S R B C & CO LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Blue Star Engineering & Electronics Limited

Report on the Ind AS Financial Statements

We have audited the accompanying financial statements of Blue Star Engineering & Electronics Limited ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income and Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, 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 purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2" to this report;

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(g) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;
ii. The Company did not have any long term contracts for which there were any material foreseeable losses;
iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 49365

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place of Signature: Mumbai
Date: May 2, 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND-AS FINANCIAL STATEMENTS OF BLUE STAR ENGINEERING & ELECTRONICS LIMITED

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

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

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

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, value added tax, goods & service tax cess, and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, value added tax, goods & service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, custom duty, excise duty, value added tax, goods & service tax and cess which have not been deposited on account of any dispute.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

(viii) In our opinion and according to the information and explanation given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.

(ix) In our opinion and according to the information and explanation given by the management, the Company has utilised the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money way of initial public offer, further public offer and debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provision of section 197 read with Schedule V to the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 49365

S R B C & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place of Signature: Mumbai
Date: May 2, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND-AS FINANCIAL STATEMENTS OF BLUE STAR ENGINEERING & ELECTRONICS LIMITED

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

To the Members of Blue Star Engineering & Electronics Limited

We have audited the internal financial controls over financial reporting of Blue Star Engineering & Electronics Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 the 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 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

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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, 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, 2018, 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 49365

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place of Signature: Mumbai
Date: May 2, 2018

Blue Star Engineering & Electronics Limited
Balance Sheet as at March 31, 2018

	Notes	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
A ASSETS			
1. Non-Current Assets			
Property, Plant & Equipment	3	1,316.93	384.36
Investment Properties	4	5,396.53	5,959.33
Intangible Assets	5	1.35	1.72
Intangible Assets under development		4.05	-
Financial Assets			
-Trade Receivable	8	47.73	46.28
-Loans	6	82.27	51.03
Income Tax Assets (Net)	18	-	153.03
Deferred Tax Assets (Net)	18	666.97	496.50
Other non-current assets	10	151.67	139.16
Total Non Current Assets		7,667.50	7,231.41
2. Current assets			
Inventories	7	1,070.41	1,513.25
Financial Assets			
-Loans	6	53.86	14.48
-Trade Receivables	8	6,317.38	6,029.55
-Cash & cash Equivalents	9	1,182.40	397.84
-Other Financial Assets	6	1,089.54	1,333.28
Other Current Assets	10	948.77	671.45
Total Current Assets		10,662.36	9,959.85
Total Assets		18,329.86	17,191.26
B EQUITY AND LIABILITIES			
1. Equity			
Share Capital	11	1,058.50	1,058.50
Other Equity	12	6,205.72	4,307.72
Total Equity		7,264.22	5,366.22
2. Non-Current Liabilities			
Financial Liabilities			
-Borrowings	13	1,489.63	1,982.25
-Other Financial Liabilities	15	86.67	86.28
Long term Provisions	17	34.01	39.37
Total - Non-current liabilities		1,610.31	2,107.90
3. Current Liabilities			
Financial Liabilities			
-Borrowings	13	1,140.26	2,981.98
-Trade Payables	14.A	4,887.08	3,577.22
-Other Payables	14.B	3.80	-
-Other financial liabilities	15	719.84	716.17
Provisions	17	313.80	212.57
Other Current Liabilities	16	2,390.55	2,229.20
Total - Current liabilities		9,455.33	9,717.14
TOTAL - EQUITY AND LIABILITIES		18,329.86	17,191.26

Summary of significant accounting policies 1 & 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Ravi Bansal
Partner
Membership no.: 49365

Place : Mumbai
Date: May 2, 2018

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited

Vir S Advani
Chairman

Neeraj Basur
Director

Prem Kalliath
CEO

Mansi Laheri
Company Secretary

Place : Mumbai
Date: May 2, 2018

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Notes	For the year ended 31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Revenue from operations	19	19,106.49	18,030.38
Other Income	20 a	39.41	-
Finance Income	20.b	43.73	118.87
Total revenue (I)		**19,189.63**	**18,149.25**
Expenses			
Cost of material consumed and Project related cost	21	538.43	2,319.96
Purchase of traded goods	21	10,998.38	8,118.09
(Increase)/ decrease in stock of traded goods	21	442.84	415.47
Employee benefits expense	22	2,569.65	2,515.77
Depreciation and amortisation expense	23	664.58	691.97
Finance costs	25	462.82	639.59
Other expenses	24	1,546.22	2,956.68
Total Expenses (II)		**17,222.92**	**17,657.53**
Profit before tax (I) – (II)		**1,966.71**	**491.72**
Tax Expense			
i) Current tax: Minimum Alternate Tax (MAT)	18	170.47	171.68
Less: MAT Credit Entitlement	18	(170.47)	(171.68)
Net Current tax		-	-
ii) Deferred tax		-	-
Total Tax expense		-	-
Profit for the year		**1,966.71**	**491.72**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods.			
Re-measurement gains/(losses) on defined benefit plans (net of tax)		(68.71)	(21.28)
Other Comprehensive Income for the year, net of tax		**(68.71)**	**(21.28)**
Total Comprehensive Income for the year		**1,898.00**	**470.44**
Earnings per share [Nominal Value of share Rs 2] (31 Mar 2017 :Rs 2) Basic and Diluted EPS	26	3.72	0.93

Summary of significant accounting policies 1 & 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Ravi Bansal
Partner
Membership no.: 49365

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place : Mumbai
Date: May 2, 2018

For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited

Vir S Advani
Chairman

Neeraj Basur
Director

Prem Rajesh
CEO

Mansi Laheri
Company Secretary

Place : Mumbai
Date: May 2, 2018

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Statement of Changes in Equity for the year ended March 31, 2018

(A) Equity Share Capital

For the year ended March 31, 2018

₹ Lakhs

Balance as at April 1, 2017	Changes in Equity Share Capital during the year	Balance as at March 31, 2018
1,058.50	-	1,058.50

For the year ended March 31, 2017

₹ Lakhs

Balance as at April 1, 2016	Changes in Equity Share Capital during the year	Balance as at March 31, 2017
1,058.50	-	1,058.50

(B) Other Equity

₹ Lakhs

Particulars	Reserve & Surplus			Other Comprehensive Income	Total Other Equity
	Securities Premium (refer note 12)	Capital Reserves (refer note 12)	Retained Earning		
For the year ended March 31, 2018					
As at April 1, 2017	2,088.87	7,762.48	(5,525.28)	(18.35)	4,307.72
Profit for the year	-	-	1,966.71	-	1,966.71
Other Comprehensive Income	-	-	-	(68.71)	(68.71)
Total Comprehensive Income	**2,088.87**	**7,762.48**	**(3,558.57)**	**(87.06)**	**6,205.72**
As at March 31, 2018	**2,088.87**	**7,762.48**	**(3,558.57)**	**(87.06)**	**6,205.72**

₹ Lakhs

Particulars	Reserve & Surplus			Other Comprehensive Income	Total Other Equity
	Securities Premium (refer note 12)	Capital Reserves (refer note 12)	Retained Earning		
For the year ended March 31, 2017					
As at April 1, 2016	2,088.87	7,762.48	(6,017.00)	2.93	3,837.28
Profit for the year	-	-	491.72	-	491.72
Other Comprehensive Income	-	-	-	(21.28)	(21.28)
As at March 31, 2017	**2,088.87**	**7,762.48**	**(5,525.28)**	**(18.35)**	**4,307.72**

The accompaning notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Ravi Bansal
Partner
Membership no.: 49365

Place : Mumbai
Date: May 2, 2018

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited

Vir S Advani
Chairman

Neeraj Basur
Director

Prem Rajiath
CEO

Mansi Laheri
Company Secretary

Place : Mumbai
Date: May 2, 2018

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Cash Flow Statement for the year ended 31st March, 2018

	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**1,966.71**	**491.72**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Actuarial loss included in OCI	(68.71)	(21.28)
Depreciation/ amortization	664.58	691.97
Fair value loss of financial instrument	3.35	2.85
Interest income on financial assets	(4.28)	(30.77)
Expected credit loss/(gain)	(48.26)	(8.22)
Loss/ (profit) on sale of fixed assets	0.23	-
Bad debts / advances written off	577.84	11.28
Allowances for doubtful debts and advances, net	(1,120.16)	342.13
Debtors Credit Balances written back	(28.08)	-
Unrealized foreign exchange loss / (gain)	34.50	49.31
Provisions and liabilities no longer required	(173.44)	(181.04)
Interest expense	462.82	639.59
Interest on income tax refund	(41.28)	(69.43)
Other Interest Income	(2.45)	(25.60)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,223.37	1,892.51
Movements in working capital :		
Increase/ (decrease) in trade payables	1,494.18	1,291.99
Increase / (decrease) in long-term / short-term provisions	95.87	(14.63)
Increase/ (decrease) in other current liabilities	178.32	719.03
Increase/ (decrease) in other financial liabilities	(8.49)	(1.23)
Decrease / (increase) in trade receivables	(460.49)	(1,770.58)
Decrease / (increase) in inventories	442.84	415.47
Decrease / (increase) in long-term / short-term loans	(24.21)	(32.81)
Decrease / (increase) in other current / non-current assets	(289.83)	(120.81)
Decrease / (increase) in other financial current / non-current assets	243.74	(485.89)
Cash generated from /(used in) operations	**3,895.30**	**1,893.05**
Direct taxes paid (net of refunds)	(17.44)	27.78
Interest on Income Tax refund	41.28	69.43
Net cash flow from/ (used in) operating activities (A)	**3,919.14**	**1,990.26**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(336.18)	(402.15)
Net cash flow from/ (used in) investing activities (B)	**(336.18)**	**(402.15)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings, net (less than 90 days)	(342.51)	(1,418.07)
Repayment of short-term Borrowings	(4,000.00)	-
Proceeds from short-term borrowings	2,500.00	2,500.00
Repayment of long-term borrowings	(495.47)	(104.71)
Proceeds from long-term borrowings	-	600.00
Interest paid	(462.82)	(639.59)
Interest Received	2.45	25.60
Net cash flow from/ (used in) in financing activities (C)	**(2,798.35)**	**963.23**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	**784.61**	**2,551.34**
Cash and cash equivalents at the beginning of the year	397.79	(2,153.55)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,182.40**	**397.79**
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Balances with banks:		
– On current accounts	856.51	392.85
– Deposits with original maturity of less than 3 months	320.00	-
Cash on hand	5.89	4.99
Less:Bank Overdraft (refer note 13)	-	(0.05)
TOTAL CASH AND CASH EQUIVALENTS (Refer Note 9)	**1,182.40**	**397.79**

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

per Ravi Bansal
Partner
Membership no.: 49365

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place : Mumbai
Date: May 2, 2018

For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited

Vir S Advani
Chairman

Neeraj Basur
Director

Prem Kalliat
CEO

Mansi Laheri
Company Secretary

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Place : Mumbai
Date: May 2, 2018

Blue Star Engineering & Electronics Limited
Notes To Financial Statements For The Year Ended March 31, 2018

1. Corporate information

Blue Star Engineering and Electronic Limited ("the Company") is a public company domiciled in India (with effect from 27th February 2015, the name of the Company has changed from Blue Star Electro Mechanical Limited to Blue Star Engineering & Electronics Limited). The registered office of the Company is located at Kasturi Building, Jamshedji Tata Road, Mohan T Advani Chowk, Mumbai – 400020. The Company is into distribution and maintenance of imported professional electronics and industrial systems and in the business of providing Plumbing & Fire Fighting Contracting Services, providing engineering services in the field of refrigerators and air conditioning, heating and ventilation and also renting of properties.

Blue Star Engineering and Electronics Limited is a wholly owned subsidiary of Blue Star Limited. The financial statements were authorised for issue in accordance with a resolution of the directors on May 2, 2018.

2 Significant accounting policies
2.1 Basis of preparation
The financial statements of the Company has 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).

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

2.2 Summary of significant accounting policies
a. Business combinations and goodwill
In accordance with Ind AS 101 provisions related to first time adoption, the Company had elected to apply Ind AS accounting for business combinations prospectively from March 31, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed were recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they were measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination were measured at the basis indicated below:
► Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements were recognised and measured in accordance with Ind AS 12 - Income Tax and Ind AS 19 - Employee Benefits respectively.
► Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 - Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Common control transactions

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within the Company.

Business combinations involving entities or businesses under common control were accounted for using the pooling of interests method. Under pooling of interest method, the assets and liabilities of the combining entities were reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respect of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

b. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

► Expected to be realised or intended to be sold or consumed in normal operating cycle
► Held primarily for the purpose of trading
► Expected to be realised within twelve months after the reporting period, or
► Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

► It is expected to be settled in normal operating cycle
► It is held primarily for the purpose of trading
► It is due to be settled within twelve months after the reporting period, or
► There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c. Foreign currencies

The Company's financial statements is presented in INR, which is also its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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d. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

► Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

► Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

However, sales tax/ value added tax (VAT)/ Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue. The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from construction contracts

Revenue from construction contracts is recognised by applying percentage of completion method after providing for foreseeable losses, if any. Percentage of completion is determined as a proportion of the cost incurred upto the reporting date to the total estimated cost to complete. Foreseeable losses, if any, on the contracts is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of cost and related incidental income not included in contract revenue is taken into consideration. Contract is reflected at cost that are expected to be recoverable till such time the outcome of the contract cannot be ascertained reliably and at realisable value thereafter. Claims are accounted as income in the year of acceptance by customer.

Revenue earned in excess of billing has been reflected under "Other Financial Assets" and billing in excess of contract revenue is reflected under "Other Current Liabilities" in the balance sheet. Contract Work-in-Progress is stated at cost till such time as the outcome of the project cannot be ascertained reliably and has been reflected under "Other Current Assets".

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenues from annual maintenance contracts are recognized pro-rata over the period of the contract.
Commission income is recognized as and when the terms of the contracts are fulfilled.

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Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

f. Taxes

Current income tax:
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.
Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
► When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred 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, except:
► When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities 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 benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. MAT is considered as a deferred tax item.
Sales/ value added taxes/GST paid on acquisition of assets or on incurring expenses
Expenses and assets are recognised net of the amount of sales/ value added taxes/GST paid, except:
► When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
► When receivables and payables are stated with the amount of tax included
The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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g. Property, plant and equipment

Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

All assets are depreciated to the residual values on written-down value method.

Depreciation is calculated on a written down value basis over the estimated useful lives of the assets as follows:

Name of Tangible Asset	Life (in years)
Plant & Machinery	20
Furniture & Fixtures	10
Office Equipment	5
Vehicles	8
Computers	3

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

h. Investment properties

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 cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.
The Company depreciates building component of investment property over the useful life of the properties 60-85 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.

The details of the useful life considered for the properties are as follows:

Name of the Property	Life (in years)
Band Box House	85
Other Properties	60

The Company, based on technical assessment made by technical expert and management estimate, depreciates the building over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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i. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition 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.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets
The useful lives of other intangible assets are as mentioned below:

Nature of intangible asset	**Method of amortization**
Software	Written down value of assets over a period of 6 years

j. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k. Leases
Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.
Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

l. Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:
► Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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m. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

n. Provisions and contingencies

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Other Litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialise in respect of matters in appeal.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognises impairment on the assets with the contract.

Contingencies

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

A contingent asset is disclosed where an inflow of economic benefits is probable.
Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

o. Retirement and other employee benefits

All employee benefits payable wholly within twelve months are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

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

The Company makes contribution towards provident fund which is administered by the trustees. The Rules of the Company's Provident Fund administered by a trust, require that if the Board of the Trustees are unable to pay interest at the rate declared by the Government under Para 60 of the Employees Provident Fund Scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the Company has obtained actuary valuation and based on the valuation there is no deficiency as at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

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The Company operates a defined benefit gratuity plan in India.
The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of:
► The date of the plan amendment or curtailment, and
► The date that the Company recognises related restructuring costs
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:
► Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
► Net interest expense or income

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.

p. Financial instruments
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
Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in following categories:
► Debt instruments at amortised cost
► Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:
► The rights to receive cash flows from the asset have expired, or
► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure.

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash (including Revenue earned in excess of billing) or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables (including Revenue earned in excess of billing).

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

► All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

► Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

► Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

► For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

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. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

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.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.
This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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. 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 statement of profit and loss.

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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.

r. Earnings per share

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

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.

s. Segment reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products / services.
1. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
3. Income which relates to the Company as a whole and not allocable to segments is included in unallocable income
4. Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the company.
5. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing:

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

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

3. Property Plant & Equipment

Particulars	Buildings	Plant and Machinery	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Cost							
At April 1, 2016	-	117.73	0.13	25.69	143.28	1.13	287.96
Additions	183.86	13.31	-	5.67	18.92	-	221.76
Disposals	-	-	-	-	-	-	-
At March 31, 2017	183.86	131.04	0.13	31.36	162.20	1.13	509.72
At April 1, 2017	183.86	131.04	0.13	31.36	162.20	1.13	509.72
Additions	963.00	31.96	-	21.07	15.74	2.09	1,033.86
Disposals	-	-	-	(1.75)	-	-	-1.75
At March 31, 2018	1,146.86	163.00	0.13	50.68	177.94	3.22	1,541.83
Depreciation							
At April 1, 2016	-	16.33	0.05	11.63	28.29	0.73	57.03
Disposals	-	-	-	-	-	-	-
Provided during the year	6.55	15.06	0.03	8.95	37.48	0.26	68.33
At March 31, 2017	6.55	31.39	0.08	20.58	65.77	0.99	125.36
At April 1, 2017	6.55	31.39	0.08	20.58	65.77	0.99	125.36
Disposals	-	-	-	(1.52)	-	-	-1.52
Provided during the year	43.97	15.00	0.01	9.62	32.03	0.43	101.06
At March 31, 2018	50.52	46.39	0.09	28.68	97.80	1.42	224.90
Net Book Value							
At March 31, 2018	1,096.34	116.61	0.04	22.00	80.14	1.80	1,316.93
At March 31, 2017	177.31	99.65	0.05	10.78	96.43	0.14	384.36

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4. Investment Properties

Cost	₹ Lakhs
At April 1, 2016	7,301.18
Additions	(25.78)
At March 31, 2017	7,275.40
Additions	-
At March 31, 2018	7,275.40
Depreciation	
At April 1, 2016	693.55
Additions	622.52
At March 31, 2017	1,316.07
Additions	562.80
At March 31, 2018	1,878.87
Net Book Value	
At March 31, 2018	5,396.53
At March 31, 2017	5,959.33

Information regarding Income & Expenditure of Investment properties

₹ Lakhs

	31st March, 2018	31st March, 2017
Rental income derived from investment properties (Refer Note 19)	358.03	351.45
Direct operating expenses (including repairs and maintenance) associated with rental income	(41.53)	(47.97)
Profit arising from investment properties before depreciation and indirect expenses	316.50	303.48
Less – Depreciation ((Refer Note 23)	562.80	622.52
Profit arising from investment properties before indirect expenses	(246.30)	(319.04)

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As at 31 March 2018 and 31 March 2017, the fair value of the properties is ₹ 7,420.07 lacs and ₹ 7,349.53 lacs respectively. The valuation is based on fair value assessment done by accredited independent valuers.

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.

Description of valuation techniques used and key inputs to valuation on investment properties

The direct comparison approach involves a comparison of the property to similar properties that have actually been sold in arms – length transactions or are offered for sale. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. Statute and case laws define a market value standard for assessment.

In assessment litigation, under the "rules of evidence" a bona fide sale of the subject properties is usually considered the best evidence of market value. In the absence of a sale of the subject, sales prices of comparable properties are usually considered the best evidence of market value. Consequently, the comparative sale approach is the preferred approach when sales data are available. The comparative sale approach models the behaviour of the market by comparing the properties being appraised with similar properties that have recently sold (comparable properties) or for which offers to purchase have been made.

Comparable properties are selected for similarity to the subject properties by way of attributes, such things as the age, size, quality of construction, building features, condition, design, gentry, etc. Their sale prices are then adjusted for their difference from the subject. Finally a market value for the subject is estimated from the adjusted sales price of the comparable properties. The economic principles of supply and demand provide a framework for understanding how the market works. The interaction of supply and demand factors determines property value.

Fair Value Hierarchy disclosures for investment properties have been provided in Note 32.

Reconciliation of fair value:

	Investment Properties ₹ Lakhs
Opening Balance as at April 1, 2016	7,177.46
Fair value changes	172.07
Closing Balance as at March 31, 2017	7,349.53
Fair value changes	70.54
Closing Balance as at March 31, 2018	**7,420.07**

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment Properties	Valuation technique	Significant unobservable Inputs	Range (Weighted Average)	
			31st March, 2018	**31st March, 2017**
Band Box House, Worli, Mumbai	Comparative Sales Method	Estimated rental value per sq. per month	INR 135 - INR 150	INR 125 - INR 140
RamKrishna Chambers, Baroda	Comparative Sales Method	Estimated rental value per sq. per month	INR 15 - INR 18	INR 15 - INR 18
Nityanand, Pune	Comparative Sales Method	Estimated rental value per sq. per month	INR 65- INR 75	INR 65- INR 75
Sahas, Prabhadevi, Mumbai	Comparative Sales Method	Estimated rental value per sq. per month	INR 115- INR 135	INR 115- INR 135

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED *

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

5. Intangible Assets

	Software
	₹ Lakhs
Cost	
At April 1, 2016	2.85
Additions	-
Disposals	-
At March 31, 2017	**2.85**
At April 1, 2017	2.85
Additions	0.35
Disposals	-
At March 31, 2018	**3.20**
Amortisation	
At April 1, 2016	0.01
Provided during the year	1.12
At March 31, 2017	**1.13**
At April 1, 2017	1.13
Provided during the year	0.72
At March 31, 2018	**1.85**
Net Book Value	
At March 31, 2018	1.35
At March 31, 2017	1.72

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

Notes to Financial Statements for the year ended March 31, 2018

6. Financial Assets

Loans (Unsecured considered good unless otherwise stated)

Particulars	Non-current		Current	
	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Loan to Others				
Security Deposit	40.94	30.04	-	-
Loans to employees	41.33	20.99	53.86	14.48
Total Loans	**82.27**	**51.03**	**53.86**	**14.48**

Other Financial Assets

Particulars	Non-current		Current	
	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts	-	-	2.63	-
Unbilled Revenue:				
Project Revenue	-	-	380.84	1,285.46
Less: Impairment Allowance	-	-	(59.20)	(109.98)
Net Project Revenue	-	-	321.64	1,175.48
AMC	-	-	132.22	41.40
Receivable from Related Party	-	-	538.06	-
Advance recoverable in cash	-	-	94.99	116.40
Total Other Financial Assets	**-**	**-**	**1,089.54**	**1,333.28**

Foreign exchange forward contracts

The Company enters into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of buyers credit . These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Breakup of total financial assets carried at amortized cost

Particulars	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Trade receivables (refer note 8)	6,365.10	6,075.82
Cash & bank balances (refer note 9)	1,182.40	397.84
Loans (refer note 6)	136.13	65.51
Other financial assets (refer note 6)	1,089.54	1,333.28
Total financial assets carried at ammortized cost	**8,773.17**	**7,872.45**

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

7. Inventories
(Valued at lower of cost and net realisable value)

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Traded goods (includes in transit: Rs. 2.92 lacs (March 31, 2017: Rs. 2.40 lacs))	1,070.41	1,513.25
	1,070.41	**1,513.25**

8. Trade Receivable

	Non-current		Current	
	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Trade receivables	47.73	46.28	6,317.38	5,923.62
Receivables from other related parties (Note 29)	-	-	-	105.93
Total Trade receivables	**47.73**	**46.28**	**6,317.38**	**6,029.55**
Break up of security details :				
Unsecured, considered good	47.73	46.28	6,317.38	6,029.55
Doubtful	-	-	1,208.74	2,335.37
	47.73	46.28	7,526.12	8,364.92
Impairment Allowance (allowance for bad and doubtful debts)				
Doubtful	-	-	1,208.74	2,335.37
Total Trade receivables	**47.73**	**46.28**	**6,317.38**	**6,029.55**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

9. Cash and Cash Equivalent

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Cash and cash equivalents		
Balances with banks:		
– On current accounts	856.51	392.85
– Deposits with original maturity of less than 3 months	320.00	-
Cash on hand*	5.89	4.99
	1,182.40	397.84

* This represents Cash Imprest given to employees for the purpose of business expenditures.

Changes in liabilities arising from financing activities

Particulars	April 1, 2017	Cash flows	31st March, 2018
	₹ Lakhs	₹ Lakhs	₹ Lakhs
Current borrowings	5,464.23	(2,337.98)	3,126.25

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Balances with banks:		
– On current accounts	856.51	392.85
– Deposits with original maturity of less than three months	320.00	-
Cash on hand	5.89	4.99
	1,182.40	397.84
Less – Bank overdraft (note 13)	-	0.05
	1,182.40	397.79

10 Other Assets

	Non-current		Current	
	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Balance with Statutory Authorities	151.67	139.16	46.60	113.64
Vendor Advances	-	-	822.13	330.27
Prepaid Expenses	-	-	70.42	117.84
Project Work in Progress	-	-	9.62	109.70
	151.67	**139.16**	**948.77**	**671.45**

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

11 Share Capital

Authorised Share Capital	10% Cumulative Redeemable Preference Shares of ₹ 100 each		Equity Shares of ₹ 2 each	
	No.	₹ Lakhs	No.	₹ Lakhs
At April 1, 2016	18,00,000	1,800.00	5,50,00,000	1,100.00
Increase/(Decrease) during the year	-	-	-	-
At March 31, 2017	18,00,000	1,800.00	5,50,00,000	1,100.00
Increase/(Decrease) during the year	-	-	-	-
At March 31, 2018	18,00,000	1,800.00	5,50,00,000	1,100.00

Terms/Rights attached to Equity Shares

The company has only one class of Equity Shares having par value of Rs. 2 per share. Each share holder is entitled to one vote per share. In the event of liquidation of the company, 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.

Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	31 March 2018 Rs. In Lakhs	31 March 2017 Rs. In Lakhs
Blue Star Limited, the Holding Company and Its Nominees 5,29,25,052 of Rs.2 each fully paid up (March 2017 : 5,29,25,052 Equity Shares of Rs.2 each fully paid up)	1,058.50	1,058.50

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

Name of the shareholder	As at 31 March, 2018		As at 31 March, 2017	
	Numbers	% holding in the class	Numbers	% holding in the class
Blue Star Limited, the Holding Company and Its Nominees shares of Rs.2 each fully paid up	5,29,25,052	100.00%	5,29,25,052	100.00%

As per records of the Company, including it's register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Details of aggregate number of shares issued for consideration other than cash, issued during the year of five years immediately preceding the reporting date:

	31 March 2018 No. of Shares Allotted	31 March 2017 No. of Shares Allotted
Equity shares allotted as		
Fully paid up to the shareholders of Blue Star Design and Engineering Limited in accordance with the scheme of amalgamation	1,46,25,000	1,46,25,000
Fully paid up to Blue Star Limited in accordance with Business Transfer Agreement	2,84,50,052	2,84,50,052

12 Other Equity

Securities Premium Reserve – Where the Company 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 Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

Capital Reserve - A reserve of a company which is not available for distribution as dividend is classified as capital reserve of the company. The capital reserve recognised in the financial statements denote the excess of the Net Assets acquired over the amount of consideration transferred in business combination transactions

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

13 Borrowings

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Non-current Borrowings		
Term Loan from Bank (Secured)	1,489.63	1,982.25
Total non-current Borrowings	1,489.63	1,982.25
Current Borrowings		
Cash Credit (secured)	-	0.05
Buyers' credit from banks (secured)	140.26	481.93
Commercial papers from others (Unsecured)	1,000.00	2,500.00
Total current borrowings	1,140.26	2,981.98

Aggregate secured loans	1,629.89	2,464.23
Aggregate Unsecured loans	1,000.00	2,500.00
Total	**2,629.89**	**4,964.23**

Term Loan (Secured)
Term Loan is repayable in six equated half yearly installments @8.35% 6M MCLR +0.05% secured against irrecoverable corporate guarantee of Blue Star Limited.

Commercial paper (Unsecured)
Commercial papers carry average interest rate @ 7.00 % p.a. for the current year. These are repayable within 60 to 180 days from the date of drawdown.

Cash Credit (Secured)
Secured by all existing and future current and movable assets and irrecoverable Corporate Guarantee of Blue Star Limited. The cash credit is repayable on demand and carries interest @ 7.60 to 10.80% (31st March 17: 8.70 % to 11.00%p.a).

Buyers Credit (Secured)
Buyers' credit are availed for imports payables and are repayable within maximum tenure of 90 days from the date of shipment and carries an average interest @ Libor plus 0.67% & secured against Blue Star Ltd.'s irrecoverable Corporate Guarantee.

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

14 Trade Payables

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
A Trade Payables		
Trade payables **	4,887.08	3,577.22
B Other Payables		
Creditors - capital expenditure	3.80	-
Total Payable	**4,890.88**	**3,577.22**

** Disclosure as required under Section 22 of Micro, Small & Medium Enterprises Development Act, 2006 ("the Act")

Particulars	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	0.72	-
(ii) Interest due on above	-	-
(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	0.68	0.63
(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	0.68	0.63

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

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

15 Other Financial Liabilities

	Non-current		Current	
	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Financial liabilities at amortized cost				
Lease Rental Deposits	86.67	86.28	223.53	216.17
Total other financial liabilities at amortized cost	86.67	86.28	223.53	216.17
Current Maturities of long term borrowings (Refer Note 13)	-	-	496.31	500.00
Total other financial liabilities	86.67	86.28	719.84	716.17

16 Other Liabilities

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Unearned revenue (Amount due to customers)	839.09	490.64
Advances from customers	1,303.03	1,281.71
Payable to Related Parties	-	339.32
Dues to Statutory bodies	204.28	40.59
Others	44.15	76.94
Total Other Liabilities	2,390.55	2,229.20

17 Provisions

	Non Current		Current	
	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Provision for employee benefits				
Provision for Gratuity (refer note 28)	31.52	36.99	1.50	1.01
Provision for Leave benefits	-	-	163.22	186.62
Provision for Additional Gratuity (refer note 28)	2.49	2.38	0.28	0.04
	34.01	39.37	165.00	187.67
Other provisions				
Provision for warranties	-	-	148.80	21.80
Loss order	-	-	-	3.10
	-	-	148.80	24.90
Total	34.01	39.37	313.80	212.57

Provision for warranties

Warranty is provided to the customer for a period of 12-36 months on from the handling over of the project and on sale of traded goods . A provision is recognised for expected warranty claims on jobs completed during provision periods and on warranty provided on sale of traded goods, based on past experience of such claims. Assumptions used to calculate the provision for warranties were based on amount of planned revenue from respective projects and components which would be required at time of warranty. The estimate of such warranty cost are revised annually. The table below gives information about the movement.

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
At 1 April, 2017	21.80	21.80
Arising during the year	127.00	-
Utilized during the year	-	-
At 31st March 2018	148.80	21.80

Loss Order

A provision for expected loss on construction contract is recognised when it is probable that the contract cost will exceed the total contract revenue. For all other contracts, loss order provisions are made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

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18. Income Tax & Deferred Tax

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Income Tax Assets (Net)		
Advance Income tax (net of provision for taxation)	-	153.03
Total	-	153.03
Deferred tax (Net)		
Deferred Tax Assets arising from : **MAT credit Entitlement**	666.97	496.50
	666.97	649.53

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Accounting profit before tax	1,966.71	491.72
Other Comprehensive Income before tax	(68.71)	(21.28)
Total	**1,898.00**	**470.44**
At India's statutory income tax rate of 34.608% (March 31, 2017: 33.063%)	656.86	155.54
Expenses not allowed for tax purpose	111.97	115.84
Incomes not to be considered for tax purpose	(486.29)	-
Ind AS Transitional adjustments impact	6.81	6.50
Effect of lower tax rate due to application of section 115JB of the Income Tax Act, 1961 provision as compared to Normal Tax provision	(118.88)	(106.20)
At effective income tax rate of 8.98% (March 31, 2017: 36.49%)	**170.47**	**171.68**
MAT credit entitlement	(170.47)	(171.68)
Income tax expenses reported in statement of Profit and Loss	-	-

Deferred tax

Reconciliation of Deferred Tax Assets:

	₹ Lakhs
Deferred taxes relates to the MAT credit Entitlement	
As at April 1, 2016	324.82
Add: MAT credit entitlement	171.68
Less: MAT credit utilisation	-
As at March 31, 2017	496.50
As at April 1, 2017	496.50
Add: MAT credit entitlement	170.47
Less: MAT credit utilisation	-
As at March 31, 2018	666.97

i)The Company has tax business losses of Rs. 4,654.91 lakhs, (March 31, 2017: Rs. 5,321.61 lakhs) that are available for offsetting for eight years against future taxable profits of the Company in which the losses arose. Majority of losses will expire in March 2020 and March 2021.

ii)The Company has tax unabsorbed depreciation losses of Rs. 1,238.28 lakhs, (March 31, 2017: Rs. 1,468.10 lakhs) that are available for carried forward till existance and offsetting against future taxable profits of the Company.

iii)Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits, they have arisen in the Company that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the profit would increase by Rs. 2,039.52 lakhs (March 31, 2017: Rs. 2,244.88 lakhs).

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

19. Revenue from operations

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Revenue from operations		
Sale of Traded Goods	15,034.80	11,477.86
Services rendered	2,613.82	2,380.11
Rental Income	358.03	351.45
Revenue from construction contracts (Refer Note 35(a))	420.54	2,613.21
Other operating revenue		
Commission income	489.75	864.99
Provisions and liabilities no longer required	173.44	181.04
Shared service income	16.11	161.72
Total revenue from operations	19,106.49	18,030.38

20a. Other income

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Foreign Exchange differences (gain)	39.41	-
Total	**39.41**	**-**

20b. Finance income

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Interest on Income tax Refund	41.28	69.43
Interest on Others	2.45	25.60
Interest on Financial Assets	-	23.84
Total	**43.73**	**118.87**

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

21. Cost of Material consumed and Project Related Costs

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Cost of material consumed and project related costs (refer note 35 (b))	538.43	2,319.96
Total Cost of Material Consumed and Project Related Costs	**538.43**	**2,319.96**

Purchase of traded Goods	**10,998.38**	**8,118.09**

(Increase)/ decrease in stock of traded goods

Closing stock of traded goods	1,070.41	1,513.25
	1,070.41	**1,513.25**
Opening stock of traded goods	1,513.25	1,928.72
	1,513.25	**1,928.72**
(Increase) / Decrease in inventories	**442.84**	**415.47**

22. Employee benefits expense

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Salaries, wages and bonus	2,367.53	2,273.65
Contribution to provident and other funds	115.87	117.81
Gratuity expense (refer note 28)	32.04	29.31
Other employment benefits	(4.50)	35.14
Staff welfare expenses	58.71	59.86
	2,569.65	**2,515.77**

Note : The Holding company, Blue Star Limited has issued stock options to 2 employees of the Company for which the holding company has incurred cost Rs 1.45 lakhs (March 31, 2017- Rs 7.49 lakhs)

23. Depreciation and amortisation expenses

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Depreciation on Tangible Assets (refer note 3)	101.06	68.33
Amortisation expenses on Intangible Assets (refer note 5)	0.72	1.12
Depreciation on Investment Properties (refer note 4)	562.80	622.52
	664.58	**691.97**

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

24. Other expenses

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Stores and spares consumed	0.57	0.26
Maintainenace, Installation and Service Charges (Refer Note 35 (b))	1,023.16	642.06
Rent (Refer Note 35 (b))	55.86	56.06
Rates and taxes (Refer Note 35 (b))	14.17	132.87
Power and fuel (Refer Note 35 (b))	1.00	1.09
Insurance (Refer Note 35 (b))	74.53	24.59
Repairs and maintenance		
Buildings	26.63	14.72
Plant and machinery	0.49	-
Others	8.47	7.72
Advertising and Publicity	26.12	32.27
Conference Expenses	4.77	0.53
Communication Expenses (Refer Note 35 (b))	40.83	52.60
Commission on Sales	19.76	8.82
Freight and forwarding charges (Refer Note 35 (b))	55.57	44.66
Travelling and conveyance (Refer Note 35 (b))	452.39	441.13
Printing and stationery (Refer Note 35 (b))	12.71	12.33
Legal and professional fees (Refer Note 35 (b))	95.34	114.90
Directors' sitting fees	0.95	0.50
Payment to auditors	15.40	16.51
Loss on sale of fixed assets (net)	0.23	-
Foreign Exchange differences (net)	-	41.95
Bad debts / advances written off	577.84	11.28
Allowances for doubtful debts and advances (net)*	(1,168.43)	342.13
Miscellaneous expenses	74.08	59.93
Shared Services	133.78	897.77
	1,546.22	2,956.68

* The above amount includes write back of provision for doubtful debts.

A. Payment to auditors (excluding service tax)

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
As auditor:		
Audit fee	12.00	13.00
Limited review	1.33	2.00
Other services	1.13	0.21
Reimbursement of expenses	0.94	1.30
	15.40	16.51

25. Finance costs

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Interest on debts & borrowings	365.22	555.67
Bank charges (Refer Note 35(b))	68.92	58.48
Exchange Difference (net)	28.68	25.44
	462.82	639.59

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED

26 Earning Per Shares (EPS)

	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
Profit attributable to equity holders of the Company	1,966.71	491.72
Weighted average number of Equity shares in calculating basic and diluted EPS	5,29,25,052	5,29,25,052
Basic and diluted earnings per share	**3.72**	**0.93**

27 Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported values of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Project revenue and costs

The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total contract costs, total contract revenues, contract risks, including technical, political and regulatory risks, and other judgments. The Company re-assesses these estimates on periodic basis and makes appropriate revisions accordingly.

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using an appropriate valuation model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 35.

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Taxes

Significant management judgement is required to determine the amount of deferred tax assets (including MAT credit) that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Employee benefit plans

The cost of defined benefit gratuity plan and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 28.

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.

Impairment of financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and 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.

Allowance for uncollectible trade receivables

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts 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.

Rebates and discounts

The Company provides rebates and discounts to its dealers and channel partners based on an expectation of volumes achieved and other parameters such as quality of showroom etc. 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 etc.

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

28 Employee Benefits Disclosure

I.Defined Contribution Plans:

Amount of Rs 115.87 Lakhs (31 March 2017 : Rs 117.81 lakhs) is recognized as an expense and included in " Employee Benefit expense" (Refer Note 22) in the statement of Profit & Loss.

II.Defined Benefit Plans

a. Gratuity

The Company makes annual contribution to Blue Star Employees Gratuity Fund, which is a final funded salary defined benefit plan for qualifying employees.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The fund formed by the Company manages the investments of the Gratuity fund. Market volatility, changes in inflation and interest rates, rising longetivity, plan administration expense and regulatory changes are just some of the factors that create financial risk in defined benefit plans. If not managed, defined benefit plan risk will impact credit ratings, access to capital, share prices and plans for growth, as well as divert attention and valuable resources from core business strategy to pension issues. As the plan assets include investments mainly in public sector undertakings, state government securities and investments with the approved insurance company, the company's exposure to equity market risk is minimal.

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities. The Company expects to contribute Rs. 47.29 lakhs to gratuity fund in 2018-19 (31 March 2017 : Rs 74.40 lakhs.)

Disclosure Information :

Change in Present Value of Defined Benefit Obligation:

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Defined Benefit obligations at the beginning of the year	324.40	373.07	38.00	42.42	2.41	5.31
Service cost						
a.Current Service Cost	24.83	22.61	5.72	4.19	0.19	0.16
Interest Expense	23.46	25.57	2.71	2.66	0.18	0.39
Cash Flow						
a. Benefits payments from Planned assets	(27.89)	(74.40)	-	-	-	-
b. Benefits payments from Employer	-	-	(1.79)	(14.58)	-	(1.05)
Remeasurements						
a. Due to change in demographic assumptions	18.98	-	-	-	0.31	-
b. Due to change in financial assumptions	(4.73)	7.50	(0.40)	0.43	0.34	0.07
c. Due to experience adjustments	14.12	(29.95)	(0.61)	2.88	(0.66)	(2.47)
Defined Benefit obligation at the end of the year	**373.17**	**324.40**	**43.63**	**38.00**	**2.77**	**2.41**

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

Change in fair value of plan assets

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Fair Value of the plan asset at the beginning of the year	324.72	375.03	-	-	-	-
Interest income	24.68	25.72	-	-	-	-
Cash flows						
a. Total employer contributions						
(i) Employer contributions	103.62	-	-	-	-	-
(ii) Employer direct benefit payments	-	-	1.79	14.58	-	1.05
b. Benefit payments from plan assets	(27.89)	(74.40)	-	-	-	-
c. Benefit payments from employer	-	-	(1.79)	(14.58)	-	(1.05)
Remeasurements						
a. Return on assets (excluding interest income)	(41.36)	(1.63)	-	-	-	-
Fair value of plan assets at end of the year	**383.77**	**324.72**	**-**	**-**	**-**	**-**

Components of defined benefit cost

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Service Cost						
Current service cost	24.83	22.61	5.72	4.19	0.19	0.16
Total service cost	24.83	22.61	5.72	4.19	-	-
Net interest cost						
a. Interest expense on DBO	23.46	25.57	2.71	2.66	0.18	0.39
b. Interest (income) on plan assets	(24.68)	(25.72)	-	-	-	-
Total net interest cost	(1.22)	(0.15)	2.71	2.66	-	-
Defined benefit cost included in P&L	**23.61**	**22.46**	**8.43**	**6.85**	**0.37**	**0.55**

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

Remeasurements (recognized in other comprehensive income (OCI)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
a. Due to change in demographic assumptions	18.97	-	-	-	0.31	-
b. Due to change in financial assumptions	(4.73)	7.50	(0.40)	0.43	0.34	0.07
c. Due to change in experience adjustments	14.12	(29.95)	(0.60)	2.88	(0.66)	(2.47)
d. (Return) on plan assets (excl. interest income)	41.36	1.63	-	-	-	-
Total remeasurements in OCI	69.72	(20.82)	(1.00)	3.31	(0.00)	(2.40)
Total defined benefit cost recognized in P&L and OCI	**93.33**	**1.64**	**7.43**	**10.16**	**0.36**	**(1.85)**

Amounts recognized in the statement of financial position

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Defined benefit obligation	373.16	324.40	43.63	38.00	2.77	2.41
Fair value of plan assets	383.78	324.72	-	-	-	-
Funded status	(10.61)	(0.32)	43.63	38.00	2.77	2.42
Net defined benefit liability / (asset)	**(10.61)**	**(0.32)**	**43.63**	**38.00**	**2.77**	**2.42**

Net defined benefit liability / (asset) reconciliation

	Gratuity (Funded)		Gratuity (Un-Funded)		Additional Gratuity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Net defined benefit liability (asset) at the beginning of the year	(0.32)	(1.96)	38.00	42.42	2.41	5.31
Defined benefit cost included in P&L	23.61	22.46	8.43	6.85	0.36	0.55
Total remeasurements included in OCI	69.72	(20.82)	(1.00)	3.31	(0.00)	(2.40)
Amounts recognized due to plan combinations						
Cash flows						
a. Employer contributions	(103.62)	-	-	-	-	-
b. Employer direct benefit payments	-	-	(1.79)	(14.58)	-	(1.05)
Net defined benefit liability / (asset) as of end of the year	**(10.61)**	**(0.32)**	**43.64**	**38.00**	**2.77**	**2.41**

The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	31st March, 2018	31st March, 2017
Cash and cash equivalents	-	10.48
Insurance company products	383.77	118.98
Others	-	195.26
Total	383.77	324.72

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

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

Actuarial Assumptions	Gratuity (Funded)		Additional Gratuity	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Discount Rate	7.60%	7.30%	7.60%	7.30%
Rate of return on plan assets	7.60%	7.30%	-	-
Mortality Rate	IALM-2006-08	IALM-2006-08	IALM-2006-08	IALM-2006-08
Salary escalation rate (Management-staff)	7%,3%	6%,2%	7%,3%	6%,2%
Attrition Rate	11% throughout	1% throughout	11% throughout	1% throughout

Actuarial Assumptions	Gratuity (Unfunded)	
	31st March, 2018	31st March, 2017
Discount Rate	7.88%	7.30%
Rate of return on plan assets	-	-
Mortality Rate	IALM-2008	IALM-2008
Salary escalation rate	7%	7%
Attrition Rate	3% 2% 1%	3% 2% 1%

A quantitative sensitivity analysis for significant assumptions as at March 31, 2018 is shown as below:

Assumptions	Gratuity (Funded)	Additional Gratuity
	31st March, 2018 Rs. In Lakhs	31st March, 2018 Rs. In Lakhs
Discount Rate		
Discount Rate - 50 Basis Points	381.13	2.55
Assumption	7.10%	7.10%
Discount Rate + 50 Basis Points	365.56	2.29
Assumption	8.10%	8.10%
Salary Increase Rate		
Salary Rate - 50 Basis Points	373.16	2.42
Assumption	Vary by Employee type	Vary by Employee type
Salary Rate + 50 Basis Points	373.16	2.42
Assumption	Vary by Employee type	Vary by Employee type

The sensitivity analyses 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 2017-18.

The average duration of the defined benefit plan obligation at the end of the reporting year 2017-18 is 9 years.

III. General Description of significant defined plans:
1. Gratuity Plan
Gratuity is payable to all eligible employees on separation /retirement based on 15 days last drawn salary for each completed years of service after continuous service for 5 years.

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

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

29 Related party disclosure

Names of related parties and related party relationship
Related party where controls exists
Holding Company — Blue Star Limited

Name of other related party with whom transactions have taken place during the year
Fellow Subsidiary — Blue Star Qatar LLC

Key Management Personnel (as per Companies Act, 2013)
Prem Kalliath — Chief Executive Officer w.e.f. 2nd May, 2016
Yogesh Joshi — Company Secretary w.e.f. 4th May, 2017 till 27th July, 2017

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Transactions with related party	31 March 2018 Rs. In Lakhs	31 March 2017 Rs. In Lakhs
Purchase of materials:-		
Blue Star Limited	14.93	14.73
Sale of materials:-		
Blue Star Limited	63.21	79.33
Reimbursement of expenses:-		
Blue Star Limited	136.78	930.39
Recovery of expenses:-		
Blue Star Limited	363.64	434.38
Rent income received during the year		
Blue Star Limited	247.90	244.60
Commission received during the year		
Blue Star Limited	1.00	-
Renumeration to Key Management Personnel		
Prem Kalliath	170.77	117.22
Yogesh Joshi	7.86	-
Loan given to KMP		
Prem Kalliath	20.00	-
Yogesh Joshi	5.00	-
Balance receivable from Loan given to KMP		
Prem Kalliath	18.89	-
Yogesh Joshi	4.81	-
Balance receivable-Sundry debtors		
Blue Star Qatar LLC	-	105.93
Blue Star Limited	268.87	-
Corporate Guarantee Outstanding		
Blue Star Limited	10,500.00	10,500.00
Balance due-creditors		
Blue Star Limited	-	524.94

Terms and conditions of transaction with related parties
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. For the year ended 31 March 2018, the Company has recorded impairment of receivables relating to amounts owed by related parties to Rs. 60.65 Lakhs (March 31, 2017: Nil).

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED

30 Segment Information:

A. Primary Segment Reporting (by Business Segment)

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

a. Plumbing & Fire-fighting systems including contracting business of engineering, construction, installation, commissioning and after sales service

b. Professional Electronics and Industrial Systems includes trading and services for industrial products and systems, Material Testing Equipment & Systems (Destructive /Non-destructive), Data Communication Products & Services, Testing & Measuring Instruments and Healthcare Systems.

c. Providing properties on Rent

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

Segment Revenues, Results and other Information:

I. SEGMENT REVENUE	For the year ended 31st March, 2018 ₹ Lakhs	For the year ended 31st March, 2017 ₹ Lakhs
i. Plumbing and Fire-Fighting Systems	212.33	516.31
ii. Professional Electronics and Industrial Systems	18,533.11	17,101.95
iii. Renting of Properties	361.05	412.12
TOTAL SEGMENT REVENUE	**19,106.49**	**18,030.38**
Add: Other Income	39.41	-
Add: Finance Income	43.73	118.87
TOTAL INCOME	**19,189.63**	**18,149.25**

II. SEGMENT RESULT

i. Plumbing and Fire-Fighting Systems	867.32	(267.41)
ii. Professional Electronics and Industrial Systems	2,030.54	2,491.42
iii. Renting of Properties	(313.71)	(360.74)
TOTAL SEGMENT RESULT	**2,584.15**	**1,863.27**
Less: i) Finance Cost	462.82	639.59
ii) Other un-allocable Expenditure Net of un-allocable Income	154.62	731.96
TOTAL PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM	**1,966.71**	**491.72**
Exceptional Items	-	-
PROFIT BEFORE TAXATION	**1,966.71**	**491.72**
Provision For Taxes	-	-
NET PROFIT AFTER TAX	**1,966.71**	**491.72**

III. OTHER INFORMATION:

A. SEGMENT ASSETS	As at 31st March, 2018 ₹ Lakhs	As at 31st March, 2017 ₹ Lakhs
i. Plumbing and Fire-Fighting Systems	1,243.75	1,407.90
ii. Professional Electronics and Industrial Systems	9,166.58	8,316.03
iii. Renting of Properties	5,784.47	6,465.27
TOTAL SEGMENT ASSETS	**16,194.80**	**16,189.20**
Add: Un-allocable Corporate Assets	2,135.06	1,002.06
TOTAL ASSETS	**18,329.86**	**17,191.26**

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

B. SEGMENT LIABILITIES	As at 31st March, 2018	As at 31st March, 2017
	₹ Lakhs	₹ Lakhs
i. Plumbing and Fire-Fighting Systems	800.83	1,022.29
ii. Professional Electronics and Industrial Systems	6,992.41	4,956.63
iii. Renting of Properties	338.47	413.46
TOTAL SEGMENT LIABILITIES	8,131.70	6,392.38
Add: Un-allocable Corporate Liabilities	2,933.93	5,432.66
TOTAL LIABILITIES	11,065.64	11,825.05

C. CAPITAL EXPENDITURE (including Capital WIP)

	For the year ended 31st March , 2018	For the year ended 31st March , 2017
	₹ Lakhs	₹ Lakhs
i. Plumbing and Fire-Fighting Systems	-	-
ii. Professional Electronics and Industrial Systems	71.15	34.93
iii. Renting of Properties	-	-
iv. Other Un-allocable	967.10	186.83
TOTAL	1,038.25	221.76

D. DEPRECIATION AND AMORTISATION

i. Plumbing and Fire-Fighting Systems	-	6.55
ii. Professional Electronics and Industrial Systems	56.35	60.88
iii. Renting of Properties	562.80	622.51
iv. Other Un-allocable	45.41	2.03
TOTAL	664.58	691.97

E. NON CASH EXPENSES OTHER THAN DEPRECIATION

i. Plumbing and Fire-Fighting Systems	35.43	66.71
ii. Professional Electronics and Industrial Systems	223.66	233.63
iii. Renting of Properties	62.27	6.44
iv. Other Un-allocable	-	-
TOTAL	321.36	306.78

B. Secondary segment information:

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

	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
		₹ Lakhs	₹ Lakhs
a	Revenue (Sales, Services & Commission) by Geographical Market		
	India	14,537.03	15,538.40
	Outside India	4,569.46	2,491.98
	Total	19,106.49	18,030.38
b	Carrying amount of Segment Assets & Intangible Assets	As at 31st March, 2018	As at 31st March, 2017
		₹ Lakhs	₹ Lakhs
	India	16,583.51	15,757.39
	Outside India	1,746.35	1,433.87
	Total	18,329.86	17,191.26
c	Capital Expenditure Including Capital Work in progress	For the year ended 31st March,2018	For the year ended 31st March,2017
		₹ Lakhs	₹ Lakhs
	India	1,038.25	221.76
	Outside India	-	-
	Total	1,038.25	221.76

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

31 Derivative Instruments and attached foreign currency exposure

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

Particulars	For the year ended		For the year ended	
Foreign Currency	Amount in Foreign Currency	₹ Lakhs	Amount in Foreign Currency	₹ Lakhs
Particulars of Derivatives				
Forward cover to Purchase USD &				
Hedge of underlying payables - USD	1,80,200	117.45	8,04,717	528.89
- Buyers' Credit	1,80,200	117.45	7,32,305	481.93
- Other Payables	-	-	72,412	46.96

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

Particulars	As at 31st March, 2018		As at 31st March, 2017	
Foreign Currency	Amount in Foreign Currency	₹ Lakhs	Amount in Foreign Currency	₹ Lakhs
Bank Balances				
AED	53,584	9.51	43,107	7.61
EUR	3,17,246	256.36	-	-
CAD	33	0.02	-	-
USD	7,65,874	499.16	-	-
Receivables				
AED	8,31,544	147.56	8,47,757	149.67
CAD	84,913	43.01	1,316	0.64
EUR	11,34,829	917.03	3,07,646	213.18
GBP	14,041	12.96	-	-
JPY	22,75,102	13.99	17,64,180	10.23
USD	18,14,997	1,182.92	11,41,272	740.11
Payables				
AED	8,52,757	151.32	8,25,272	145.70
CAD	24,000	12.16	1,48,688	72.25
EUR	14,81,585	1,197.23	3,81,801	264.56
GBP	1,912	1.76	16,371	13.24
JPY	-	-	24,00,702	13.92
USD	24,37,675	1,588.75	13,74,277	891.22
Buyers' Credit				
USD	35,000.00	22.81	-	-

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Blue Star Engineering & Electronics Limited
Notes to Financial Statements for the year ended March 31, 2018

32 Fair Value Hierarchy

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

Quantitative disclosures fair value measurement heirarchy as at For the year ended 31st March, 2018 :

Particulars	Date of Valuation	Total ₹ Lakhs	Quoted prices in active markets (Level1) ₹ Lakhs	Significant observable inputs (Level 2) ₹ Lakhs	Significant unobservable inputs (Level 3) ₹ Lakhs
Assets for which fair values are disclosed:					
Investment Properties (refer note 4)	March 31, 2018	7,420.07	-	7,420.07	-

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

Quantitative disclosures fair value measurement heirarchy as at For the year ended 31st March, 2017 :

Particulars	Date of Valuation	Total ₹ Lakhs	Quoted prices in active markets (Level1) ₹ Lakhs	Significant observable inputs (Level 2) ₹ Lakhs	Significant unobservable inputs (Level 3) ₹ Lakhs
Assets for which fair values are disclosed:					
Investment Properties (refer note 4)	March 31, 2017	7,349.53	-	7,349.53	-

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

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

33 Financial Risk Management Objectives & Policies

The Company's principal financial liabilities comprise of short and long tenured borrowings, trade and other payables and deposits. Most of these liabilities relate to financing Company's working capital cycle. The Company has trade and other receivables, loans and advances that arise directly from its operations. The Company also enters into hedging transactions to cover foreign exchange exposure risk.

The Company is accordingly exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out by a specialist treasury team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Risk Committee and the Audit Committee review and agree policies for managing each of these risks which are summarised below:

Market Risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits, advances and derivative financial instruments.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rate movement.

The Company uses derivative financial instruments such as foreign exchange forward contracts to manage its exposures to foreign exchange fluctuations.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily US Dollars and Euros. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company may use forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the Company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as per its established risk management policy.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Euro and other 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.

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on Equity	
		For the Year Ended March 31, 2018 Rs in Lakhs	For the Year Ended March 31, 2017 Rs in Lakhs	For the Year Ended March 31, 2018 Rs in Lakhs	For the Year Ended March 31, 2017 Rs in Lakhs
US Dollars	+5%	3.53	7.56	3.53	7.56
	-5%	(3.53)	(7.56)	(3.53)	(7.56)
Euro	+5%	(1.19)	2.57	(1.19)	2.57
	-5%	1.19	(2.57)	1.19	(2.57)
CAD	+5%	1.54	3.58	1.54	3.58
	-5%	(1.54)	(3.58)	(1.54)	(3.58)
GBP	+5%	0.56	0.66	0.56	0.66
	-5%	(0.56)	(0.66)	(0.56)	(0.66)
Others	+5%	0.99	0.36	0.99	0.36
	-5%	(0.99)	(0.36)	(0.99)	(0.36)

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt interest obligations. Further, the Company engages in financing activities at market linked rates and therefore, any changes in the domestic or global interest rates environment may impact future rates of borrowing. To manage this risk, the management maintains a robust portfolio mix of multiple borrowing products. Buyers credit is used as a financing mechanism provided the fully hedged cost of financing through this product results in cost lower than the INR cost based borrowing. In addition, the benefit of interest rate subvention under packing credit financing schemes provided by banks is also availed as appropriate. Dynamic switching between various financing products coupled with a short maturity profile of the borrowing helps mitigate the interest rate risk adequately.

Interest Rate Sensitivity of Borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Interest Rate Sensitivity	Increase/Decrease in basis Point	Effect on profit before tax Rs in Lakhs	Effect on Equity Rs in Lakhs
For the year ended March 31, 2018			
INR - Borrowings	+100 -100	31.26 (31.26)	31.26 (31.26)
For the year ended March 31, 2017			
INR - Borrowings	+100 -100	54.51 (54.51)	54.51 (54.51)

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 requirement for impairment is analysed at each reporting date. Refer Note 8 for details on the impairment and ageing analysis of trade receivables.

Liquidity Risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet it cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic markets across various debt and hybrid instruments. Refer Note 13, 14 &15.

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED ★

34 Capital Management

Capital includes equity attributable to the equity holders of the Company and net debt.
Primary objective of Company's capital management is to ensure that it maintains an optimum financing structure and healthy returns in order to support its business and maximize shareholder value.
The Company manages its capital structure and makes adjustments, in light of the changes in economic conditions or business requirements.

The Company monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

Gearing Ratio:

Particulars	31st March 2018 Rs in Lakhs	31st March 2017 Rs in Lakhs
Borrowings (Note 13 & Note 15)	3,126.20	5,464.23
Less: Cash and cash equivalents (Note 9)	1,182.40	397.84
Net Debt (A)	**1,943.80**	**5,066.39**
Equity	7,264.22	5,366.22
Total Capital (B)	**7,264.22**	**5,366.22**
Capital and Net Debt (A+B)	**9,208.02**	**10,432.61**
Gearing Ratio	**0.21**	**0.49**

35 (a) Disclosure in terms of Indian Accounting Standard 11 on the Accounting of Construction Contracts is as under:

	Particulars	31st March, 2018 ₹ Lakhs	31st March, 2017 ₹ Lakhs
I	Contract revenue recognised for the year (Refer Note 19)	420.54	2,613.21
II	For Contracts that are in progress as on 31st March		
A	Contract costs incurred and recognized profits (Less Recognised losses)	5,702.92	11,037.59
B	Advances received	357.59	415.84
C	Gross amount due from customers for Contract work	390.12	1,392.07
D	Gross amount due to customers for Contract work*	264.75	108.93
E	Retention amount	164.10	207.69

* Includes Imminent loss impact of ₹ Nil (31st March, 2017: ₹ 3.09 Lakhs)

35 (b) Aggregation of expenses disclosed in Project cost, Other expenses and Finance Cost vide note 21, 24 and 25 in respect of specific items is as follows:

Nature of expenses	Note 21 Rs in Lakhs	Note 24 Rs in Lakhs	Note 25 Rs in Lakhs	Total Rs in Lakhs
Maintainence, Installation and Service Charges	162.12	1,023.16	-	1,185.28
	(103.01)	(642.06)	-	(745.07)
Rent	0.28	55.86	-	56.14
	-	(56.06)	-	(56.06)
Power and fuel	27.09	1.00	-	28.09
	(0.42)	(1.09)	-	(1.51)
Insurance	-	74.53	-	74.53
	(1.85)	(24.59)	-	(26.44)
Travelling & Conveyance	18.44	452.39	-	470.83
	(6.28)	(441.13)	-	(447.41)
Printing & Stationery	0.29	12.71	-	13.00
	(0.73)	(12.33)	-	(13.06)
Legal & Professional fees	3.71	95.34	-	99.05
	(39.62)	(114.90)	-	(154.52)
Bank charges	-	-	68.92	68.92
	(0.37)	-	(58.48)	(58.85)
Rates and Taxes	-	14.17	-	14.17
	(7.84)	(132.87)	-	(140.71)
Communication Expenses	0.53	40.83	-	41.36
	(1.15)	(52.60)	-	(53.75)
Freight & Forwarding charges	4.32	55.57	-	59.89
	(1.07)	(44.66)	-	(45.73)

Figures in brackets are for previous year

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BLUE STAR ENGINEERING & ELECTRONICS LIMITED

36. Business Combinations

I. Acquisition of Professional Electronics and Industrial System from Blue Star Limited

The Board of Directors of the Company had approved the Business Transfer Agreement (BTA) for the acquisition of Professional Electronics and Industrial System (PE&IS) business from Blue Star Limited, the Holding Company effective from March 31, 2015 upon receipt of the consent from the members of the Company.

Pursuant to the said BTA, the Company has purchased PE&IS business on a going concern and "as-is-where-is" basis by way of slump sale. The Company has discharged the purchase consideration amounting to Rs. 11,050 lakhs by issuing 2,84,50,052 fully paid up equity shares of Rs 2 each at a premium of Rs. 36.84 per share in the financial year ended March 31, 2015.

Transition to Ind-AS

In accordance with the provisions of Ind-AS 101 related to first time adoption, the Company had elected to apply Ind-AS accounting for business combinations entered prospectively on and after 31st March 2015. Accordingly the Company had restated its purchase of PE & IS business effected on 31st March 2015. In consequence of the above, the Company had recorded assets and liabilities acquired pertaining to PE&IS business, at their respective book values. The shares issued as part of purchase consideration have been recorded at nominal values, thereby derecognising the securities premium previously created on the issue of the shares. Further, the Company had also derecognised the goodwill amounting to Rs. 8,088.62 lakhs, and the excess of net assets over the purchase consideration amounting to Rs. 2,113.19 lakhs has been credited to Capital Reserve Account as at April 2015 in the financial statements of the Company for the year ended March 31, 2017.

II. Amalgamation of Blue Star Design and Engineering Limited (BSDEL) with Blue Star Engineering and Electronics Limited (Company)

Pursuant to a Scheme of Amalgamation under the provisions of Section 391 and 394 of the Companies Act, 1956 approved by the shareholders of BSDEL and the Company, and subsequently sanctioned by the Honorable High Court at Mumbai on December 18, 2015, the entire business undertaking, assets and liabilities of BSDEL have been transferred to and vested in the Company with retrospective effect i.e. February 1, 2015 being the 'appointed date'.

The operations of BSDEL include providing of engineering services in the field of refrigerators and air conditioning, heating and ventilation and also providing properties on rental basis.

The amalgamation has been accounted for under the "Purchase" method as prescribed by AS - 14 'Accounting for Amalgamations'. Accordingly, the accounting treatment has been given as under-,

a. 1,46,25,000 equity shares of Rs. 2 each of the Company have been issued to the shareholders of BSDEL on February 2, 2016 as a part of purchase consideration.

b. The amalgamation has been accounted under the "Purchase Method" as per the then prevailing Accounting Standard 14- Accounting for Amalgamations, as referred to in the scheme of Amalgamation approved by the High Court, which is different from Ind-AS 103 "Business Combinations".

c. The excess of fair value of net assets over fair value of shares issued and book value of cumulative redeemable preference shares of BSDEL cancelled has been treated as capital reserve in the books of the Company.

d. The accounts of BSDEL for the year ended March 31, 2015 were finalised as separate entity. In the financial statements of BSEEL for year ended March 31, 2017, the effective date of amalgamation is the appointed date as per court scheme i.e., February 01, 2015. Accordingly, the accounting for amalgamation was effective from February 01, 2015.

e. Assets acquired and Liabilities assumed:

The fair values of the identifiable assets and the liabilities of BSDEL as at the date of acquisition were:

	Fair Value recognised on acquisition
	Rs. In Lakhs
Assets	
Investment Properties	7,057.00
Investment	0.01
Long-term Loans and Advances	102.71
Trade Receivables	746.63
Cash and Cash Equivalents	0.62
Short-Term Loans and Advances	1,147.99
	9,054.96
Liabilities	
Other Long Term Liabilities	311.58
Long-term Provisions	36.71
Short-Term Borrowings	472.75
Trade Payables	2.48
Other Current Liabilities	473.99
Short-Term Provisions	15.66
	1,313.17
Total Identifiable net assets at fair value (A)	**7,741.79**
1. Cancellation of investment in preference shares of BSDEL	1,800.00
2. Purchase Consideration: Equity Shares 1,46,25,000 of Rs. 2 each	292.50
Total Consideration (B)	2,092.50
Capital Reserve (A- B)	5,649.29

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CHARTERED ACCOUNTANTS

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

37 Leases:

Operating Lease : Company as a Lessee

The Company has entered into operating lease agreements for storage locations and residential premises for its employees. The future lease rental payments are determined on the basis of monthly lease payment terms as per the agreements. Lease rental expenses debited to Statement of Profit & Loss under cost of projects are Rs 0.28 Lakhs (31 March 2017 : Nil) and under rent & hire charges Rs. 55.86 Lakhs (31 March 2017: Rs. 56.06 Lakhs).

Operating Lease : Company as a Lessor

The Company has entered into operating lease agreements. All lease are cancellable except one property, which has a lock in period of 3 years. The future lease rental receipts are determined on the basis of monthly lease receipt terms as per the agreements. Lease rental income credited to Statement of Profit & Loss is Rs. 358.03 Lakhs (31 March 2017 : Rs. 351.45 Lakhs). Future minimum rentals receivable under non-cancellable operating leases are as follows:

₹ Lakhs

	31st March, 2018	31st March, 2017
	₹ Lakhs	₹ Lakhs
(a) Not later than one year	-	77.40
(b) Later than one year but not later than five years	-	-
(c) Later than five years	-	-

38 On 28 March 2018, the Ministry of Corporate Affairs (MCA) notified the new revenue recognition standard, viz., Ind AS 115 Revenue from Contracts with Customers. Ind AS 115 is applicable for the financial years beginning on or after 1 April 2018 for all Ind AS companies. The new standard establishes a five step model related to revenue recognition from contracts with customers. It permits either 'full retrospective' adoption in which the standard is applied to all of the periods presented or a 'modified retrospective' adoption.

TThe Company is evaluating its various contractual arrangement and the available transition methods. The Company has established a team for evaluation of the contracts with customers to implement Ind-AS 115. Reliable estimates of the quantitative impact of Ind-AS 115 on the financial statements will be possible after detailed evaluation.

39 Previous Year Comparatives

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

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

per Ravi Bansal
Partner
Membership no.: 49365

Place : Mumbai
Date: May 2, 2018

For and on behalf of the Board of Directors of
Blue Star Engineering & Electronics Limited

Vir S Advani
Chairman

Neeraj Basur
Director

Prem Kalliath
CEO

Mansi Laheri
Company Secretary

BLUE STAR ENGINEERING & ELECTRONICS LIMITED

Place : Mumbai
Date: May 2, 2018