend the above to the Board for its approval.

5. To recommend to the Board, all remuneration, in whatever form, payable to senior management personnel.
6. Such other matters as may be required under the Act and Listing Regulations.

### REMUNERATION OF DIRECTORS

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission, performance linked incentives and stock options (variable component) to its Vice Chairman & Managing Director and Managing Director. Annual increments are decided by the Nomination and Remuneration Committee, within the salary scale approved by the members of the Company. The Nomination and Remuneration Committee recommends to the Board, the remuneration payable to the Vice Chairman & Managing Director and Managing Director out of the profits for the financial year, and within the ceilings prescribed under the Act, based on their performance and the performance of the Company. In line with the amendments made to the Listing Regulations, effective April 1, 2019, the functions of the Committee shall be extended to recommend to the Board, all remuneration, in whatever form, payable to Senior Management, i.e. one level below the Executive Directors. Services of the executive directors may be terminated by either party, giving the other party six months' notice. There is no separate provision for payment of any severance fees.

The Non-Executive Directors are, in addition to sitting fees, paid a commission based on the net profits of the Company, in accordance with Nomination and Remuneration Policy of the Company. The remuneration structure and criteria for determining performance based compensation are provided in the Nomination and Remuneration Policy.

During the year, none of the Non-Executive Directors received remuneration exceeding 50% of the total remuneration paid to the Non-Executive Directors.

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

The Company has an Employee Stock Option Scheme, 2013 in place. Details on the Employee Stock Option Scheme, 2013 may be referred to on the website of the Company at [www.bluestarindia.com](http://www.bluestarindia.com).

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

(₹ in lakhs)

Name	Salary	Retirals	Perquisites	Commission	Perfomance linked incentive	Sitting Fees	Total
Suneel M Advani	-	-	-	32.00	-	12.50	44.50
Vir S Advani	90.63	181.27	28.1	145.80	408.29	-	854.09
B Thiagarajan	90.63	181.27	28.1	145.80	90.64	-	536.44
Dinesh N Vaswani	-	-	-	16.00	-	6.00	22.00
Rajiv R Lulla	-	-	-	16.00	-	4.25	20.25
Shailesh Haribhakti	-	-	-	16.00	-	8.00	24.00
Gurdeep Singh	-	-	-	16.00	-	10.75	26.75
Shobana Kamineni	-	-	-	16.00	-	4.25	20.25
Sam Balsara	-	-	-	16.00	-	6.50	22.50
Anil Harish	-	-	-	16.00	-	7.25	23.25
Rumjhum Chatterjee*	-	-	-	2.67	-	2.00	4.67
Arvind K Singhal*	-	-	-	2.67	-	1.50	4.17

\* Rumjhum Chatterjee and Arvind K Singhal were appointed as Additional Independent Directors w.e.f. February 5, 2019.

**DIRECTOR SHAREHOLDING****AS ON MARCH 31, 2019**

Name of Director	No. of Shares held	Percentage (%)
Suneel M Advani	61,16,496	6.35
Vir S Advani	74,625	0.08
B Thiagarajan	72,800	0.08
Dinesh N Vaswani	26,944	0.03
Rajiv R Lulla	-	-
Shailesh Haribhakti	-	-
Shobana Kamineni	-	-
Gurdeep Singh	1,839	0.00
Sam Balsara	10,662	0.01
Anil Harish	-	-
Rumjhum Chatterjee	-	-
Arvind K Singhal	-	-
<b>Total</b>	<b>63,03,366</b>	<b>6.55</b>

**C. INVESTOR GRIEVANCE CUM STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Investor Grievance cum Stakeholders' Relationship Committee specifically looks into the redressal of investors' complaints relating to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends and other investor related matters. In addition, the Committee also looks into matters, which facilitate investors' services and relations.

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

As on March 31, 2019, the Committee comprised four Directors:

- Gurdeep Singh, Chairman
- Suneel M Advani
- Rajiv R Lulla
- B Thiagarajan

During the year, the meeting of this Committee was held on April 26, 2018. The Meeting was attended by all the members.

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

**TERMS OF REFERENCE**

1. Resolving the grievances of the security holders of the Company (including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings).
2. Review of measures taken for effective exercise of voting rights by the shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agent (RTA).
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.



## INVESTORS' COMPLAINTS

During the year, the complaints received from the investors were mainly pertaining to non-receipt of dividend, etc. Further during the year under review, the Company received 26 complaints, of which 23 complaints were resolved to the satisfaction of the shareholders. 3 complaints were pending for resolution as on March 31, 2019, as the same were received at the end of March 2019. These complaints were also resolved in time in the month of April 2019.

## COMPLIANCE OFFICER

Vijay Devadiga

Company Secretary & Compliance Officer

Tel: 022 6654 4000

Email: investorcomplaints@bluestarindia.com

## D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee has been constituted in accordance with the requirements of Section 135 of the Act. The Committee recommends the CSR projects to be undertaken by the Company and also monitors its implementation status.

As on March 31, 2019, the Committee comprised three directors:

- Suneel M Advani, Chairman
- Shobana Kamineni
- B Thiagarajan

During the year, the meeting of this Committee was held on May 10, 2018. The Meeting was attended by all the members.

## TERMS OF REFERENCE

1. To formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act.
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the CSR Policy of the Company from time to time.

A detailed CSR Report, which forms a part of the Board's Report, may be referred to, for further information on CSR.

## E. RISK MANAGEMENT COMMITTEE

The Company has a robust risk management framework to identify, monitor and mitigate applicable risks. The Company has a comprehensive Risk Management Policy which is periodically reviewed by the Risk Management Committee.

As on March 31, 2019, the Committee comprised four directors:

- Vir S Advani, Chairman
- Suneel M Advani
- B Thiagarajan
- Neeraj Basur

During the year, the Committee met five times. The meetings were held on April 5, 2018; August 9, 2018; October 29, 2018; January 24, 2019 and March 29, 2019.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Vir S Advani, Chairman	5
Suneel M Advani	5
B Thiagarajan	4
Neeraj Basur	5

### TERMS OF REFERENCE

1. Annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.
2. Ensure that the Company is taking appropriate measures to achieve prudent balance between risk and rewards in both ongoing and new business activities.
3. Assist the Board in effective operation of the risk management systems by performing specialised analyses and quality reviews.
4. Ensure that the Company has a robust compliance framework. Review the compliance reports and ensure appropriate measures for compliance adherence.
5. Maintain an aggregated view on the risk profile of the Company and its underlying business segments.
6. Report to the Board details on the risk exposures and actions taken to manage the exposures.
7. Advise the Board with regard to risk management decisions, in relation to the strategic and operational matters such as corporate strategy, mergers and acquisitions, and related matters.
8. Make regular reports to the Audit Committee and Board on risk assessment and mitigation strategies adopted by the Company.

### F. EXECUTIVE MANAGEMENT COMMITTEE

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

As on March 31, 2019, the Committee comprised 3 directors:

- Suneel M Advani
- Vir S Advani
- B Thiagarajan

During the year, the Committee met five times. The meetings were held on May 14, 2018; July 20, 2018; October 30, 2018; February 5, 2019 and March 5, 2019.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Vir S Advani	5
Suneel M Advani	5
B Thiagarajan	5

### G. SHARE TRANSFER COMMITTEE

The Share Transfer Committee is empowered to make allotment of all kind of shares that may be issued by the Company from time to time.

As on March 31, 2019, the Committee comprised three directors:

- Suneel M Advani
- Vir S Advani
- B Thiagarajan

During the year, the meeting of this Committee was held on August 8, 2018. The meeting was attended by all the members.

## CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY INSIDERS AND CODE OF FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has a code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders and code of fair disclosure of unpublished price sensitive information for its Designated Persons which was amended in order to align with the revised SEBI (Prohibition of Insider Trading) Regulations, 2015. The same is effective April 1, 2019 and is disclosed on the website of the Company under the weblink: <https://www.bluestarindia.com/media/6013/code-of-conduct-insider-trading.pdf>

## SUBSIDIARY COMPANIES

Blue Star Engineering & Electronics Limited, Blue Star Qatar WLL, Blue Star International FZCO and Blue Star Systems and Solutions LLC are the four subsidiaries of the Company. As on March 31, 2019, Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company has become the material unlisted subsidiary of the Company. However, the requirement of appointing an Independent Director of the Company on the board of the material unlisted subsidiary as per Regulation 24 of the Listing Regulations does not apply to the Company as the threshold of 20% of consolidated income or net worth determining the materiality for appointment, has not been triggered.

In accordance with the Listing Regulations, the Company has formulated a policy on determining material subsidiaries which was amended during the year effective April 1, 2019, and the same has been disclosed on the website of the Company at <https://www.bluestarindia.com/media/6017/policy-for-determining-material-subsidiaries-26022019.pdf>

## RELATED PARTY TRANSACTIONS

All transactions entered into with related parties during the financial year, as defined under the Act and read with the Listing Regulations, were in the ordinary course of business and at an arm's length basis. The requisite approvals of the Audit Committee and Board members, as applicable, are taken from time to time. There were no materially significant transactions with related parties during the financial year, which were in conflict with the interests of the Company. The Company has adopted a policy for related party transactions, and the same is disclosed on the website of the Company at <https://www.bluestarindia.com/media/78799/policy-for-transaction-with-related-parties.pdf>

## COMMODITY PRICE RISK/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

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

Commodity Name	Exposure (₹ in crores)	Exposure in Quantity (MT)	% of such exposure hedged through commodity derivatives				Total
			Domestic Market		International Market		
			OTC	Exchange	OTC	Exchange	
Copper	123	2265	-	4.5%	-	-	4.5%
Aluminium	36	1548	-	-	-	-	-

The Company has also laid out a well-defined forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. The forex policy of the Company defines limits for uncovered exposures. The Company uses foreign exchange forward and options contracts to hedge the forex exposures. The hedging strategy is to gear towards managing currency fluctuation risk within predefined risk appetite, while complying with applicable guidelines, rules, regulations and other statutory compliances. The Company does not use foreign exchange forward and options contract for trading or speculative purposes. Forward and options contract are fair valued at each reporting date. The resultant gain or loss from these transactions is recognised in the Statement of Profit and Loss.

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

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

## OTHER DISCLOSURES

1. The details of transactions with related parties are given in Note No. 38 to the standalone financial statement for the year ended March 31, 2019. There were no materially significant related party transactions, which are likely to have potential conflict with the interests of the Company at large.
2. The Company has complied with the requirements of regulatory authorities on capital markets, and no penalties/strictures have been imposed on/against it by the stock exchanges, SEBI or any statutory authority during the last three years.
3. The Company has complied with all the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of Listing Regulations. The Company has also complied with discretionary requirements such as maintaining a separate office for the Non-Executive Chairman at the Company's expense, ensuring financial statements with unmodified audit opinion, separation of the post of Chairman and Managing Director, and reporting of internal auditor directly to the Audit Committee.
4. The Company has followed all relevant Indian Accounting Standards while preparing the Financial Statements.
5. Pursuant to the formulation of a Whistle Blower Policy by the Company, a mechanism has been provided to all the employees of the Company to enable them to report on any frauds/irregularities by way of complaints. The Whistle Blower Policy provides access for personnel to the Audit Committee and the same has not been denied.
6. During the financial year, the Company has not raised funds through preferential or qualified institutional placements.
7. The details of total fees for all the services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

(₹ in crores)

Type of services	March 31, 2019	March 31, 2018
Audit fee	0.92	1.04
Limited review	0.24	0.27
Tax audit	0.07	-
Other services	0.05	0.19
Reimbursement of expenses	0.05	0.05
<b>Total</b>	<b>1.33</b>	<b>1.55</b>

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

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

## ANNUAL GENERAL MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Venue	Time	Details of Special Resolutions
2015-16	August 1, 2016	Jai Hind College Hall, Sitaram Deora Marg, ("A" Road), Churchgate, Mumbai - 400 020	3:00 p.m.	None
2016-17	August 11, 2017	-do-	4:00 p.m.	None
2017-18	August 8, 2018	P. L. Deshpande Maharashtra Kala Academy, (Ravindra Natya Mandir), Sayani Road, Next To ICICI Bank, Prabhadevi, Mumbai - 400 025	10:00 a.m.	None

## POSTAL BALLOT

During the financial year 2018-19, special resolutions were passed by way of Postal Ballot for seeking approval of members. Details of these resolutions, alongwith their voting pattern, are provided below:

Particulars of Resolutions	Votes in Favour			Votes Against			Invalid Votes	
	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them	% of total no. of votes	No. of members voted	No. of votes cast by them
<b>Special Resolution:</b>								
Re-appointment of Mr Shailesh Haribhakti (DIN: 00007347) as an Independent Director of the Company	423	55301167	90.75	60	5637909	9.25	15	7253
Re-appointment of Mr Gurdeep Singh (DIN: 00036992) as an Independent Director of the Company	453	60072700	98.60	27	855236	1.40	15	7253
Approval for payment of Commission to Non-Executive Directors up to 1% (one percent) of Net Profit of the Company	426	65168312	99.97	65	18218	0.03	15	7253

The said resolutions were passed through Postal Ballot and Members of the Company were provided e-voting facility for casting their votes electronically on the said resolutions.



### Voting pattern and procedure for Postal Ballot

The Board of Directors of the Company, vide resolution passed by the Board of Directors at their meeting held on October 30, 2018, had appointed Mr Bharat Upadhyay (Membership No. FCS 5436), failing him Mr N L Bhatia (Membership No. FCS1176) and failing him Mr Bhaskar Upadhyay (Membership No. FCS 8663) of M/s N L Bhatia & Associates, Practicing Company Secretaries as the Scrutiniser for conducting the postal ballot voting process.

The Company had completed the dispatch of the Postal Ballot Notice dated October 30, 2018 together with the explanatory Statement on November 21, 2018, along with forms and postage prepaid business reply envelopes to all the members whose names appeared in the Register of Members/List of Beneficiaries as on Friday, November 16, 2018.

The voting under the postal ballot was kept open from Thursday, November 22, 2018 at 9:00 a.m. (IST) to Friday, December 21, 2018 before 5:00 p.m. (IST) either physically or through electronic mode. The last date for receipt of duly completed and signed postal ballot was December 21, 2018 before 5:00 p.m.

Particulars of postal ballot forms received from the Members using the electronic platform of NSDL were entered in a register separately maintained for this purpose.

The postal ballot forms were kept under the safe custody of the scrutiniser in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.

All postal ballot forms received on or before December 21, 2018 by 5:00 p.m. (IST) had been considered for scrutiny.

Envelopes containing postal ballot forms received after 5:00 p.m. (IST) on December 21, 2018 had not been considered for scrutiny.

After completion of the voting process, the Scrutiniser had submitted his report dated December 21, 2018, and the results of Postal Ballot were announced.

As of the date of this report, the Company does not propose to pass any special resolution through Postal Ballot.

### DETAILS OF UNCLAIMED SHARES IN TERMS OF REGULATION 39 OF THE LISTING REGULATIONS

In terms of regulation 39(4) of the Listing Regulations, the details in respect of equity shares lying in the suspense account are given as below:

Particulars	No. of Shares
Aggregate outstanding shares lying in the suspense account at the beginning of the year i.e. as on April 1, 2018	49
Number of shareholders who approached to the Issuer/Registrar for transfer of shares from suspense account during the financial year 2018-19	-
Number of shareholders to whom shares were transferred from suspense account during the financial year 2018-19	-
Aggregate outstanding shares lying in the suspense account at the end of the year i.e. as on March 31, 2019	49

The voting rights on the shares in the suspense account as on March 31, 2019 shall remain frozen till the rightful owners of such shares claim the shares.

### 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 Mumbai Lakshadeep. The financial results are also displayed on the website of the Company [www.bluestarindia.com](http://www.bluestarindia.com). Official press releases also features on the website of the Company.

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

## SHAREHOLDERS' INFORMATION

### ANNUAL GENERAL MEETING:

Date	: August 13, 2019
Time	: 3:30 p.m.
Venue	: Jai Hind College hall, 23-24, Sitaram Deora Marg, ("A" Road), Churchgate, Mumbai - 400 020
Financial year	: April 1, 2018 to March 31, 2019

### FINANCIAL CALENDAR (PROVISIONAL):

Unaudited results for the quarter ending June 30, 2019	: August, 2019
Unaudited results for the quarter ending September 30, 2019	: November, 2019
Unaudited results for the quarter ending December 31, 2019	: January, 2020
Audited results for the year ending March 2020	: May, 2020
Record Date	: August 2, 2019 (as at the end of business hours)
Date of Book Closure	: August 3, 2019 to August 13, 2019 (both days inclusive)
Dividend Payment Date (if declared):	: on or after August 13, 2019

### LISTING ON STOCK EXCHANGES

: BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
National Stock Exchange of India Ltd Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Listing fees as applicable have been paid
: BSE Limited – 500067 National Stock Exchange of India Ltd – BLUESTARCO
: INE472A01039

### STOCK CODE

### NSDL/CDSL – ISIN

### CREDIT RATING OBTAINED DURING THE YEAR

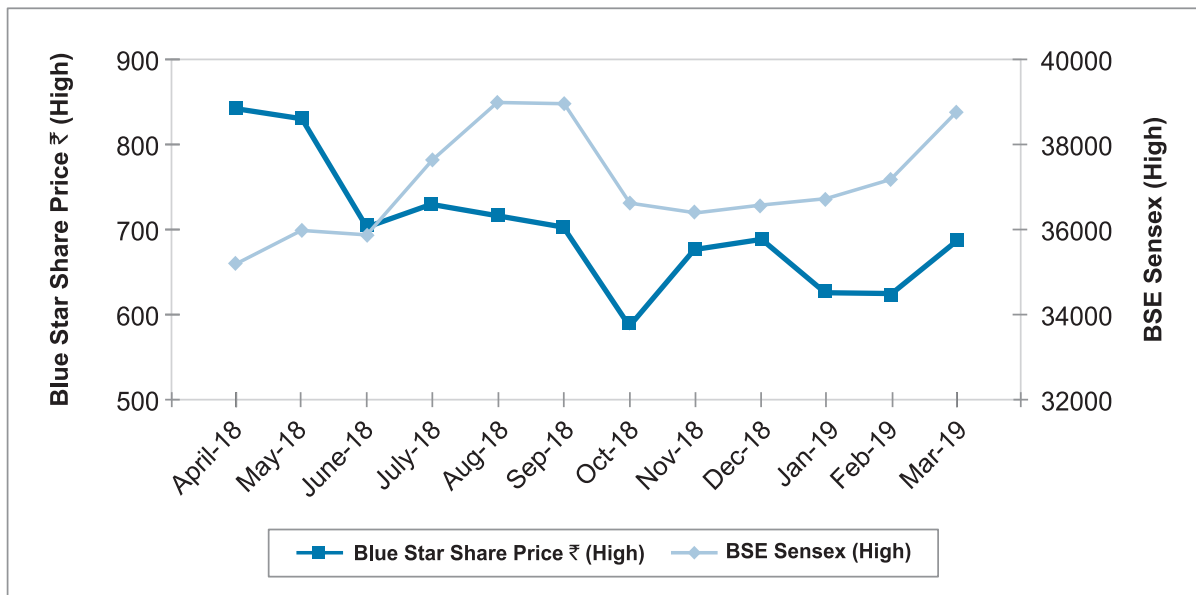
: The Company has obtained A1+ rating from CARE and CRISIL for its Commercial Paper program. It also has obtained AA+ rating for its long term bank facilities and A1+ rating for its short term bank facilities from CARE.

## MARKET PRICE DATA

(₹ per share)

	BSE Limited		National Stock Exchange of India Ltd	
	High	Low	High	Low
<b>2018</b>				
April	842.50	755.05	844.30	757.95
May	829.95	684.95	832.00	683.05
June	703.55	632.00	705.05	632.00
July	729.70	636.00	728.90	636.00
August	716.90	654.00	718.35	668.00
September	704.00	564.85	691.00	562.00
October	589.00	507.30	594.80	508.05
November	679.00	555.10	681.65	555.00
December	688.95	605.00	690.50	606.10
<b>2019</b>				
January	628.00	593.70	629.90	592.00
February	624.00	560.30	625.95	560.00
March	686.70	621.85	688.00	618.80

## PERFORMANCE - COMPARISON WITH BSE SENSEX



## REGISTRAR & TRANSFER AGENTS

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

SEBI vide its notification dated June 8, 2018 amended regulation 40 of the Listing Regulations, whereby, on and after April 1, 2019, transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository. Pursuant thereto, the Company has sent letters to those shareholders holding shares in physical form advising them to dematerialize their holding.

Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.

## UNCLAIMED DIVIDENDS

The Company has sent periodical reminders to the members to claim their dividends in order to avoid transfer of dividends/shares to Investor Education and Protection Fund (IEPF) Authority. Once the dividends/shares are transferred to the IEPF Authority, Members will not be able to claim the same from the Company. However, pursuant to the provisions of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Members can claim their dividends/shares transferred to IEPF, by making an application to the IEPF Authority through Form IEPF-5 available on the website of the Authority [www.iepf.gov.in](http://www.iepf.gov.in).

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

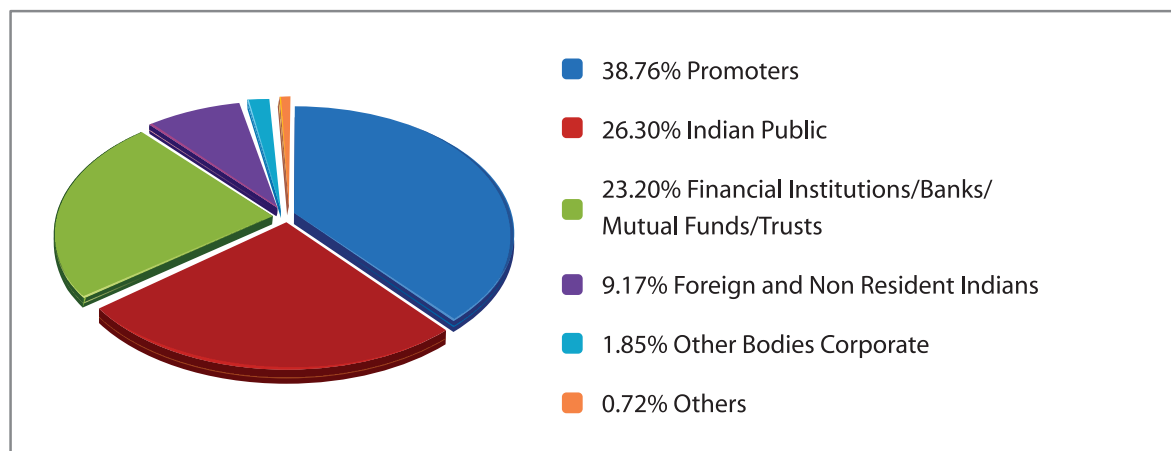
During the year under review, the Company has credited ₹45,63,272 as unpaid final dividend, for the financial year 2010-11, lying in the unclaimed/unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further the unpaid dividend of ₹2,55,432 for the year 2010-11, lying in unclaimed/unpaid dividend account of erstwhile Blue Star Infotech Limited was also credited to the IEPF account during the year under review.

In terms of SEBI Circular No. SEBI/HO/ MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the bankers to the dividend accounts opened by the Company for the earlier years have credited back the amount of dividend lying unpaid beyond the validity period into the relevant bank accounts. The Company has reconciled the dividend pertaining to the year 2011-12, to be transferred in the month of September 2019.

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders (%)	Total No. of Shares held	Percentage of Shares held (%)
1 - 5000	47,161	98.11	1,22,32,385	12.70
5001 - 10000	493	1.03	34,37,118	3.57
10001 - 20000	187	0.39	26,12,570	2.71
20001 - 30000	47	0.10	11,73,043	1.22
30001 - 40000	27	0.06	9,33,655	0.97
40001 - 50000	20	0.04	9,34,853	0.97
50001 - 100000	42	0.09	31,15,078	3.23
100001 - and above	91	0.19	7,18,75,186	74.63
<b>TOTAL</b>	<b>48,068</b>	<b>100.00</b>	<b>9,63,13,888</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2019



## DEMATERIALISATION OF SHARES & LIQUIDITY

About 97.74% of the equity shares are in dematerialised form as on March 31, 2019. 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. The shares are actively traded in BSE and NSE.

## PLANT LOCATIONS

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

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

## MD/CFO CERTIFICATION

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

## AUDITORS' CERTIFICATION

As required under Regulation 34 of the Listing Regulations, the certificate from M/s Deloitte Haskins & Sells LLP, Chartered Accountants, affirming compliance of Corporate Governance as stipulated in the aforesaid Regulations is appended as an Annexure to this report.



## OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS

There are no outstanding convertible warrants/instruments.

## ADDRESS FOR CORRESPONDENCE

Blue Star Limited  
Band Box House  
4th floor, 254 D  
Dr. Annie Besant Road  
Worli, Mumbai - 400 030  
CIN: L28920MH1949PLC006870  
Website: [www.bluestarindia.com](http://www.bluestarindia.com)

For and on behalf of the Board of Directors

Date : May 2, 2019  
Place : Mumbai

**Shailesh Haribhakti**  
Chairman  
(DIN: 00007347)

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## Declaration

As provided under Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the financial year ended March 31, 2019.

For **BLUE STAR LIMITED**

Date : May 2, 2019  
Place : Mumbai

**B Thiagarajan**  
Managing Director  
(DIN: 01790498)

# Corporate Governance Certification

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To The Members

### Blue Star Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Blue Star Limited having CIN: L28920MH1949PLC006870 and having registered office at Kasturi Buildings Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Suneel M Advani	00001709	03/03/1983
2.	Vir S Advani	01571278	01/07/2010
3.	B Thiagarajan	01790498	13/05/2013
4.	Dinesh N Vaswani	00306990	01/12/2016
5.	Rajiv R Lulla	06384402	01/12/2016
6.	Shailesh Haribhakti	00007347	04/08/2006
7.	Gurdeep Singh	00036922	23/05/2003
8.	Shobana Kamineni	00003836	30/05/2014
9.	Sam Balsara	00076942	20/06/2017
10.	Anil Harish	00001685	22/11/2017
11.	Rumjhum Chatterjee	00283824	05/02/2019
12.	Arvind K Singhal	00709084	05/02/2019

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : May 2, 2019

Place : Mumbai

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

**Bharat Upadhyay**  
Partner  
FCS: 5436  
CP No. 4457

# Corporate Governance Certification

## MD/CFO Certificate

To,  
**The Board of Directors**  
**Blue Star Limited**  
Mumbai

We, B Thiagarajan, Managing Director and Neeraj Basur, Group Chief Financial Officer of Blue Star Limited ('the Company'), to the best of our knowledge and belief, hereby certify that:

- a) We have reviewed the financial statements of the Company for the year ended March 31, 2019 and:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, Applicable Laws and Regulations.
- b) There are no transactions entered into by the Company during the financial year 2018-19 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee, wherever applicable:
  - i. significant changes in the internal control over financial reporting during the year;
  - ii. significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**B Thiagarajan**  
Managing Director  
(DIN: 01790498)

**Neeraj Basur**  
Group Chief Financial Officer

Date : May 2, 2019  
Place : Mumbai

# Corporate Governance Certification

## Auditors' Certificate

### **Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

#### **To Members of Blue Star Limited**

1. This certificate is issued in accordance with the terms of our engagement letter reference no. MJ/18-19/93A dated August 8, 2018.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Blue Star Limited (the 'Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

#### **Management's Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### **Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### **Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Mukesh Jain**

**Partner**

(Membership No. 108262)

UDIN Ref: 19108262AAAAGD2429

Date : June 4, 2019

Place : Mumbai





Top: Ringing of the 'Opening Bell' at the National Stock Exchange (NSE) on the Company's 75<sup>th</sup> Anniversary  
Bottom: Ringing of the 'Closing Bell' at the Bombay Stock Exchange (BSE) on the Company's 75<sup>th</sup> Anniversary





विशेष आवरण SPECIAL COVER

## ब्लू स्टार प्लैटिनम जयंती



75 वर्षों से भारत को शीतलता प्रदान करने में सेवारत  
Cooling India for 75 years  
1943 - 2018



मुंबई Mumbai - 400001  
27-09-2018

Special Cover with a cancelled stamp by the Department of Posts, Government of India, released by the Company on the occasion of its 75<sup>th</sup> Anniversary