

Independent Auditor's Report on Consolidated Financial Statements

To The Members of Blue Star Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blue Star Limited (the "Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as the "Group") which includes the Group's share of profit/loss in its joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary and joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accounting for fixed price contracts:</p> <p>Estimate of effort is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on effort till date and effort required to complete the remaining contract performance obligations.</p> <p>(Refer Note 14, 21, 25 and 50 of the consolidated financial statements)</p>	<p>We performed a range of audit procedures, which included:</p> <ul style="list-style-type: none"> • assessing the appropriateness of the relevant accounting policy and Company's measurement of the actual effort till date and the total estimated effort to completion of performance obligations. • evaluation of the design and implementation of internal controls over recording of actual effort till date and estimation of effort required to complete the performance obligations. • testing the operating effectiveness of the said internal controls for a selected sample of contracts. • substantive tests on a sample of contracts to identify, if any, significant variations in actual efforts till date and total efforts required to complete the performance obligations and verifying whether those variations have been factored in recognizing revenue for the year. • identifying onerous contracts to record a provision for expected costs to be incurred till completion of the contract.
2	<p>Assessment of the carrying value of billed and unbilled receivables:</p> <p>The appropriate valuation of billed and unbilled receivables is dependent on a number of factors such as age, credit worthiness, and, intent and ability of counterparties to make payment.</p> <p>(Refer Note 11 and 14 of the consolidated financial statements)</p>	<p>We performed a range of audit procedures, which included:</p> <ul style="list-style-type: none"> • evaluation of the design and implementation of internal controls over review of valuation of billed and unbilled receivables including estimation of expected credit loss. • testing the operating effectiveness of the said internal controls for a selected samples. • scrutinising receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties and the intent of the counterparties to make payment based on passage of time and/or information available with management. • verification of subsequent receipts, post balance sheet date. • evaluation of estimates for provision of Expected Credit Loss in terms of Ind AS 109 on Financial Instruments.
3	<p>Recording sale of unitary products in the appropriate accounting period:</p> <p>Revenue is recognised when performance obligations are satisfied by transferring promised goods to customers. Goods are considered transferred when the customer obtains 'control' of the promised goods. Control is the ability to direct the use of and obtain, substantially all the benefits from the goods.</p> <p>There is a risk of revenue not being recorded in the correct accounting period on account of the ability to establish with certainty the point of time when control has passed.</p> <p>(Refer Note 25 of the consolidated financial statements)</p>	<p>We performed a range of audit procedures, which included:</p> <ul style="list-style-type: none"> • assessing the appropriateness of the relevant accounting policy. • evaluation of the design and implementation of internal controls over management's assertion with respect to 'cut-off', to establish that control of promised goods has passed to customers. • testing the operating effectiveness of the said internal controls for a selected sample of sales. • substantive tests on a sample of sales to confirm that 'cut - off' has been properly applied, in particular, just before and after close of the accounting period.

Independent Auditor's Report on Consolidated Financial Statements

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Letters from the Directors, Integrated Report, Board's Report, Management Discussion and Analysis, and The Dynamics of Blue Star's Growth (herein after referred to as "other information"), but does not include the financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and joint venture is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the Group and of its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint ventures are also responsible for overseeing the financial reporting process of the Group and joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report on Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report on Consolidated Financial Statements

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of a subsidiary and whose financial statements reflect total asset of ₹132.78 crores as at March 31, 2019, total revenue of ₹153.70 crores and net cash in flow amounting to ₹35.94 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹5.53 crores for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and a joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and a joint venture is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

- (b) We have not audited the comparative financial information as at and for the year ended March 31, 2018 included in the accompanying financial statements. The predecessor auditors have expressed an unmodified opinion dated May 14, 2018 on their audit of the comparative financial information. Comparative financial information as at April 01, 2017, included in the balance sheet has been extracted from the financial statements as at March 31, 2017, which were audited by the predecessor auditor who had expressed an unmodified report dated May 09, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and joint venture referred to in the Other Matters section above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

Independent Auditor's Report on Consolidated Financial Statements

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company and a subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint ventures in accordance with generally accepted accounting principles.
- ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

Porus Pardiwalla

Partner

(Membership No. 40005)

Place: Mumbai

Date : May 02, 2019

Annexure “A” to the Independent Auditor’s Report

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BLUE STAR LIMITED

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Blue Star Limited (hereinafter referred to as the “Parent”) and its subsidiary companies, which includes internal financial controls over financial reporting of its subsidiary which is a company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

Annexure “A” to the Independent Auditor’s Report

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us the Parent and its subsidiary company which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

Place : Mumbai
Date : May 02, 2019

Porus Pardiwalla

Partner

(Membership No. 40005)

Consolidated Balance Sheet as at March 31, 2019

(₹ in crores)

		As at March 31		As at April 01, 2017
	Notes	2019	2018	(Refer Note 52)
A ASSETS				
1. Non-Current Assets				
Property, Plant and Equipment	4	281.46	274.00	244.04
Capital Work-in-Progress		30.77	18.38	21.51
Investment Property	5	68.42	61.87	68.34
Intangible Assets	6	50.32	56.13	43.73
Intangible Assets under Development		10.45	6.97	12.09
Investment in Joint Ventures	7	14.63	13.24	10.97
Financial Assets				
- Loans	8	19.82	18.17	17.31
- Other Financial Assets	9	4.36	3.96	3.61
Income Tax Assets (Net)		46.50	45.61	39.41
Deferred Tax Assets (Net)	24	107.55	113.57	122.05
Other Non-Current assets	14	56.10	45.81	38.68
Total Non-Current Assets		690.38	657.71	621.74
2. Current assets				
Inventories	10	869.32	1,017.08	744.33
Financial Assets				
- Loans	8	11.34	14.22	8.82
- Trade Receivables	11	1,112.05	950.42	794.62
- Cash and Cash Equivalents	12	83.86	71.11	89.17
- Other Bank Balances	13	17.08	9.77	7.40
- Other Financial Assets	9	-	1.31	-
Other Current Assets	14	566.79	509.38	415.89
Assets held for sale	4	0.14	5.22	1.77
Total Current Assets		2,660.58	2,578.51	2,062.00
Total Assets		3,350.96	3,236.22	2,683.74
B EQUITY AND LIABILITIES				
1. Equity				
Equity Share Capital	15	19.26	19.20	19.11
Other Equity	16	853.80	773.53	704.76
Total Equity		873.06	792.73	723.87
Non Controlling Interest		1.83	1.52	1.22
Total Equity		874.89	794.25	725.09
2. Non-Current Liabilities				
Financial Liabilities				
- Borrowings	18	8.65	25.90	20.20
- Other Financial Liabilities	20	-	3.32	-
Provisions	22	12.06	12.54	11.17
Government Grants	23	6.45	2.95	3.49
Total - Non-current liabilities		27.16	44.71	34.86
3. Current Liabilities				
Financial Liabilities				
- Borrowings	18	335.89	344.02	195.92
- Trade Payables				
a. Total Outstanding dues of Micro Enterprises and Small Enterprises	19	40.06	36.02	33.37
b. Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,494.56	1,496.67	1,126.60
- Other Financial liabilities	20	19.98	13.79	19.35
Provisions	22	87.00	59.00	41.44
Government Grants	23	4.08	0.54	0.65
Income Tax liabilities (Net)		0.98	0.75	0.59
Other Current Liabilities	21	466.36	446.47	505.87
Total Current Liabilities		2,448.91	2,397.26	1,923.79
Total Equity and Liabilities		3,350.96	3,236.22	2,683.74

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

Mumbai : May 02, 2019

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347
DIN: 01790498

Consolidated Statement of Profit & Loss for the year ended March 31, 2019

(₹ in crores)

	Notes	Year ended March 31	
		2019	2018
Revenue from operations	25	5,234.84	4,648.13
Other income	26	24.69	16.95
Total Income (I)		5,259.53	4,665.08
Expenses			
Cost of raw materials consumed (including direct project and service cost)	27	2,801.24	2,487.92
Purchase of stock-in-trade	27	959.50	1,191.29
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	170.44	(224.26)
Excise duty		-	9.18
Employee benefits expense	28	421.49	397.72
Depreciation and amortisation expense	29	74.90	63.81
Finance costs	31	47.87	28.74
Other expenses	30	535.63	520.38
Total Expenses (II)		5,011.07	4,474.78
Profit before exceptional items and tax (I)-(II)		248.46	190.30
Exceptional items	32	2.68	5.27
Profit before Tax		251.14	195.57
Tax Expense			
i) Current tax	24	39.14	42.60
ii) Deferred tax	24	10.28	8.50
iii) MAT Credit entitlement	24	(7.43)	(1.68)
Total Tax Expense		41.99	49.42
Net Profit after tax		209.15	146.15
Share in profit/(loss) of joint ventures		(18.75)	(1.92)
Non-controlling interests		(0.34)	(0.27)
Profit for the year		190.06	143.96
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		(4.87)	(3.11)
Income tax effect	24	1.55	0.84
		(3.32)	(2.27)
Foreign Currency Translation Reserve		0.30	(0.18)
Income tax effect	24	(0.11)	0.06
		0.19	(0.12)
Other Comprehensive Income for the year		(3.13)	(2.39)
Total Comprehensive Income for the year		186.93	141.57
Earnings per share (Face value of ₹2 per share)	33		
Basic (in ₹)		19.75	15.03
Diluted (in ₹)		19.74	14.98

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347
DIN: 01790498

Mumbai : May 02, 2019

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

(A) Equity Share Capital

For the year ended March 31, 2019

(₹ in crores)

Balance as at April 1, 2018	Changes in Equity Share Capital during the year	Balance as at March 31, 2019
19.20	0.06	19.26

Balance as at April 1, 2017	Changes in Equity Share Capital during the year	Balance as at March 31, 2018
19.11	0.09	19.20

(B) Other Equity

For the year ended March 31, 2019

(₹ in crores)

	Securities Premium (refer note 16)	Share based Payment Reserve (refer note 16)	Capital Redemption Reserve (refer note 16)	Capital Subsidy from Government	Capital Reserve	General Reserve (refer note 16)	Retained Earning	Other Comprehensive Income Foreign Currency Translation Reserve	Capital Reserve on Acquisition of Joint Venture	Total Other Equity
As at April 1, 2018	197.26	3.13	2.34	0.60	43.43	152.21	373.96	0.14	0.46	773.53
Profit for the year	-	-	-	-	-	-	190.06	-	-	190.06
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	(3.32)	0.19	-	(3.13)
Sub-total	197.26	3.13	2.34	0.60	43.43	152.21	560.70	0.33	0.46	960.46
Exercise of Employee Stock Options	12.89	(3.13)	-	-	-	-	-	-	-	9.76
Dividend and Dividend Distribution Tax thereon (refer note 17)	-	-	-	-	-	-	(115.96)	-	-	(115.96)
Adjustment/Transfer	-	-	-	-	-	-	-	-	(0.46)	(0.46)
As at March 31, 2019	210.15	-	2.34	0.60	43.43	152.21	444.74	0.33	-	853.80

For the year ended March 31, 2018

(₹ in crores)

	Securities Premium (refer note 16)	Share based Payment Reserve (refer note 16)	Capital Redemption Reserve (refer note 16)	Capital Subsidy from Government	Capital Reserve	General Reserve (refer note 16)	Retained Earning	Other Comprehensive Income Foreign Currency Translation Reserve	Capital Reserve on Acquisition of Joint Venture	Total Other Equity
As at April 1, 2017	180.46	6.67	2.34	0.60	44.32	151.89	317.64	0.38	0.46	704.76
Profit for the period	-	-	-	-	-	-	143.96	-	-	143.96
Other Comprehensive Income	-	-	-	-	-	-	(2.27)	(0.12)	-	(2.39)
Sub-total	180.46	6.67	2.34	0.60	44.32	151.89	459.33	0.26	0.46	846.33
Exercise of Employee Stock Options	16.80	(3.98)	-	-	-	-	-	-	-	12.82
Reversal of Employee Stock Option Expenses	-	(0.32)	-	-	-	0.32	-	-	-	-
Dividend and Dividend Distribution Tax thereon (refer note 17)	-	-	-	-	-	-	(86.47)	-	-	(86.47)
Fair valuation impact of asset within the Group	-	-	-	-	(0.89)	-	-	-	-	(0.89)
Deferred tax liability on Undistributed Profit	-	-	-	-	-	-	1.10	(0.12)	-	0.98
Employee Stock option expenses	-	0.76	-	-	-	-	-	-	-	0.76
As at March 31, 2018	197.26	3.13	2.34	0.60	43.43	152.21	373.96	0.14	0.46	773.53

The accompanying notes are an integral part of the financial statements 1 to 52

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347
DIN: 01790498

Mumbai : May 02, 2019

Consolidated Cash Flow Statement for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31	
	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	251.14	195.57
Adjustments to reconcile profit before tax to net cash flows:		
Profit on sale of Property, Plant and Equipment	(15.18)	(5.27)
Depreciation/amortization	74.90	63.81
Amortisation of Government Grant	(1.36)	(0.65)
Fair Value (Gain)/loss on financial instruments	5.03	(4.39)
Share Based Payment	-	0.76
Loss/(profit) on sale of fixed assets	1.61	0.60
Bad debts/advances written off	2.85	1.94
Allowances for doubtful debts and advances	17.52	14.33
Unrealised foreign exchange loss/(gain)	(10.01)	8.33
Liabilities written back	(18.50)	(40.97)
Finance Cost	47.87	28.74
Interest (income)	(14.14)	(6.99)
Dividend (income)	-	(0.52)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	341.73	255.29
Increase/(Decrease) in working capital :		
Trade Payables	25.98	408.82
Provisions	7.35	15.63
Other liabilities (including financial liabilities)	23.62	(63.36)
Trade receivables	(182.76)	(170.01)
Inventories	147.77	(272.75)
Loans	1.23	(6.26)
Other assets	(66.37)	(103.39)
Cash generated from operations	298.55	63.97
Direct taxes paid (net of refunds)	(35.19)	(45.10)
Net cash flow from/(used in) operating activities (A)	263.36	18.87
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and equipments, including CWIP and capital advances	(102.78)	(98.28)
Investment in Joint Venture	-	(3.48)
Loan given to Joint Venture	(4.46)	-
Proceeds from sale of Property, Plant and Equipment	19.13	5.92
Proceeds from sale/maturity of current investments	-	0.01
Interest received	14.14	6.99
Dividends received	4.15	0.52
Net cash flow from/(used in) investing activities (B)	(69.82)	(88.32)
Balance carried forward	193.54	(69.45)

Consolidated Cash Flow Statement for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31	
	2019	2018
Balance carried forward	193.54	(69.45)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from Borrowings (net)	(27.35)	153.36
Finance Cost	(47.91)	(28.46)
Proceeds from fresh issue of Equity Capital (Including Securities Premium)	9.82	12.91
Dividend paid on equity shares (including Dividend Distribution Tax)	(115.35)	(86.42)
Net cash flow from/(used in) in financing activities (C)	(180.79)	51.39
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	12.75	(18.06)
Cash and cash equivalents at the beginning of the year	71.11	89.17
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	83.86	71.11
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand (refer note 12)	0.78	0.71
Balances with Banks		
– Current Account (refer note 12)	54.59	70.40
– Deposits having maturity less than 3 months (refer note 12)	28.49	-
– Unpaid Dividend (refer note 13)	3.31	2.69
– Balance not available for immediate use (refer note 13)	13.77	7.08
	100.94	80.88
Less:		
Balances with Banks		
– Unpaid Dividend (refer note 13)	3.31	2.69
– Balance not available for immediate use (refer note 13)	13.77	7.08
	17.08	9.77
TOTAL CASH AND CASH EQUIVALENTS	83.86	71.11

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

Mumbai : May 02, 2019

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347

DIN: 01790498

Notes to Consolidated Financial Statements for the year ended March 31, 2019

1. CORPORATE INFORMATION

Blue Star Limited (the "Parent"), a public listed company incorporated in the year 1943, and its subsidiaries (herein after referred to as the "Group"). The Group is primarily engaged in the business of manufacturing and installation of air conditioning units, commercial refrigeration units, water and air purifiers and air coolers. The Group is also into distribution and maintenance of imported professional electronics and industrial systems. The registered office of the Parent is located at Kasturi Buildings, M T Advani Chowk, Jamshedji Tata Road, Churchgate, Mumbai - 400020, Maharashtra.

The financial statements of the Group were approved by its Board of Directors on May 02, 2019.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and presentation

The Consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Basis of Consolidation

Subsidiaries:

The Parent consolidates the financial statements of all subsidiaries it controls. Financial statements of Group entities are consolidated on a line-by-line basis. If a subsidiary of the Group uses accounting policies other than those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, appropriate adjustments are made to that Group entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expense, cash flows and unrealised gains/losses relating to transactions between Group entities are eliminated on consolidation.

Investments in joint ventures:

The Group's interests in joint ventures are accounted for using the equity method, after initially recognising investment at cost, and the carrying amount is increased or decreased to recognise the Group's share in profit or loss of the joint venture after the date of acquisition.

(c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 34.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is net off trade discounts, rebates and other similar allowances. Revenue excludes indirect taxes which are collected on behalf of Government.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

i. Revenue from sale of goods:

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include, the establishment of the Group's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer.

ii. Revenue from construction contracts:

Contract revenues are recognised based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Incremental costs of obtaining a contract (such as professional fees, commission paid to acquire the contract) are recognised as assets and amortised over the term of the contract.

Contract modifications are accounted for, when additions, deletions or changes are approved either to the contract scope or contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on straight line basis over the period of the performance obligation.

iv. Dividend and Interest income:

Dividend income is accounted for when declared and the right to receive the same is established. Interest income is recognised using the effective interest method.

v. Rental income:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

(e) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(f) Employee benefits

Short term benefits:

Salaries, wages, short-term compensated absences and other short term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

Retirement benefits:

Defined contribution plan:

Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Defined benefit plan:

The Group makes monthly contributions towards the employees' provident fund which is administered by a Trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Group, based on an actuarial valuation.

The Group's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognised in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

- i. service cost-recognised in profit or loss;
- ii. net interest on the net liability or asset-recognised in profit or loss;
- iii. remeasurement of the net liability or asset-recognised in other comprehensive income

Other long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

(g) Share-based payments

Share based payment arrangements: Equity-settled share-based payments to employees of the Group are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 36. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Group is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Group revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(h) Leases

Finance lease

Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value of the leased property and the present value of the minimum lease payments, and a corresponding liability of an equivalent amount is recognised. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in profit or loss, unless the lease agreement explicitly states that increase is on account of inflation.

(i) Foreign currencies

The functional currency of the Group is Indian rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in profit or loss.

Foreign currency denominated non-monetary assets and liabilities that are measured at historical cost are not retranslated.

In case of foreign operations of the Group with functional currency other than the functional currency of the Group, assets and liabilities have been translated using exchange rates prevailing on the balance sheet date and items of income and expense have been translated using average exchange rates during the period. Such translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. On disposal of a foreign operation, the associated exchange differences are reclassified to Statement of Profit and Loss as part of the gain or loss on disposal.

(j) Taxes

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.

i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(k) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group and to assist users of financial statements in making projections of future financial performance.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

(l) Property, plant and equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use.

When significant components of plant and equipment are replaced separately, the Group depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on written-down value basis over their estimated useful lives. Estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60 - 85
Roads	5
Temporary structure	3
Plant & Machinery	15 - 20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - Desktop, Laptops	3
Computer - Servers and Networks	6
Leasehold Improvements	6 or the life based on lease period, whichever is lower

Useful lives of plant and machinery are higher than those indicated in Schedule II to the Companies Act, 2013 based on management estimate and technical assessment made by technical expert.

Freehold land is not depreciated.

Any gain or loss arising on derecognition/disposal of an asset is included in profit or loss. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

(m) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives of intangible assets are as mentioned below:

Nature of Intangibles Asset	Method of Amortisation
Software	Written down value of assets over a period of 6 years
Technical Know-how	Straight line basis over a period of 6 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

(n) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the schedule II to the Companies Act, 2013. Investment properties are derecognised either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising on disposal of investment properties is included in profit or loss.

(o) Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

(p) Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised by the Group when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss.

Financial assets

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Other financial liabilities

Other financial liabilities (including borrowings, financial guarantee contracts and trade and other payables) are subsequent to initial recognition, measured at amortised cost using the effective interest (EIR) method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

Derivative financial instruments

The Group enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge item.

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(q) Inventories

Inventories including Work-in-Progress (other than construction contracts) are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(r) Provisions and contingencies

Provisions

A provision is recognised when the Group has a present obligation as a result of past event and 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold/project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise being typically upto five years.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the financial statements. However, where an inflow of economic benefits is probable, the Group discloses the same in the financial statements.

(s) Segment reporting

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for on the basis of the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/ liabilities".

(t) Earnings per share

The Group's Earnings per Share ('EPS') is determined based on the net profit attributable to the equity shareholders of the Group.

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed using the weighted average number of common and dilutive shares outstanding during the year including share based payments, except where the result would be anti-dilutive.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

4. PROPERTY PLANT & EQUIPMENT

(₹ in crores)

Particulars	Land - Leasehold	Land - Freehold	Buildings	Plant and Equipment	Leasehold Improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Cost										
At April 1, 2017	14.00	8.89	90.09	132.83	4.57	8.89	4.02	13.63	13.64	290.56
Additions	-	6.26	11.97	39.86	1.21	3.03	3.05	7.13	3.33	75.84
Transfer from investment property	-	-	3.07	-	-	-	-	-	-	3.07
Exchange differences	-	-	-	(0.05)	-	(0.02)	(0.04)	(0.12)	-	(0.23)
Disposals	(0.06)	-	(5.41)	(3.27)	-	(0.92)	(2.11)	(2.55)	(0.34)	(14.66)
At March 31, 2018	13.94	15.15	99.72	169.37	5.78	10.98	4.92	18.09	16.63	354.58
At April 1, 2018	13.94	15.15	99.72	169.37	5.78	10.98	4.92	18.09	16.63	354.58
Additions	-	-	4.30	48.68	0.99	6.08	2.64	7.55	7.25	77.49
Exchange differences	-	-	-	0.09	(0.00)	0.09	0.07	0.24	0.01	0.50
Disposals	(10.53)	-	(0.07)	(1.54)	-	(1.41)	(0.55)	(1.63)	(0.02)	(15.75)
Transfer to investment property	-	-	(11.47)	-	-	-	-	-	-	(11.47)
At March 31, 2019	3.41	15.15	92.48	216.60	6.77	15.74	7.08	24.25	23.87	405.35
Accumulated Depreciation										
At April 1, 2017	-	-	12.32	20.14	0.83	1.57	1.20	3.09	7.37	46.52
Disposals	-	-	(1.30)	(2.50)	-	(0.89)	(1.99)	(2.10)	(0.34)	(9.12)
Provided during the year	0.30	-	7.46	21.27	0.70	2.32	1.91	4.35	4.87	43.18
At March 31, 2018	0.30	-	18.48	38.91	1.53	3.00	1.12	5.34	11.90	80.58
At April 1, 2018	0.30	-	18.48	38.91	1.53	3.00	1.12	5.34	11.90	80.58
Disposals	(0.38)	-	(0.14)	(1.01)	-	(1.15)	(0.38)	(1.01)	(0.01)	(4.08)
Reclassified to investment Property	-	-	(0.51)	-	-	-	-	-	-	(0.51)
Provided during the year	0.15	-	6.73	26.27	0.90	2.75	2.31	4.82	3.97	47.90
At March 31, 2019	0.07	-	24.56	64.17	2.43	4.60	3.05	9.15	15.86	123.89
Net Book Value										
At March 31, 2019	3.34	15.15	67.92	152.43	4.34	11.14	4.03	15.10	8.01	281.46
At March 31, 2018	13.64	15.15	81.24	130.46	4.25	7.98	3.80	12.75	4.73	274.00

Asset Held for Sale

	As at March 31	
	2019	2018
Asset held for Sale - Plant and Equipment	5.22	1.77
Addition	-	3.72
Disposal/reclassified to Property, Plant and Equipment	(3.72)	(0.27)
Less: Impairment Allowance	(1.36)	-
Asset held for Sale - Plant and Equipment	0.14	5.22

Notes to Consolidated Financial Statements for the year ended March 31, 2019

5. INVESTMENT PROPERTY

Cost	(₹ in crores)
At April 1, 2017	79.03
Additions	-
Transfer to Property, Plant and Equipment/Adjustment	(3.96)
At March 31, 2018	75.07
Disposal	-
Transfer from Property, Plant and Equipment	11.47
At March 31, 2019	86.54
Depreciation	
At April 1, 2017	10.69
Additions	4.16
Transfer to Property, Plant and Equipment/Adjustment	(1.65)
At March 31, 2018	13.20
Additions	4.41
Transfer from Property, Plant and Equipment	0.51
At March 31, 2019	18.12
Net Book Value	
At March 31, 2019	68.42
At March 31, 2018	61.87
Fair Value *	
At March 31, 2019	96.58
At March 31, 2018	85.40

* Valuation is based on fair value assessment done by accredited independent valuer.

Movement in Fair Valuation of Investment Property

At April 1, 2018	85.40
Additions	12.00
Decrease in Fair Valuation	(0.82)
At March 31, 2019	96.58

(₹ in crores)

Information regarding Income and Expenditure of Investment Property

	As at March 31	
	2019	2018
Rental income derived from investment property	7.32	6.53
Direct operating expenses (including repairs and maintenance) associated with rental income	(0.74)	(0.92)
Profit arising from investment property before depreciation and indirect expenses	6.58	5.61
Less - Depreciation	4.41	4.16
Less - Adjustment/Reclassification	0.51	(1.65)
Profit arising from investment property before indirect expenses	1.66	3.10

The Group has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

6. INTANGIBLE ASSETS

(₹ in crores)

	Technical Knowhow	Software	Total
Cost			
At April 1, 2017	36.76	32.09	68.85
Additions	13.74	16.78	30.52
Disposals	-	(0.01)	(0.01)
At March 31, 2018	50.50	48.86	99.36
At April 1, 2018	50.50	48.86	99.36
Additions	0.66	16.11	16.77
Disposals	-	(0.02)	(0.02)
At March 31, 2019	51.16	64.95	116.11
Amortisation			
At April 1, 2017	11.63	13.49	25.12
Disposals	-	(0.01)	(0.01)
Provided during the year	7.32	10.80	18.12
At March 31, 2018	18.95	24.28	43.23
At April 1, 2018	18.95	24.28	43.23
Disposals	-	(0.03)	(0.03)
Provided during the year	7.97	14.62	22.59
At March 31, 2019	26.92	38.87	65.79
Net Book Value			
At March 31, 2019	24.24	26.08	50.32
At March 31, 2018	31.55	24.58	56.13

7. INVESTMENT IN JOINT VENTURES

(₹ in crores)

	As at March 31	
	2019	2018
I. Non Current Investments		
Investment in Equity Instruments		
<i>Unquoted equity instruments</i>		
Investment accounted for using the equity method		
Investment in Joint Ventures (refer Note 40)		
367,500 (31 March 2018 : 367,500) Fully paid Equity Shares of MR 1 each in Blue Star M & E Engineering Sdn Bhd	11.15	9.76
255,000 (31 March 2018 : 255,000) Fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co LLC	4.34	4.34
Less: loss accounted upto the carrying value of investment (Refer Note 22)	(4.34)	(4.34)
	11.15	9.76
Other Investment in Joint Venture		
	-	-
Investment in 49 Redemable Convertible Preference Shares of MR 40,000 each in Blue Star M & E Engineering Sdn Bhd	3.48	3.48
Total Non Current Investments	14.63	13.24
Aggregate Value of unquoted investments	14.63	13.24

Notes to Consolidated Financial Statements for the year ended March 31, 2019

8. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in crores)

	Non-current		Current	
	31-March-19	31-March-18	31-March-19	31-March-18
Security Deposit	14.92	12.69	9.45	11.90
Less: Allowance for Doubtful Deposits	-	-	(0.96)	(0.96)
Loans to employees	4.90	5.48	2.47	3.02
Loan to Joint Venture	4.46	-	-	-
Less: Allowance for Doubtful Loan (Refer note 22)	(4.46)	-	-	-
	19.82	18.17	10.96	13.96
Others	-	-	0.38	0.26
Total Loans	19.82	18.17	11.34	14.22

9. OTHER FINANCIAL ASSETS

(₹ in crores)

	Non-current		Current	
	31-March-19	31-March-18	31-March-19	31-March-18
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts	-	-	-	1.31
Non-current Bank Balances (including Accrued Interest thereon)*	4.36	3.96	-	-
Total Other Financial Assets	4.36	3.96	-	1.31

*Margin money deposits with a carrying amount of ₹4.36 Crores (March 31, 2018 : ₹3.96 Crores) are subject to a first charge as security deposit with customers.

10. INVENTORIES

(₹ in crores)

(Valued at lower of cost and net realisable value)	As at March 31	
	2019	2018
Raw materials & components (includes in transit: ₹67.33 Crores (March 31, 2018 : ₹70.55 Crores))	204.04	179.25
Work-in-progress	47.09	43.19
Finished goods	236.59	217.88
Stock-in-trade (includes in transit: ₹17.31 Crores (March 31, 2018: ₹70.46 Crores))	327.91	520.96
Stores and Spares	53.69	55.80
	869.32	1,017.08

The above inventory values are net of provisions made of ₹8.34 crores (March 31, 2018 : ₹10.12 crores) for slow moving, obsolete and defective inventory.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

11. TRADE RECEIVABLES

(₹ in crores)

	Current	
	31-Mar-19	31-Mar-18
Trade Receivables considered good - Unsecured	1,112.05	950.42
Trade Receivables which have significant increase in credit risk	37.24	34.03
Trade Receivables - Credit impaired	66.13	94.54
	1,215.42	1,078.99
Less:- Allowance for doubtful debts	103.37	128.57
Total Trade receivables	1,112.05	950.42

The movement for allowance for doubtful debts during the year in respect of trade receivables containing significant credit risk are as follows:

(₹ in crores)

	As at March 31	
	2019	2018
Opening Balances as on 1st April	128.57	161.80
Add: - Allowances for doubtful debts recognised during the year	13.20	14.00
Less: - Allowances provided earlier written off as bad debts	(38.40)	(47.23)
Closing Balances as on 31st March	103.37	128.57

12. CASH AND CASH EQUIVALENT

(₹ in crores)

	As at March 31	
	2019	2018
Cash and cash equivalents		
<i>Balances with banks:</i>		
– On current accounts	54.59	70.40
Deposits having maturity less than 3 months	28.49	-
Cash on hand	0.78	0.71
	83.86	71.11

13. OTHER BANK BALANCES

(₹ in crores)

	As at March 31	
	2019	2018
Other Bank Balances		
- Unpaid dividend *	3.31	2.69
- Cash & Bank balance not available for immediate use	13.77	7.08
	17.08	9.77

* The Company can utilise these balances only towards settlement of unpaid dividend and fractional shares.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

14. OTHER ASSETS

(₹ in crores)

	Non-current		Current	
	31-March-19	31-March-18	31-March-19	31-March-18
Contract Assets	-	-	356.56	305.48
Less: Allowance for doubtful contract assets	-	-	19.88	15.82
Net Contract Assets	-	-	336.68	289.66
Retention	-	-	70.80	30.56
Capital Advances	14.38	10.27	-	-
Balance with Statutory Authorities	41.24	35.01	81.61	90.36
Gratuity paid in advance	-	-	-	2.85
Vendor Advances	-	-	47.13	72.36
Prepaid Expenses	0.48	0.53	26.90	23.59
Government Grant Receivable	-	-	3.67	-
	56.10	45.81	566.79	509.38

The movement for allowance for doubtful contract assets during the year are as follows:

(₹ in crores)

	As at March 31	
	2019	2018
Opening balances as on 1st April	15.82	15.59
Impairment loss recognised	4.06	0.23
Amounts written back	-	-
Closing	19.88	15.82

Breakup of total financial assets carried at amortised cost:

(₹ in crores)

	As at March 31	
	2019	2018
Trade receivables (refer note 11)	1,112.05	950.42
Cash and cash Equivalents (refer note 12)	83.86	71.11
Bank Balances (refer note 13)	17.08	9.77
Loans (refer note 8)	31.16	32.39
Other financial assets (refer note 9)	4.36	5.27
Total financial assets carried at amortised cost	1,248.51	1,068.96

Notes to Consolidated Financial Statements for the year ended March 31, 2019

15. SHARE CAPITAL

Authorised Share Capital	7.8% Cumulative Convertible Preference Shares of ₹100 each		Equity Shares of ₹2 each		Unclassified Shares of ₹100 each		Cumulative Compulsorily Convertible Preference Shares of ₹10 each	
	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2017	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2018	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2019	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

Terms/Rights attached to Equity Shares

The Parent has one class of Equity Shares having par value of ₹2 per share. Each share holder is entitled to one vote per share. The Parent declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Parent, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

Terms/Rights attached to 7.8% Cumulative Convertible Preference Shares and Cumulative Compulsorily Convertible Preference Shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the shares of the parent in the event of increase in share capital or winding up of the parent up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

Issued Share Capital

Equity Shares of ₹2 each issued, subscribed & fully paid up	No.	₹ Crores
At April 1, 2017	95,570,388	19.11
Issue of Share Capital - Employee Stock Options Exercised	429,400	0.09
At March 31, 2018	95,999,788	19.20
Issue of Share Capital - Employee Stock Options Exercised	314,100	0.06
At March 31, 2019	96,313,888	19.26

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	Numbers	% holding in the class	Numbers	% holding in the class
Vistra ITCL (India) Limited	11,955,601	12.41%	11,955,601	12.45%
IL & FS Trust Company Ltd	7,719,930	8.02%	7,719,930	8.04%
Suneel Mohan Advani	6,116,496	6.35%	5,626,827	5.86%
Aditya Birla Sunlife Trustee Pvt Limited	4,625,730	4.80%	5,076,493	5.29%
HDFC Trustee Company Limited	4,020,495	4.17%	5,276,678	5.50%

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

(₹ in crores)

	March 31				
	2019	2018	2017	2016	2015
53,91,383 equity shares of ₹2 each of the company issued to the shareholders of Blue Star Infotech Ltd (BSIL) as per the approved Scheme of merger of BSIL and BSIBIA with the Company, vide High Court Order dated April 16, 2016	-	-	-	1.08	-

Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company (refer note 36).

16. OTHER EQUITY

Securities Premium - Where the Parent issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Parent may issue fully paid-up bonus shares to its members out of the securities premium reserve and Parent can use this reserve for buy-back of shares.

Share Based Payment - The Parent has an employee share option scheme under which options to subscribe for the Company's shares have been granted to the key employees and directors. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to the key employees and directors as part of their remuneration. Refer to Note 36 for further details of the scheme.

Capital Redemption Reserve - Capital Redemption Reserve was created for buy-back of shares.

Capital Subsidy Received from Government - Subsidy is an assistance given by the government for investment in the form of capital asset. The subsidy is recognised when the requirements established for receiving them are met. The subsidy was received against the factory setup in the state of Himachal Pradesh for the year ended March 31, 2009 and year ended 2013.

General Reserve - General Reserve is created out of the profits earned by the Group by way of transfer from surplus in the statement of profit and loss. The Group can use this reserve for payment of dividend and issue of fully paid-up and not paid-up bonus shares.

Also Refer Statement of changes in Equity.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

17. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

	As at March 31	
	2019	2018
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2018 : ₹10 per share (March 31, 2017: ₹7.5 per share)	96.20	71.82
Dividend Distribution tax on final Dividend	19.76	14.65
	115.96	86.47

The Directors have recommended for the year end March 31, 2019, a dividend of ₹10 per equity share of ₹2 each. (FY 2017-18 ₹8.50 per equity share plus special dividend of ₹1.50 per equity share to commemorate the Company's Platinum Jubilee). Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

18. BORROWINGS

(₹ in crores)

	As at March 31	
	2019	2018
Non-current Borrowings		
Term Loan from Bank (Unsecured) (Note a)	8.65	25.90
Total non-current Borrowings	8.65	25.90
Current Borrowings		
Unsecured - at amortised cost		
Working Capital Demand Loan (Unsecured) (Note b)	20.00	-
Buyers' credit from banks (unsecured) (Note d)	-	11.31
Commercial Papers		
- from banks (unsecured) (Note e)	-	49.90
- from others (unsecured) (Note e)	148.70	84.34
Secured - at amortised cost		
Packing credit loan account from banks (secured) (Note b & c)	50.50	88.00
Cash Credit/Bank overdrafts (secured) (Note b & c)	116.69	60.94
Buyers' credit from banks (secured) (Note c & d)	-	49.53
Total current borrowings	335.89	344.02
Aggregate secured loans	167.19	148.47
Aggregate Unsecured loans	177.35	221.45
Total	344.54	369.92

- Term loan is payable in sixteen equated quarterly installments @ 3M Libor plus 1.60% p.a. Secured against irrecoverable quarterly guarantee of the Company. (March 31, 2018 : @8.35% , 6M MCLR plus 0.05%)
- Outstanding loans carry an average interest rate of 5.20% - 9.75% p.a. (March 31, 2018 : 4.80% - 8.90% p.a.).
- Outstanding loans is secured by hypothecation of inventory and trade receivables.
- Buyers' credit are availed against imports dues and are repayable within maximum tenure of 360 days from the date of shipment. Interest Rate N.A. (March 31, 2018 : Libor plus 0.55%).
- Commercial papers carry average interest rate @ 7.60% p.a. for the current year (March 31, 2018 : 6.58% p.a.). These are repayable within 30 days to 61 days from the date of drawdown.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

19. DISCLOSURE AS PER SECTION 22 OF MSME ACT

(₹ in crores)

	As at March 31	
	2019	2018
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	38.13	33.52
(ii) Interest due on above	0.12	0.32
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c) 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).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.93	2.50
(e) 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 Act, 2006	1.93	2.50
	40.06	36.02

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Group.

20. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts (Refer note (a) below)	-	-	3.71	-
Financial liabilities at amortised cost				
Other deposits	-	3.32	7.61	3.80
Interest accrued but not due on borrowings	-	-	0.25	0.29
Total other financial liabilities at amortised cost	-	3.32	7.86	4.09
Unpaid Dividend	-	-	3.31	2.69
Current Maturities of Long term borrowings	-	-	3.02	5.70
Creditors - capital expenditure	-	-	2.08	1.31
Total other financial liabilities	-	3.32	19.98	13.79

a) Foreign exchange forward contracts

The Company enters into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of buyers credit and trade payables. The Company has also entered into commodity hedging contract with the intention of reducing the price fluctuation risk. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Break up of financial liabilities carried at amortised cost

(₹ in crores)

	As at March 31	
	2019	2018
Borrowings (refer note 18 and 20)	347.56	375.62
Trade Payables	1,534.62	1532.69
Other deposits (refer note 20)	7.61	3.80
Unpaid dividend (refer note 20)	3.31	2.69
Creditors-capital Expenditure (refer note 20)	2.08	1.31
Interest accrued but not due on borrowings (refer note 20)	0.25	0.29
Total financial liabilities carried at amortised cost	1,895.43	1916.40

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Company does not anticipate that the carrying amount would be significantly different from the value that would eventually be received or settled.

21. OTHER CURRENT LIABILITIES

(₹ in crores)

	As at March 31	
	2019	2018
Contract liabilities from construction contracts	60.57	33.52
Contract liabilities from annual maintenance contract services	61.82	52.00
Advances from customers	301.36	298.70
Dues to Statutory bodies	25.06	48.77
Others	17.55	13.48
Total Other Liabilities	466.36	446.47

22. PROVISIONS

(₹ in crores)

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Provision for employee benefits				
Provision for Gratuity (refer note 35)	0.53	0.32	0.46	-
Compensated absences	-	-	20.69	20.51
Provision for other employment benefits	-	-	3.20	2.48
Additional Gratuity (refer note 35)	0.38	0.30	-	-
	0.91	0.62	24.35	22.99
Other provisions				
Provision for customer warranties	11.15	11.92	16.38	10.85
Provision for foreseeable loss	-	-	2.07	2.78
Provision for Obligation towards guarantee given*	-	-	20.33	-
Other Provisions	-	-	23.87	22.38
	11.15	11.92	62.65	36.01
Total	12.06	12.54	87.00	59.00

* In view of the ongoing losses of its Joint venture in Oman (Blue Star Oman electro - Mechanical Co LLC), the company is considering options for exit from the venture and has therefore made provision for its known financial obligations and committed financial involvement in the venture.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

(₹ in crores)

Provision for warranties	As at March 31
	2019
At the beginning of the year	22.77
Add :- Additional provisions made during the year	22.89
Less :- Amount used during the year	16.07
Less:- Effect of change in provision on account of discounting during the year	2.06
At the end of the year	27.53
Current portion	16.38
Non-current portion	11.15

Forseeable Loss

A provision for forseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

(₹ in crores)

Other Provisions	As at March 31
	2019
At the beginning of the year	22.38
Add:- Additional provisions made during the year	1.49
At the end of the year	23.87

23. GOVERNMENT GRANTS

(₹ in crores)

	As at March 31	
	2019	2018
At 1st April	3.49	4.14
Additions during the year	8.40	-
Amortised during the year	(1.36)	(0.65)
At 31st March	10.53	3.49
Current	4.08	0.54
Non-Current	6.45	2.95

Government grants are towards the purchase of certain items of property, plant and equipment.

24. INCOME TAX

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

(₹ in crores)

	Year Ended March 31	
	2019	2018
Accounting profit before tax	251.15	195.57
Other Comprehensive Income before tax	(5.13)	(3.11)
At India's statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	246.02	192.47
At India's statutory income tax rate	85.97	66.61
Expenses not allowed for tax purpose	4.44	3.31
Additional allowances for tax purpose	(16.55)	(17.19)
Incomes not considered for tax purpose	(1.64)	(2.69)
Savings due to tax paid at lower rate	(31.73)	(1.59)
Other	0.06	0.07
At the effective income tax rate of 16.15% (March 31, 2018: 24.80%)	40.55	48.52
Income tax expense reported in the statement of profit and loss	41.99	49.42
Income tax effect on OCI	1.44	0.90
	40.55	48.52

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Deferred tax

Deferred tax relates to the following

(₹ in crores)

	Balance Sheet		Profit or loss	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Unabsorbed Losses	11.60	-	11.60	-
Provision for loss allowance	42.05	45.40	(3.35)	(7.34)
Provisions made disallowed and allowed only on payment basis	8.90	8.49	0.41	0.29
Accelerated Depreciation for tax purposes	(23.64)	(24.47)	0.83	(1.78)
Others	2.68	22.45	(19.77)	0.33
Total (excluding MAT credit entitlement)	41.59	51.87	(10.28)	(8.50)
MAT Credit Entitlement	67.09	62.33	7.43	1.68
Total	108.68	114.20	(2.85)	(6.82)
Total deferred tax liability recognised directly in Retained Earnings	(1.13)	(0.68)	-	-
Total deferred tax as shown in Balance Sheet	107.55	113.57	-	-

Reflected in the balance sheet as follows

(₹ in crores)

	As at March 31	
	2019	2018
Deferred tax assets	132.32	138.67
Deferred tax liabilities:	24.77	25.15
Deferred tax Assets, net	107.55	113.57

Reconciliation of deferred tax liabilities (net):

(₹ in crores)

	As at March 31	
	2019	2018
Opening balance as of 1 April	113.57	122.05
Tax income/(expense) during the period recognised in profit or loss	(27.34)	(8.50)
Tax income/(expense) during the period recognised in Retained Earnings	-	1.10
MAT Credit Entitlement	7.43	1.68
Deferred Tax on losses	17.06	-
Utilization of MAT Credit	(2.67)	(2.76)
Others	(0.51)	-
Closing balance as at 31 March	107.55	113.57

Notes to Consolidated Financial Statements for the year ended March 31, 2019

25. REVENUE FROM OPERATIONS

(₹ in crores)

	Year Ended March 31	
	2019	2018
Revenue from operations		
Sale of products	3,435.21	3,157.99
Sale of services	476.64	432.78
Revenue from construction contracts	1,280.17	1,004.98
Other operating revenue		
Commission income	15.92	5.16
Provisions and liabilities no longer required	18.50	40.97
Others	8.40	6.25
Total revenue from operations	5,234.84	4,648.13

26. OTHER INCOME

(₹ in crores)

	Year Ended March 31	
	2019	2018
Interest income on		
Bank deposits	0.81	0.35
Others	13.33	6.64
Dividend income on current investments	-	0.52
Rental Income	7.32	6.68
Others	3.23	2.74
Total	24.69	16.95

27. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

	Year Ended March 31	
	2019	2018
Cost of material consumed	1,529.92	1,481.69
Project cost (including bought outs)	1,005.30	759.76
AMC subcontracting cost	266.02	246.47
Total Cost of Raw Material and Components Consumed and Project related cost	2,801.24	2,487.92
Purchase of stock-in-trade	959.50	1,191.29
Inventories at the end of the year		
Traded goods	327.91	520.96
Work-in-progress	47.09	43.19
Finished goods	236.59	217.88
	611.59	782.03
Inventories at the beginning of the year		
Traded goods	520.96	325.89
Work-in-progress	43.19	38.55
Finished goods	217.88	193.33
	782.03	557.77
(Increase)/Decrease in inventories	170.44	(224.26)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

28. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

	Year Ended March 31	
	2019	2018
Salaries, wages and bonus	375.93	353.86
Share based Payment (refer note 36)	-	0.76
Contribution to provident and other funds	13.21	12.93
Gratuity expense (refer note 35)	3.36	2.91
Staff welfare expenses	28.99	27.26
	421.49	397.72

29. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in crores)

	Year Ended March 31	
	2019	2018
Depreciation on Property, Plant and Equipment (refer note 4)	47.39	43.18
Amortization expenses on Intangible Assets (refer note 6)	22.59	18.12
Depreciation on Investment Properties (refer note 5)	4.92	2.51
	74.90	63.81

30. OTHER EXPENSES

(₹ in crores)

	Year Ended March 31	
	2019	2018
Stores and spares consumed	14.15	15.91
Power and fuel	17.22	17.23
Rent	75.50	60.51
Repairs and maintenance		
Buildings	5.44	9.23
Plant and machinery	4.30	3.40
Others	12.70	11.94
Insurance	2.54	2.69
Rates and taxes	1.44	1.13
Advertising Expenses	53.32	61.34
Sales Promotion Expenses	41.86	57.68
Freight and forwarding charges	87.45	73.63
Legal and professional fees	52.84	42.97
Travelling and conveyance	49.83	46.07
Commission and Sale Incentives	25.24	26.83
Warranty Cost	21.94	19.36
Printing and stationery	4.05	4.10
Payment to auditors (Refer details A below)	1.33	1.55
Corporate social responsibility expenses	3.12	2.20
Donations	0.47	0.39
Loss on sale of Property, Plant and equipment (net)	1.61	0.60
Foreign Exchange differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	4.06	-
Bad debts/advances written off	41.25	
Less:- Provision for bad debts	(38.40)	1.94
Allowances for doubtful debts and advances	17.52	14.33
Miscellaneous expenses	34.85	45.35
	535.63	520.38

Notes to Consolidated Financial Statements for the year ended March 31, 2019

A. Payment to auditors

(₹ in crores)

	Year Ended March 31	
	2019	2018
As auditor:		
Audit fee	0.92	1.04
Limited review	0.24	0.27
Tax Audit	0.07	-
In other capacity		
Other services	0.05	0.19
Reimbursement of expenses	0.05	0.05
	1.33	1.55

31. FINANCE COSTS

(₹ in crores)

	Year Ended March 31	
	2019	2018
Interest	39.60	22.13
Bank charges	7.91	5.64
Foreign Exchange Differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	0.36	0.97
	47.87	28.74

32. EXCEPTIONAL ITEMS

(₹ in crores)

	Year Ended March 31	
	2019	2018
A. Exceptional Income		
Profit on sale of Property, Plant and Equipment	15.18	5.27
	15.18	5.27
B. Exceptional expenses		
Platinum jubilee expenses*	(12.50)	-
Exceptional Items (Net)	2.68	5.27

* The Parent commenced its Platinum Jubilee year on September 27, 2018. To mark the momentous milestone the Parent will, through the year, hold various events and programmes, run special media campaigns and print special publications. Owing to singular frequency of costs related to the milestone, such costs are regarded as exceptional.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

33. EARNING PER SHARES (EPS)

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

(₹ in crores)

	Year Ended March 31	
	2019	2018
Profit attributable to equity holders of the company for basic earnings	190.06	143.96
Weighted average number of Equity shares for basic EPS (a)	9.60	9.56
ESOP issued during the year (b)	0.02	0.02
Total number of Shares (a+b)	9.62	9.58
Effect of dilutions		
Shares Options	-	0.03
Weighted average number of Equity shares adjusted for the effect of dilutions *	9.62	9.61

* The weighted average number of shares takes into account the weighted average effect of changes in equity share transactions during the year.

34. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Group's consolidated financial statements requires Management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on the Group's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Group's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognised.

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Group. This requires exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Rebates and discounts

The Group provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Group, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Group's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) are based on assumptions of risk of default and expected loss rates. The Group makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

Income Taxes

Provision of current and deferred tax liabilities is dependent on Management estimate of the allowability or otherwise of expenses incurred and other debits to profit or loss. Deferred tax assets (including MAT recoverable) are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

35. EMPLOYEE BENEFITS DISCLOSURE

I. Defined Benefit Plans

a. Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the profit or loss. The Company expects to contribute ₹3.80 crores to gratuity fund in 2019-20 (FY 2018-19 - ₹6.00 crores).

Change in present value of defined benefit obligation

(₹ in crores)

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Defined benefit obligation at the beginning of the year	32.72	27.77	0.44	0.38	0.31	0.26
Current service cost	3.45	2.93	0.06	0.06	0.02	0.03
Interest cost	2.48	2.01	0.04	0.03	0.02	0.02
Benefit Payments from Plan Assets	(5.69)	(3.45)	-	-	-	(0.03)
Benefit Payments from employer	-	(0.24)	-	(0.02)	(0.03)	-
Remeasurements						
a. Due to change in Demographic assumptions	-	3.33	-	-	-	0.04
b. Due to change in financial assumptions	0.58	(0.45)	(0.01)	-	0.01	-
c. Due to experience adjustments	4.25	0.82	-	(0.01)	0.05	(0.02)
Defined benefit obligation at the end of the year	37.79	32.72	0.53	0.44	0.38	0.30

Change in fair value of plan assets

(₹ in crores)

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Fair value of plan assets at the beginning of the year	35.65	28.50	-	-	-	-
Expected return on Plan assets	2.71	2.17	-	-	-	-
Contribution by employer	4.67	7.83	-	-	-	-
Actual benefits paid	(5.69)	(3.45)	-	-	-	-
Remeasurements	-	-	-	-	-	-
Return on assets	(0.01)	0.60	-	-	-	-
Fair value of plan assets at the end of the year	37.33	35.65	-	-	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Components of defined benefit cost recognised in Profit or Loss

(₹ in crores)

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Current service cost	3.45	2.93	0.06	0.06	0.02	0.03
Interest Cost	2.48	2.01	0.04	0.03	0.02	0.02
Expected return on plan assets	(2.71)	(2.17)	-	-	-	-
Defined benefit cost recognised in Profit or Loss	3.22	2.77	0.10	0.09	0.04	0.05
Components of defined benefit cost recognised in Other Comprehensive Income						
a. Due to change in demographic assumptions	-	3.33	-	-	-	0.04
b. Due to change in financial assumptions	0.58	(0.45)	(0.01)	-	0.01	-
c. Due to change in experience adjustments	4.25	0.82	-	(0.01)	0.05	(0.02)
d. (Return) on plan assets (excl. interest income)	(0.01)	(0.60)	-	-	-	-
Remeasurements recognised in other comprehensive income (OCI)	4.82	3.10	(0.01)	(0.01)	0.06	0.02

Net Liability/(Assets) recognised in the statement of financial position

(₹ in crores)

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Defined benefit obligation	37.79	32.72	0.53	0.44	0.38	0.30
Fair value of plan assets	37.33	35.65	-	-	-	-
Net defined benefit liability/(asset)	0.46	(2.94)	0.53	0.44	0.38	0.30

The major categories of plan assets are as follows:

(₹ in crores)

	As at March 31	
	2019	2018
Cash and cash equivalents	1.13	0.71
Insurance company products	11.22	13.06
Others	24.98	21.88
Total	37.33	35.65

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

Actuarial Assumptions

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Discount Rate	7.30%	7.60%	7.78%	7.88%	7.30%	7.60%
Disability Rate	5% of IALM - 2006-08	5% of IALM - 2006-08	-	-	-	-
Normal Retirement Age	65 years for Directors and 60 for others	65 years for Directors and 60 for others	-	-	65 years for Directors and 60 for others	65 years for Directors and 60 for others

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Actuarial Assumptions contd.

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Mortality Rate	100% of IALM - 2006-08	100% of IALM - 2006-08	IALM-2008	IALM-2008	105% of IALM - 2006-08	105% of IALM - 2006-08
Salary escalation rate (Management-Staff-Directors)	7%,3%,10%	7%,3%,10%	7%	7%	-	-
Attrition Rate	14% throughout	14% throughout	3% 2% 1%	3% 2% 1%	14% throughout	14% throughout

A quantitative sensitivity analysis for significant assumptions is shown as below:

(₹ in crores)

Assumptions	Gratuity		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Decrease	Increase	Decrease	Increase
Discount Rate(-/+ 0.5%)	38.81	36.84	0.39	0.36
(% change Compared to base due to sensitivity)	2.68%	-2.57%	2.97%	-2.82%
Salary Growth Rate (-/+ 0.5%)	36.83	38.81	-	-
(% change Compared to base due to sensitivity)	-2.57%	2.68%	-	-
Attrition Rate (-/+ 1% of attrition rates)	37.80	37.80	0.37	0.36
(% change Compared to base due to sensitivity)	0.00%	0.00%	-2.12%	-2.89%
Mortality Rate (-/+ 10% of mortality rates)	37.80	37.80	0.37	0.37
(% change Compared to base due to sensitivity)	0.00%	0.00%	-0.23%	0.23%

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2018-19.

The average duration of the defined benefit plan obligation at the end of the reporting year 2018-19 is 6 years.

b. Provident Fund

In accordance to Ind AS 19, that provident Fund set up by employers which requires 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, 2019. The Company's contribution to the Employee's Provident Fund aggregates to ₹6.80 Crores (March 31, 2018: ₹5.84 Crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the Company has made for an estimated amount, provision on a prospective basis.

36. SHARE BASED PAYMENTS

The Company provides share-based payment benefit to its employees. During the year ended 31 March 2018, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

On 18th January 2013, the Board of Directors approved the Equity Settled ESOP Scheme 2013 (ESOS 2013) for issue of stock options to key employees and directors of the company. The Scheme was also approved by the Shareholders of the Company by a special resolution passed by postal ballot dated 7th March, 2013. According to the Scheme 2013, the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 1 to 5 years.

The exercise price of the share options under the current grants is equal to the market price of the underlying shares on the date of grant. The fair value of the share options is estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

a) Employee Stock Option Scheme

	2018 -19						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
No of Options (Refer Note b)	-	-	-	-	-	-	-
Method of Accounting	Fair Value						
Vesting period (in years)	3	2	2	2	1	1	1
Exercise period (in years) (from date of vesting)	5	5	5	2	1	1	1
Grant Date	06 June 2014	13 Feb 2015	29 May 2015	07 August 2015	28 January 2016	07 March 2016	01 April 2016
Expected life (in years)	5	5	5	5	5	5	5
Exercise price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Market price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Vesting conditions	Based on the performance ratings						
Method of Settlement	Equity						

	2017 -18						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
No of Option (Refer Note b)	205,650	23,300	24,000	-	26,350	-	34,800
Method of Accounting	Fair Value						
Vesting period (in years)	3	2	2	2	1	1	1
Exercise period (in years) (from date of vesting)	5	5	5	2	1	1	1
Grant Date	06 June 2014	13 Feb 2015	29 May 2015	07 August 2015	28 January 2016	07 March 2016	01 April 2016
Expected life (in years)	5	5	5	5	5	5	5
Exercise price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Market price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Vesting conditions	Based on the performance ratings						
Method of Settlement	Equity						

Notes to Consolidated Financial Statements for the year ended March 31, 2019

b) Movement of Options

	2018 -19						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Options outstanding at the beginning of the period	205,650	23,300	24,000	-	26,350	-	34,800
Options granted during the period	-	-	-	-	-	-	-
Options lapsed during the period	-	-	-	-	-	-	-
Options exercised during the period	205,650	23,300	24,000	-	26,350	-	34,800
Options outstanding at the end of the period	-	-	-	-	-	-	-
Options exercisable as on March 31	-	-	-	-	-	-	-

The weighted average share price at the date of exercise for stock options exercised was ₹690.80

The range of exercise prices for options outstanding at the end of the year was ₹290.05 to ₹390.30.

	2017 -18						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Options outstanding at the beginning of the period	669,200	38,400	25,600	46,000	54,000	6,000	46,000
Options granted during the period	-	-	-	-	-	-	-
Options lapsed during the period	98,800	3,900	1,600	6,400	21,600	3,000	6,400
Options exercised during the period	364,750	11,200	-	39,600	6,050	3,000	4,800
Options outstanding at the end of the period	205,650	23,300	24,000	-	26,350	-	34,800
Options exercisable as on March 31	205,650	23,300	24,000	-	26,350	-	34,800

The weighted average share price at the date of exercise for stock options exercised was ₹695.14

The weighted average contractual life for the share options outstanding as at March 31, 2018 was 4 months.

The range of exercise prices for options outstanding at the end of the year was ₹290.05 to ₹390.30

Notes to Consolidated Financial Statements for the year ended March 31, 2019

c) Fair Valuation

Particulars	2017 -18						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Model used	Black-Scholes						
Expected volatility	38.0%	35.0%	30.0%	31.0%	32.0%	32.0%	36.0%
Risk-free interest rate	8.5%	7.7%	7.8%	7.8%	7.8%	7.6%	7.7%
Weighted average Fair Value (₹)	94.17	85.66	83.62	91.13	87.96	84.09	104.03

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

d) The expense recognised for employee services received during the year is shown in the following table:

	Year Ended March 31	
	2019	2018
Expense arising from equity-settled share-based payment transactions	-	0.76

(₹ in crores)

37. COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

	As at March 31	
	2019	2018
Claims against the Group not acknowledged as debts	0.15	0.25
Sales Tax matters	172.27	104.18
Excise Duty matters	11.90	8.99
Service Tax matters	173.67	163.05
Income Tax matters	90.57	58.82
GST matters	0.07	-

(₹ in crores)

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:-

At March 31, 2019, Group had commitments (net of advances) of ₹59.32 crores (March 31, 2018 : ₹31.84 crores)

c. Financial Guarantees provided

	As at March 31	
	2019	2018
Corporate Guarantee given/utilised on behalf of Joint Venture (net of provision)	-	17.78

(₹ in crores)

d. Ministry of Environment, Forest and Climate Change (MoEF & CC) Government of India, has issued E-Waste (Management) Rules, 2016 ('the Rule'). Accordingly as per these rules, the Group is mandated to comply with the Extended Producer Responsibility (EPR) targets through channelization of e-waste to an authorised dismantler/recycler. The Group has an obligation for collection of electrical and electric equipment based on e-waste collection targets as specified in schedule III of these Rules, for the quantities placed in the market during previous 10 years. The Group has fulfilled its commitment for the financial year 2018-19 in accordance with these Rules.

38. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Joint Ventures	Country of Incorporations	% of equity interest	
		31-Mar-19	31-Mar-18
Blue Star M & E Engineering Sdn Bhd	Malaysia	49.00*	49.00*
Blue Star Oman Electro-Mechanical Co LLC	Oman	51.00	51.00

*Refer Note 40

Key Management Personnel

Mr Vir S Advani, Vice Chairman & Managing Director
 Mr B Thiagarajan, Managing Director
 Mr Vijay Devadiga, Company Secretary
 Mr Neeraj Basur, Group Chief Financial Officer

Non Executive and Independent Directors

Mr Suneel M Advani
 Mr Gurdeep Singh
 Mr Shailesh Haribhakti
 Ms Shobana Kamineni
 Mr Rajiv R Lulla
 Mr Dinesh N Vaswani
 Mr Sam Balsara
 Mr Anil Harish
 Mrs Rumjhum Chatterjee (w.e.f Feb 05, 2019)
 Mr Arvind K Singhal (w.e.f Feb 05, 2019)

Relative of Director

Mr Ashok M Advani

Enterprises in which a Director is/was a member/director during the year

KEIMED Private Limited
 Apollo Munich Health Insurance Company Limited
 Apollo Hospital Enterprises Limited
 Pragati Leadership Institute Private Limited
 Atria Convergence Technologies Pvt Ltd
 Lifetime Wellness RX International Ltd
 Entrust Communications Pvt Ltd
 Moms Outdoor Media Solutions Pvt Ltd
 Madison Communications Pvt Ltd
 Platinum Communication Pvt Ltd

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Transactions during the period with Related Parties are as under:

(₹ in crores)

Name of the Related Party	March 31, 2019		March 31, 2018	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering Sdn Bhd		0.47		0.29
Consultancy services rendered	1.48		1.21	
Blue Star Oman Electro-Mechanical Co LLC				0.03
Loan given	4.46	4.46	-	-
Recovery of Remuneration Expense	0.36	-	-	-
Guarantee commission	0.23	-	0.03	-
Enterprises in which Director is a member/director				
Sale of Goods and Services				
Apollo Hospital Enterprises Ltd	0.47	-	3.52	-
Atria Convergence Technologies Pvt Ltd	0.19	0.04	0.03	-
KEIMED Private Ltd	0.04	-	0.01	-
Apollo Munich Health Insurance Co Ltd	0.01	-	0.15	-
Lifetime Wellness RX International Ltd	0.06	0.03	0.05	0.01
Madison Communications Pvt Ltd	0.08	0.01	0.05	-
Moms Outdoor Media Solutions Pvt Ltd	0.01	(0.01)	0.01	-
Platinum Communication Pvt Ltd	0.01	-	-	-
Project Revenue				
Apollo Hospital Enterprises Ltd	1.38	1.93	3.44	1.69
Services Received				
Pragati Leadership Institute Pvt Ltd	-	-	0.12	(0.08)
Entrust Communications Pvt Ltd	0.09	(0.02)	2.14	(0.33)
Moms Outdoor Media Solutions Pvt Ltd	3.49	(1.70)	8.47	(5.51)
Madison Communications Pvt Ltd	36.33	(7.93)	34.23	(8.04)
Apollo Hospital Enterprise Ltd	-	-	0.03	-
Relative of Director				
Fees for Professional Services	0.24	(0.05)	0.18	(0.05)
Compensation of key managerial personnel	-	(9.39)	-	(9.14)
Short term employee benefits	16.20	-	14.55	-
Sitting fees to Non Executive and Independent Directors	0.63	-	0.51	-
Commission to Non Executive and Independent Directors	1.49	-	1.59	-
Retirement benefits	0.64	-	0.47	-
Share-based payment transactions	-	-	0.19	-
Total compensation paid to key management personnel	18.96	-	17.31	-
ESOP exercised during the year				
B Thiagarajan 119600 (March 31, 2018 100000) equity shares of ₹2 each	3.82	-	2.90	-
Neeraj Basur Nil (March 31, 2018 39,600) equity shares of ₹2 each	-	-	1.46	-
Vijay Devadiga Nil (March 31, 2018: 4800) equity shares of ₹2 each	-	-	0.18	-

Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

Terms & Conditions of Transactions with Related Party

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Corporate Guarantees to Related Parties

The Parent has given corporate guarantees to joint venture in the ordinary course of business to meet the working capital requirements of the joint venture.

Name of Related party	March 31	
	2019	2018
Blue Star Oman Electro-Mechanical Co LLC		
Corporate Guarantee Given (refer note 22)	20.33	21.63

(₹ in crores)

Transactions with key managerial personnel/directors

Other Directors' interests

During the year ended March 31, 2019, the Company has received services from one of the relative of the director. The transactions entered into with enterprises in which director is a member/director are on arm's length basis.

Directors' interests in the Blue Star Limited Employees' Stock Option Scheme, 2013 ("Scheme")

Share options held by executive director of the Board of Directors under the Blue Star Limited Employees' Stock Option Scheme, 2013 ("Scheme") to purchase Equity shares have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise Price (₹)	As at 31-Mar-19 Number outstanding	As at 31-Mar-18 Number outstanding
06-Jun-2014	31-Jul-2018	290.05	-	84,800
01-Apr-2016	31-Jul-2018	390.30	-	34,800

39. SEGMENT INFORMATION:

A. Primary Segment Reporting (by Business Segment)

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

- 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.
- Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.
- Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

(₹ in crores)

Segment Revenues, Results and other Information:

	Year Ended March 31	
	2019	2018
I. SEGMENT REVENUE		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	2,748.11	2,361.07
ii. Unitary Products	2,268.97	2,088.73
iii. Professional Electronics and Industrial Systems	217.76	198.33
TOTAL SEGMENT REVENUE	5,234.84	4,648.13
Add: Other Income	24.69	16.95
TOTAL INCOME	5,259.53	4,665.08

Notes to Consolidated Financial Statements for the year ended March 31, 2019

(₹ in crores)

	Year Ended March 31	
	2019	2018
II. SEGMENT RESULT		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	150.85	121.96
ii. Unitary Products	185.92	168.05
iii. Professional Electronics and Industrial Systems	43.78	24.02
TOTAL SEGMENT RESULT	380.55	314.03
Less: i) Finance Cost	47.87	28.74
ii) Other un-allocable Expenditure Net of un-allocable Income	84.22	94.99
TOTAL PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEM	248.46	190.30
Exceptional Items	2.68	5.27
PROFIT BEFORE TAXATION	251.14	195.57

(₹ in crores)

	As at March 31	
	2019	2018
III. OTHER INFORMATION:		
A. SEGMENT ASSETS		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	1,727.75	1,502.87
ii. Unitary Products	1,188.47	1,247.81
iii. Professional Electronics and Industrial Systems	57.90	87.14
TOTAL SEGMENT ASSETS	2,974.12	2,837.82
Add: Un-allocable Corporate Assets	376.84	398.40
TOTAL ASSETS	3,350.96	3,236.22

(₹ in crores)

	As at March 31	
	2019	2018
B. SEGMENT LIABILITIES		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	1,213.19	1,049.65
ii. Unitary Products	719.68	864.89
iii. Professional Electronics and Industrial Systems	86.13	64.07
TOTAL SEGMENT LIABILITIES	2,019.00	1,978.61
Add: Un-allocable Corporate Liabilities	457.07	463.36
TOTAL LIABILITIES	2,476.07	2,441.97

(₹ in crores)

	As at March 31	
	2019	2018
C. NON CURRENT ASSET		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	52.96	52.32
ii. Unitary Products	52.83	34.08
iii. Professional Electronics and Industrial Systems	0.44	0.72
iv. Un-allocable	14.69	12.85
TOTAL	120.91	99.97

Notes to Consolidated Financial Statements for the year ended March 31, 2019

(₹ in crores)

	Year Ended March 31	
	2019	2018
D. DEPRECIATION/AMORTISATION		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	33.07	23.67
ii. Unitary Products	26.01	16.25
iii. Professional Electronics and Industrial Systems	1.06	0.56
iv. Un-allocable	14.76	23.33
TOTAL	74.90	63.81

(₹ in crores)

	Year Ended March 31	
	2019	2018
E. NON CASH EXPENSES OTHER THAN DEPRECIATION		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	5.55	27.26
ii. Unitary Products	0.34	1.85
iii. Professional Electronics and Industrial Systems	1.76	2.59
iv. Un-allocable	0.78	2.17
TOTAL	8.43	33.87

B. Secondary segment information:

(₹ in crores)

	As at March 31	
	2019	2018
Revenue (Sales, Services & Commission) by Geographical Market		
India	4,731.57	4,196.26
Outside India	503.27	451.87
Total	5,234.84	4,648.13
Carrying amount of Non-current assets		
India	508.90	473.09
Outside India	3.26	3.31
Total	512.16	476.40

40. INTEREST IN JOINT VENTURE

The Blue Star Group comprises of the following entities

	Country of Incorporation	% Shareholding	
		March 31, 2019	March 31, 2018
Foreign Joint Ventures-Jointly Controlled Entities			
Blue Star M & E Engineering Sdn Bhd	Malaysia	49%	49%
Carrying amount of Investment (₹Crores)		14.63	13.24
Blue Star Oman Electro-Mechanical Company LLC (refer note 1)	Oman	51%	51%
Carrying amount of Investment (₹Crores) (refer note 2 below)		-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Summarised Balance Sheet as at March 31, 2018:

(₹ in crores)

	As at March 31, 2019		As at March 31, 2018	
	Blue Star M & E Engineering Sdn Bhd	Blue Star Oman Electro-Mechanical Company LLC (refer note 2 below)	Blue Star M & E Engineering Sdn Bhd	Blue Star Oman Electro-Mechanical Company LLC
Current assets	82.51	-	80.24	94.68
Non-Current Assets	13.93	-	21.10	1.08
Current Liabilities	61.35	-	66.80	94.38
Non-current Liabilities	6.36	-	7.53	1.38
EQUITY	28.73	-	27.01	-

(₹ in crores)

	Year Ended March 31, 2019		Year Ended March 31, 2018	
	Blue Star M & E Engineering Sdn Bhd	Blue Star Oman Electro-Mechanical Company LLC (refer note 2 below)	Blue Star M & E Engineering Sdn Bhd	Blue Star Oman Electro-Mechanical Company LLC
Revenue	102.37	-	93.53	97.44
Other Income	4.51	-	-	-
Cost of raw material and components consumed	80.59	-	71.98	68.92
Depreciation and amortization	0.29	-	0.20	0.20
Finance cost	0.15	-	0.12	2.06
Employee Benefit	6.52	-	6.37	36.04
Other Expenses	3.97	-	3.65	1.08
Profit before Tax	15.36	-	11.21	(10.86)
Income Tax Expense	4.10	-	4.03	-
Profit for the year	11.26	-	7.18	(10.86)
Group's share of profit for the year	5.53	-	3.51	(5.43)

Notes:

1. The Company has 51% shareholding in Blue Star Oman Electro-mechanical Co LLC however the profit/loss sharing is on 50-50 basis and is accounted as Joint Venture.
2. In view of the ongoing losses of its Joint Venture in Oman (Blue Star Oman Electro-mechanical Co LLC), the company is considering options for exit from the venture. The Company has on April 09, 2019 filed a petition for liquidation of the venture before the appropriate jurisdictional court in Oman. The Company has therefore made provision for its known financial obligations and committed financial involvement in the venture.
3. The group's had no contingent liabilities or capital commitments relating to its interest in Blue Star M & E Engineering Sdn Bhd and Blue Star Oman Electro-Mechanical Company LLC as at March 31, 2019 and March 31, 2018.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

41. DERIVATIVE INSTRUMENTS AND ATTACHED FOREIGN CURRENCY EXPOSURE

The Group has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Group 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 of forward and option contract is recognised in the Profit or Loss.

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

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

Foreign Currency	31-Mar-19		31-Mar-18	
	Amount in Foreign Currency (in Lakh)	₹ Crores	Amount in Foreign Currency (in Lakh)	₹ Crores
Particulars of Derivatives				
Forward cover to Purchase USD & CNY:				
Hedge of underlying payables - USD	125.80	87.00	316.87	206.52
- Buyers' Credit	-	-	81.09	52.85
- Payables	125.80	87.00	235.78	153.67
Hedge of underlying payables - CNY				
- Payables	1,004.23	103.31	1,132.43	117.57

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

Foreign Currency	31-Mar-19		31-Mar-18	
	Amount in Foreign Currency (in Lakh)	₹ Crores	Amount in Foreign Currency (in Lakh)	₹ Crores
Bank Balances				
EUR	9.09	7.06	6.26	5.06
USD	19.44	13.44	17.34	11.30
Receivables				
EUR	4.43	3.44	15.95	12.90
JPY	21.60	0.13	22.75	0.14
MYR	16.60	2.81	11.84	2.00
USD	176.45	122.02	107.53	70.08
Payables				
EUR	12.71	9.87	26.21	21.18
JPY	169.71	1.06	70.81	0.43
CNY	22.66	2.33	337.69	35.06
USD	137.77	95.27	164.19	107.01

Notes to Consolidated Financial Statements for the year ended March 31, 2019

42. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy as at March 31, 2019 :

(₹ in crores)

	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment Property (refer note 5)	March 31, 2019	96.58	-	-	96.58
Liability measured at fair value:					
Derivatives not designated as hedges (refer note 19)					
- Foreign exchange forward contracts	March 31, 2019	3.71	-	3.71	-

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy as at March 31, 2018 :

(₹ in crores)

	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment Property (refer note 5)	March 31, 2018	85.40	-	-	85.40
Assets measured at fair value:					
Derivatives not designated as hedges (refer note 9)					
- Foreign exchange forward contracts	March 31, 2018	1.31	-	1.31	-

There have been no transfers between Level 1 and Level 2 during the period

43. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilising foreign exchange forward contracts.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

Foreign Currency Sensitivity

The following table demonstrates the sensitivity of material unhedged foreign currencies to the functional currency of the Group, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

(₹ in crores)

	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
US Dollars	+5%	(2.01)	(0.70)	(1.31)	(0.46)
	-5%	2.01	0.70	1.31	0.46
CNY	+5%	0.11	0.04	0.07	(1.16)
	-5%	(0.11)	(0.04)	(0.07)	1.16

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly short term borrowing and investments.

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

(₹ in crores)

	Neither past due nor impaired	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as on March 31, 2019	374.57	562.90	174.58	1,112.05
Trade Receivables as on March 31, 2018	263.49	592.03	94.90	950.42

The requirement for impairment is analysed at each reporting date. Refer Note 11 for details on the impairment of trade receivables.

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Group's maximum exposure for financial guarantees is given in Note 37.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(₹ in crores)

	As at March 31, 2019		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	335.89	8.65	344.54
Trade Payables	1,534.62	-	1,534.62
Other financial liabilities	19.98	-	19.98
Total	1,890.49	8.65	1,899.14

(₹ in crores)

	As at March 31, 2018		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	344.02	25.90	369.91
Trade Payables	1,532.69	-	1,532.69
Other financial liabilities	13.79	-	13.79
Total	1,890.49	25.90	1,916.39

44. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Company's adjusted net debt and equity position is as follows:

Gearing Ratio:

(₹ in crores)

	As at March 31	
	2019	2018
Borrowings	347.56	375.61
Less: Cash and cash equivalents	100.94	80.88
Net Debt	246.62	293.73
Equity	874.89	794.25
Total Capital	874.89	794.25
Capital and Net Debt	1,121.51	1,087.98
Gearing Ratio	22%	27%

Notes to Consolidated Financial Statements for the year ended March 31, 2019

45. CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE:

(₹ in crores)

	March 31, 2019		
	Within 12 months	After 12 months	Total
Assets			
Inventories	869.32	-	869.32
Trade receivables	1,112.05	-	1,112.05
Loans	11.34	19.82	31.16
Other financial assets	-	4.36	4.36
Other Current Assets	566.79	56.10	622.89
Assets held for sale	0.14	-	0.14
Liabilities			
Trade Payables	1,534.62	-	1,534.62
Other Financial Liabilities	19.98	-	19.98
Other Current Liabilities	466.36	-	466.36
Provisions	87.00	12.06	99.06

(₹ in crores)

	March 31, 2018		
	Within 12 months	After 12 months	Total
Assets			
Inventories	1,017.08	-	1,017.08
Trade receivables	950.42	-	950.42
Loans	14.22	18.17	32.39
Other financial assets	1.31	3.96	5.27
Other Current Assets	509.38	45.81	555.19
Assets held for sale	5.22	-	5.22
Liabilities			
Trade Payables	1,532.39	-	1,532.39
Other Financial Liabilities	13.79	3.32	17.11
Other Current Liabilities	446.47	-	446.47
Provisions	59.00	-	59.00

Notes to Consolidated Financial Statements for the year ended March 31, 2019

46. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 27 IN RESPECT OF SPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES, OTHER EXPENSES AND FINANCE COST VIDE NOTE 28, 30 AND 31 IS AS FOLLOWS:

(₹ in crores)

Nature of expenses	Note 27	Note 28	Note 30	Note 31	Total
Subcontracting cost	342.38	-	-	-	342.38
	(224.30)	-	-	-	(224.30)
Salary & wages	25.99	375.93	-	-	401.92
	(10.96)	(353.86)	-	-	(364.82)
Rent	0.96	-	75.50	-	76.46
	(0.72)	-	(60.51)	-	(61.23)
Power & fuel	4.01	-	17.22	-	21.22
	(2.01)	-	(17.23)	-	(19.24)
Insurance	1.41	-	2.54	-	3.95
	(4.31)	-	(2.69)	-	(7.01)
Travelling & Conveyance	3.12	-	49.83	-	52.96
	(3.50)	-	(46.07)	-	(49.57)
Printing & Stationery	0.65	-	4.05	-	4.69
	(0.82)	-	(4.10)	-	(4.92)
Freight and Forwarding Charges	0.72	-	87.45	-	88.19
	(2.28)	-	(73.63)	-	(75.90)
Legal & Professional fees	15.94	-	52.84	-	68.78
	(14.90)	-	(42.97)	-	(57.87)
Bank charges	2.18	-	-	7.91	10.08
	(1.44)	-	-	(5.64)	(7.08)

Figures in brackets are for previous year

47. LEASES

The Group has entered into operating lease agreements for its office premises, storage locations and residential premises for its employees. There are no exceptional/restrictive covenants in the lease agreements, except in case of Ten premises. Lease rental expense debited to statement of Profit and Loss is ₹76.46 Crores (March 31, 2018 : ₹61.23 Crores).

(₹ in crores)

	As at March 31	
	2019	2018
Minimum lease payments for non-cancellable operating leases as at 31st March		
(a) Not later than one year	6.36	5.59
(b) Later than one year but not later than five years	4.61	7.60
(c) Later than five years	-	-

The Company has leased out office premises and furniture under cancellable operating lease agreements that are renewable at the option of both the lessor and the lessee.

An amount of ₹7.32 Crores (Previous year: ₹6.68 Crores) is recognised as lease income in the statement of profit & Loss for the year ended March 31, 2019.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

48. (a) Details of revenue expenditure directly related to Research & Development :

(₹ in crores)

	Year Ended March 31	
	2019	2018
Employee benefits expense	19.05	18.34
Cost of raw material and components consumed	4.66	5.89
Legal & Professional fees	0.66	2.90
Depreciation	11.02	10.19
Others	5.77	6.50
Total	41.16	43.82

(b) Details of Capital expenditure directly related to Research & Development :

(₹ in crores)

	Year Ended March 31	
	2019	2018
Tangible Assets		
Building sheds and road	2.00	0.18
Plant & Equipment	1.56	2.21
Furniture & fixtures	0.08	0.26
Office equipments	0.05	0.98
Vehicles	0.74	-
Computers	0.13	-
Intangible Assets (including under development)		
Technical knowhow	4.70	7.71
Software	0.33	0.20
Total	9.59	11.54

49. STATUTORY GROUP INFORMATION

(₹ in crores)

	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive Income	Amount	As % of consolidated Total comprehensive Income	Amount
Parent - Blue Star Limited (Standalone)								
Balance at March 31, 2019	110%	961.00	64%	121.79	92%	(2.89)	64%	118.90
Balance at March 31, 2018	119%	948.25	92%	132.21	67%	(1.59)	92%	130.62
Subsidiaries								
Indian								
1. Blue Star Engineering & Electronics Limited								
Balance at March 31, 2019	14%	121.72	27%	51.02	14%	(0.43)	27%	50.59
Balance at March 31, 2018	9%	71.13	17%	24.08	29%	(0.69)	17%	23.39
Foreign								
1. Blue Star Qatar - WLL								
Balance at March 31, 2019	4%	35.98	4%	6.85	0%	-	4%	6.85
Balance at March 31, 2018	3%	27.52	4%	5.43	0%	-	4%	5.43

Notes to Consolidated Financial Statements for the year ended March 31, 2019

49. STATUTORY GROUP INFORMATION (CONTD.)

(₹ in crores)

	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income		Share in Total comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive Income	Amount	As % of consolidated Total comprehensive Income	Amount
2. Blue Star International FZCO								
Balance at March 31, 2019	0%	3.88	0%	0.55	0%	-	0%	0.55
Balance at March 31, 2018	0%	(1.38)	-4%	(6.28)	0%	-	-4%	(6.28)
3. Blue Star Systems and Solutions LLC								
Balance at March 31, 2019	0%	0.56	0%	-	0%	-	0%	-
Balance at March 31, 2018	0%	-	0%	-	0%	-	0%	-
Joint Ventures (As per proportionate consolidation/investment as per the equity method)								
1. Blue Star M & E Engineering Sdn Bhd								
Balance at March 31, 2019	2%	14.08	3%	5.53	0%	-	3%	5.53
Balance at March 31, 2018	2%	13.23	2%	3.51	0%	-	2%	3.51
2. Blue Star Oman Electro-Mechanical Co LLC								
Balance at March 31, 2019 (refer note 22)	0%	-	-13%	(24.28)	0%	-	-13%	(24.28)
Balance at March 31, 2018	-1%	(4.67)	-4%	(5.43)	0%	-	-4%	(5.43)
Consolidated adjustments/ Eliminations								
Balance at March 31, 2019		(262.33)		28.60		0.19		28.79
Balance at March 31, 2018		(259.83)		(9.56)		(0.11)		(9.67)
Total								
Balance at March 31, 2019	100%	874.89	100%	190.06	100%	(3.13)	100%	186.93
Balance at March 31, 2018	100%	794.25	100%	143.96	100%	(2.39)	100%	141.57

50. DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

The Company has adopted Ind AS 115 - 'Revenue from Contracts with Customers', and also appropriately evaluated its revenue recognition policies, w.e.f. April 1, 2018. The changes have been applied retrospectively and the resultant impact on the immediately preceding comparative period is tabulated below:

(₹ in crores)

	Year Ended March 31 2018
Statement of Profit and Loss	
Revenue from operations	(101.86)
Change in inventories of finished goods, stock-in-trade and work-in-progress	(17.10)
Other expenses	(74.31)
Profit before Tax	(10.45)
Tax Expense	(5.15)
Profit after Tax	(5.30)
Earnings per share	
Basic (in ₹)	(0.55)
Diluted (in ₹)	(0.55)

Notes to Consolidated Financial Statements for the year ended March 31, 2019

(₹ in crores)

	March 31, 2018	April 01, 2017
Balance Sheet		
Other equity	(5.31)	(33.24)
Trade Receivables	(8.44)	(138.51)
Inventory	17.10	148.75
Deferred Tax Assets (net)	5.14	14.42
Trade payables	(0.28)	11.74
Advances from customers	(20.05)	(70.25)
Provisions	1.22	0.61

On account of adoption of Ind AS 115 unbilled revenues and retention monies, of ₹336.68 crores and ₹70.80 crores, respectively (PY ₹289.66 crores and ₹30.56 crores) have been classified as a non-financial assets.

(1) Disaggregation of revenue:

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2019 by offerings and contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

(₹ in crores)

Revenue by type of contract	As at March 31, 2019			As at March 31, 2018		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro -Mechanical Projects and Packaged Air Conditioning Systems	1,198.61	1,547.03	2,745.64	998.34	1,360.08	2,358.42
Unitary Products	2,234.81	34.86	2,269.67	2,055.45	34.10	2,089.55
Professional Electronics and Industrial Systems	181.21	38.32	219.53	179.47	20.69	200.16
Total	3,614.63	1,620.21	5,234.84	3,233.26	1,414.87	4,648.13

(2) Reconciliation of contracted price with the revenue recognised in profit or loss:

(₹ in crores)

	Year Ended March 31	
	2019	2018
Sale of products at transaction price & Construction and services Contracts at contracted price	5,272.72	4,670.33
Reductions towards variable consideration components *	(80.70)	(74.58)
Revenue recognised on sale of property, construction contracts and sale of services	5,192.02	4,595.75

* Reduction towards variable consideration components include discounts, service level credits, etc.

(3) Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹ Nil crore (PY ₹ Nil crore).

(4) The aggregate value of Order Book as at March 31, 2019, is ₹2,430 crores (PY ₹2,015 crores). Out of this, the Company expects to recognize revenue of around 77% within the next one year and the remaining thereafter.

Notes to Consolidated Financial Statements for the year ended March 31, 2019

(5) Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

	2018-19	2017-18
Opening balance - Contract assets (net of impairment)	289.66	262.02
Opening balance - Contract liabilities*	(85.52)	(81.73)
Revenue recognised during the year	(1620.21)	(1414.87)
Less: Progress billing during the year	1630.36	1438.72
Closing Balance	214.29	204.14
Closing balance contract assets (net of impairment)	336.68	289.66
Closing balance contract liabilities including income received in advance	(122.39)	(85.52)
*The Company has recognised revenue out of opening contract liabilities	85.52	81.73

51. CHANGES IN ACCOUNTING STANDARD AND RECENT ACCOUNTING PRONOUNCEMENTS

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Group is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019

1. Ind AS 12 – Income taxes – Appendix C on uncertainty over income tax treatments
2. Ind AS 23 – Borrowing costs
3. Ind AS 28 – investment in associates and joint ventures
4. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
5. Ind AS 109 – Financial instruments
6. Ind AS 19 – Employee benefits

The Group is in the process of evaluating the impact of such amendments.

52. PREVIOUS YEAR COMPARATIVES

Corresponding figures for the immediately preceding period are disclosed in the financial statements. Additionally, the balance sheet as at the beginning of the preceding period has been presented in accordance with the requirements of Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements. Previous years' figures have been regrouped where necessary to confirm to this year's classification.

For and on behalf of the Board of Directors of BLUE STAR LIMITED

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347

DIN: 01790498

Mumbai : May 02, 2019

Independent Auditor's Report

To The Members of Blue Star Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Blue Star Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and changes in equity, for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accounting for fixed price contracts: Estimate of effort is a critical estimate to determine revenues from fixed price contracts and liability for onerous obligations. This estimate has an inherent uncertainty as it requires measurement of the progress of contracts, which is based on effort till date and effort required to complete the remaining contract performance obligations. (Refer Note 14, 21, 25 and 48 of the standalone financial statements)	We performed a range of audit procedures, which included: <ul style="list-style-type: none">• assessing the appropriateness of the relevant accounting policy and Company's measurement of the actual effort till date and the total estimated effort to completion of performance obligations.• evaluation of the design and implementation of internal controls over recording of actual effort till date and estimation of effort required to complete the performance obligations.• testing the operating effectiveness of the said internal controls for a selected sample of contracts.• substantive tests on a sample of contracts to identify, if any, significant variations in actual efforts till date and total efforts required to complete the performance obligations and verifying whether those variations have been factored in recognizing revenue for the year.• identifying onerous contracts to record a provision for expected costs to be incurred till completion of the contract.

Sr. No.	Key Audit Matter	Auditor's Response
2	<p>Assessment of the carrying value of billed and unbilled receivables:</p> <p>The appropriate valuation of billed and unbilled receivables is dependent on a number of factors such as age, credit worthiness, and, intent and ability of counterparties to make payment.</p> <p>(Refer Note 11 and 14 of the standalone financial statements)</p>	<p>We performed a range of audit procedures, which included:</p> <ul style="list-style-type: none"> • evaluation of the design and implementation of internal controls over review of valuation of billed and unbilled receivables including estimation of expected credit loss. • testing the operating effectiveness of the said internal controls for selected samples. • scrutinising receivable accounts to confirm management's assessment about recoverability of the receivables, having regards to credit worthiness of the counterparties and the intent of the counterparties to make payment based on passage of time and/or information available with management. • verification of subsequent receipts, post balance sheet date. • evaluation of estimates for provision of Expected Credit Loss in terms of Ind AS 109 on Financial Instruments.
3	<p>Recording sale of unitary products in the appropriate accounting period:</p> <p>Revenue is recognised when performance obligations are satisfied by transferring promised goods to customers. Goods are considered transferred when the customer obtains 'control' of the promised goods. Control is the ability to direct the use of and obtain, substantially all the benefits from the goods.</p> <p>There is a risk of revenue not being recorded in the correct accounting period on account of the ability to establish with certainty the point of time when control has passed.</p> <p>(Refer Note 25 of the standalone financial statements)</p>	<p>We performed a range of audit procedures, which included:</p> <ul style="list-style-type: none"> • assessing the appropriateness of the relevant accounting policy. • evaluation of the design and implementation of internal controls over management's assertion with respect to 'cut-off', to establish that control of promised goods has passed to customers. • testing the operating effectiveness of the said internal controls for selected sample of sales. • substantive tests on a sample of sales to confirm that 'cut-off' has been properly applied, in particular, just before and after close of the accounting period.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Letters from the Directors, Integrated Report, Board's Report, Management Discussion and Analysis, and The Dynamics of Blue Star's Growth (herein after referred to as "other information", but does not include the financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including

other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We have not audited the comparative financial information as at and for the year ended March 31, 2018 included in the accompanying financial statements. The predecessor auditors have expressed an unmodified opinion dated May 14, 2018 on their audit of the comparative financial information. Comparative financial information as at April 01, 2017, included in the balance sheet has been extracted from the financial statements as at March 31, 2017, which were audited by the predecessor auditor who had expressed an unmodified report dated May 09, 2017.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in accordance with generally accepted accounting principles;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

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

Porus Pardiwalla

Partner
(Membership No. 40005)

Place : Mumbai
Date : May 02, 2019

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **BLUE STAR LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Annexure “A” to the Independent Auditor’s Report

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

Porus Pardiwalla

Partner

(Membership No. 40005)

Place : Mumbai

Date : May 02, 2019

Annexure “B” to the Independent Auditor’s Report

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deeds of immovable properties provided to us, we report that, the title deeds comprising all the immovable properties of land and buildings which are freehold and included in property, plant and equipment, are held in the name of the Company as at the balance sheet date. In respect of leasehold land, the lease agreement is in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) As per the information and explanations given to us and the records produced to us for our verification, the Company had granted loans to a joint venture party, which is covered in the register maintained under section 189 of the Companies Act 2013. The loan has a stipulated schedule of repayment of principal and interest amounts and while there is no overdue amount at the balance-sheet date and the terms and conditions of the grant of the loan were, when the loan was given, prima facie, not prejudicial to the Company’s interest. Having regard to the details given in note 8 read with note 31 of the Standalone financial statements, the Company has in its books fully provided the loan amount.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments, and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits outstanding during/as at the year end. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Act are not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

Annexure “B” to the Independent Auditor’s Report

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
Income Tax Act 1961	Income Tax	High Court	FY 1989-90 to FY 1991-92, FY 1995-96, FY 1997-98, FY1999-2000 and FY 2001-02 to FY 2003-04	10.92	4.74
		ITAT	FY 2004-05 to FY 2008-09 and FY 2012-13	35.05	9.15
		CIT(A)	FY 2006-07 to FY 2011-12, FY 2013-14 and FY 2014-15	50.18	38.62
Local Sales Tax Act, Central Sales Tax Act and VAT Act	VAT, CST, Sales Tax, Entry Tax	Supreme Court	FY 2000-01 to FY 2010-11	7.85	5.05
		High Court	FY 1989-90 to FY 1990-91, FY 2006-07 to FY 2007-08 and FY 2010-11 to FY 2012-13	53.13	49.75
		Tribunal and Appellate Board	FY 2000-01 to FY 2003-04 and FY 2006-07 to FY 2012-13	13.29	12.27
		Commissioner Appeals, Commercial Tax Officer and Assessing Officer (CWG)	FY 1990-91 to FY 1992-93, FY 1999-2000 to FY 2017-18	91.48	84.49
Service tax under Finance Act 1994	Service Tax	CESTAT	FY 2002-03 to FY 2013-14	260.29	253.85
		Commissioner (Appeals)	FY 2002-03 to FY 2009-10, and FY 2011-12 to FY 2013-14	22.55	22.55
		High court	FY 2003-04 to FY 2005-06	7.35	7.35
Customs Act, 1962 and Central Excise Act, 1944	Excise Duty and Customs Duty	Supreme Court	FY 1987-88 to FY 1991-92	0.21	0.21
		High Court	FY 1984-85 to FY 1987-88	0.20	0.20
		CESTAT/ Appellate Tribunal	FY 1988-89 to FY 1995-96 and FY 2007-08 to FY 2015-16	6.19	5.19
		Commissioner (Appeals)/ Superintendent	FY 1987-88 to FY 1989-90, and FY 2005-06 to FY 2017-18	5.31	5.23

Footnote: FY means Financial Year

Annexure “B” to the Independent Auditor’s Report

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable Accounting Standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence the provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

Porus Pardiwalla

Partner

(Membership No. 40005)

Place : Mumbai

Date : May 02, 2019

Balance Sheet as at March 31, 2019

(₹ in crores)

		As at March 31		As at April 01, 2017
	Notes	2019	2018	(Refer Note 50)
A ASSETS				
1. Non-Current Assets				
Property, Plant and Equipment	4	256.18	234.80	216.09
Capital Work-in-Progress		30.77	18.38	21.52
Investment Property	5	52.85	56.07	59.49
Intangible Assets	6	50.30	56.12	43.71
Intangible Assets under Development		10.28	6.93	12.09
Financial Assets				
- Investments	7	220.88	220.26	215.08
- Loans	8	21.77	19.98	19.43
- Other Financial Assets	9	3.92	3.96	3.61
Income Tax Assets (Net)		46.50	45.59	37.65
Deferred Tax Assets (Net)	24	77.94	107.41	118.95
Other Non-Current Assets	14	53.05	44.27	37.29
Total Non-Current Assets		824.44	813.77	784.91
2. Current assets				
Inventories	10	857.75	1,002.07	718.21
Financial Assets				
- Loans	8	9.91	12.44	7.43
- Trade Receivables	11	1,015.95	809.55	685.30
- Cash and Cash Equivalents	12	21.79	52.14	74.00
- Other Bank Balances	13	5.62	12.94	4.00
- Other Financial Assets	9	0.67	2.80	1.62
Other Current Assets	14	503.39	487.88	382.12
Assets held for sale	4	0.14	5.22	1.77
Total Current Assets		2,415.22	2,385.04	1,874.45
TOTAL ASSETS		3,239.66	3,198.81	2,659.36
B EQUITY AND LIABILITIES				
1. Equity				
Equity Share Capital	15	19.26	19.20	19.11
Other Equity	16	941.74	929.05	871.32
Total Equity		961.00	948.25	890.43
2. Non-Current Liabilities				
Financial Liabilities				
- Other Financial Liabilities	20	0.05	4.20	0.56
Provisions	22	11.50	12.20	10.77
Government Grants	23	6.45	2.95	3.49
Total Non-Current liabilities		18.00	19.35	14.82
3. Current Liabilities				
Financial Liabilities				
- Borrowings	18	364.42	319.25	149.23
- Trade Payables				
a. Total outstanding dues of Micro Enterprises and Small Enterprises	19	40.06	34.62	33.37
b. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,384.85	1,397.57	1,057.96
- Other Financial Liabilities	20	16.72	8.53	14.94
Provisions	22	76.09	52.16	36.38
Government Grants	23	4.08	0.54	0.65
Other Current Liabilities	21	374.44	418.54	461.58
Total Current liabilities		2,260.66	2,231.21	1,754.11
Total Equity and Liabilities		3,239.66	3,198.81	2,659.36

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

Mumbai : May 02, 2019

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347
DIN: 01790498

Statement of Profit & Loss for the year ended March 31, 2019

(₹ in crores)

	Notes	Year ended March 31	
		2019	2018
Revenue from operations	25	4,783.70	4,312.19
Other Income	26	23.11	16.14
Total Income (I)		4,806.81	4,328.33
Expenses			
Cost of raw materials consumed (including direct project and service cost)	27	2,638.31	2,374.43
Purchase of stock-in-trade	27	790.74	1,060.59
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	166.99	(235.38)
Excise duty		-	9.18
Employee benefits expense	28	372.69	358.77
Depreciation and amortization expense	29	69.18	60.57
Finance costs	31	44.92	22.88
Other expenses	30	517.68	514.25
Total Expenses (II)		4,600.51	4,165.29
Profit before exceptional items and tax (I)-(II)		206.30	163.04
Exceptional items	32	(26.45)	17.85
Profit before Tax		179.85	180.89
Tax Expense			
i) Current tax	24	30.72	40.15
ii) Deferred tax	24	27.34	8.53
Net Profit after tax		121.79	132.21
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		(4.44)	(2.42)
Income tax effect	24	1.55	0.83
Other comprehensive income for the year		(2.89)	(1.59)
Total comprehensive income for the year		118.90	130.62
Earnings per share (Face Value of ₹2 per Share)	33		
Basic (in ₹)		12.66	13.80
Diluted (in ₹)		12.65	13.74

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

Mumbai : May 02, 2019

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347
DIN: 01790498

Statement of Changes in Equity for the year ended March 31, 2019

(A) Equity Share Capital

For the year ended March 31, 2019

(₹ in crores)

Balance as at April 1, 2018	Changes in Equity Share Capital during the year	Balance as at March 31, 2019
19.20	0.06	19.26

For the year ended March 31, 2018

(₹ in crores)

Balance as at April 1, 2017	Changes in Equity Share Capital during the year	Balance as at March 31, 2018
19.11	0.09	19.20

(B) Other Equity

For the year ended March 31, 2019

(₹ in crores)

Particulars	Securities Premium (refer note 16)	Share based Payment Reserve (refer note 16)	Capital Redemption Reserve (refer note 16)	Capital Subsidy from Government (refer note 16)	General Reserve (refer note 16)	Retained Earnings (refer note 16)	Total Other Equity
Balance as at April 1, 2018	197.26	3.13	2.34	0.60	326.05	399.67	929.05
Profit for the year	-	-	-	-	-	121.79	121.79
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	(2.89)	(2.89)
Sub-total	197.26	3.13	2.34	0.60	326.05	518.57	1,047.95
Exercise of Employee Stock Options	12.89	(3.13)	-	-	-	-	9.76
Dividend and Dividend Distribution Tax thereon (Refer note 17)	-	-	-	-	-	(115.97)	(115.97)
Balance as at March 31, 2019	210.15	0.00	2.34	0.60	326.05	402.60	941.74

For the year ended March 31, 2018

(₹ in crores)

Particulars	Securities Premium (refer note 16)	Share based Payment Reserve (refer note 16)	Capital Redemption Reserve (refer note 16)	Capital Subsidy from Government (refer note 16)	General Reserve (refer note 16)	Retained Earnings (refer note 16)	Total Other Equity
Balance as at April 1, 2017	180.46	6.67	2.34	0.60	325.73	355.52	871.32
Profit for the year	-	-	-	-	-	132.21	132.21
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	(1.59)	(1.59)
Sub-total	180.46	6.67	2.34	0.60	325.73	486.14	1,001.94
Exercise of Employee Stock Options	16.80	(3.98)	-	-	-	-	12.82
Employee Stock Option Cost	-	0.76	-	-	-	-	0.76
Dividend and Dividend Distribution Tax thereon (Refer note 17)	-	-	-	-	-	(86.47)	(86.47)
Transfer to General reserve	-	(0.32)	-	-	0.32	-	-
Balance as at March 31, 2018	197.26	3.13	2.34	0.60	326.05	399.67	929.05

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

Mumbai : May 02, 2019

For and on behalf of the Board of Directors of
BLUE STAR LIMITED

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347
DIN: 01790498

Cash Flow Statement for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31	
	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	179.85	180.89
Adjustments to reconcile profit before tax to net cash flows:		
Profit on sale of stake in Blue Star M & E Engineering Sdn Bhd (Joint Venture) to Blue Star International FZCO	-	(12.58)
Provision for financial obligation and impairment of investment in Joint Venture	29.13	-
Profit on sale of office property	(15.18)	(5.27)
Depreciation/amortization	69.18	60.57
Amortisation of Government Grant	(1.36)	(0.65)
Employee stock option expense	-	0.76
Loss on sale of Property, Plant and Equipment	1.60	0.59
Bad debts/advances written off	2.85	1.93
Allowances for doubtful debts and advances	17.89	20.25
Unrealised foreign exchange loss/(gain)	(9.79)	8.33
Fair value (gain)/loss on financial instruments	4.95	(4.39)
Liabilities written back	(15.70)	(41.72)
Finance cost	44.92	22.88
Interest income	(13.14)	(6.43)
Dividend income	-	(0.52)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	295.20	224.64
Increase/(Decrease) in working capital :		
Trade Payables	13.86	377.73
Provisions	3.19	14.78
Other Current Liabilities	(41.26)	(46.14)
Trade receivables	(228.41)	(144.37)
Inventories	144.32	(283.86)
Loans	0.74	(5.56)
Other assets	(7.47)	(121.98)
Cash generated from operations	180.17	15.24
Direct taxes paid (net of refunds)	(27.95)	(44.25)
Net cash flow from/(used in) operating activities (A)	152.22	(29.01)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and equipment, including Capital-Work-in-Progress and capital advances	(100.77)	(85.90)
Proceeds from sale of Property, Plant and Equipment	19.13	5.92
Proceeds from sale of stake in Joint Venture	-	13.08
Loan given to Joint Venture	(4.46)	-
Purchase of investments in Subsidiary	(4.96)	(5.68)
Interest received	13.14	6.43
Balance carried forward	74.30	(95.16)

Cash Flow Statement for the year ended March 31, 2019

(₹ in crores)

	Year ended March 31	
	2019	2018
Balance brought forward	74.30	(95.16)
Dividend received	-	0.52
Net cash flow from/(used in) investing activities (B)	(77.92)	(65.63)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) from Borrowings (net)	15.84	168.89
Inter Corporate Deposit received from a subsidiary	30.00	-
Interest and Bank charges paid	(44.96)	(22.60)
Proceeds from fresh issue of Equity Capital (including Securities Premium)	9.82	12.91
Dividend paid on equity shares (including Dividend Distribution Tax)	(115.35)	(86.42)
Net cash flow from/(used in) in financing activities (C)	(104.65)	72.78
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(30.35)	(21.86)
Cash and cash equivalents at the beginning of the year	52.14	74.00
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21.79	52.14
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on Hand (refer note 12)	0.47	0.56
Balance with Banks		
- Current Account (refer note 12)	21.32	51.58
- Unpaid Dividend (refer note 13)	3.31	2.69
- Balance not available for immediate use (refer note 13)	2.31	10.25
	27.41	65.08
Less:-		
Balance with Banks		
- Unpaid Dividend (refer note 13)	3.31	2.69
- Balance not available for immediate use (refer note 13)	2.31	10.25
	5.62	12.94
TOTAL CASH AND CASH EQUIVALENTS	21.79	52.14

The accompanying notes are an integral part of the financial statements 1 to 50

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Porus Pardiwalla
Partner

Mumbai : May 02, 2019

**For and on behalf of the Board of Directors of
BLUE STAR LIMITED**

Shailesh Haribhakti
B Thiagarajan
Vijay Devadiga
Neeraj Basur

Chairman
Managing Director
Company Secretary
Group Chief Financial Officer

DIN: 00007347
DIN: 01790498

Notes to Financial Statements for the year ended March 31, 2019

1. CORPORATE INFORMATION

Blue Star Limited (the "Company") is a public listed company incorporated in the year 1943. It is primarily engaged in the business of manufacturing and installation of air conditioning units, commercial refrigeration units, water and air purifiers and air coolers. The registered office of the Company is located at Kasturi Buildings, M T Advani Chowk, Jamshedji Tata Road, Churchgate, Mumbai - 400020, Maharashtra.

The financial statements of the Company were approved by its Board of Directors on May 02, 2019.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and presentation

The financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) Critical accounting judgements and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent assets and liabilities and the reported amounts of income and expense for the periods presented.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 34.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is net of trade discounts, rebates and other similar allowances. Revenue excludes indirect taxes which are collected on behalf of Government.

i. Revenue from sale of goods:

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer. Indicators that control has been transferred include, the establishment of the Company's present right to receive payment for the goods sold, transfer of legal title to the customer, transfer of physical possession to the customer, transfer of significant risks and rewards of ownership in the goods to the customer, and the acceptance of the goods by the customer.

ii. Revenue from construction contracts:

Contract revenues are recognised based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Incremental costs of obtaining a contract (such as professional fees, commission paid to acquire the contract) are recognised as assets and amortised over the term of the contract.

Notes to Financial Statements for the year ended March 31, 2019

Contract modifications are accounted for, when additions, deletions or changes are approved either to the contract scope or contract price. Accounting for modifications of a contract involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

iii. Revenue from sale of services:

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on straight line basis over the period of the performance obligation.

iv. Dividend and Interest income:

Dividend income is accounted for when declared and the right to receive the same is established. Interest income is recognised using the effective interest method.

v. Rental income:

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

(d) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, which it is intended to compensate are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(e) Employee benefits

Short term benefits:

Salaries, wages, short-term compensated absences and other short term benefits, accruing to employees are recognised at undiscounted amounts in the period in which the employee renders the related service.

Retirement benefits:

Defined contribution plan: Payments to defined contribution retirement benefit plans are recognised as expense when employees have rendered the service entitling them to the contribution.

Defined benefit plan: The Company makes monthly contributions towards the employees' provident fund which is administered by a trust. In the event of an interest shortfall (between the interest declared by the Government and the interest paid by the fund) the deficiency is made good by the Company, based on an actuarial valuation.

The Company's liability towards gratuity is determined based on the present value of the defined benefit obligation and fair value of plan assets and the net liability or asset is recognised in the balance sheet. The net liability or asset represents the deficit or surplus in the plan (the surplus is limited to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions). The present value of the defined benefit obligation is determined using the projected unit credit method, with actuarial valuations being carried out at each year end. Defined benefit costs are composed of:

- i. service cost - recognised in profit or loss;
- ii. net interest on the net liability or asset - recognised in profit or loss;
- iii. remeasurement of the net liability or asset - recognised in other comprehensive income

Other long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

(f) Share-based payments

Share based payment arrangements: Equity-settled share-based payments to employees of the Company and employees of subsidiary companies are measured at the fair value of the equity instruments at the grant date. Details regarding

Notes to Financial Statements for the year ended March 31, 2019

the determination of the fair value of equity-settled share-based transactions are set out in Note 36. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Company revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(g) Leases

Finance lease

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value of the leased property and the present value of the minimum lease payments, and a corresponding liability of an equivalent amount is recognised. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in profit or loss, unless the lease agreement explicitly states that increase is on account of inflation.

(h) Foreign currencies

The functional currency of the Company is the Indian rupee (₹). Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Foreign currency denominated non-monetary assets and liabilities that are measured at historical cost are not retranslated.

(i) Taxes

Income tax expense comprises current tax expense and the net change during the year, in the deferred tax asset or liability. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or in equity, in which case the related current and deferred tax are also recognised in other comprehensive income or in equity, respectively.

Current and Deferred Taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax assets and tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts.

i. Current income tax

Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii. Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to Financial Statements for the year ended March 31, 2019

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(j) Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company and to assist users of financial statements in making projections of future financial performance.

(k) Property, plant and equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use. When significant components of plant and equipment are replaced separately, the Company depreciates them based on the useful lives of the components. Leasehold land is depreciated on a straight line basis over the period of the lease. All other assets are depreciated to their residual values on written-down value basis over their estimated useful lives. Estimated useful lives of the assets are as follows:

Nature of tangible asset	Useful life (years)
Factory buildings	30
Other buildings	60
Roads	5
Temporary structure	3
Plant & Machinery	15-20
Furniture and fixtures	10
Office equipment	5
Vehicles	8
Computer - Desktop, Laptops	3
Computer - Servers and Networks	6
Leasehold Improvements	6 or the life based on lease period, whichever is lower

Freehold land is not depreciated.

Any gain or loss arising on derecognition/disposal of an asset is included in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

(l) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives of intangible assets are as mentioned below:

Nature of Intangibles asset	Method of amortisation
Software	Written down value of assets over a period of 6 years
Technical Know-how	Straight line basis over a period of 6 years

Research and development costs

Research costs are expensed as incurred. Development expenditure on projects is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention and ability to complete and to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of adequate resources to complete the asset.
- The ability to measure reliably the expenditure incurred during development.

Development expenditure that does not meet the above criteria is expensed as incurred.

During the period of development, the asset is tested for impairment annually.

(m) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates the building component of investment property over 60 years on written down value basis from the date of original purchase, which is as prescribed under the schedule II to the Companies Act, 2013.

Investment properties are derecognised either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss arising on disposal of investment properties is included in profit or loss.

(n) Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss.

(o) Financial instruments

Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised by the Company when it becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument are adjusted to fair value, except where the financial instrument is measured at Fair Value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss.

Financial assets

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Investment in subsidiaries and joint ventures

The Company accounts for its investments in subsidiaries and joint ventures at cost.

Financial liabilities and equity instruments

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

(Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Other financial liabilities

Other financial liabilities (including borrowings, financial guarantee contracts and trade and other payables) are subsequent to initial recognition, measured at amortised cost using the effective interest (EIR) method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net of direct issue cost.

Derivative financial instruments

The Company enters into derivative contracts to hedge foreign currency/price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge item.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(p) Inventories

Inventories including Work-in-Progress (other than construction contracts) are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(q) Provisions and contingencies

Provisions

A provision is recognised when the Company has a present obligation as a result of past event and 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold/project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise being typically upto five years.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is disclosed where an inflow of economic benefits is probable.

(r) Segment reporting

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Segment revenue resulting from transactions with other business segments is accounted for on the basis of the transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

Refer note 34 for Critical Accounting Judgements and Key Sources Of Estimation Uncertainty.

Notes to Financial Statements for the year ended March 31, 2019

4. PROPERTY PLANT & EQUIPMENT

(₹ in crores)

Particulars	Land - Leasehold	Land - Freehold	Buildings	Plant and Equipment	Leasehold Improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Cost										
At April 1, 2017	14.00	8.89	65.04	130.62	4.57	8.41	3.29	9.96	13.65	258.43
Additions	-	6.26	2.33	39.41	1.21	2.42	2.54	6.08	3.22	63.47
Disposals/Transfers	(0.06)	-	(5.41)	(3.27)	-	(0.92)	(2.05)	(2.56)	(0.34)	(14.62)
At March 31, 2018	13.94	15.15	61.96	166.76	5.78	9.91	3.78	13.48	16.53	307.29
At April 1, 2018	13.94	15.15	61.96	166.76	5.78	9.91	3.78	13.48	16.53	307.29
Additions	-	-	4.30	48.11	0.66	6.31	2.13	7.16	7.22	75.89
Disposals	(10.53)	-	(0.21)	(1.19)	-	(1.37)	(0.48)	(1.19)	(0.02)	(14.99)
At March 31, 2019	3.41	15.15	66.05	213.68	6.44	14.85	5.43	19.46	23.73	368.20
Accumulated Depreciation										
At April 1, 2017	-	-	10.82	19.58	0.83	1.32	0.79	1.65	7.35	42.34
Disposals/Transfers	-	-	(1.30)	(2.47)	-	(0.87)	(1.90)	(2.00)	(0.34)	(8.88)
Provided during the year	0.30	-	4.89	20.91	0.70	2.14	1.68	3.59	4.82	39.03
At March 31, 2018	0.30	-	14.41	38.02	1.53	2.59	0.57	3.24	11.83	72.49
At April 1, 2018	0.30	-	14.41	38.02	1.53	2.59	0.57	3.24	11.83	72.49
Disposals/Transfers	(0.38)	-	(0.14)	(1.06)	-	(1.15)	(0.38)	(0.72)	(0.01)	(3.84)
Provided during the year	0.15	-	4.69	25.39	0.80	2.56	1.94	3.95	3.89	43.37
At March 31, 2019	0.07	-	18.96	62.35	2.33	4.00	2.13	6.47	15.71	112.02
Net Book Value										
At March 31, 2019	3.34	15.15	47.09	151.33	4.11	10.85	3.30	12.99	8.02	256.18
At March 31, 2018	13.64	15.15	47.55	128.74	4.25	7.32	3.21	10.24	4.70	234.80

Asset Held for Sale

	As at March 31	
	2019	2018
Asset held for Sale - Plant and Equipment	5.22	1.77
Addition	-	3.72
Disposal/reclassified to Property, Plant and Equipment	(3.72)	(0.27)
Less: Impairment Allowance	(1.36)	-
Asset held for Sale - Plant and Equipment	0.14	5.22

Notes to Financial Statements for the year ended March 31, 2019

5. INVESTMENT PROPERTY

(₹ in crores)

Cost	
At April 1, 2017	66.78
Additions	-
At March 31, 2018	66.78
Additions	-
At March 31, 2019	66.78
Depreciation	
At April 1, 2017	7.29
Additions	3.42
At March 31, 2018	10.71
Additions	3.22
At March 31, 2019	13.93
Net Book Value	
At March 31, 2019	52.85
At March 31, 2018	56.07
Fair Value *	
At March 31, 2019	66.04
At March 31, 2018	67.41

* Valuation is based on fair value assessment done by accredited independent valuer.

(₹ in crores)

Information regarding Income and Expenditure of Investment Property

	As at March 31	
	2019	2018
Rental income derived from investment property	6.02	5.36
Direct operating expenses (including repairs and maintenance) associated with investment properties	(0.74)	(0.91)
Profit arising from investment property before depreciation and indirect expenses	5.28	4.45
Less - Depreciation	(3.22)	(3.42)
Profit arising from investment property before indirect expenses	2.06	1.03

The Company has no restrictions on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or has any plans for major repairs, maintenance and enhancements.

Notes to Financial Statements for the year ended March 31, 2019

6. INTANGIBLE ASSETS

(₹ in crores)

	Technical Knowhow	Software	Total
Cost			
At April 1, 2017	36.76	27.18	63.94
Additions	13.73	16.79	30.52
Disposals	-	(0.01)	(0.01)
At March 31, 2018	50.49	43.96	94.45
At April 1, 2018	50.49	43.96	94.45
Additions	0.67	16.11	16.78
Disposals	-	(0.04)	(0.04)
At March 31, 2019	51.16	60.03	111.19
Amortisation			
At April 1, 2017	11.64	8.58	20.22
Disposals	-	(0.01)	(0.01)
Provided during the year	7.32	10.80	18.12
At March 31, 2018	18.96	19.37	38.33
At April 1, 2018	18.96	19.37	38.33
Disposals	-	(0.03)	(0.03)
Provided during the year	7.97	14.62	22.59
At March 31, 2019	26.93	33.96	60.89
Net Book Value			
At March 31, 2019	24.23	26.07	50.30
At March 31, 2018	31.53	24.59	56.12

7. INVESTMENTS

(₹ in crores)

	As at March 31	
	2019	2018
I. Non Current Investments		
Investments at Cost		
Investment in Equity Instruments		
<i>Unquoted equity instruments</i>		
Investment in Subsidiaries		
5,29,25,052 (31 March 2018 : 5,29,25,052) Fully Paid Equity Shares of ₹2 each in Blue Star Engineering & Electronics Ltd (erstwhile Blue Star Electro Mechanical Ltd)	210.89	210.89
49 (31 March 2018 : 49) Fully Paid Equity shares of QR 2000 each in Blue Star Qatar (WLL)	0.12	0.12
5,350 (31 March, 2018: 2,800) Fully Paid Equity Shares of AED 1000 each in Blue Star International FZCO	9.87	4.91
Investment in Joint Ventures		
255,000 (31 March 2018 : 255,000) Fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co LLC	4.34	4.34
Less: Impairment (Refer Note 22)	(4.34)	-
Non-Current Investments	220.88	220.26
Aggregate Value of unquoted investments	220.88	220.26

Notes to Financial Statements for the year ended March 31, 2019

8. LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in crores)

	Non-current		Current	
	31-March-19	31-March-18	31-March-19	31-March-18
Security Deposits	17.15	14.91	8.55	10.95
Less: Allowance for Doubtful Deposits	-	-	(0.96)	(0.96)
Loans to Employees	4.62	5.07	2.32	2.45
Loan to Joint Venture (Related Party - Refer Note 22)	4.46	-	-	-
Less: Allowance for Doubtful Loan	(4.46)	-	-	-
Total Loans	21.77	19.98	9.91	12.44

9. OTHER FINANCIAL ASSETS

(₹ in crores)

	Non-current		Current	
	31-March-19	31-March-18	31-March-19	31-March-18
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts	-	-	-	1.28
Non-current Bank Balances (including Accrued Interest thereon)*	3.92	3.96	-	-
Financial Guarantee Commission Receivable from a Subsidiary (Related Party - Refer Note 38)	-	-	0.67	1.52
Total Other Financial Assets	3.92	3.96	0.67	2.80

*Margin money deposits with a carrying amount of ₹3.92 crores (March 31, 2018 : ₹3.96 crores are subject to a first charge as security deposit with customers).

10. INVENTORIES

(₹ in crores)

(Valued at lower of cost and net realisable value)	As at March 31	
	2019	2018
Raw materials & components (includes in transit: ₹67.33 crores (March 31, 2018: ₹70.55 crores))	204.02	179.25
Work-in-progress	47.09	43.19
Finished goods	236.61	217.89
Stock-in-trade (includes in transit: ₹17.30 crores (March 31, 2018: ₹70.40 crores))	316.33	505.94
Stores and Spares	53.70	55.80
	857.75	1,002.07

The above inventory values are net of provisions made of ₹3.44 crores (March 31, 2018 : ₹3.66 crores) for slow moving, obsolete and defective inventory.

Notes to Financial Statements for the year ended March 31, 2019

11. TRADE RECEIVABLES

(₹ in crores)

	Current	
	31-Mar-19	31-Mar-18
Trade Receivables considered good - Unsecured	1,015.95	809.55
Trade Receivables which have significant increase in credit risk	36.66	32.16
Trade Receivables - Credit impaired	53.12	82.62
	1,105.73	924.33
Less: Allowance for Doubtful Debts	89.78	114.78
Total Trade receivables	1,015.95	809.55

The movement for allowance for doubtful debts during the year in respect of trade receivables containing significant credit risk are as follows:

(₹ in crores)

Particulars	As at March 31	
	2019	2018
Opening Balances as on 1st April	114.78	136.72
Impairment loss recognised	13.40	19.52
Less: Allowances provided earlier written off as bad debts	(38.40)	(41.46)
Closing Balances as on 31st March	89.78	114.78

12. CASH AND CASH EQUIVALENT

(₹ in crores)

	As at March 31	
	2019	2018
Cash and cash equivalent		
<i>Balances with banks:</i>		
– On current accounts	21.32	51.58
Cash on hand	0.47	0.56
	21.79	52.14

13. OTHER BANK BALANCES

(₹ in crores)

	As at March 31	
	2019	2018
Other Bank Balances		
– Unpaid dividend*	3.31	2.69
– Cash & Bank balance not available for immediate use	2.31	10.25
	5.62	12.94

*The Company can utilise these balances only towards settlement of unclaimed dividend and fractional shares.

Notes to Financial Statements for the year ended March 31, 2019

14. OTHER ASSETS

(₹ in crores)

	Non-current		Current	
	31-March-19	31-March-18	31-March-19	31-March-18
Contract Assets	-	-	351.66	297.91
Less: Allowance for doubtful contract assets	-	-	(19.55)	(15.05)
Net Contract Assets	-	-	332.11	282.86
Retention	-	-	28.39	30.08
Capital Advances	13.93	10.27	-	-
Balances with Statutory Authorities	38.65	33.47	80.70	89.87
Gratuity paid in advance (Refer Note 35)	-	-	-	2.85
Vendor Advances	-	-	33.93	60.51
Prepaid Expenses	0.47	0.53	24.59	21.71
Government Grant Receivable	-	-	3.67	-
	53.05	44.27	503.39	487.88

The movement for allowance for doubtful contract assets during the year are as follows:

(₹ in crores)

	As at March 31	
	2019	2018
Opening Balances as on 1st April	15.05	14.31
Impairment loss recognised	4.50	0.74
Amounts written back	-	-
Closing Balances as on 31st March	19.55	15.05

Breakup of total financial assets carried at amortised cost:

(₹ in crores)

	As at March 31	
	2019	2018
Trade receivables (refer note 11)	1,015.95	809.55
Cash & bank balances (refer note 12 & 13)	27.41	65.08
Loans (refer note 8)	31.68	32.42
Other financial assets (refer note 9)	4.59	6.76
Total financial assets carried at amortised cost	1,079.63	913.81

15. EQUITY SHARE CAPITAL

Authorised Share Capital	7.8% Cumulative Convertible Preference Shares of ₹100 each		Equity Shares of ₹2 each		Unclassified Shares of ₹100 each		Cumulative Compulsorily Convertible Preference Shares of ₹10 each	
	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2017	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2018	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2019	10,000	0.10	283,600,000	56.72	16,000	0.16	520,000	0.52

Terms/Rights attached to Equity Shares

The Company has one class of Equity Shares having par value of ₹2 per share. Each share holder 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 approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion of number of equity shares held by the shareholders.

Terms/Rights attached to 7.8 % Cumulative Convertible Preference Shares and Cumulative Compulsorily Convertible Preference Shares

Each convertible preference share is convertible at the option of the shareholders into Equity shares.

The preference shares shall rank for the dividend in priority to the shares of the company in the event of increase in share capital or winding up of the Company up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

Issued Share Capital

Equity Shares of ₹2 each issued, subscribed & fully paid up	No.	₹ Crores
At April 1, 2017	95,570,388	19.11
Issue of Share Capital - Employee Share Options Exercised	429,400	0.09
At March 31, 2018	95,999,788	19.20
Issue of Share Capital - Employee Share Options Exercised	314,100	0.06
At March 31, 2019	96,313,888	19.26

Notes to Financial Statements for the year ended March 31, 2019

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

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	Numbers	% holding in the class	Numbers	% holding in the class
Vistra ITCL (India) Limited	11,955,601	12.41%	11,955,601	12.45%
IL&FS Trust Company Limited	7,719,930	8.02%	7,719,930	8.04%
Suneel Mohan Advani	6,116,496	6.35%	5,626,827	5.86%
Aditya Birla Sunlife Trustee Pvt Limited	4,625,730	4.80%	5,076,493	5.29%
HDFC Trustee Company Limited	4,020,495	4.17%	5,276,678	5.50%

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

(₹ in crores)

	March 31				
	2019	2018	2017	2016	2015
53,91,383 equity shares of ₹2 each of the company issued to the shareholders of Blue Star Infotech Ltd (BSIL) as per the approved Scheme of merger of BSIL and BSIBIA with the Company, vide High Court Order dated April 16, 2016	-	-	-	1.08	-

Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company (refer note 36).

16. OTHER EQUITY

Securities Premium - Where the Company issues shares at a premium, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Company may use this reserve for the purpose allowed under Section 52 of the Companies Act, 2013.

Share Based Payment Reserve - The Company has an employee share option scheme under which options to subscribe for the Company's shares have been granted to certain employees and directors. The share-based payment reserve is used to recognize the value of equity-settled share-based payments as part of their remuneration. Refer to Note 36 for further details of the scheme.

Capital Redemption Reserve - Capital Redemption Reserve was created in an earlier year for buy-back of shares.

Capital Subsidy Received from Government - Subsidy is an assistance given by the government for investment in capital assets. The subsidy is recognised when the requirements established for receiving subsidy are met. Subsidy was received towards factory setup in the state of Himachal Pradesh during the year ended March 31, 2009 and March 31, 2013.

General Reserve - General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to statement of profit or loss. The Company can use this reserve for payment of dividend and issue of bonus shares.

Also Refer Statement of changes in Equity.

Notes to Financial Statements for the year ended March 31, 2019

17. DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

	As at March 31	
	2019	2018
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2018 : ₹10 per share (March 31, 2017: ₹7.50 per share)	96.20	71.82
Dividend Distribution tax on final Dividend	19.77	14.65
	115.97	86.47

The Directors have recommended for the year ended March 31, 2019, a dividend of ₹10 per equity share of ₹2 each. (FY 2017-18 ₹8.50 per equity share plus special dividend of ₹1.50 per equity share to commemorate the Company's Platinum Jubilee). Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting.

18. BORROWINGS

(₹ in crores)

	As at March 31	
	2019	2018
Short term borrowings		
Unsecured - at amortised cost		
Working Capital Demand Loan from banks (Note a)	20.00	50.00
Buyers' credit from banks (Note c)	-	9.91
Commercial papers		
- from Banks (Note d)	-	49.90
- from others (Note d)	148.70	74.33
Inter Corporate Deposit Received from a Subsidiary (Related Party - Refer Note 38)	30.00	-
Secured - at amortised cost		
Packing Credit Loan from banks (Note a & b)	50.50	38.00
Cash Credit/Bank overdrafts (Note a & b)	115.22	55.35
Buyers' Credit from Banks (Note b & c)	-	41.76
Total current borrowings	364.42	319.25
Aggregate Secured Loans	165.72	135.11
Aggregate Unsecured Loans	198.70	184.14
Total current borrowings	364.42	319.25

- Outstanding loans carry an average interest rate of 5.20% - 9.75% p.a. (March 31, 2018 : 4.80% - 8.90% p.a.).
- Outstanding loans is secured by hypothecation of stock-in-trade and trade receivables.
- Buyers' credit are availed against imports dues and are repayable within a maximum tenure of 360 days from the date of shipment. Interest Rate N.A. (March 31, 2018 : Libor plus 0.55%).
- Commercial papers carry an average interest rate of 7.60% p.a. for the current year (March 31, 2018 : 6.58% p.a.). These are repayable within 30 days to 61 days from the date of drawdown.

Notes to Financial Statements for the year ended March 31, 2019

19. DISCLOSURE AS PER SECTION 22 OF MSME ACT

(₹ in crores)

	As at March 31	
	2019	2018
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	38.13	32.81
(ii) Interest due on above	0.12	0.32
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c) 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).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.93	1.81
(e) 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 Act, 2006	1.93	1.81
	40.06	34.62

The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small Enterprises' on the basis of information available with the Company.

20. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts (Refer note a below)	-	-	3.66	-
Financial liabilities at amortised cost				
Other deposits	-	3.32	6.70	3.34
Financial guarantee contracts	0.05	0.88	0.73	0.94
Interest accrued but not due on borrowings	-	-	0.25	0.29
Total other financial liabilities at amortised cost	0.05	4.20	7.68	4.57
Unpaid Dividend	-	-	3.31	2.69
Creditors - capital expenditure	-	-	2.07	1.27
Total other financial liabilities	0.05	4.20	16.72	8.53

a) Foreign exchange forward contracts

The Company enters into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of buyers credit and trade payables. The Company has also entered into commodity hedging contract with the intention of reducing the price fluctuation risk. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Notes to Financial Statements for the year ended March 31, 2019

Break up of financial liabilities carried at amortised cost

(₹ in crores)

	As at March 31	
	2019	2018
Borrowings (refer note 18)	364.42	319.25
Trade Payables	1,424.91	1,432.19
Other deposits (refer note 20)	6.70	6.66
Financial Guarantee Contracts (refer note 20)	0.78	1.82
Unpaid dividend (refer note 20)	3.31	2.69
Creditors-capital Expenditure	2.07	1.27
Interest accrued but not due on borrowings (refer note 20)	0.25	0.29
Total financial liabilities carried at amortised cost	1,802.44	1,764.17

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60 day terms.

Other payables are non-interest bearing and have an average term of 3 months.

Interest payable is normally settled quarterly throughout the financial year.

For terms and conditions with related parties, refer Note 38.

For explanations on the Company's credit risk management processes, refer Note 42.

21. OTHER CURRENT LIABILITIES

(₹ in crores)

	As at March 31	
	2019	2018
Contract liabilities from construction contracts	39.13	28.93
Contract liabilities from annual maintenance contract services	56.12	48.20
Advances from customers	238.82	276.99
Dues to Statutory bodies	23.19	46.72
Others	17.18	17.70
Total Other Liabilities	374.44	418.54

22. PROVISIONS

(₹ in crores)

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Provision for employee benefits				
Provision for Gratuity (refer note 35)	-	-	0.43	-
Compensated absences	-	-	17.85	17.72
Additional Gratuity (refer note 35)	0.35	0.28	-	-
	0.35	0.28	18.28	17.72
Other provisions				
Provision for customer warranties	11.15	11.92	11.78	9.29
Provision for foreseeable loss	-	-	1.83	2.78
Provision for Obligation towards guarantee given*	-	-	20.33	-
Other provisions	-	-	23.87	22.38
	11.15	11.92	57.81	34.44
Total	11.50	12.20	76.09	52.16

* In view of the ongoing losses of its Joint venture in Oman (Blue Star Oman Electro-Mechanical Co LLC), the company is considering options for exit from the venture and has therefore made provision for its known financial obligations and committed financial involvement in the venture.

Notes to Financial Statements for the year ended March 31, 2019

(₹ in crores)

Provision for warranties	As at March 31
	2019
At the beginning of the year	21.21
Add:- Additional provisions made during the year	19.85
Less:- Amount used during the year	16.07
Less:- Effect of change in provision on account of discounting during the year	2.06
At the end of the year	22.93
Current portion	11.78
Non-current portion	11.15

Forseeable Loss

A provision for forseeable loss on contract with customers is recognised when it is probable that the contract cost will exceed the total contract revenue or when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

(₹ in crores)

Other Provisions	As at March 31
	2019
At the beginning of the year	22.38
Add:- Additional provisions made during the year	1.49
At the end of the year	23.87

23. GOVERNMENT GRANTS

(₹ in crores)

	As at March 31	
	2019	2018
At 1st April	3.49	4.14
Additions during the year	8.40	-
Amortised during the year	(1.36)	(0.65)
At 31st March	10.53	3.49
Current	4.08	0.54
Non-Current	6.45	2.95

Government grants are towards the purchase of certain items of property, plant and equipment.

24. INCOME TAX

Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes for March 31, 2019 and March 31, 2018 is summarised below:

(₹ in crores)

	Year Ended March 31	
	2019	2018
Accounting profit before tax	179.85	180.89
Other Comprehensive Income before tax	(4.44)	(2.42)
Total	175.41	178.47
Enacted tax rates in India	34.94%	34.61%
Computed expected tax expense	61.30	61.77
Expenses not allowed for tax purpose	12.79	2.19
Additional allowances for tax purpose	(15.50)	(14.44)
Others	(2.08)	(1.67)
At the effective income tax rate of 31.42% (31st March, 2018: 26.45%)	56.51	47.85
Income tax expense reported in the statement of profit and loss	58.06	48.68
Income tax effect on other comprehensive income	(1.55)	(0.83)
	56.51	47.85

Notes to Financial Statements for the year ended March 31, 2019

Deferred tax Assets (Net)

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended March 31, 2019 and March 31, 2018 is as follows:

(₹ in crores)

	Balance Sheet		Profit or loss	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Allowance for doubtful financial assets	38.22	45.40	(7.18)	(7.33)
Provisions allowed on payment basis	8.67	8.49	0.18	0.28
Accelerated Depreciation for tax purposes	(23.64)	(24.47)	0.83	(1.81)
Others	1.28	22.45	(21.17)	0.33
Total (excluding MAT credit entitlement)	24.53	51.87	(27.34)	(8.53)
MAT Credit Entitlement	53.41	55.54	-	-
Total	77.94	107.41	(27.34)	(8.53)

Reflected in the balance sheet as follows

(₹ in crores)

	As at March 31	
	2019	2018
Deferred tax assets	101.58	131.88
Deferred tax liabilities	23.64	24.47
Deferred tax Assets, net	77.94	107.41

Reconciliation of deferred tax assets (net):

(₹ in crores)

	As at March 31	
	2019	2018
Opening balance of deferred tax assets	107.41	118.99
Tax expense during the period recognised in Profit or Loss	(27.34)	(8.53)
Utilization of MAT Credit	(2.13)	(3.05)
Closing balance as at 31st March	77.94	107.41

25. REVENUE FROM OPERATIONS

(₹ in crores)

	Year Ended March 31	
	2019	2018
Revenue from operations		
Sale of products	3,204.42	2,966.68
Revenue from construction contracts	1,106.71	889.39
Sale of services	446.84	406.57
Other operating revenue		
Provisions and liabilities no longer required	15.70	41.72
Shared service recovery	1.32	1.34
Others	8.71	6.49
Total revenue from operations	4,783.70	4,312.19

Notes to Financial Statements for the year ended March 31, 2019

26. OTHER INCOME

(₹ in crores)

	Year Ended March 31	
	2019	2018
Interest income on		
Bank deposits	0.39	0.26
Others	12.75	6.17
Dividend income on current investments	-	0.52
Rental Income	6.02	5.57
Others	3.95	3.62
Total	23.11	16.14

27. COST OF RAW MATERIALS CONSUMED (INCLUDING DIRECT PROJECT AND SERVICE COST)

(₹ in crores)

	Year Ended March 31	
	2019	2018
Cost of material consumed	1,393.71	1,382.40
Project cost (including bought outs)	989.10	757.02
AMC Subcontracting Cost	255.50	235.01
Total Cost of Raw Material and Components Consumed and Project related cost	2,638.31	2,374.43
Purchase of stock-in-trade	790.74	1,060.59
Inventories at the end of the year		
Traded goods	316.33	505.94
Work-in-progress	47.09	43.19
Finished goods	236.61	217.89
	600.03	767.02
Inventories at the beginning of the year		
Traded goods	505.94	299.76
Work-in-progress	43.19	38.55
Finished goods	217.89	193.33
	767.02	531.64
(Increase)/Decrease in inventories	166.99	(235.38)

28. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

	Year Ended March 31	
	2019	2018
Salaries, wages and bonus	331.12	317.64
Share based Payment (refer note 36)	-	0.76
Contribution to provident and other funds	12.08	11.76
Gratuity expense (refer note 35)	3.05	2.57
Staff welfare expenses	26.44	26.04
	372.69	358.77

Notes to Financial Statements for the year ended March 31, 2019

29. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in crores)

	Year Ended March 31	
	2019	2018
Depreciation on Property, Plant and Equipment (refer note 4)	43.37	39.03
Amortization expenses on Intangible Assets (refer note 6)	22.59	18.12
Depreciation on Investment Property (refer note 5)	3.22	3.42
	69.18	60.57

30. OTHER EXPENSES

(₹ in crores)

	Year Ended March 31	
	2019	2018
Stores and spares consumed	14.14	15.90
Power and fuel	17.13	17.20
Rent	75.73	61.99
Repairs and maintenance		
Buildings	5.12	8.93
Plant and machinery	4.30	3.40
Others	12.47	11.82
Insurance	1.87	1.87
Rates and taxes	1.35	0.98
Advertising expenses	52.93	59.70
Sales promotion expenses	41.86	57.68
Freight and forwarding charges	83.65	72.70
Legal and professional fees	49.79	41.66
Travelling and conveyance	43.17	40.63
Commission and Sales Incentives	25.24	29.03
Warranty Cost	21.94	19.36
Printing and stationery	3.84	3.81
Payment to auditors (Refer details A below)	1.09	1.39
Corporate social responsibility expenses (Refer details B below)	3.12	2.20
Donations	0.45	0.39
Loss on sale of Property, Plant and Equipment	1.60	0.59
Foreign Exchange differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	3.92	-
Bad debts/advances written off	41.25	
Less:- Allowance for doubtful debts	(38.40)	1.93
Allowances for doubtful debts and advances	17.89	20.25
Miscellaneous expenses	32.23	40.84
	517.68	514.25

Notes to Financial Statements for the year ended March 31, 2019

A. Payment to auditors

(₹ in crores)

	Year Ended March 31	
	2019	2018
As auditor:		
Audit fee	0.71	0.90
Limited review	0.21	0.26
Tax Audit	0.07	-
In other capacity		
Other services	0.05	0.19
Reimbursement of expenses	0.05	0.04
	1.09	1.39

B. Corporate social responsibility expenses

(₹ in crores)

	Year Ended March 31	
	2019	2018
(i) Gross amount required to be spent by the Company during the year	2.66	2.11
(ii) Amount spent during the year	3.12	2.20

31. FINANCE COSTS

(₹ in crores)

	Year Ended March 31	
	2019	2018
Interest	37.96	18.05
Bank charges	6.59	4.15
Foreign Exchange Differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	0.37	0.68
	44.92	22.88

32. EXCEPTIONAL ITEMS

(₹ in crores)

	Year Ended March 31	
	2019	2018
A) Exceptional Income		
Profit on sale of stake in Blue Star M & E Engineering Sdn Bhd (Joint Venture) to Blue Star International FZCO*	-	12.58
Profit on sale of Property, plant and Equipment	15.18	5.27
	15.18	17.85
B. Exceptional expenses		
Platinum Jubilee Expense**	12.50	-
Provision for financial obligation and impairment of investment in Joint Venture***	29.13	-
	41.63	-
Exceptional Items (Net)	(26.45)	17.85

* As a part of group restructuring, during the year ended March 31, 2018, the Company sold its stake in joint venture, Blue Star M & E Engineering Sdn Bhd. to its wholly owned subsidiary, Blue Star International FZCO at a profit of ₹12.58 crores.

** The Company commenced its Platinum Jubilee year on September 27, 2018. To mark the momentous milestone the Company will, through the year, hold various events and programmes, run special media campaigns and print special publications. Owing to singular frequency of costs related to the milestone, such costs are regarded as exceptional.

*** In view of the ongoing losses of its Joint Venture in Oman (Blue Star Oman Electro-Mechanical Co LLC), the Company is considering options for exit from the venture. The Company has on April 09, 2019 filed a petition for liquidation of the venture before the appropriate jurisdictional court in Oman. The Company has therefore made provision for its known financial obligations and committed financial involvement in the venture.

Notes to Financial Statements for the year ended March 31, 2019

33. EARNING PER SHARES (EPS)

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

(₹ in crores)

	Year Ended March 31	
	2019	2018
Profit attributable to equity holders of the company for basic earnings	121.79	132.21
Weighted average number of Equity shares for basic EPS (a)	9.60	9.56
ESOP issued during the year (b)	0.02	0.02
Total number of Shares (a+b)	9.62	9.58
Effect of dilutions		
Shares Options	-	0.03
Weighted average number of Equity shares adjusted for the effect of dilutions *	9.62	9.61

* The weighted average number of shares takes into account the weighted average effect of changes in equity share transactions during the year.

34. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires Management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on the Company's historical experience, existing market conditions, as well as forward looking estimates including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected cost of completion of contracts

For the purpose of arriving at Revenue from construction contracts, the Company's Management estimates the cost to completion for each project. Management systematically reviews future projected costs and compares the aggregate of costs incurred to date and future costs projections against budgets, on the basis of which, proportionate revenue (or anticipated losses), if any, are recognised.

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Company. This requires exercise of judgement by management, based on prior experience, the contract terms, manner and terms of settlement, etc.

Rebates and discounts

The Company provides rebates and discounts to its dealers and channel partners based on an expectation of volumes to be achieved and parameters such as exclusivity in marketing the products of the Company, quality of showroom among other parameters. This involves a certain degree of estimation of whether all the parameters to provide discounts have been achieved. Provision for discount and rebates is based on the Company's past experience of volumes achieved vis-à-vis targets and expected volumes to be achieved for the year.

Warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once a year. The lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

Employee benefit plans

The present value of defined benefit obligations is determined on an actuarial basis using a number of underlying assumptions, including the discount rate and expected increase in salary costs. Any changes in these assumptions will impact the carrying amount of obligations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Impairment of financial assets

The impairment provision for financial assets (other than trade receivables) are based on assumptions of risk of default and expected loss rates. The Company makes judgements about these assumptions for selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts which are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

Income Taxes

Provision of current and deferred tax liabilities is dependent on Management estimate of the allowability or otherwise of expenses incurred and other debits to profit or loss. Deferred tax assets (including MAT recoverable) are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Notes to Financial Statements for the year ended March 31, 2019

35. EMPLOYEE BENEFITS DISCLOSURE

I. Defined Benefit Plans

a. Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company contributes all ascertained liabilities to the Gratuity Fund Trust (the Trust).

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the profit or loss. The Company expects to contribute ₹3.6 crore to gratuity fund in 2019-20 (FY 2018-19 - ₹6.00 crore).

Change in present value of defined benefit obligation

(₹ in crores)

	Gratuity		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Defined benefit obligation at the beginning of the year	28.97	24.52	0.28	0.24
Current service cost	3.23	2.68	0.02	0.02
Interest cost	2.20	1.77	0.02	0.02
Benefits paid	(4.00)	(3.42)	(0.02)	(0.02)
Remeasurements			-	-
a. Due to change in Demographic assumptions	-	3.14	-	0.03
b. Due to change in financial assumptions	0.53	(0.40)	0.01	-
c. Due to experience adjustments	3.85	0.68	0.04	(0.01)
Defined benefit obligation at the end of the year	34.78	28.97	0.35	0.28

Change in fair value of plan assets

(₹ in crores)

	Gratuity		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Fair value of plan assets at the beginning of the year	31.82	25.25	-	-
Expected return on Plan assets	2.42	1.92	-	-
Contribution	4.12	7.05	-	-
Benefits paid	(4.00)	(3.42)	-	-
Return on Assets	(0.01)	1.02	-	-
Fair value of plan assets at the end	34.35	31.82	-	-

Components of defined benefit cost recognised in Profit or Loss

(₹ in crores)

	Gratuity		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Current service cost	3.23	2.68	0.02	0.02
Interest Cost	2.20	1.77	0.02	0.02
Expected return on plan assets	(2.42)	(1.92)	-	-
Defined benefit cost recognised in Profit or Loss	3.01	2.53	0.04	0.04

Notes to Financial Statements for the year ended March 31, 2019

(₹ in crores)

	Gratuity		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Components of defined benefit cost recognised in Other Comprehensive Income				
a. Due to change in demographic assumptions	-	3.14	-	0.03
b. Due to change in financial assumptions	0.53	(0.40)	0.01	-
c. Due to change in experience adjustments	3.85	0.68	0.04	(0.01)
d. (Return) on plan assets (excl. interest income)	0.01	(1.02)	-	-
Remeasurements recognised in other comprehensive income (OCI)	4.39	2.40	0.05	0.02

Net Liability/(Assets) recognised in the Balance Sheet

(₹ in crores)

	Gratuity		Additional Gratuity	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Present Value of Defined benefit obligation	34.78	28.97	0.35	0.28
Fair value of plan assets	34.35	31.82	-	-
Net Liability/(Assets)	0.43	(2.85)	0.35	0.28

The major categories of plan assets are as follows:

(₹ in crores)

	As at March 31	
	2019	2018
Cash and cash equivalents	1.13	0.63
Insurance company products	11.22	11.66
Others	22.00	19.53
Total	34.35	31.82

The principal assumptions used in determining Gratuity and Additional Gratuity for the Company's plan are as shown below:

Actuarial Assumptions

	As at March 31	
	2019	2018
Discount Rate	7.30%	7.60%
Disability Rate	5% of IALM-2006-08	5% of IALM-2006-08
Normal Retirement Age	65 years for Directors and 60 for others	65 years for Directors and 60 for others
Mortality Rate	100% of IALM-2006-08	100% of IALM-2006-08
Salary escalation rate (Directors-Management-staff)	10%,7%,3%	10%,7%,3%
Attrition Rate	14% throughout	14% throughout

Notes to Financial Statements for the year ended March 31, 2019

A quantitative sensitivity analysis for significant assumptions as at March 31, 2019 is shown as below:

(₹ in crores)

Assumptions	As at March 31	
	Decrease	Increase
Discount Rate (-/+ 0.5%)	35.72	33.90
(% change Compared to base due to sensitivity)	2.70%	-2.50%
Salary Growth Rate (-/+ 0.5%)	33.89	35.72
(% change Compared to base due to sensitivity)	-2.60%	2.70%
Attrition Rate (-/+ 1% of attrition rates)	34.78	34.79
(% change Compared to base due to sensitivity)	0.00%	0.00%
Mortality Rate (-/+ 10% of mortality rates)	34.78	34.79
(% change Compared to base due to sensitivity)	0.00%	0.00%

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2018-19.

The average duration of the defined benefit plan obligation at the end of the reporting year 2018-19 is 6 years.

b. Provident Fund

Eligible employees of the Company receive benefits from provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. 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.

The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2019. The Company's contribution to the Employee's Provident fund aggregates to ₹6.27 crores (March 2018 : ₹5.84 crores).

The Supreme Court in a recent judgement has held that provident fund contributions are payable on basic wage, dearness allowances and all other monthly allowances, which are universally, necessarily and ordinarily paid to all the employees in the establishment of the Board. There are numerous interpretative issues relating to the judgement and the matter remains sub judice. As a matter of caution, the Company has made for an estimated amount, provision on a prospective basis.

36. SHARE BASED PAYMENTS

The Company provides share-based payment benefit to its employees. During the year ended March 31, 2019, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

On January 18, 2013, the Board of Directors approved the Equity Settled ESOP Scheme 2013 (ESOS 2013) for issue of stock options to key employees and directors of the company. The Scheme was also approved by the Shareholders of the Company by a special resolution passed by postal ballot dated March 07, 2013. According to the Scheme 2013, the employees selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 1 to 5 years.

The exercise price of the share options under the current grants is equal to the market price of the underlying shares on the date of grant. The fair value of the share options is estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the share options were granted.

Notes to Financial Statements for the year ended March 31, 2019

a) Employee Stock Option Scheme

	2018 -19						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
No of Options (Refer Note b)	-	-	-	-	-	-	-
Method of Accounting	Fair Value						
Vesting period (in years)	3	2	2	2	1	1	1
Exercise period (in years) (from date of vesting)	5	5	5	2	1	1	1
Grant Date	06 June 2014	13 Feb 2015	29 May 2015	07 August 2015	28 January 2016	07 March 2016	01 April 2016
Expected life (in years)	5	5	5	5	5	5	5
Exercise price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Market price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Vesting conditions	Based on the performance ratings						
Method of Settlement	Equity						

	2017 -18						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
No of Options (Refer Note b)	205,650	23,300	24,000	-	26,350	-	34,800
Method of Accounting	Fair Value						
Vesting period (in years)	3	2	2	2	1	1	1
Exercise period (in years) (from date of vesting)	5	5	5	2	1	1	1
Grant Date	06 June 2014	13 Feb 2015	29 May 2015	07 August 2015	28 January 2016	07 March 2016	01 April 2016
Expected life (in years)	5	5	5	5	5	5	5
Exercise price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Market price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Vesting conditions	Based on the performance ratings						
Method of Settlement	Equity						

Notes to Financial Statements for the year ended March 31, 2019

b) Movement of Options

	2018 -19						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Options outstanding at the beginning of the period	205,650	23,300	24,000	-	26,350	-	34,800
Options granted during the period	-	-	-	-	-	-	-
Options lapsed during the period	-	-	-	-	-	-	-
Options exercised during the period	205,650	23,300	24,000	-	26,350	-	34,800
Options outstanding at the end of the period	-	-	-	-	-	-	-
Options exercisable as on March 31	-	-	-	-	-	-	-

The weighted average share price at the date of exercise for stock options exercised was ₹690.80.

The range of exercise prices for options outstanding at the end of the year was ₹290.05 to ₹390.30.

	2017 -18						
Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Options outstanding at the beginning of the period	669,200	38,400	25,600	46,000	54,000	6,000	46,000
Options granted during the period	-	-	-	-	-	-	-
Options lapsed during the period	98,800	3,900	1,600	6,400	21,600	3,000	6,400
Options exercised during the period	364,750	11,200	-	39,600	6,050	3,000	4,800
Options outstanding at the end of the period	205,650	23,300	24,000	-	26,350	-	34,800
Options exercisable as on March 31	205,650	23,300	24,000	-	26,350	-	34,800

The weighted average share price at the date of exercise for stock options exercised was ₹695.14.

The weighted average contractual life for the share options outstanding as at March 31, 2018 was 4 months.

The range of exercise prices for options outstanding at the end of the year was ₹290.05 to ₹390.30.

Notes to Financial Statements for the year ended March 31, 2019

c) Fair Valuation

Particulars	2017 -18						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Model used	Black-Scholes						
Expected volatility	38.0%	35.0%	30.0%	31.0%	32.0%	32.0%	36.0%
Risk-free interest rate	8.5%	7.7%	7.8%	7.8%	7.8%	7.6%	7.7%
Weighted average Fair Value (₹)	94.17	85.66	83.62	91.13	87.96	84.09	104.03

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

d) The expense recognised for employee services received during the year is shown in the following table:

	Year Ended March 31	
	2019	2018
Expense arising from equity-settled share-based payment transactions (net provision)	-	0.76

(₹ in crores)

37. COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

	As at March 31	
	2019	2018
Claims against the Company not acknowledged as debts	0.15	0.25
Sales Tax matters	157.89	104.18
Excise Duty matters	11.90	8.99
Service Tax matters	173.67	163.05
Income Tax matters	90.57	58.82
GST matters	0.07	-

(₹ in crores)

b. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:-

At March 31, 2019, Company had commitments (net of advances) of ₹59.32 crores (March 31, 2018 : ₹31.84 crores)

c. Financial Guarantees provided

	As at March 31	
	2019	2018
Corporate Guarantee given/utilised on behalf of Subsidiary and others (net of Provision)	189.84	199.10

(₹ in crores)

d. Ministry of Environment, Forest and Climate Change (MoEF & CC) Government of India, has issued E-Waste (Management) Rules, 2016 ('the Rules'). Accordingly as per this rules, the Company is mandated to comply with the Extended Producer Responsibility (EPR) targets through channelization of e-waste to an authorised dismantler/recycler. These targets are computed on the basis of sales made in the preceding 10th year. The Company has fulfilled its commitment for the financial year 2018-19 and the cost of obligation if any, for the remaining preceding nine year sales can be reliably estimated, upon receipt of appropriate clarifications from the Ministry.

38. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Related Party Disclosure	Country of Incorporations	% of equity interest	
		31-Mar-19	31-Mar-18
Name of the Related parties where control exists irrespective of whether transactions have occurred or not.			
Subsidiaries :			
Blue Star Engineering & Electronics Limited	India	100.00	100.00
Blue Star Qatar- WLL*	Qatar	49.00	49.00
Blue Star System and Solutions LLC (w.e.f 15-08-2018)	UAE	100.00	-
Blue Star International FZCO	UAE	100.00	100.00

* The Company holds 49% of the share capital in Blue Star Qatar WLL (BSQ). Upon assessment of control over BSQ, the Company has concluded that the said company is a subsidiary of the company under Ind AS 110.

Names of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Joint Ventures	Country of Incorporations	% of equity interest	
		31-Mar-19	31-Mar-18
Blue Star M & E Engineering Sdn Bhd	Malaysia	49.00	49.00
Blue Star Oman Electro-Mechanical Co LLC**	Oman	51.00	51.00

** The Company holds 51% of the share capital of Blue Star Oman Electro-Mechanical Co LLC, however the profit sharing is on 50-50 basis and it is treated as joint venture under Ind AS 111.

Key Management Personnel

Mr Vir S Advani, Vice Chairman & Managing Director
 Mr B Thiagarajan, Managing Director
 Mr Vijay Devadiga, Company Secretary
 Mr Neeraj Basur, Group Chief Financial Officer

Non Executive and Independent Directors

Mr Suneel M Advani
 Mr Gurdeep Singh
 Mr Shailesh Haribhakti
 Ms Shobana Kamineni
 Mr Rajiv R Lulla
 Mr Dinesh N Vaswani
 Mr Sam Balsara
 Mr Anil Harish
 Mrs Rumjhum Chatterjee (w.e.f Feb 5 , 2019)
 Mr Arvind K Singhal (w.e.f Feb 5 , 2019)

Relative of Director

Mr Ashok M Advani

Enterprises in which a Director is/was a member/director during the year

KEIMED Private Limited
 Apollo Munich Health Insurance Company Limited
 Apollo Hospital Enterprises Limited
 Pragati Leadership Institute Private Limited
 Atria Convergence Technologies Pvt Ltd
 Lifetime Wellness RX International Ltd
 Entrust Communications Pvt Ltd
 Moms Outdoor Media Solutions Pvt Ltd
 Madison Communications Pvt Ltd
 Platinum Communication Pvt Ltd

Notes to Financial Statements for the year ended March 31, 2019

Transactions during the year with Related Parties are as under:

(₹ in crores)

Name of the Related Party	March 31, 2019		March 31, 2018	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star M & E Engineering Sdn Bhd		0.47		0.29
Consultancy services rendered	1.48		1.21	
Blue Star Qatar WLL		-		0.50
Sales and Services	0.41		0.37	
Guarantee commission	0.36		0.55	
Blue Star Engineering & Electronics Ltd		(1.23)		(2.68)
Reimbursement of employee cost	3.84		3.65	
Reimbursement of expense charged	-		0.03	
Purchase of Goods & Services	1.38		0.63	
Sales of Goods & Services	0.11		0.15	
Collateral Guarantee Charges	0.01		0.01	
Shared service recovery	1.32		1.34	
Rent paid	2.52		2.48	
Inter Corporate Deposit	30.00		-	
Finance Cost	0.22		-	
IT Services	0.44		-	
Blue Star International FZCO		44.22		16.59
Equity Investment	4.96		4.91	
Sale of Goods	90.66		25.51	
Reimbursement of Expenses	3.56		-	
Sale of Shares in Joint Venture	-		13.08	
Guarantee commission	0.04		0.04	
Blue Star Oman Electro-Mechanical Co LLC		4.46		0.03
Loan given	4.46		-	
Recovery of Remuneration paid	0.36		-	
Guarantee commission	0.23		0.03	
Enterprises in which Director is a member/director				
Sale of Goods and Services				
Apollo Hospital Enterprises Ltd	0.47	-	3.52	-
Atria Convergence Technologies Pvt Ltd	0.19	0.04	0.03	-
KEIMED Private Ltd	0.04	-	0.01	-
Apollo Munich Health Insurance Co Ltd	0.01	-	0.15	-
Lifetime Wellness RX International Ltd	0.06	0.03	0.05	0.01
Madison Communications Pvt Ltd	0.08	0.01	0.05	-
Moms Outdoor Media Solutions Pvt Ltd	0.01	(0.01)	0.01	-
Platinum Communication Pvt Ltd	0.01	-		

Notes to Financial Statements for the year ended March 31, 2019

(₹ in crores)

Name of Related party	March 31, 2019		March 31, 2018	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Project Revenue				
Apollo Hospital Enterprises Ltd	1.38	1.93	3.44	1.69
Services Received				
Pragati Leadership Institute Pvt Ltd	-	-	0.12	(0.08)
Entrust Communications Pvt Ltd	0.09	(0.02)	2.14	(0.33)
Moms Outdoor Media Solutions Pvt Ltd	3.49	(1.70)	8.47	(5.51)
Madison Communications Pvt Ltd	36.33	(7.93)	34.23	(8.04)
Apollo Hospital Enterprise Ltd	-	-	0.03	-
Relative of Director				
Fees for Professional Services	0.24	(0.05)	0.18	(0.05)
Compensation of key managerial personnel		(9.39)		(9.14)
Short term employee benefits	16.20	-	14.55	-
Sitting fees to Non Executive and Independent Directors	0.63	-	0.51	-
Commission to Non Executive and Independent Directors	1.49	-	1.59	-
Retirement benefits	0.64	-	0.47	-
Share-based payment transactions	-	-	0.19	-
Total compensation paid to key management personnel	18.96		17.31	
ESOP exercised during the year				
B Thiagarajan 1,19,600 (March 31, 2018 1,00,000) equity shares of ₹2 each	3.82	-	2.90	-
Neeraj Basur Nil (March 31, 2018 39,600) equity shares of ₹2 each	-	-	1.46	-
Vijay Devadiga Nil (March 31, 2018: 4,800) equity shares of ₹2 each	-	-	0.18	-

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

Terms & Conditions of Transactions with Related Party

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Corporate Guarantees to Related Parties

The company has given corporate guarantees to subsidiaries and relevant joint ventures in the ordinary course of business to meet the working capital requirements of subsidiaries and joint ventures.

Notes to Financial Statements for the year ended March 31, 2019

(₹ in crores)

Name of Related party	March 31, 2019		March 31, 2018	
	Transactions	Balance O/S DR/(CR)	Transactions	Balance O/S DR/(CR)
Blue Star Qatar WLL (Outstanding balance of loans as on March 31, 2019 ₹152.95 crores (March 31, 2018 is ₹97.85 crores))	197.32	488.37	27.79	291.05
Blue Star Engineering & Electronics Ltd	(24.56)	80.00	-	104.56
Blue Star International FZCO	-	66.23	66.23	66.23
Blue Star Oman Electro-Mechanical Co LLC (refer note 22)	-	20.33	21.63	21.63

Other Directors' interests

During the year ended March 31, 2019, the Company has received services from one of the relative of the director. The transactions entered into with enterprises in which director is a member/director are on arm's length basis.

Directors' interests in the Blue Star Limited Employees' Stock Option Scheme, 2013 ("Scheme")

Share options held by Mr B Thiagarajan of the Board of Directors under the Blue Star Limited Employees' Stock Option Scheme, 2013 ("Scheme") to purchase Equity shares have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise Price (₹)	As at 31-Mar-19 Number outstanding	As at 31-Mar-18 Number outstanding
06-Jun-2014	31-Jul-2018	290.05	-	84,800
01-Apr-2016	31-Jul-2018	390.30	-	34,800

39. SEGMENT INFORMATION:

A. Primary Segment Reporting (by Business Segment)

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

- 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.
- Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.
- Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems.

(₹ in crores)

Segment Revenues, Results and other Information:

	Year Ended March 31	
	2019	2018
I. SEGMENT REVENUE		
i. Electro-Mechanical Projects and Packaged Air Conditioning Systems	2,513.35	2,220.11
ii. Unitary Products	2,269.67	2,089.55
iii. Professional Electronics and Industrial Systems	0.68	2.53
TOTAL SEGMENT REVENUE	4,783.70	4,312.19

Notes to Financial Statements for the year ended March 31, 2019

(₹ in crores)

	Year Ended March 31	
	2019	2018
II. SEGMENT RESULT		
i. Electro-Mechanical Projects and Packaged Air Conditioning Systems	142.60	112.83
ii. Unitary Products	186.56	168.72
iii. Professional Electronics and Industrial Systems	(0.80)	(1.31)
TOTAL SEGMENT RESULT	328.36	280.24
Less: i) Finance Cost	44.92	22.88
ii) Other un-allocable Expenditure Net of un-allocable Income	77.14	94.32
TOTAL PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM	206.30	163.04
Exceptional Items	(26.45)	17.85
PROFIT BEFORE TAXATION	179.85	180.89

(₹ in crores)

	As at March 31	
	2019	2018
III. OTHER INFORMATION:		
A. SEGMENT ASSETS		
i. Electro-Mechanical Projects and Packaged Air Conditioning Systems	1,547.06	1,378.09
ii. Unitary Products	1,188.54	1,247.81
iii. Professional Electronics and Industrial Systems	1.90	3.02
TOTAL SEGMENT ASSETS	2,737.50	2,628.92
Add: Un-allocable Corporate Assets	502.16	569.89
TOTAL ASSETS	3,239.66	3,198.81

(₹ in crores)

	As at March 31	
	2019	2018
B. SEGMENT LIABILITIES		
i. Electro-Mechanical Projects and Packaged Air Conditioning Systems	1,080.47	953.98
ii. Unitary Products	719.54	864.87
iii. Professional Electronics and Industrial Systems	0.79	0.79
TOTAL SEGMENT LIABILITIES	1,800.80	1,819.64
Add: Un-allocable Corporate Liabilities	477.86	430.92
TOTAL LIABILITIES	2,278.66	2,250.56

(₹ in crores)

	As at March 31	
	2019	2018
C. NON CURRENT ASSET		
i. Electro-Mechanical Projects and Packaged Air Conditioning Systems	51.83	50.27
ii. Unitary Products	52.83	34.08
iii. Professional Electronics and Industrial Systems	-	0.01
iv. Un-allocable	13.91	2.46
TOTAL	118.57	86.82

Notes to Financial Statements for the year ended March 31, 2019

(₹ in crores)

	Year Ended March 31	
	2019	2018
D. DEPRECIATION/AMORTISATION		
i. Electro-Mechanical Projects and Packaged Air Conditioning Systems	32.76	22.66
ii. Unitary Products	25.31	16.25
iii. Professional Electronics and Industrial Systems	-	-
iv. Un-allocable	11.11	21.66
TOTAL	69.18	60.57

(₹ in crores)

	Year Ended March 31	
	2019	2018
E. NON CASH EXPENSES OTHER THAN DEPRECIATION		
i. Electro-Mechanical Projects and Packaged Air Conditioning Systems	5.55	21.13
ii. Unitary Products	0.34	1.85
iii. Professional Electronics and Industrial Systems	0.50	0.35
iv. Un-allocable	1.55	1.50
TOTAL	7.94	24.83

B. Secondary segment information:

(₹ in crores)

	As at March 31	
	2019	2018
a Revenue from operations		
India	4,554.66	4,045.53
Outside India	229.04	266.66
Total	4,783.70	4,312.19
b Carrying amount of Non-current assets		
India	499.93	462.16
Outside India	-	-
Total	499.93	462.16

40. DERIVATIVE INSTRUMENTS AND ATTACHED FOREIGN CURRENCY EXPOSURE

The Company has a forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and 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 of forward and option contract is recognised in the Profit or Loss.

Commodity risk is mitigated by entering into annual rate contracts with major suppliers which is factored in pricing decisions. This approach provides sufficient mitigation against volatility in commodity rates.

Notes to Financial Statements for the year ended March 31, 2019

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

Foreign Currency	31-Mar-19		31-Mar-18	
	Amount in Foreign Currency (in lakh)	₹ Crores	Amount in Foreign Currency (in lakh)	₹ Crores
Particulars of Derivatives				
Forward cover to Purchase USD & CNY:				
Hedge of underlying payables - USD	125.80	87.00	315.07	205.35
- Buyers' Credit	-	-	79.28	51.67
- Payables	125.80	87.00	235.78	153.67
Hedge of underlying payables - CNY				
- Other Payables	1,004.23	103.31	1,132.43	117.57

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

Foreign Currency	31-Mar-19		31-Mar-18	
	Amount in Foreign Currency (in lakh)	₹ Crores	Amount in Foreign Currency (in lakh)	₹ Crores
Bank Balances				
EUR	1.01	0.78	3.09	2.50
USD	13.17	9.11	9.69	6.31
Receivables				
EUR	1.39	1.08	4.61	3.72
MYR	16.60	2.81	11.84	2.00
USD	87.61	60.58	89.38	58.25
Payables				
EUR	1.24	0.96	11.39	9.20
JPY	140.96	0.88	70.81	0.44
CNY	22.66	2.33	337.69	35.06
USD	44.94	31.08	139.82	91.12

Notes to Financial Statements for the year ended March 31, 2019

41. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy as at March 31, 2019 :

(₹ in crores)

	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment Property (refer note 5)	March 31, 2019	66.04	-	-	66.04
Derivatives not designated as hedges (refer note 20)					
- Foreign exchange forward contracts	March 31, 2019	3.66	-	3.66	-

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy as at March 31, 2018 :

(₹ in crores)

	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment Property (refer note 5)	March 31, 2018	67.41	-	-	67.41
Liabilities measured at fair value:					
Derivatives not designated as hedges (refer note 9)					
- Foreign exchange forward contracts	March 31, 2018	1.28	-	1.28	-

There have been no transfers between Level 1 and Level 2 during the period.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: Currency risk and interest rate risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilising foreign exchange forward contracts.

Notes to Financial Statements for the year ended March 31, 2019

Foreign Currency Sensitivity

The following table demonstrates the sensitivity of material unhedged foreign currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

(₹ in crores)

	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
US Dollars	+5%	(1.93)	(1.04)	(1.26)	(0.68)
	-5%	1.93	1.04	1.26	0.68
CNY	+5%	0.11	(1.75)	0.07	(1.14)
	-5%	(0.11)	1.75	(0.07)	1.14

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly short term borrowing and investments.

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

1. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The ageing analysis of trade receivables as of the reporting date is as follows:

(₹ in crores)

	Neither past due nor impaired	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as of March 31, 2019	209.67	639.65	166.63	1,015.95
Trade Receivables as of March 31, 2018	113.87	531.04	164.64	809.55

The requirement for impairment is analysed at each reporting date. Refer Note 11 for details on the impairment of trade receivables.

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Company's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Company's maximum exposure for financial guarantees is given in Note 37.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

Notes to Financial Statements for the year ended March 31, 2019

The table below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(₹ in crores)

	As at March 31, 2019		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	364.42	-	364.42
Trade Payables	1,424.91	-	1,424.91
Other financial liabilities	16.72	0.05	16.77
Total	1,806.05	0.05	1,806.10

(₹ in crores)

	As at March 31, 2018		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	319.25	-	319.25
Trade Payables	1,432.19	-	1,432.19
Other financial liabilities	8.53	4.20	12.73
Total	1,759.97	4.20	1,764.17

43 CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds.

The Company's adjusted net debt and equity position is as follows:

Gearing Ratio:

(₹ in crores)

	As at March 31	
	2019	2018
Borrowings	364.42	319.25
Less: Cash and cash equivalents	(21.79)	(52.14)
Net Debt	342.63	267.11
Equity	961.00	948.25
Total Capital	961.00	948.25
Capital and Net Debt	1,303.63	1,215.36
Gearing Ratio	26.28%	21.98%

Notes to Financial Statements for the year ended March 31, 2019

44. CURRENT ASSETS AND LIABILITIES EXPECTED TO BE RECOVERED/SETTLED WITHIN TWELVE MONTHS AND AFTER TWELVE MONTHS FROM THE REPORTING DATE:

(₹ in crores)

	March 31, 2019		
	Within 12 months	After 12 months	Total
Assets			
Inventories	857.75	-	857.75
Trade receivables	1,015.95	-	1,015.95
Loans	9.91	21.77	31.68
Other financial assets	0.67	3.92	4.59
Other Current Assets	475.00	28.39	503.39
Assets held for sale	0.14	-	0.14
Liabilities			
Trade Payables	1,424.91	-	1,424.91
Other Financial Liabilities	16.72	0.05	16.77
Other current liabilities	374.44	-	374.44
Provisions	76.09	11.50	87.59

(₹ in crores)

	March 31, 2018		
	Within 12 months	After 12 months	Total
Assets			
Inventories	1,002.07	-	1,002.07
Trade receivables	809.55	-	809.55
Loans	12.44	19.98	32.42
Other financial assets	2.80	3.96	6.76
Other Current Assets	457.80	30.08	487.88
Assets held for sale	5.22	-	5.22
Liabilities			
Trade Payables	1,432.19	-	1,432.19
Other Financial Liabilities	8.53	4.20	12.73
Other current liabilities	418.54	-	418.54
Provisions	52.16	12.20	64.36

Notes to Financial Statements for the year ended March 31, 2019

45. AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST VIDE NOTE 27 IN RESPECT OF SPECIFIC ITEMS INCLUDED IN SALARIES AND WAGES, OTHER EXPENSES AND FINANCE COST VIDE NOTE NOS 28, 30 AND 31 IS AS FOLLOWS:

(₹ in crores)

Nature of expenses	Note 27	Note 28	Note 30	Note 31	Total
Subcontracting cost	240.74	-	-	-	240.74
	(213.34)	-	-	-	(213.34)
Salaries and Wages	9.79	331.12	-	-	340.91
	(10.96)	(317.64)	-	-	(328.60)
Rent	0.95	-	75.73	-	76.68
	(0.71)	-	(61.99)	-	(62.70)
Power and fuel	4.01	-	17.13	-	21.14
	(1.74)	-	(17.20)	-	(18.94)
Insurance	1.41	-	1.87	-	3.28
	(4.31)	-	(1.87)	-	(6.18)
Travelling and Conveyance	2.66	-	43.17	-	45.83
	(3.32)	-	(40.63)	-	(43.95)
Printing and Stationery	0.65	-	3.84	-	4.49
	(0.82)	-	(3.81)	-	(4.63)
Communication Expenses	0.05	-	-	-	0.05
	(0.11)	-	(7.87)	-	(7.98)
Freight and Forwarding Charges	0.63	-	83.65	-	84.28
	(2.28)	-	(72.70)	-	(74.98)
Legal and Professional fees	15.38	-	49.79	-	65.17
	(14.86)	-	(41.66)	-	(56.52)
Bank charges	2.17	-	-	6.59	8.76
	(1.44)	-	-	(4.15)	(5.59)

Figures in brackets are for previous year

46. LEASES

The Company has entered into operating lease agreements for its office premises, storage locations and residential premises for its employees. There are no exceptional/restrictive covenants in the lease agreements, except in case of six premises. Lease rental expense debited to statement of Profit and Loss is ₹76.68 crores (March 31, 2018 : ₹62.70 crores).

(₹ in crores)

	As at March 31	
	2019	2018
Minimum lease payments for operating leases with no exceptional/restrictive covenants as at 31st March		
(a) Not later than one year	5.66	5.59
(b) Later than one year but not later than five years	4.61	7.60
(c) Later than five years	-	-

The Company has leased out office premises and furniture under cancellable operating lease agreements that are renewable at the option of both the lessor and the lessee.

An amount of ₹6.02 crores (Previous year: ₹5.57 crores) is recognised as lease income in the statement of profit & Loss for the year ended March 31, 2019.

Notes to Financial Statements for the year ended March 31, 2019

47 (a) Details of revenue expenditure directly related to Research & Development :

(₹ in crores)

	Year Ended March 31	
	2019	2018
Employee benefits expense	19.05	18.34
Cost of raw material and components consumed	4.66	5.89
Legal & Professional fees	0.66	2.90
Depreciation	11.02	10.19
Others	5.77	6.50
Total	41.16	43.82

(b) Details of Capital expenditure directly related to Research & Development :

(₹ in crores)

	Year Ended March 31	
	2019	2018
Tangible Assets		
Building sheds and road	2.00	0.18
Plant & equipment	1.56	2.21
Furniture & fixtures	0.08	0.26
Office equipments	0.05	0.98
Vehicles	0.74	-
Computers	0.13	-
Intangible Assets (including under development)		
Technical knowhow	4.70	7.71
Software	0.33	0.20
Total	9.59	11.54

48. DISCLOSURE IN CONNECTION WITH REVENUE FROM CONTRACT WITH CUSTOMERS

The Company has adopted Ind AS 115 - 'Revenue from Contracts with Customers', and also appropriately evaluated its revenue recognition policies, w.e.f. April 1, 2018. The changes have been applied retrospectively and the resultant impact on the immediately preceding comparative period is tabulated below:

(₹ in crores)

	March 31
	2018
Statement of Profit and Loss	
Revenue from operations	(112.96)
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(23.79)
Other expenses	(74.33)
Profit before Tax	(14.86)
Tax Expense	(5.14)
Profit after Tax	(9.72)
Earnings per share	
Basic (in ₹)	(1.02)
Diluted (in ₹)	(1.02)

Notes to Financial Statements for the year ended March 31, 2019

(₹ in crores)

	March 31	April 01
	2018	2017
Balance Sheet		
Other equity	(9.72)	(27.33)
Trade Receivables	(19.54)	(121.61)
Inventories	23.79	137.76
Deferred Tax Assets (net)	5.14	14.42
Trade Payables	(0.28)	11.74
Advances from customers	(20.05)	(70.25)
Provisions	1.22	0.61

On account of adoption of Ind AS 115 unbilled revenues and retention monies, of ₹332.11 crore and ₹28.39 crore, respectively (PY ₹282.86 crore and ₹30.08 crore) have been classified as non-financial assets.

(1) Disaggregation of revenue:

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2019 by offerings and contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

(₹ in crores)

Revenue by type of contract	March 31, 2019			March 31, 2018		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Electro-Mechanical Projects and Packaged Air Conditioning Systems	1,028.66	1,484.69	2,513.35	944.89	1,275.22	2,220.11
Unitary Products	2,234.81	34.86	2,269.67	2,055.45	34.10	2,089.55
Professional Electronics and Industrial Systems	0.67	0.01	0.68	2.49	0.04	2.53
Total	3,264.14	1,519.56	4,783.70	3,002.83	1,309.36	4,312.19

(2) Reconciliation of contracted price with the revenue recognised in profit or loss:

(₹ in crores)

	Year Ended March 31	
	2019	2018
Sale of products at transaction price and construction and services contracts at contracted price	4,838.67	4,337.22
Reductions towards variable consideration components *	(80.70)	(74.58)
Revenue recognised on sale of products, construction contracts and sale of services	4,757.97	4,262.64

* Reduction towards variable consideration components include discounts, service level credits, etc.

(3) Revenue recognised relating to performance obligations that were satisfied in a prior year amounted to ₹ Nil crore (PY ₹ Nil crore).

(4) The aggregate value of Order Book as at March 31, 2019, is ₹2,316.07 crore (PY ₹1,900.58 Crore). Out of this, the Company expects to recognize revenue of around 77% within the next one year and the remaining thereafter.

Notes to Financial Statements for the year ended March 31, 2019

(5) Changes in contract assets and contract liabilities during the reporting period:

(₹ in crores)

	2018-19	2017-18
Opening balance - Contract assets (net of impairment)	282.86	238.69
Opening balance - Contract liabilities*	(77.13)	(76.82)
Revenue recognised during the year	(1,519.56)	(1,309.36)
Less: Progress billing during the year	1,550.69	1,353.22
Closing Balance	236.86	205.73
Closing balance contract assets (net of impairment)	332.11	282.86
Closing balance contract liabilities including income received in advance	(95.25)	(77.13)
*The Company has recognised revenue out of opening contract liabilities	77.13	76.82

49. CHANGES IN ACCOUNTING STANDARD AND RECENT ACCOUNTING PRONOUNCEMENTS

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Company is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019

1. Ind AS 12, Income taxes-Appendix C on uncertainty over income tax treatments
2. Ind AS 23, Borrowing costs
3. Ind AS 28 – investment in associates and joint ventures
4. Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements
5. Ind AS 109 – Financial instruments
6. Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments.

50. PREVIOUS YEAR COMPARATIVES

Corresponding figures for the immediately preceding period are disclosed in the financial statements. Additionally, the balance sheet as at the beginning of the preceding period has been presented in accordance with the requirements of Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements. Previous years' figures have been regrouped where necessary to conform to this year's classification.

For and on behalf of the Board of Directors of BLUE STAR LIMITED

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai : May 02, 2019

Form AOC - I

(Pursuant to first provision to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

		Part 'A': Subsidiaries				(₹ in crores)
Sr. No.	Particulars	Name of the Subsidiaries				
		Blue Star Engineering & Electronics Limited	Blue Star Qatar WLL	Blue Star International FZCO	Blue Star Systems and Solutions LLC @	
1	Date since when subsidiary was acquired	June 22, 2010	February 12, 2007	April 18, 2017	August 15, 2018	
2	Reporting Period	April - March	April - March	April - March	April - March	
3	Reporting Currency	INR	QAR	AED	AED	
4	Exchange Rate as on the last date of the relevant financial year*	NA	18.99	18.83	18.83	
5	Share Capital	52925052 shares of ₹ 2/- each fully paid up	100 shares of QR 2000 each	5350 shares of AED 1000 each	300 shares of AED 1000 each	
6	Reserves & Surplus (Other Equity)	111.14	35.73	(5.84)	-	
7	Total Assets	218.77	132.78	85.35	0.56	
8	Total Liabilities	97.05	96.8	81.46	-	
9	Investments other than investments in Subsidiary	-	-	-	-	
10	Turnover (Total Income)	229.75	154.07	174.09	-	
11	Profit/(Loss) before Taxation	33.96	7.84	0.55	-	
12	Provision for Taxation	(17.06)	0.99	-	-	
13	Profit/(Loss) after Taxation	51.02	6.85	0.55	-	
14	Other Comprehensive Income/(Loss)	(0.43)	-	-	-	
15	Total Comprehensive Income/(Loss)	50.59	6.85	0.55	-	
16	Proposed Dividend	-	-	-	-	
17	% of Shareholding	100%	49%	100%	49%#	

* closing exchange rate as on March 31, 2019 has been considered.

@ Blue Star Systems and Solutions LLC, a subsidiary of Blue Star International FZCO, is yet to commence operations.

Blue Star International FZCO has management control of Blue Star Systems and Solutions LLC. So, the Company has consolidated 100% financial results.

Form AOC - I

(Pursuant to first provision to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part 'B' : Associates and Joint Ventures

(₹ in crores)

Sr. No.	Particulars	Name of the Joint Ventures	
		Blue Star Oman Electro-Mechanical Company LLC##	Blue Star M & E Engineering Sdn Bhd**
1	Last Audited Balance Sheet Date	December 31, 2017	March 31, 2019
2	Date on which the Associate or Joint Venture was associated or acquired	October 29, 2015	November 30, 1993
	Number of shares held by the Company as on March 31, 2019	255000 shares of OMR 1 each	367500 shares of RM 1 each
	Number of shares held by the Company as on March 31, 2019	-	49 redeemable convertible preference shares of RM 40000 each
	Amount of Investment in Joint Venture/Associate	4.34	3.98
	Extent of holding %	51%	49%
3	Description of how there is a significant influence	There is significant influence due to percentage(%) of Share Capital	There is significant influence due to percentage(%) of Share Capital
4	Reasons why the Joint Venture is not consolidated	NA	NA
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	-	14.63
6	Profit/(Loss) for the year		
	i. Considered in consolidation	(5.43)	5.53
	ii. Not considered in consolidation	-	-
7	Other Comprehensive Income/(Loss) for the year		
	i. Considered in consolidation	-	-
	ii. Not considered in consolidation	-	-
8	Total comprehensive Income/(Loss) for the year		
	i. Considered in consolidation	(5.43)	5.53
	ii. Not considered in consolidation	-	-

Audit of Local GAAP Financial Statements of Blue Star Oman Electro-Mechanical LLC for the year ended December 31, 2018 is under progress.

** Blue Star M & E Engineering Sdn Bhd is a joint venture of Blue Star International FZCO.

For and on behalf of the Board of Directors of BLUE STAR LIMITED

Shailesh Haribhakti	Chairman	DIN: 00007347
B Thiagarajan	Managing Director	DIN: 01790498
Vijay Devadiga	Company Secretary	
Neeraj Basur	Group Chief Financial Officer	

Mumbai : May 02, 2019

Investor and Shareholder Information

SHAREHOLDER INQUIRIES

Shareholders may note that activities concerning share certificates, dividend, address changes (for physical shares only), lost certificates and all other investor related matters are attended to and processed at the office of the Company's Registrar and Transfer Agent. Address changes in respect of dematerialised shares should be intimated to the concerned depository participant.

Blue Star Limited
Band Box House, 4th Floor
254 D, Dr Annie Besant Road
Worli, Mumbai 400 030
Tel: +91 22 6654 4000
Fax: +91 22 6654 4001
Website: www.bluestarindia.com
CIN: L28920MH1949PLC006870

Company Secretary & Compliance Officer
Vijay Devadiga
Email: vijaydevadiga@bluestarindia.com
Tel: +91 22 6654 4000

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
Website: www.linkintime.co.in
Email: rnt.helpdesk@linkintime.co.in

National Securities Depository Limited
Trade World, 'A' Wing, 4th Floor
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Tel: +91 22 2499 4200 / +91 22 2497 6351

Central Depository Services (India) Limited
Marathon Futurex, A-Wing, 25th floor
NM Joshi Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2302 3333 / +91 22 2272 3199

DEMATERIALISATION

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

INVESTOR RELATIONS PROGRAMME

The Company 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 the Company's Investor Relations Department at the above address.

BLUE STAR SHAREHOLDERS

As of March 31, 2019, the Company has 46,488 registered shareholders. The Promoters hold 38.76% of the Company's shares. 26.3% of the Company's shares are held by individual investors while Foreign Investors, Institutions, Bodies Corporate and others hold the balance shares.

STOCK EXCHANGE LISTINGS

BSE Limited
National Stock Exchange of India Ltd



Air Conditioners 'Party with Friends' TVC



30% MORE COOLING
WHEN NEEDED

 **BLUE STAR**
NOBODY COOLS BETTER®



 **BLUE STAR**
WATER PURIFIERS
PURITY YOU CAN TRUST



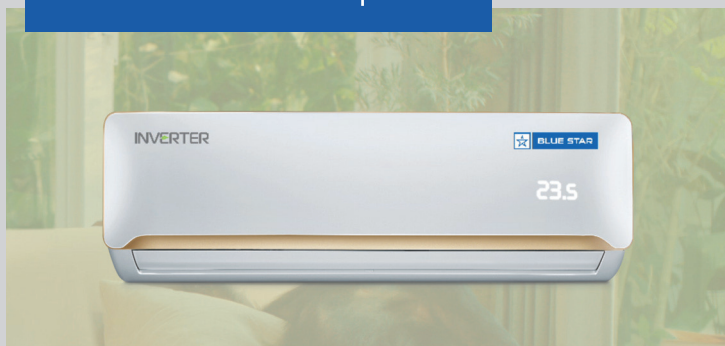
Water Purifiers TVC





Air Conditioners 'Chimps' TVC

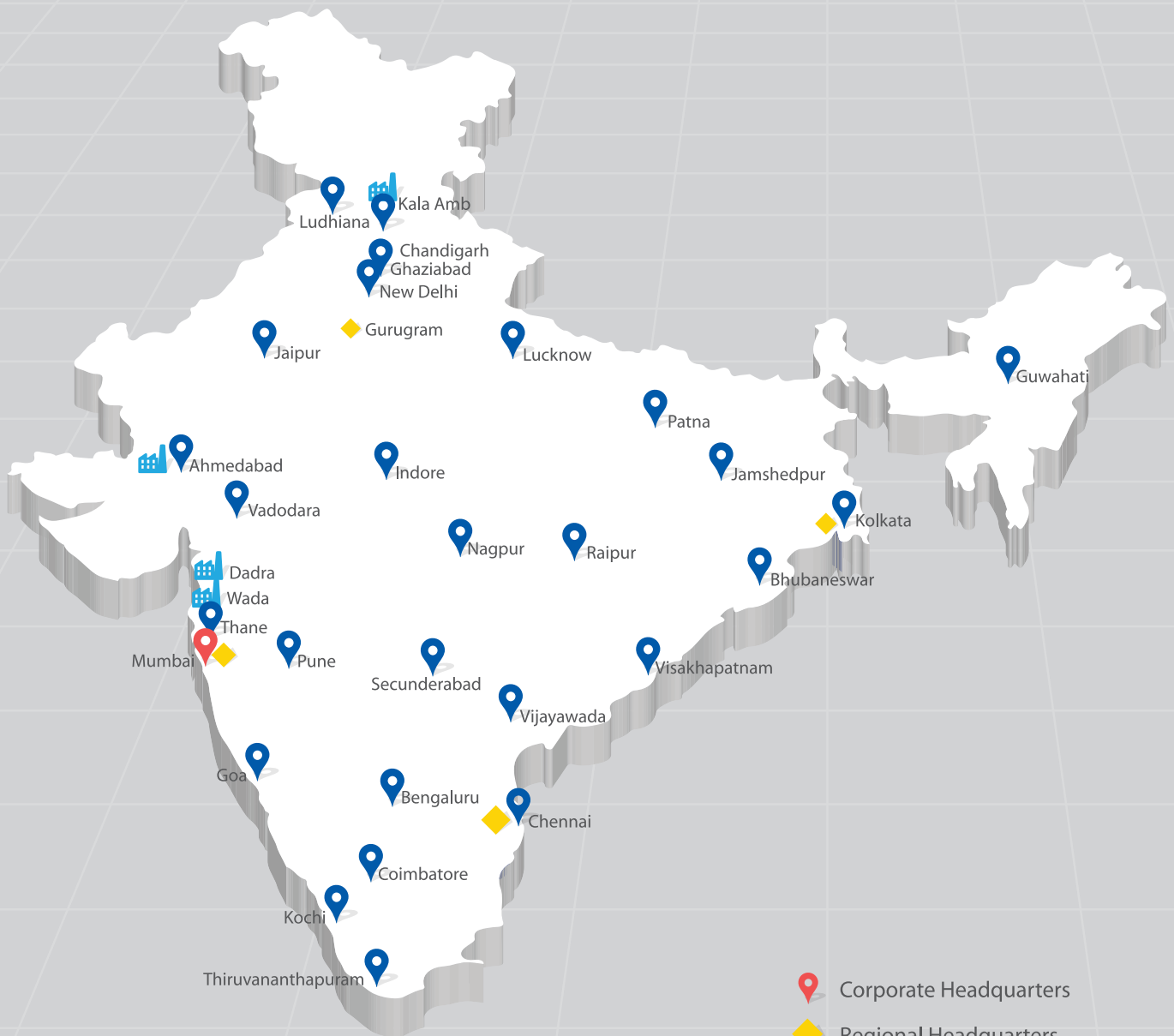
30% MORE
COOLING
WHEN NEEDED



Windus Air Coolers 'Winter in Summer' TVC

Geographical Outreach





-  Corporate Headquarters
-  Regional Headquarters
-  Manufacturing Facilities
-  Sales & Service Office

