

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

## VISION, CREDO, VALUES AND BELIEFS

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

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

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

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

The Company's core Values & Beliefs are:

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

The Company confirms compliance to the corporate governance practices as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as the 'Listing Regulations'], details whereof for the financial year ended March 31, 2018 are as set out hereunder:

## BOARD OF DIRECTORS

The Board of Directors is the primary stakeholder influencing corporate governance. An active, well informed and independent board safeguards and maintains sound corporate governance across all the functions. The Board oversees how the management safeguards interests of all the stakeholders. The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties. The Board of Directors provide a long-term vision and policy approach which improves the quality of governance.

**COMPOSITION OF THE BOARD**

The Company has a balanced and diverse Board, which conforms to provisions of the Companies Act, 2013 and Listing Regulations. The Company's Board has an optimum mix of Executive and Non-Executive Directors, including independent professionals. The Executive Directors assume overall responsibility for strategic management of business and corporate functions including oversight of governance processes and ensuring Top Management effectiveness.

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

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

The composition of the Board of Directors and the number of directorships and committee positions held by them as on March 31, 2018 are as under:

Name of Director	Category	Particulars of Directorships, Committee Memberships/Chairmanships (other than Blue Star Limited as on March 31, 2018)		
		Directorships <sup>1</sup>	Committee Memberships <sup>2</sup>	Committee Chairmanships <sup>2</sup>
Suneel M Advani	Non-Executive Chairman	1	-	-
Vir S Advani	Managing Director	2	1	-
B Thiagarajan	Joint Managing Director	1	-	-
Rajiv R Lulla	Non-Executive Director	2	-	-
Dinesh N Vaswani	Non-Executive Director	1	-	-
Sam Balsara <sup>3</sup>	Independent Non-Executive Director	17	-	-
Shailesh Haribhakti	Independent Non-Executive Director	18	9	4
Anil Harish <sup>3</sup>	Independent Non-Executive Director	8	3	2
Shobana Kamineni	Independent Non-Executive Director	13	-	-
Pradeep Mallick <sup>4</sup>	Independent Non-Executive Director	5	5	2
M K Sharma <sup>4</sup>	Independent Non-Executive Director	10	4	2
Gurdeep Singh	Independent Non-Executive Director	3	-	-

<sup>1</sup> Directorships held by the Directors as mentioned above, consist of Directorships held in public limited companies and private limited companies but excludes directorships held in foreign companies and companies registered under section 8 of the Companies Act, 2013.

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

<sup>3</sup> Sam Balsara and Anil Harish were appointed as Independent Non-Executive Directors w.e.f. June 20, 2017 and November 22, 2017 respectively.

<sup>4</sup> M K Sharma ceased to be Director of the Company w.e.f. June 12, 2017, and Pradeep Mallick retired as an Independent Director w.e.f. November 30, 2017.

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

Except Suneel M Advani and Vir S Advani, who are related, none of the other Directors is a relative of the other, as defined under the Companies Act, 2013.

### BOARD MEETINGS

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

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

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

### NUMBER OF MEETINGS HELD BY THE BOARD

There were five meetings of the Board during the financial year 2017-18, held on May 9, 2017; August 11, 2017; October 31, 2017; February 6, 2018; and March 7, 2018. The Company had convened its last Annual General Meeting on August 11, 2017. The gap between two consecutive Board meetings did not exceed 120 days. Video conferencing facility was provided to facilitate Directors to participate in the meetings, whenever so requested.

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

Name of Director	Category	Attendance	
		Board Meeting	Last AGM (Y/N)
Suneel M Advani	Non-Executive Chairman	5	Y
Vir S Advani	Managing Director	5	Y
B Thiagarajan	Joint Managing Director	5	Y
Rajiv R Lulla	Non-Executive Director	5	Y
Dinesh N Vaswani	Non-Executive Director	5	Y
Sam Balsara <i>(from June 20, 2017)</i>	Independent Non-Executive Director	4	Y
Shailesh Haribhakti	Independent Non-Executive Director	5	Y
Anil Harish <i>(from November 22, 2017)</i>	Independent Non-Executive Director	2	NA
Shobana Kamineni	Independent Non-Executive Director	1	N
Pradeep Mallick <i>(up to November 30, 2017)</i>	Independent Non-Executive Director	3	Y
M K Sharma <i>(up to June 12, 2017)</i>	Independent Non-Executive Director	1	NA
Gurdeep Singh	Independent Non-Executive Director	5	Y

### FAMILIARISATION OF INDEPENDENT DIRECTORS

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

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

Weblink: <https://www.bluestarindia.com/media/56472/familiarization-programme-for-independent-directors.pdf>

### PERFORMANCE EVALUATION

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

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

In accordance with provisions of the Act and the Listing Regulations, a meeting of the Independent Directors of the Company was also held on March 14, 2018, to discuss the following:

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

The Board also deliberated and agreed measures to ensure effective implementation of the findings and recommendations of the evaluation.

### CODE OF CONDUCT

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

The Company's Code of Conduct is available on the Company's website under the weblink:

<https://www.bluestarindia.com/media/6010/code-of-conduct.pdf>

### CORPORATE SAFETY POLICY

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

## COMMITTEES OF THE BOARD

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

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

### A. AUDIT COMMITTEE

The Audit Committee of the Company oversees the financial reporting process of the Company. The powers and role of the Audit Committee are in accordance with the Listing Regulations and the Companies Act, 2013. The Audit Committee is governed by the charter which is in line with the regulatory requirements of the Companies Act, 2013 and the Listing Regulations.

As on March 31, 2018, the Audit Committee of the Company comprised Shailesh Haribhakti, Gurdeep Singh, Anil Harish and B Thiagarajan. Shailesh Haribhakti is the Chairman of the Audit Committee. M K Sharma ceased to be member of the Committee w.e.f. June 12, 2017. Pradeep Mallick ceased to be a member of the Committee w.e.f. November 30, 2017, due to his retirement as a Director of the Company on attaining the age of 75 years as per retirement policy for the Directors. Gurdeep Singh and Anil Harish were appointed as the members of the Audit Committee w.e.f. August 11, 2017 and November 22, 2017, respectively. The composition of the Audit Committee is in line with the requirements of Section 177 of the Companies Act, 2013 and the Listing Regulations.

### NUMBER OF MEETINGS HELD BY THE COMMITTEE

The Committee met on May 9, 2017; August 11, 2017; October 31, 2017; February 5, 2018; and March 8, 2018.

The attendance of the Committee members is given below:

Name of the Member	No. of meetings attended
Shailesh Haribhakti, Chairman	5
Pradeep Mallick (up to November 30, 2017)	3
M K Sharma (up to June 12, 2017)	1
Gurdeep Singh (from August 11, 2017)	3
B Thiagarajan	5
Anil Harish (from November 22, 2017)	2

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

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

### TERMS OF REFERENCE

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

- Oversight of the Company's financial reporting process, its overall internal controls and the disclosure of its financial information submitted to the stock exchanges, regulatory authorities or the public, and, to ensure that the financial statements are correct, sufficient and credible.
- Oversee the Company's internal control framework, its adequacy and appropriateness across business processes.
- Review with management, annual financial statements and the Auditors' Report thereon, before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be made part of the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
  - Changes, if any, in the accounting policies and reasons for the same.

- c. Major accounting entries based on exercise of judgment by the management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements concerning financial statements.
  - f. Disclosures in financial statements, including related party transactions.
  - g. Modified opinion(s) in the draft Audit Report, if any.
4. Review any accounting adjustments that were noted or proposed by the statutory auditors but were not passed (as immaterial or otherwise).
  5. Reviewing with the management, quarterly financial statements before submission to the Board for approval.
  6. Reviewing with the management, statement of use/application of funds raised through an issue (public, rights, preferential issue, etc), statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take steps in the matter whenever such fund raising happens.
  7. Review and monitor the auditors' independence and performance, and effectiveness of audit processes.
  8. Approval or any subsequent modification of transactions of the Company with the related parties.
  9. Scrutiny of inter-corporate loans and investments.
  10. Valuation of undertakings or assets of the Company, wherever it is necessary.
  11. Evaluation of internal financial controls and risk management systems.
  12. Reviewing with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
  13. Reviewing the adequacy of internal audit function, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
  14. Discussion with Internal Auditors on any significant findings and follow up thereon.
  15. Reviewing the findings of any internal investigations by the internal auditors in matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, stakeholders (in case of non-payment of declared dividends) and creditors.
  18. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc of the candidate.

### **B. Review of Information:**

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

### C. Statutory Audit:

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

### D. Internal Audit:

1. Review the internal audit plan and recommend changes, for the approval of the Board.
2. To approve appointment, removal and terms of remuneration of the Chief Internal Auditor or a professional firm selected to manage internal audit deliverables.
3. Consider and approve, in consultation with the Statutory Auditors and the Internal Auditors, the annual scope and plan of the Company's internal audit and any significant changes thereto.
4. Review with the Internal Auditors and the Statutory Auditors, the co-ordination of audit efforts to assure adequacy of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. Review any significant findings and recommendations of Internal Audit, together with the management's responses thereto.
6. Review the findings of any internal investigations by the Internal Auditors in matters where there is suspected fraud or irregularity or a failure of an internal control system of a material nature, and report the matters to the Board.
7. Review with the Internal Auditors, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
8. Meet at least once in a year separately with the Internal Auditors, to discuss any matters that the Committee or the Chief Internal Auditor believes should be discussed separately.

## B. NOMINATION AND REMUNERATION COMMITTEE

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

The composition of the Committee meets the requirements of Section 178 of the Companies Act, 2013 and the requirement of the Listing Regulations. As on March 31, 2018, the Nomination and Remuneration Committee comprised two Independent Directors; namely, Gurdeep Singh and Sam Balsara, and two Non-Executive Non-Independent Directors; namely, Suneel M Advani and Dinesh N Vaswani. Gurdeep Singh is the Chairman of the Committee.

Sam Balsara was appointed as a member of the Committee w.e.f. August 11, 2017. Pradeep Mallick ceased to be member of the Committee w.e.f. November 30, 2017, due to his retirement as a Director of the Company on attaining the age of 75 years as per retirement policy for the Directors.

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

#### MEETINGS HELD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee met on May 8, 2017 and February 5, 2018. The attendance of the Committee members is given below:

Name of the Member	No. of meetings
Gurdeep Singh, Chairman	2
Suneel M Advani	2
Dinesh N Vaswani	2
Sam Balsara (from August 11, 2017)	1
Pradeep Mallick (up to November 30, 2017)	1

#### TERMS OF REFERENCE

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

#### REMUNERATION OF DIRECTORS

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission, performance linked incentives and stock options (variable component) to its Managing Director and Joint Managing Director. Annual increments are decided by the Nomination and Remuneration Committee (NRC), within the salary scale approved by the members of the Company. The NRC recommends to the Board, the remuneration payable to the Managing Director and Joint Managing Director out of the profits for the financial year, and within the ceilings prescribed under the Act, based on their performance and the performance of the Company. Services of the executive directors may be terminated by either party, giving the other party six months' notice. There is no separate provision for payment of any severance fees.

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

The Policy is available on the website of the Company under the weblink:

<https://www.bluestarindia.com/media/137066/blue-star-nomination-and-remuneration-policy.pdf>

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

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

(₹ in lakhs)

Name	Salary	Retirals	Perquisites	Commission	Performance-linked incentive/ Stock Options	Sitting Fees	Total
Suneel M Advani	-	-	-	33.00	-	10.25	43.25
Vir S Advani	75.53	23.41	151.06	132.30	391.47	-	773.77
B Thiagarajan	75.53	23.41	151.06	136.80	108.40 <sup>#</sup>	-	495.20
Rajiv R Lulla	-	-	-	18.00	-	3.75	21.75
Dinesh N Vaswani	-	-	-	18.00	-	5.25	23.25
Sam Balsara <sup>1</sup>	-	-	-	15.00	-	4.25	19.25
Shailesh Haribhakti	-	-	-	18.00	-	8.00	26.00
Anil Harish <sup>2</sup>	-	-	-	7.50	-	3.50	11.00
Shobana Kamineni	-	-	-	18.00	-	1.25	19.25
Pradeep Mallick <sup>3</sup>	-	-	-	10.00	-	5.25	15.25
M K Sharma <sup>4</sup>	-	-	-	3.75	-	1.50	5.25
Gurdeep Singh	-	-	-	18.00	-	8.00	26.00

<sup>1</sup> Appointed as Director with effect from June 20, 2017

<sup>2</sup> Appointed as Director with effect from November 22, 2017

<sup>3</sup> Retired as Director with effect from November 30, 2017

<sup>4</sup> Ceased to be Director with effect from June 12, 2017

<sup>#</sup> Includes amortised value of stock options for financial year 2017-18

## DIRECTOR SHAREHOLDING

### AS ON MARCH 31, 2018

Name of Director	No. of Shares held	Percentage (%)
Suneel M Advani	5626827	5.86
Vir S Advani	74625	0.08
B Thiagarajan	21700	0.02
Rajiv R Lulla	0	0.00
Dinesh N Vaswani	26944	0.03
Sam Balsara	5662	0.00
Shailesh Haribhakti	0	0.00
Anil Harish	0	0.00
Shobana Kamineni	0	0.00
Gurdeep Singh	1200	0.00
<b>Total Shareholding</b>	<b>5756958</b>	<b>5.99</b>

## C. INVESTOR GRIEVANCE CUM STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Investor Grievance cum Stakeholders' Relationship Committee comprised four Directors; namely, Gurdeep Singh, Suneel M Advani, Rajiv R Lulla and B Thiagarajan. Gurdeep Singh, who is an Independent Director, is the Chairman of this Committee.

### INVESTORS' COMPLAINTS

During the year, the complaints received from the investors were mainly pertaining to non receipt of dividend, etc. Further during the year under review, the Company received 30 complaints, and all complaints were resolved to the satisfaction of the shareholders. There were no complaints outstanding as on March 31, 2018.

### COMPLIANCE OFFICER

Vijay Devadiga

Company Secretary & Compliance Officer

Tel: +91 22 6654 4000, Fax: +91 22 6654 4001

Email: investorcomplaints@bluestarindia.com

## D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee has been constituted in accordance with the requirements of the Companies Act, 2013. The Committee recommends the CSR projects to be undertaken by the Company and also monitors its implementation status.

The CSR Committee comprises Suneel M Advani, B Thiagarajan and Shobana Kamineni. Suneel M Advani is the Chairman of this Committee.

### TERMS OF REFERENCE

1. To formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. To recommend the amount of expenditure to be incurred on the CSR activities.
3. To monitor the CSR Policy of the Company from time to time.

A detailed CSR Report, which forms a part of **Annexure 2** of the Board's Report, may be referred to, for further information on CSR.

## E. RISK MANAGEMENT COMMITTEE

The Company has a robust risk management framework to identify, monitor and mitigate applicable risks. The Company has a comprehensive Risk Management Policy which is periodically reviewed by the Risk Management Committee. The members of the Risk Management Committee are Vir S Advani, Suneel M Advani, B Thiagarajan and Neeraj Basur. Vir S Advani is the Chairman of this Committee.

During the year, the meetings of the Committee were held on September 15, 2017; January 11, 2018; February 28, 2018; and March 26, 2018.

Details of attendance of the members of the Committee at the above mentioned meetings are as under:

Name of the Member	No. of Meetings
Suneel M Advani	4
Vir S Advani	4
B Thiagarajan	3
Neeraj Basur	4

### TERMS OF REFERENCE

1. Annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.
2. Ensure that the Company is taking appropriate measures to achieve prudent balance between risk and rewards in both ongoing and new business activities.

3. Assist the Board in effective operation of the risk management systems by performing specialised analyses and quality reviews.
4. Ensure that the Company has a robust compliance framework. Review the compliance reports and ensure appropriate measures for compliance adherence.
5. Maintain an aggregated view on the risk profile of the Company and its underlying business segments.
6. Report to the Board details on the risk exposures and actions taken to manage the exposures.
7. Advise the Board with regard to risk management decisions, in relation to the strategic and operational matters such as corporate strategy, mergers and acquisitions, and related matters.
8. Make regular reports to the Audit Committee and Board on risk assessment and mitigation strategies adopted by the Company.

### **F. EXECUTIVE MANAGEMENT COMMITTEE**

The Company has constituted an Executive Management Committee to approve matters relating to availing of financial facilities pertaining to borrowings and investments, and also to look after other operational and administrative matters of the Company. The Committee comprises Suneel M Advani, Vir S Advani and B Thiagarajan.

During the year, the Executive Management Committee meetings were held on May 9, 2017; June 12, 2017; August 11, 2017; November 15, 2017; and February 28, 2018. These meetings were attended by all the members.

### **G. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee is empowered to make allotment of all kind of shares that may be issued by the Company from time to time. The Committee comprises Suneel M Advani, Vir S Advani and B Thiagarajan.

During the year, Committee meeting was held on November 15, 2017. The meeting was attended by all the members.

### **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has a Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company for its Directors, key managerial personnel and designated employees, and the same is disclosed on the website of the Company under the weblink: <https://www.bluestarindia.com/media/6013/code-of-conduct-insider-trading.pdf>

### **SUBSIDIARY COMPANIES**

As on March 31, 2018, Blue Star Engineering & Electronics Limited, Blue Star International FZCO and Blue Star Qatar WLL are the three subsidiaries of the Company. In accordance with the Listing Regulations, the Company has formulated a policy on determining material subsidiaries, and the same has been disclosed on the website of the Company at: <https://www.bluestarindia.com/media/6017/policy-for-determining-material-subsiidiaries.pdf>

### **RELATED PARTY TRANSACTIONS**

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

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

The Company mitigates commodity price risk by entering into appropriate rate contracts with major suppliers which factors in price commitments for a time period by the suppliers. This approach provides sufficient mitigation against volatility in commodity rates.

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

## OTHER DISCLOSURES

1. The details of transactions with related parties are given in Note 36 to the standalone financial statement for the year ended March 31, 2018. There were no materially significant related party transactions, which are likely to have potential conflict with the interests of the Company at large.
2. The Company has complied with the requirements of regulatory authorities on capital markets, and no penalties/strictures have been imposed on/against it.
3. The Company has complied with all the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations. The Company has also complied with discretionary requirements such as maintaining a separate office for the Non-Executive Chairman at the Company's expense, ensuring financial statements with unmodified audit opinion, separation of the post of Chairman and Managing Director, and reporting of internal auditor directly to the Audit Committee.
4. The Company has followed all relevant Indian Accounting Standards while preparing the Financial Statements.
5. Pursuant to the formulation of a Whistle Blower Policy by the Company, a mechanism has been provided to all the employees of the Company to enable them to report on any frauds/irregularities by way of complaints. The Whistle Blower Policy provides access for personnel to the Chairman of the Audit Committee and the same has not been denied.

## ANNUAL GENERAL MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Venue	Time	Details of Special Resolutions
2014-15	July 28, 2015	Jai Hind College Hall, Sitaram Deora Marg, ("A" Road), Churchgate, Mumbai – 400 020	3.00 pm	None
2015-16	August 1, 2016	-do-	3.00 pm	None
2016-17	August 11, 2017	-do-	4.00 pm	None

## POSTAL BALLOT

During the financial year 2017-18, no Postal Ballot was conducted by the Company. As of the date of this report, the Company does not propose to pass any Special Resolution through Postal Ballot.

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

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

Particulars	No. of Shares
Aggregate outstanding shares lying in the suspense account at the beginning of the year i.e. as on April 1, 2017	269
Number of shareholders who approached to the Issuer/Registrar for transfer of shares from suspense account during the financial year 2017-18	Nil
Number of shareholders to whom shares were transferred from suspense account during the financial year 2017-18	Nil
Aggregate outstanding shares lying in the suspense account at the end of the year i.e. as on March 31, 2018	269

The voting rights on the shares in the suspense account as on March 31, 2018 shall remain frozen till the rightful owners of such shares claim the shares.

## MEANS OF COMMUNICATION

The Company published its quarterly and half yearly results in the prescribed form within the prescribed time. The results were forthwith sent to the Stock Exchanges, where shares are listed and the same were published in Economic Times and Mumbai Lakshadeep. The financial results are also displayed on the website of the Company [www.bluestarindia.com](http://www.bluestarindia.com). Official press releases also features on the corporate website.

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

## SHAREHOLDERS' INFORMATION

### ANNUAL GENERAL MEETING:

Date	: August 8, 2018
Time	: 10.00 am
Venue	: P. L. Deshpande Maharashtra Kala Academy, (Ravindra Natya Mandir), Sayani Road, Next to ICICI Bank, Prabhadevi, Mumbai - 400 025
Financial Year	: April 1 - March 31

### FINANCIAL CALENDAR (PROVISIONAL):

Unaudited results for the quarter ending June 30, 2018	: August 8, 2018
Unaudited results for the quarter ending September 30, 2018	: October 30, 2018
Unaudited results for the quarter ending December 31, 2018	: February 5, 2019
Audited results for the year ending March 31, 2019	: May 21, 2019
Date of Book Closure	: Saturday, July 28, 2018 to Wednesday, August 8, 2018 (both days inclusive)

### LISTING ON STOCK EXCHANGES

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

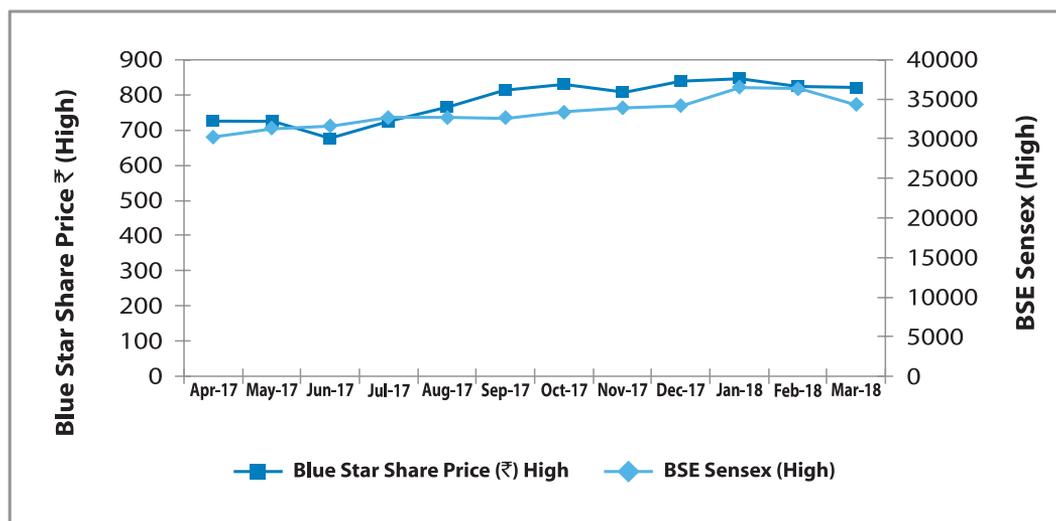
STOCK CODE	: BSE Ltd - 500067 National Stock Exchange of India Ltd - BLUESTARCO
NSDL/CDSL - ISIN	: INE472A01039
Dividend payment date (if approved by members)	: on or after August 8, 2018

## MARKET PRICE DATA

(*₹ per share*)

	BSE Ltd		National Stock Exchange of India Ltd	
	High	Low	High	Low
<b>2017</b>				
April	723.95	657.35	725.00	655.00
May	722.60	623.00	722.00	625.00
June	676.45	587.20	680.00	580.00
July	722.80	590.00	712.45	587.05
August	764.90	611.00	766.85	620.00
September	812.70	715.00	814.90	712.00
October	828.00	765.00	826.20	761.30
November	806.00	668.00	799.50	656.80
December	838.05	728.00	838.00	726.80
<b>2018</b>				
January	845.00	722.10	830.00	724.10
February	823.00	681.00	764.00	677.10
March	818.00	736.40	819.80	737.00

## PERFORMANCE - COMPARISON WITH BSE SENSEX



## REGISTRAR &amp; TRANSFER AGENTS

Link Intime India Pvt Ltd  
 C 101, 247 Park  
 L.B.S.Marg, Vikhroli (West)  
 Mumbai - 400083.  
 Tel: +91 22 4918 6000, Fax: +91 22 4918 6060  
 Email: rnt.helpdesk@linkintime.co.in

## SHARE TRANSFER SYSTEM

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

## UNCLAIMED DIVIDENDS

All the shareholders, whose dividends are unclaimed are reminded to claim their dividends. Under the provisions of the Act, it would not be possible to claim the dividend amount, once deposited in Investor Education & Protection Fund.

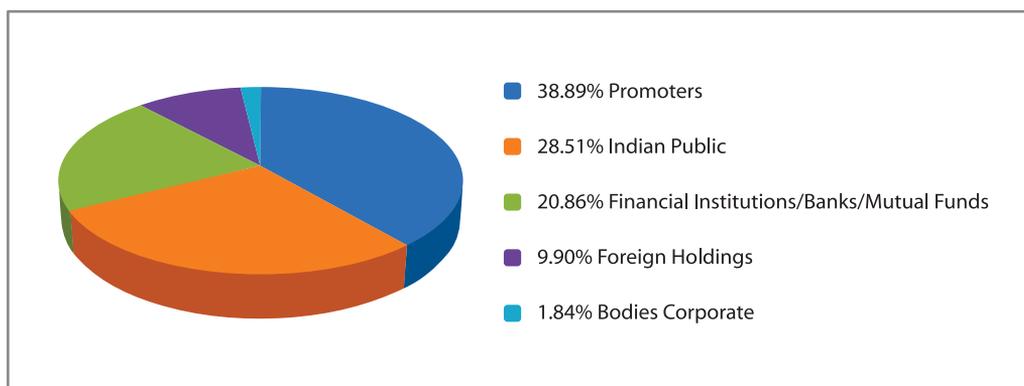
## TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

During the year under review, the Company has credited ₹44.42 lakhs as unpaid final dividend, for the financial year 2009-10, lying in the unclaimed/unpaid dividend account to the Investor Education & Protection Fund (IEPF). Further the unpaid dividend of ₹3.66 lakhs for the year 2009-10, lying in unclaimed/unpaid dividend account of erstwhile Blue Star Infotech Limited was also credited to the IEPF account during the year under review.

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders (%)	Total No. of Shares held	Percentage of Shares held (%)
1 - 5000	40018	97.74	12021959	12.52
5001 - 10000	500	1.22	3480912	3.63
10001 - 20000	195	0.48	2731173	2.85
20001 - 30000	49	0.12	1191847	1.24
30001 - 40000	23	0.06	797818	0.83
40001 - 50000	15	0.04	703314	0.73
50001 - 100000	43	0.11	3163450	3.30
100001 and above	102	0.23	71909315	74.90
<b>TOTAL</b>	<b>40945</b>	<b>100.00</b>	<b>95999788</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2018



## DEMATERIALIZATION OF SHARES & LIQUIDITY

About 97.45% of the equity shares are in dematerialised form as on March 31, 2018. The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company has entered into agreements with NSDL and CDSL whereby shareholders have the option to dematerialise their shares with either of the Depositories. The shares are actively traded in BSE and NSE.

### PLANT LOCATIONS

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

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

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

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

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

### MANAGEMENT DISCUSSION AND ANALYSIS

Detailed Management Discussion and Analysis is annexed to the Board's Report forming part of this Annual Report.

### MD/CFO CERTIFICATION

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

### AUDITORS' CERTIFICATION

As required under Regulation 34 of the Listing Regulations, the certificate from the Company Auditors, M/s S R B C & Co LLP, Chartered Accounts, affirming compliance with the conditions of Corporate Governance as stipulated in the aforesaid Regulations is appended as an Annexure to this Report.

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

There are no outstanding convertible warrants/instruments.

### COMPLIANCE OFFICER

Vijay Devadiga  
Company Secretary & Compliance Officer  
Tel: +91 22 6654 4000, Fax: +91 22 6654 4001  
Email: investorcomplaints@bluestarindia.com

### ADDRESS FOR CORRESPONDENCE

Blue Star Limited  
Kasturi Buildings  
Mohan T Advani Chowk  
Jamshedji Tata Road  
Mumbai 400 020.  
CIN: L28920MH1949PLC006870  
Website: www.bluestarindia.com

## Declaration

As provided under Regulation 26(3) of the Listing Regulations, the Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct during the financial year ended March 31, 2018.

Date : May 14, 2018  
Place : Mumbai

For **BLUE STAR LIMITED**

**Vir S Advani**  
Managing Director