

We further report that during the period under review,

1. The Company has spent ₹2.20 crores towards CSR expenditure during the financial year, as against ₹2.11 crores, which was required to be spent as per Section 135 of the Act.
2. No winding up petition has been filed against the Company, impacting the going concern status.
3. One complaint was received and subsequently disposed off under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
4. The Company has complied with the applicable provisions with regard to payment of dividend to the equity shareholders of the Company.
5. During the period under review, the Audit Committee was re-constituted pursuant to the resignation of M K Sharma and retirement of Pradeep Mallick and induction of Gurdeep Singh and Anil Harish as members. The current composition is: Shailesh Haribhakti (Chairman), Gurdeep Singh, Anil Harish and B Thiagarajan, members.
The Nomination and Remuneration Committee was re-constituted pursuant to the retirement of Pradeep Mallick and induction of Sam Balsara as a member. The current composition is: Gurdeep Singh (Chairman), Suneel M Advani, Sam Balsara and Dinesh N Vaswani, members.
The Investor Grievance cum Stakeholders' Relationship Committee comprised Gurdeep Singh (Chairman), Suneel M Advani, Rajiv R Lulla and B Thiagarajan, members.
6. During the financial year, the Company has granted financial assistance to its subsidiary companies/joint ventures by way of corporate guarantees.

For M/s N L Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800

N L Bhatia
Managing Partner
FCS: 1176
CP No. 422

Date : May 4, 2018
Place : Mumbai

ANNEXURE A**LIST OF OTHER APPLICABLE LAWS (including statutory amendments made thereto or amendments thereof for the time being in force):**

1. Maharashtra Shops and Establishments (Regulation of employment and conditions of service) Act, 2017, Rules thereunder and other State Acts and Rules thereunder, including statutory amendments made thereto.
2. Contract Labour (Regulation and Abolition) Act, 1970, Contract Labour (Regulation and Abolition) Central Rules, 1971 and applicable State Rules.
3. Industrial Employment (Standing Orders) Act, 1946, Industrial Employment (Standing Orders) Central Rules, 1946 and applicable State Rules.
4. Factories Act, 1948 and applicable State Rules.
5. Factories and Establishments (National, Festival and other Holidays) Act (Andhra Pradesh, Himachal Pradesh and Tamil Nadu).
6. Foreign Exchange Management Act, 1999 read with Notifications and directions, Notifications and Circulars issued by RBI.
7. Foreign Trade (Development and Regulation) Act, 1992.
8. Petroleum Act, 1934.
9. Securities and Exchange Board of India Act, 1992.
10. The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996, The Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Central Rules, 1998, The Building and Other Construction Workers' Welfare Cess Act, 1996 and the Building and other Construction Workers' Welfare Cess Rules, 1998 and applicable State Rules.
11. Industrial Disputes Act, 1947, Industrial Disputes (Central) Rules, 1957 and applicable State Rules.
12. Apprentices Act, 1961 and Apprentices Rules, 1992.
13. Employee Compensation Act, 1923, Workmen Compensation Rules, 1924 and applicable State Rules.
14. Employees' State Insurance Act, 1948, Employees' State Insurance (Central) Rules, 1950 and Employees' State Insurance (General) Regulations, 1950.
15. Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Employees' Provident Fund Scheme, 1952, Employees' Pension Scheme, 1995 and Employees' Deposit Linked Insurance Scheme, 1976.
16. Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976.
17. Maternity Benefit Act, 1961 and applicable State Rules.
18. Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975.
19. Payment of Wages Act, 1936, Payment of Wages (Nomination) Rules, 2009 and applicable State Rules.
20. Minimum Wages Act, 1948, Minimum Wages Rules, 1950 and applicable State Rules.
21. Payment of Gratuity Act, 1972 and applicable State Rules.
22. Bombay Labour Welfare Fund Act, 1953, Rules thereunder and other State Acts and Rules thereunder.
23. Food Safety and Standards Act, 2006 and Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011.
24. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.
25. Information Technology Act, 2000 and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.

26. Bureau of Indian Standards Act, 1986 and Indian Standard Code of Practice for Selection, Installation and Maintenance of Portable First Aid Fire Extinguishers.
27. Maharashtra Fire Prevention and Life Safety Measures Act, 2006, Maharashtra Fire Prevention and Life Safety Measures Rules, 2009 and other State Acts and Rules.
28. Legal Metrology Act, 2009 and Legal Metrology (Enforcement) Rules, 2011 and applicable State Rules.
29. Explosives Act, 1884 and Gas Cylinder Rules, 2016.
30. Petroleum Act, 1934 and Petroleum Rules, 2002.
31. Electricity Act, 2003 and Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010.
32. Energy Conservation Act, 2001.
33. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017, Finance Act, 1994 (as amended from time to time) and Service Tax Rules, 1994, Central Sales Tax Act, 1956, Central Excise Act, 1944 and Rules thereunder; Maharashtra Value Added Tax Act, 2002, Chattisgarh Vritti Kar Adhinyam, 1995 and other State Acts governing VAT, Profession Tax, Entry Tax, Tax on Trades, Callings and Employments Act and Rules thereunder.
34. Environment (Protection) Act, 1986 and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Noise Pollution (Regulation and Control) Rules 2000, Environment (Protection) Rules, 1986, E-waste (Management) Rules, 2016, Ozone Depletion Substances (Regulation and Control) Rules, 2000, Bio-Medical Waste Management Rules, 2016 and Batteries (Management and Handling) Rules, 2001.
35. Air (Prevention and Control of Pollution) Act, 1981 and Air (Prevention and Control of Pollution) (Union Territories) Rules, 1983 and applicable State Rules.
36. Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975 and applicable State Rules.
37. Water (Prevention and Control of Pollution) Cess Act, 1977 and Water (Prevention and Control of Pollution) Cess Rules, 1983 and applicable State Rules.
38. Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003.
39. Bombay Provincial Municipal Corporation Act, 1949.
40. Any other Central and State Acts and Rules made thereunder, as may be applicable.

Annexure 4 to Board's Report

Form No. MGT-9

**Extract of Annual Return for the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]**

I. REGISTRATION AND OTHER DETAILS

| | | |
|------|---|---|
| i. | CIN | L28920MH1949PLC006870 |
| ii. | Registration Date | Incorporated on January 20, 1949 |
| iii. | Name of the Company | Blue Star Limited |
| iv. | Category/Sub-Category of the Company | Public Company |
| v. | Address of the Registered office and contact details | Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai 400 020 Tel: +91 22 6665 4000; Fax: +91 22 6665 4151/52 |
| vi. | Whether listed company (Yes/No) | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Pvt Ltd. C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083 Tel.: +91 22 4918 6000, Fax: +91 22 4918 6060 Website: www.linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/Service | % to total turnover of the Company |
|---------|---|---------------------------------|------------------------------------|
| 1 | Electro-Mechanical Projects and Packaged Air Conditioning Systems | 43219/43229 | 50.45 |
| 2 | Unitary Products | 28191/28192 | 49.49 |

III. PARTICULARS OF HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Joint venture/ Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|---|------------------|--------------------------------------|
| 1 | Blue Star Engineering & Electronics Ltd Kasturi Buildings, Mohan T Advani Chowk, Jamshedji Tata Road, Mumbai - 400 020 | U70200MH2010PLC204612 | Subsidiary | 100% | Section 2(87) of Companies Act, 2013 |
| 2 | Blue Star Qatar WLL P.O. Box 47242, Doha, State of Qatar | NA | Subsidiary | 49%* | Section 2(87) of Companies Act, 2013 |
| 3 | Blue Star International FZCO Unit No. 3E 520, Building No. 3E (East Side), Dubai Airport Freezone, Dubai, United Arab Emirates | NA | Subsidiary | 100% | Section 2(87) of Companies Act, 2013 |
| 4 | Blue Star M&E Engineering Sdn Bhd 2.01, PJ Tower, AMCORP Trade Center, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia | NA | Joint Venture/ Associate | 49%# | Section 2(6) of Companies Act, 2013 |
| 5 | Blue Star Oman Electro-Mechanical Co LLC P.O. Box 1040, Ruwi, Postal Code 112, Sultanate of Oman | NA | Joint Venture | 51%** | Section 2(6) of Companies Act, 2013 |

*The Company controls composition of Board.

**Representing 50% of voting rights.

#The entire shareholding of the Company in this Joint Venture was transferred to Blue Star International FZCO on December 22, 2017, as a result this Company is considered as an associate of the Company.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promoters & Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| Individual/HUF | 22728942 | - | 22728942 | 23.78 | 14447365 | - | 14447365 | 15.05 | -8.74 |
| Central Govt. | - | - | - | - | - | - | - | - | - |
| State Govt.(s) | - | - | - | - | - | - | - | - | - |
| Bodies Corp. | 59522 | - | 59522 | 0.06 | 60122 | - | 60122 | 0.06 | 0.00 |
| Banks/FI | - | - | - | - | - | - | - | - | - |
| Any Other | 14003298 | - | 14003298 | 14.65 | 22275275 | - | 22275275 | 23.20 | 8.55 |
| Sub-total (A)(1) | 36791762 | - | 36791762 | 38.50 | 36782762 | - | 36782762 | 38.32 | -0.18 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 546890 | - | 546890 | 0.57 | 546890 | - | 546890 | 0.57 | -0.00 |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| Bodies Corp. | - | - | - | - | - | - | - | - | - |
| Banks/FI | - | - | - | - | - | - | - | - | - |
| Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2) | 546890 | - | 546890 | 0.57 | 546890 | - | 546890 | 0.57 | -0.00 |
| Total shareholding of Promoter (A) = (A) = (A)(1)+(A)(2) | 37338652 | - | 37338652 | 39.07 | 37329652 | - | 37329652 | 38.89 | -0.19 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) MutualFunds/UTI | 18957008 | 1961 | 18958969 | 19.83 | 20023680 | 651 | 20024331 | 20.86 | 1.03 |
| b) Banks/FI | 18755 | 8289 | 27044 | 0.02 | 22199 | 4659 | 26858 | 0.03 | -0.00 |
| c) Central Govt. | - | - | - | - | 249615 | - | 249615 | 0.26 | 0.26 |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 219403 | - | 219403 | 0.22 | 71205 | - | 71205 | 0.07 | -0.15 |
| g) FIs | 9427788 | 2355 | 9430143 | 9.86 | 7500694 | 105 | 7500799 | 7.81 | -2.05 |

Annexure 4 to Board's Report

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others- Foreign Mutual Fund | 501539 | - | 501539 | 0.52 | 478199 | - | 478199 | 0.50 | -0.03 |
| Alternate Investment Fund | - | - | - | - | 1252840 | - | 1252840 | 1.31 | - |
| Sub-total (B)(1) | 29124493 | 12605 | 29137098 | 30.48 | 29598432 | 5415 | 29603847 | 30.84 | 0.23 |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 2625369 | 58658 | 2684027 | 2.81 | 1711671 | 54913 | 1766584 | 1.85 | -0.96 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹1 lakh | 14269344 | 2692582 | 16961926 | 17.74 | 15563854 | 2237391 | 17801245 | 18.54 | 0.80 |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 7135858 | 211285 | 7347143 | 7.68 | 7322676 | 141355 | 7464031 | 7.77 | 0.09 |
| c) Others (specify) | | | | | | | | | |
| Clearing Members | 217022 | - | 217022 | 0.22 | 66206 | - | 66206 | 0.07 | -0.16 |
| Foreign Companies | - | 392 | 392 | 0.00 | - | 17 | 17 | 0.00 | -0.00 |
| Foreign Portfolio Investor (Individual) | 679 | 154 | 833 | 0.00 | 679 | 154 | 833 | 0.00 | 0.00 |
| Non Resident Indians (REPAT) | 223331 | 8905 | 232236 | 0.24 | 310873 | 8155 | 319028 | 0.33 | -0.09 |
| Non Resident Indians (NON REPAT) | 1196012 | - | 1196012 | 1.25 | 1201409 | - | 1201409 | 1.25 | 0.00 |
| Market Maker | 291 | - | 291 | 0.00 | 328 | - | 328 | 0.00 | 0.00 |
| Hindu Undivided Family | 313031 | 245 | 313276 | 0.32 | 324243 | 245 | 324488 | 0.34 | 0.01 |
| Trust | 138580 | - | 138580 | 0.14 | 93558 | - | 93558 | 0.10 | -0.04 |
| Directors | 2900 | - | 2900 | 0.00 | 28562 | - | 28562 | 0.02 | 0.02 |
| Sub-total (B)(2) | 26122417 | 2972221 | 29094638 | 30.44 | 26624059 | 2442230 | 29066289 | 30.27 | 0.17 |

| Category of shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|--|---|----------------|-----------------|-------------------|---|----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| Total Public Shareholding (B) = (B)(1)+(B)(2) | 55246910 | 2984826 | 58231736 | 60.92 | 56222491 | 2447645 | 58670136 | 61.11 | 0.19 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - |
| Grand Total | | | | | | | | | |
| (A+B+C) | 92585562 | 2984826 | 95570388 | 100.00 | 93552143 | 2447645 | 95999788 | 100.00 | 0.45 |

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1 | Ashok M Advani | 10871721 | 11.38 | - | 2599744 | 2.71 | - | -8.67 |
| 2 | IL & FS Trust Company Limited | 7719930 | 8.08 | - | 7719930 | 8.04 | - | -0.04 |
| 3 | Suneel M Advani | 5626827 | 5.89 | - | 5626827 | 5.86 | - | -0.03 |
| 4 | Vistra ITCL (India) Limited (Formerly known as IL&FS Trust Company Limited) | 3683624 | 3.85 | - | 11955601 | 12.45 | - | 8.60 |
| 5 | Nargis Suneel Advani | 2836936 | 2.97 | - | 2836936 | 2.95 | - | -0.01 |
| 6 | Suneeta Nanik Vaswani | 2251682 | 2.36 | - | 2244482 | 2.34 | - | -0.02 |
| 7 | Rohina Lulla | 1168594 | 1.22 | - | 1168594 | 1.22 | - | -0.01 |
| 8 | Anissa Khanna | 1126787 | 1.18 | - | 1126787 | 1.17 | - | -0.01 |
| 9 | Nanik Ramchand Vaswani | 939601 | 0.98 | - | 932401 | 0.97 | - | -0.01 |
| 10 | Suneel M Advani HUF | 539669 | 0.56 | - | 539669 | 0.56 | - | 0.00 |
| 11 | Sanjay N Vaswani | 103375 | 0.11 | - | 105775 | 0.11 | - | 0.00 |
| 12 | Vir S Advani | 74625 | 0.08 | - | 74625 | 0.08 | - | 0.00 |
| 13 | Armaan Sandeep Murthy | 50000 | 0.05 | - | 50000 | 0.05 | - | 0.00 |
| 14 | Sumer Sandeep Murthy | 50000 | 0.05 | - | 50000 | 0.05 | - | 0.00 |
| 15 | Sunaina S Advani | 72525 | 0.08 | - | 72525 | 0.08 | - | 0.00 |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | |
| 16 | Uday Vir Advani | 50000 | 0.05 | - | 50000 | 0.05 | - | 0.00 |
| 17 | Anita Ashok Advani | 30000 | 0.03 | - | 30000 | 0.03 | - | 0.00 |
| 18 | J T Advani Finance Private Limited | 59522 | 0.06 | - | 60122 | 0.06 | - | 0.00 |
| 19 | Dev Khanna | 19625 | 0.02 | - | 19625 | 0.02 | - | 0.00 |
| 20 | Iman Rajiv Lulla | 19625 | 0.02 | - | 19625 | 0.02 | - | 0.00 |
| 21 | Rana Rajiv Lulla | 19625 | 0.02 | - | 19625 | 0.02 | - | 0.00 |
| 22 | Dinesh Nanik Vaswani | 24359 | 0.02 | - | 26759 | 0.03 | - | 0.01 |
| | TOTAL | 37338652 | 39.07 | - | 37329652 | 38.89 | - | -0.18 |

(iii) Change in Promoters' Shareholding

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Ashok M Advani | | | | |
| | At the beginning of the year | 10871721 | 11.38 | 10871721 | 11.37 |
| | 12 May 2017 (transfer) | -8271977 | 8.67 | 2599744 | 2.71 |
| | At the end of the year | 2599744 | 2.71 | 2599744 | 2.71 |
| 2. | IL & FS Trust Company Limited | | | | |
| | At the beginning of the year | 7719930 | 8.08 | 7719930 | 8.08 |
| | No change | | | | |
| | At the end of the year | 7719930 | 8.04 | 7719930 | 8.04 |
| 3. | Suneel M Advani | | | | |
| | At the beginning of the year | 5626827 | 5.89 | 5626827 | 5.89 |
| | No change | | | | |
| | At the end of the year | 5626827 | 5.86 | 5626827 | 5.86 |
| 4. | VISTRA ITCL (India) Limited (Formerly IL & FS Trust Co Ltd Company Limited) | | | | |
| | At the beginning of the year | 3683624 | 3.85 | 3683624 | 3.85 |
| | 12 May 2017 (transfer) | 8271977 | 8.60 | 11955601 | 12.45 |
| | At the end of the year | 11955601 | 12.45 | 11955601 | 12.45 |

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 5. | Nargis Suneel Advani | | | | |
| | At the beginning of the year | 2836946 | 2.97 | 2836946 | 2.97 |
| | | No change | | | |
| | At the end of the year | 2836946 | 2.96 | 2836946 | 2.96 |
| 6. | Suneeta Nanik Vaswani | | | | |
| | At the beginning of the year | 2251682 | 2.36 | 2251682 | 2.36 |
| | 25 Aug 2017 (transfer) | -7200 | -0.01 | 2244482 | 2.34 |
| | At the end of the year | 2244482 | 2.34 | 2244482 | 2.34 |
| 7. | Rohina Lulla | | | | |
| | At the beginning of the year | 1168594 | 1.22 | 1168594 | 1.22 |
| | | No change | | | |
| | At the end of the year | 1168594 | 1.22 | 1168594 | 1.22 |
| 8. | Anissa Khanna | | | | |
| | At the beginning of the year | 1126787 | 1.18 | 1126787 | 1.18 |
| | | No change | | | |
| | At the end of the year | 1126787 | 1.17 | 1126787 | 1.17 |
| 9. | Nanik Ramchand Vaswani | | | | |
| | At the beginning of the year | 939601 | 0.98 | 939601 | 0.98 |
| | 25 Aug 2017 (transfer) | -7200 | -0.01 | 932401 | 0.97 |
| | At the end of the year | 932401 | 0.97 | 932401 | 0.97 |
| 10. | Suneel M Advani HUF | | | | |
| | At the beginning of the year | 539669 | 0.56 | 539669 | 0.56 |
| | | No change | | | |
| | At the end of the year | 539669 | 0.56 | 539669 | 0.56 |
| 11. | Sanjay N Vaswani | | | | |
| | At the beginning of the year | 103375 | 0.11 | 103375 | 0.11 |
| | 25 Aug 2017 (transfer) | 2400 | 0.00 | 105775 | 0.11 |
| | At the end of the year | 105775 | 0.11 | 105775 | 0.11 |
| 12. | Vir S Advani | | | | |
| | At the beginning of the year | 74625 | 0.08 | 74625 | 0.08 |
| | | No change | | | |
| | At the end of the year | 74625 | 0.08 | 74625 | 0.08 |
| 13. | Armaan Sandeep Murthy | | | | |
| | At the beginning of the year | 50000 | 0.05 | 50000 | 0.05 |
| | | No change | | | |
| | At the end of the year | 50000 | 0.05 | 50000 | 0.05 |

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Promoters' Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 14. | Sumer Sandeep Murthy | | | | |
| | At the beginning of the year | 50000 | 0.05 | 50000 | 0.05 |
| | | No change | | | |
| | At the end of the year | 50000 | 0.05 | 50000 | 0.05 |
| 15. | Sunaina S Advani | | | | |
| | At the beginning of the year | 72525 | 0.08 | 72525 | 0.08 |
| | | No change | | | |
| | At the end of the year | 72525 | 0.08 | 72525 | 0.08 |
| 16. | Uday Vir Advani | | | | |
| | At the beginning of the year | 50000 | 0.05 | 50000 | 0.05 |
| | | No change | | | |
| | At the end of the year | 50000 | 0.05 | 50000 | 0.05 |
| 17. | Anita Ashok Advani | | | | |
| | At the beginning of the year | 30000 | 0.03 | 30000 | 0.03 |
| | | No change | | | |
| | At the end of the year | 30000 | 0.03 | 30000 | 0.03 |
| 18. | J T Advani Finance Private Limited | | | | |
| | At the beginning of the year | 59522 | 0.06 | 59522 | 0.06 |
| | 09 Nov 2017 (Purchase) | 600 | 0.00 | 60122 | 0.06 |
| | At the end of the year | 60122 | 0.06 | 60122 | 0.06 |
| 19. | Dev Khanna | | | | |
| | At the beginning of the year | 19625 | 0.02 | 19625 | 0.02 |
| | | No change | | | |
| | At the end of the year | 19625 | 0.02 | 19625 | 0.02 |
| 20. | Iman Rajiv Lulla | | | | |
| | At the beginning of the year | 19625 | 0.02 | 19625 | 0.02 |
| | | No change | | | |
| | At the end of the year | 19625 | 0.02 | 19625 | 0.02 |
| 21. | Rana Rajiv Lulla | | | | |
| | At the beginning of the year | 19625 | 0.02 | 19625 | 0.02 |
| | | No change | | | |
| | At the end of the year | 19625 | 0.02 | 19625 | 0.02 |
| 22. | Dinesh N Vaswani | | | | |
| | At the beginning of the year | 24359 | 0.03 | 24359 | 0.03 |
| | 25 Aug 2017 (transfer) | 2400 | 0.00 | 26750 | 0.03 |
| | At the end of the year | 26759 | 0.03 | 26759 | 0.03 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | HDFC Trustee Company Ltd - A/C HDFC MID - Capopportunities Fund | | | | |
| | At the beginning of the year | 6819374 | 7.14 | 6819374 | 7.14 |
| | 07 Apr 2017 (Sale) | -6500 | 0.00 | 6812874 | 7.13 |
| | 14 Apr 2017 (Sale) | -6500 | 0.00 | 6806374 | 7.12 |
| | 12 May 2017 (Sale) | - 200000 | 0.21 | 6606374 | 6.91 |
| | 19 May 2017 (Sale) | -400000 | 0.42 | 6206374 | 6.49 |
| | 26 May 2017 (Sale) | -429911 | -0.45 | 5776463 | 6.04 |
| | 23 Jun 2017 (Sale) | -299785 | 0.31 | 5476678 | 5.73 |
| | 02 Feb 2018 (Sale) | -200000 | 0.21 | 5276678 | 5.50 |
| | At the end of the year | 5276678 | 5.49 | 5276678 | 5.50 |
| 2. | Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Fund | | | | |
| | At the beginning of the year | 2580982 | 2.70 | 2580982 | 2.70 |
| | 21 Apr 2017 (Purchase) | 96500 | 0.10 | 2677482 | 2.80 |
| | 05 May 2017 (Purchase) | 81500 | 0.09 | 2758982 | 2.89 |
| | 19 May 2017 (Purchase) | 500000 | 0.52 | 3258982 | 3.41 |
| | 26 May 2017 (Purchase) | 135000 | 0.14 | 3393982 | 3.55 |
| | 16 Jun 2017 (Purchase) | 581300 | 0.61 | 3975282 | 4.16 |
| | 23 Jun 2017 (Purchase) | 129300 | 0.14 | 4104582 | 4.29 |
| | 29 Sep 2017 (Sale) | -13100 | -0.01 | 4091482 | 4.27 |
| | 01 Dec 2017 (Purchase) | 30600 | 0.03 | 4122082 | 4.30 |
| | 08 Dec 2017 (Purchase) | 53300 | 0.06 | 4175382 | 4.35 |
| | 15 Dec 2017 (Purchase) | 807500 | 0.84 | 4982882 | 5.20 |
| | 19 Jan 2018 (Sale) | -6500 | -0.00 | 4976382 | 5.19 |
| | 25 Jan 2018 (Purchase) | 25000 | 0.03 | 5001382 | 5.21 |
| | 02 Feb 2018 (Sale) | -19100 | -0.02 | 4982282 | 5.19 |
| | 09 Feb 2018 (Sale) | -93715 | -0.10 | 4888567 | 5.10 |
| | 09 Mar 2018 (Purchase) | 16000 | 0.02 | 4904567 | 5.11 |
| | 16 Mar 2018 (Purchase) | 124200 | 0.13 | 5028767 | 5.24 |
| | 23 Mar 2018 (Purchase) | 47726 | 0.05 | 5076493 | 5.29 |
| | At the end of the year | 5076493 | 5.29 | 5076493 | 5.29 |

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 3. | Sundaram Mutual Fund A/C Sundaram Select Midcap | | | | |
| | At the beginning of the year | 1426557 | 1.49 | 1426557 | 1.49 |
| | 07 Apr 2017 (Purchase) | 60179 | 0.06 | 1486736 | 1.56 |
| | 14 Apr 2017 (Sale) | -81471 | -0.09 | 1405265 | 1.47 |
| | 21 Apr 2017 (Sale) | -44756 | -0.05 | 1360509 | 1.42 |
| | 12 May 2017 (Purchase) | 10000 | 0.01 | 1370509 | 1.43 |
| | 19 May 2017 (Sale) | -13181 | -0.01 | 1357328 | 1.42 |
| | 02 Jun 2017 (Purchase) | 15 | 0.00 | 1357343 | 1.42 |
| | 09 Jun 2017 (Sale) | -123620 | -0.13 | 1233723 | 1.29 |
| | 16 Jun 2017 (Sale) | -212 | -0.00 | 1233511 | 1.29 |
| | 23 Jun 2017 (Sale) | -3596 | -0.00 | 1229915 | 1.29 |
| | 07 Jul 2017 (Sale) | -10000 | -0.01 | 1219915 | 1.27 |
| | 14 Jul 2017 (Sale) | -41994 | -0.04 | 1177921 | 1.23 |
| | 01 Sep 2017 (Purchase) | 10000 | 0.01 | 1187921 | 1.24 |
| | 29 Sep 2017 (Sale) | -8000 | -0.00 | 1179921 | 1.23 |
| | 06 Oct 2017 (Purchase) | 10000 | 0.01 | 1189921 | 1.24 |
| | 15 Dec 2017 (Purchase) | 1140000 | 1.19 | 2329921 | 2.43 |
| | 25 Jan 2018 (Sale) | -41 | 0.00 | 2329880 | 2.43 |
| | 09 Feb 2018 (Purchase) | 5384 | 0.00 | 2335264 | 2.43 |
| | 16 Feb 2018 (Purchase) | 212 | 0.00 | 2335476 | 2.43 |
| | 16 Mar 2018 (Sale) | -52891 | 0.06 | 2282585 | 2.38 |
| | 23 Mar 2018 (Sale) | -2111 | 0.00 | 2280474 | 2.38 |
| | At the end of the year | 2280474 | 2.38 | 2280474 | 2.38 |
| 4. | ICICI Prudential Value Discovery Fund | | | | |
| | At the beginning of the year | 2233676 | 2.34 | 2233676 | 2.34 |
| | 23 Jun 2017 (Sale) | -48877 | -0.05 | 2184799 | 2.28 |
| | 30 Jun 2017 (Sale) | -67066 | -0.07 | 2117733 | 2.21 |
| | 07 Jul 2017 (Sale) | -72257 | -0.08 | 2045476 | 2.14 |
| | 14 Jul 2017 (Sale) | -156855 | -0.16 | 1888621 | 1.97 |
| | 21 Jul 2017 (Sale) | -40 | -0.00 | 1888581 | 1.97 |

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | 01 Dec 2017 (Purchase) | 3574 | 0.00 | 1892155 | 1.97 |
| | 08 Dec 2017 (Purchase) | 6857 | 0.00 | 1899012 | 1.98 |
| | 02 Feb 2018 (Purchase) | 7492 | 0.00 | 1906504 | 1.99 |
| | 09 Feb 2018 (Purchase) | 10248 | 0.01 | 1916752 | 2.00 |
| | 09 Mar 2018 (Sale) | -10465 | -0.01 | 1906287 | 1.99 |
| | 16 Mar 2018 (Sale) | -53011 | -0.06 | 1853276 | 1.93 |
| | At the end of the year | 1853276 | 1.93 | 1853276 | 1.93 |
| 5. | Franklin India Smaller Company Fund | | | | |
| | At the beginning of the year | 1365646 | 1.43 | 1365646 | 1.43 |
| | 07 Apr 2017 (Sale) | -10000 | 0.01 | 1355646 | 1.42 |
| | 19 May 2017 (Purchase) | 100000 | 0.10 | 1455646 | 1.52 |
| | 26 May 2017 (Purchase) | 526700 | 0.55 | 1982346 | 2.07 |
| | 09 Jun 2017 (Purchase) | 98300 | 0.10 | 2080646 | 2.18 |
| | 16 Jun 2017 (Purchase) | 100000 | 0.10 | 2180646 | 2.28 |
| | 14 Jul 2017 (Purchase) | 56158 | 0.06 | 2236804 | 2.34 |
| | 21 Jul 2017 (Purchase) | 43842 | 0.05 | 2280646 | 2.38 |
| | 25 Aug 2017 (Sale) | -6350 | -0.00 | 2274296 | 2.37 |
| | 01 Sep 2017 (Sale) | -373650 | -0.39 | 1900646 | 1.98 |
| | 08 Sep 2017 (Sale) | -120000 | -0.12 | 1780646 | 1.86 |
| | 15 Sep 2017 (Sale) | -6759 | -0.00 | 1773887 | 1.85 |
| | 22 Sep 2017 (Sale) | -18241 | -0.02 | 1755646 | 1.83 |
| | 13 Oct 2017 (Sale) | -50000 | -0.05 | 1705646 | 1.78 |
| | 10 Nov 2017 (Purchase) | 50000 | 0.05 | 1755646 | 1.83 |
| | 31 Mar 2018 (Purchase) | 20039 | 0.02 | 1775685 | 1.85 |
| | At the end of the year | 1775685 | 1.85 | 1775685 | 1.85 |
| 6. | First State Indian Subcontinent Fund | | | | |
| | At the beginning of the year | 1490912 | 1.56 | 1490912 | 1.56 |
| | 07 Apr 2017 (Sale) | -19151 | -0.02 | 1471761 | 1.54 |
| | 21 Apr 2017 (Sale) | -41069 | -0.04 | 1430692 | 1.50 |
| | 12 May 2017 (Sale) | -22418 | -0.02 | 1408274 | 1.47 |
| | 09 Jun 2017 (Sale) | -182 | -0.00 | 1408092 | 1.47 |

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | 16 Jun 2017 (Sale) | -12051 | -0.01 | 1396041 | 1.46 |
| | 29 Sep 2017 (Purchase) | 45258 | 0.05 | 1441299 | 1.50 |
| | 09 Mar 2018 (Purchase) | 20800 | 0.02 | 1462099 | 1.52 |
| | 16 Mar 2018 (Purchase) | 38106 | 0.04 | 1500205 | 1.56 |
| | At the end of the year | 1500205 | 1.56 | 1500205 | 1.56 |
| 7. | UTI - Master Share Unit Scheme | | | | |
| | At the beginning of the year | 1360000 | 1.42 | 1360000 | 1.42 |
| | 16 Jun 2017 (Purchase) | 19731 | 0.02 | 1379731 | 1.44 |
| | 23 Jun 2017 (Purchase) | 16269 | 0.02 | 1396000 | 1.46 |
| | 30 Jun 2017 (Purchase) | 4087 | 0.00 | 1400087 | 1.46 |
| | 07 Jul 2017 (Purchase) | 4913 | 0.00 | 1405000 | 1.47 |
| | 18 Aug 2017 (Purchase) | 29566 | 0.03 | 1434566 | 1.50 |
| | 27 Oct 2017 (Sale) | -2566 | -0.00 | 1432000 | 1.50 |
| | 08 Dec 2017 (Sale) | -39345 | -0.04 | 1392655 | 1.45 |
| | 15 Dec 2017 (Sale) | -5655 | -0.00 | 1387000 | 1.45 |
| | At the end of the year | 1387000 | 1.44 | 1387000 | 1.44 |
| 8. | The Scottish Oriental Smaller Companies Trust PLC | | | | |
| | At the beginning of the year | 1202080 | 1.26 | 1202080 | 1.26 |
| | 07 Apr 2017 (Sale) | -20241 | -0.02 | 1181839 | 1.24 |
| | 21 Apr 2017 (Sale) | -29192 | -0.03 | 1152647 | 1.21 |
| | 12 May 2017 (Sale) | -23125 | -0.03 | 1129522 | 1.18 |
| | 09 Jun 2017 (Sale) | -693 | -0.00 | 1128829 | 1.18 |
| | 16 Jun 2017 (Sale) | -45723 | -0.05 | 1083106 | 1.13 |
| | 09 Mar 2018 (Purchase) | 3531 | 0.00 | 1086637 | 1.13 |
| | 16 Mar 2018 (Purchase) | 11392 | 0.01 | 1098029 | 1.14 |
| | At the end of the year | 1098029 | 1.14 | 1098029 | 1.14 |
| 9 | Government Pension Fund Global | | | | |
| | At the beginning of the year | - | - | - | - |
| | 15 Dec 2017 (Purchase) | 877500 | 0.92 | 877500 | 0.92 |
| | At the end of the year | 877500 | 0.91 | 877500 | 0.91 |

| Sl. No. | Particulars of name and date-wise increase/(decrease) in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 10. | Vikram Kamal Jagtiani | | | | |
| | At the beginning of the year | 734409 | 0.77 | 734409 | 0.77 |
| | 07 Apr 2017 (Purchase) | 4550 | 0.00 | 738959 | 0.77 |
| | 15 Sep 2017 (Sale) | -2500 | 0.00 | 736459 | 0.77 |
| | 06 Oct 2017 (Sale) | -2000 | 0.00 | 734459 | 0.77 |
| | 13 Oct 2017 (Sale) | -2000 | 0.00 | 732459 | 0.76 |
| | 20 Oct 2017 (Sale) | -1429 | 0.00 | 731030 | 0.76 |
| | 10 Nov 2017 (Purchase) | 2000 | 0.00 | 733030 | 0.76 |
| | 01 Dec 2017 (Sale) | -2000 | 0.00 | 731030 | 0.76 |
| | 08 Dec 2017 (Sale) | -1513 | 0.00 | 729517 | 0.76 |
| | 29 Dec 2017 (Sale) | -2000 | 0.00 | 727517 | 0.76 |
| | 19 Jan 2018 (Purchase) | 1000 | 0.00 | 728517 | 0.76 |
| | At the end of the year | 728517 | 0.76 | 728517 | 0.76 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Particulars of name, designation and date-wise increase/(decrease) in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Suneel M Advani - Chairman | | | | |
| | At the beginning of the year | 5626827 | 5.86 | 5626827 | 5.86 |
| | | No change | | | |
| | At the end of the year | 5626827 | 5.86 | 5626827 | 5.86 |
| 2. | Vir S Advani - Managing Director | | | | |
| | At the beginning of the year | 74625 | 0.08 | 74625 | 0.08 |
| | | No change | | | |
| | At the end of the year | 74625 | 0.08 | 74625 | 0.08 |
| 3. | B Thiagarajan - Joint Managing Director | | | | |
| | At the beginning of the year | 1700 | 0.00 | 1700 | 0.00 |
| | 05 Jul 2017 (Exercise of ESOP) | 100000 | 0.10 | 101700 | 0.10 |
| | 18 Jul 2017 (Sale) | -70000 | 0.07 | 31700 | 0.03 |
| | 26 Sep 2017 (Sale) | -4200 | 0.00 | 27500 | 0.02 |
| | 26 Sep 2017 (Sale) | -800 | 0.00 | 26700 | 0.02 |
| | 13 Dec 2017 (Sale) | -2167 | 0.00 | 24533 | 0.02 |
| | 14 Dec 2017 (Sale) | -2833 | 0.00 | 21700 | 0.02 |
| | At the end of the year | 21700 | 0.02 | 21700 | 0.02 |
| 4. | Dinesh N Vaswani - Non-Executive Director | | | | |
| | At the beginning of the year | 24359 | 0.03 | 24359 | 0.03 |
| | 25 Aug 2017 (off market transfer) | 2400 | 0.00 | 26759 | 0.03 |
| | At the end of the year | 26759 | 0.03 | 26759 | 0.03 |
| 5. | Gurdeep Singh - Independent Director | | | | |
| | At the beginning of the year | 1200 | 0.00 | 1200 | 0.00 |
| | | No change | | | |
| | At the end of the year | 1200 | 0.00 | 1200 | 0.00 |

| Sl. No. | Particulars of name, designation and date-wise increase/(decrease) in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.) | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 6. | M K Sharma - Independent Director <i>(up to June 12, 2017)</i> | | | | |
| | At the beginning of the year | 10000 | 0.00 | 10000 | 0.00 |
| | 13 Oct 2017 (Transfer) | -10000 | 0.00 | - | - |
| | At the end of the year | - | - | - | - |
| 7. | Sam Balsara - Independent Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | 21 Jul 2017 (Purchase) | 4150 | 0.00 | 4150 | 0.00 |
| | 28 Jul 2017 (Purchase) | 1512 | 0.00 | 5662 | 0.00 |
| | At the end of the year | 5662 | 0.00 | 5662 | 0.00 |
| 8. | Neeraj Basur - Chief Financial Officer | | | | |
| | At the beginning of the year | 10000 | 0.01 | 10000 | 0.01 |
| | 16 May 2017 (Exercise of ESOP) | 14000 | 0.01 | 24000 | 0.02 |
| | 27 Sep 2017 (Exercise of ESOP) | 14600 | 0.01 | 38600 | 0.04 |
| | 15 Nov 2017 (Exercise of ESOP) | 11000 | 0.01 | 49600 | 0.05 |
| | At the end of the year | 49600 | 0.05 | 49600 | 0.05 |
| 7. | Vijay Devadiga Company Secretary | | | | |
| | At the beginning of the year | - | - | - | - |
| | 12 Sep 2017 (Exercise of ESOP) | 4800 | 0.00 | 4800 | 0.00 |
| | 25 Sep 2017 (Sale) | -4800 | 0.00 | - | - |
| | At the end of the year | - | - | - | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In crores)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 99.23 | 50.00 | - | 149.23 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.01 | - | - | 0.01 |
| Total (i+ii+iii) | 99.24 | 50.00 | - | 149.24 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 180.31 | 1151.53 | - | 1331.84 |
| Reduction | 144.44 | 1016.62 | - | 1161.06 |
| Net Change | 35.87 | 134.91 | - | 170.78 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 135.11 | 184.91 | - | 320.02 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 22.97 | 5.55 | - | 28.52 |
| Total (i+ii+iii) | 158.08 | 190.46 | - | 348.54 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in lakhs)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | Total Amount |
|---------|---|---|---|------------------|
| | | Vir S Advani - Managing Director | B Thiagarajan - Joint Managing Director | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 226.59 | 226.59 | 453.18 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 9.83 | 9.83 | 19.66 |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | - | - | - |
| 2. | Stock Option* | - | 13.82 | 13.82 |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - as % of profit - others (performance linked incentives) | 132.30 391.47 | 136.80 94.58 | 269.10 486.05 |
| 5. | Others, please specify Retirals (tax exempted) | 13.58 | 13.58 | 27.16 |
| | Total (A) | 773.77 | 495.20 | 1268.97 |
| | Ceiling as per the Act | ₹1721 lakhs (being 10% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013). | | |

* amortised value of stock options for FY18

B. REMUNERATION TO OTHER DIRECTORS:

(₹ in lakhs)

| Sr. No | Particulars of Remuneration | Name of Director | | | | | | | | | | Total Amount |
|--|--|---|---------------|--|---------------------|----------------------------------|------------------|----------------------------------|--------------------------------------|---------------|------------------|----------------|
| | | Suneel M Advani | Gurdeep Singh | Pradeep Mallick (upto November 30, 2017) | Shailesh Haribhakti | M K Sharma (up to June 12, 2017) | Shobana Kamineni | Sam Balsara (from June 20, 2017) | Anil Harish (from November 22, 2017) | Rajiv R Lulla | Dinesh N Vaswani | |
| 1. | Other Non-Executive Directors | | | | | | | | | | | |
| | Fee for attending board/committee meetings | 10.25 | - | - | - | - | - | - | - | 3.75 | 5.25 | 19.25 |
| | Commission | 33.00 | - | - | - | - | - | - | - | 18.00 | 18.00 | 69.00 |
| | Others, please specify | - | - | - | - | - | - | - | - | - | - | - |
| | Total (1) | 43.25 | - | - | - | - | - | - | - | 21.75 | 23.25 | 88.25 |
| 2. | Independent Directors | | | | | | | | | | | |
| | Fee for attending board/committee meetings | - | 8.00 | 5.25 | 8.00 | 1.50 | 1.25 | 4.25 | 3.50 | - | - | 31.75 |
| | Commission | - | 18.00 | 10.00 | 18.00 | 3.75 | 18.00 | 15.00 | 7.50 | - | - | 90.25 |
| | Others, please specify | - | - | - | - | - | - | - | - | - | - | - |
| | Total (2) | - | 26.00 | 15.25 | 26.00 | 5.25 | 19.25 | 19.25 | 11.00 | - | - | 122.00 |
| | Total (B)=(1+2) | 43.25 | 26.00 | 15.25 | 26.00 | 5.25 | 19.25 | 19.25 | 11.00 | 21.75 | 23.25 | 210.25 |
| Total Managerial Remuneration (A+B) | | | | | | | | | | | | 1482.22 |
| | Overall Ceiling as per the Act | ₹1893 lakhs (being 11% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013). | | | | | | | | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:*(₹ in lakhs)*

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---------|---|---|---------------------------------------|---------------|
| | | Chief Financial Officer (Neeraj Basur) | Company Secretary (Vijay Devadiga) | |
| 1. | Gross salary | 193.86 | 51.48 | 245.35 |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | | | |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 0.51 | 1.28 | 1.79 |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | | | |
| 2. | Stock Option* | 4.44 | 0.32 | 4.76 |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission - as % of profit - others, specify | - | - | - |
| 5. | Others, please specify | - | - | - |
| | Total | 198.81 | 53.08 | 251.89 |

* amortised value of stock options for FY18

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for breach of any Section of the Companies Act against the Company or its Directors or other officers in default, if any, during the year.

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 ¹ | Committee Memberships ² | Committee Chairmanships ² |
| 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 ³ | Independent Non-Executive Director | 17 | - | - |
| Shailesh Haribhakti | Independent Non-Executive Director | 18 | 9 | 4 |
| Anil Harish ³ | Independent Non-Executive Director | 8 | 3 | 2 |
| Shobana Kamineni | Independent Non-Executive Director | 13 | - | - |
| Pradeep Mallick ⁴ | Independent Non-Executive Director | 5 | 5 | 2 |
| M K Sharma ⁴ | Independent Non-Executive Director | 10 | 4 | 2 |
| Gurdeep Singh | Independent Non-Executive Director | 3 | - | - |

¹ 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.

² 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.

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

⁴ 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 (<i>up to November 30, 2017</i>) | 3 |
| M K Sharma (<i>up to June 12, 2017</i>) | 1 |
| Gurdeep Singh (<i>from August 11, 2017</i>) | 3 |
| B Thiagarajan | 5 |
| Anil Harish (<i>from November 22, 2017</i>) | 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.

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 [#] | - | 495.20 |
| Rajiv R Lulla | - | - | - | 18.00 | - | 3.75 | 21.75 |
| Dinesh N Vaswani | - | - | - | 18.00 | - | 5.25 | 23.25 |
| Sam Balsara ¹ | - | - | - | 15.00 | - | 4.25 | 19.25 |
| Shailesh Haribhakti | - | - | - | 18.00 | - | 8.00 | 26.00 |
| Anil Harish ² | - | - | - | 7.50 | - | 3.50 | 11.00 |
| Shobana Kamineni | - | - | - | 18.00 | - | 1.25 | 19.25 |
| Pradeep Mallick ³ | - | - | - | 10.00 | - | 5.25 | 15.25 |
| M K Sharma ⁴ | - | - | - | 3.75 | - | 1.50 | 5.25 |
| Gurdeep Singh | - | - | - | 18.00 | - | 8.00 | 26.00 |

¹ Appointed as Director with effect from June 20, 2017

² Appointed as Director with effect from November 22, 2017

³ Retired as Director with effect from November 30, 2017

⁴ Ceased to be Director with effect from June 12, 2017

[#] 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 |
| Total Shareholding | 5756958 | 5.99 |

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. 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

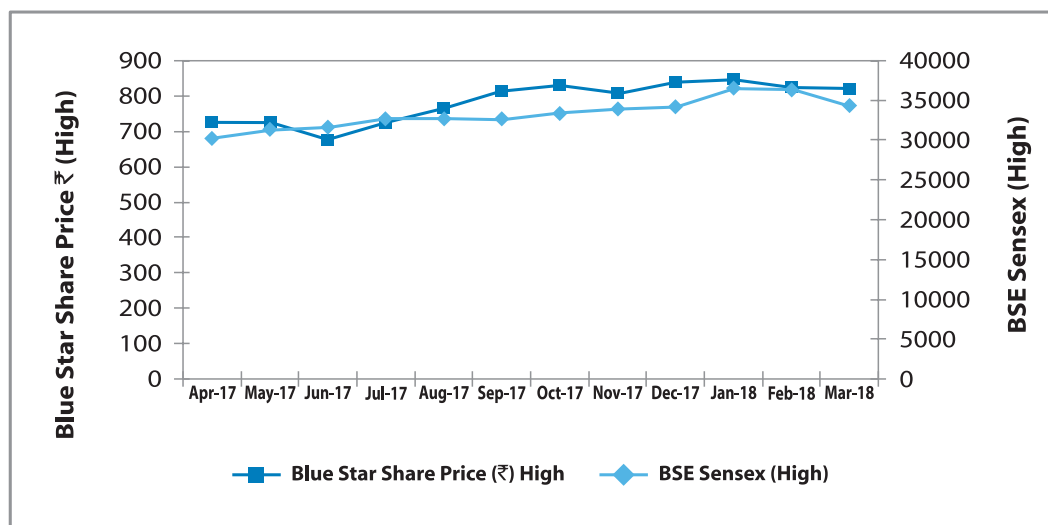
| | |
|--|---|
| STOCK CODE | : BSE Ltd - 500067 National Stock Exchange of India Ltd - BLUESTARCO |
| NSDL/CDSL - ISIN | : INE472A01039 |
| Dividend payment date (if approved by members) | : on or after August 8, 2018 |

MARKET PRICE DATA

(*₹ per share*)

| | BSE Ltd | | National Stock Exchange of India Ltd | |
|-------------|---------|--------|--------------------------------------|--------|
| | High | Low | High | Low |
| 2017 | | | | |
| 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 |
| 2018 | | | | |
| 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 & 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.

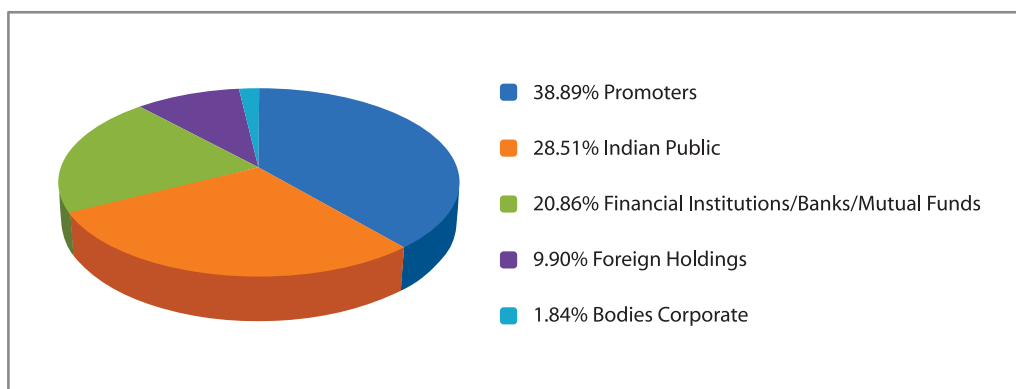
TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

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 |
| TOTAL | 40945 | 100.00 | 95999788 | 100.00 |

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

Corporate Governance Certification

MD/CFO Certificate

To,
The Board of Directors
Blue Star Limited
Mumbai

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

- a) We have reviewed the financial statements of the Company for the year ended March 31, 2018 and:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the financial year 2017-18 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps that have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee, wherever applicable:
 - i) Significant changes in the internal control over financial reporting during the year;
 - ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Vir S Advani
Managing Director

Neeraj Basur
Chief Financial Officer

Date : May 14, 2018
Place : Mumbai

Corporate Governance Certification

Auditors' Certificate

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

To Members of Blue Star Limited

1. The Corporate Governance Report prepared by Blue Star Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock Exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
 - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors w.r.t Executive and Non-Executive Directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors Register as on March 31, 2018 and verified that at least one women director was on the Board during the year;
 - iv. Obtained and read the minutes held during the year of the Board of Directors, and following committee meetings:
 - (a) Audit Committee;
 - (b) Nomination and Remuneration Committee;
 - (c) Stakeholders' Relationship Committee;
 - (d) Risk Management Committee, and also minutes of Annual General Meeting;
 - v. Obtained necessary representations and declarations from Directors of the Company including the Independent Directors; and
 - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

Date : May 14, 2018
Place : Mumbai

per Ravi Bansal
Partner
Membership No. 49365

Management Discussion and Analysis

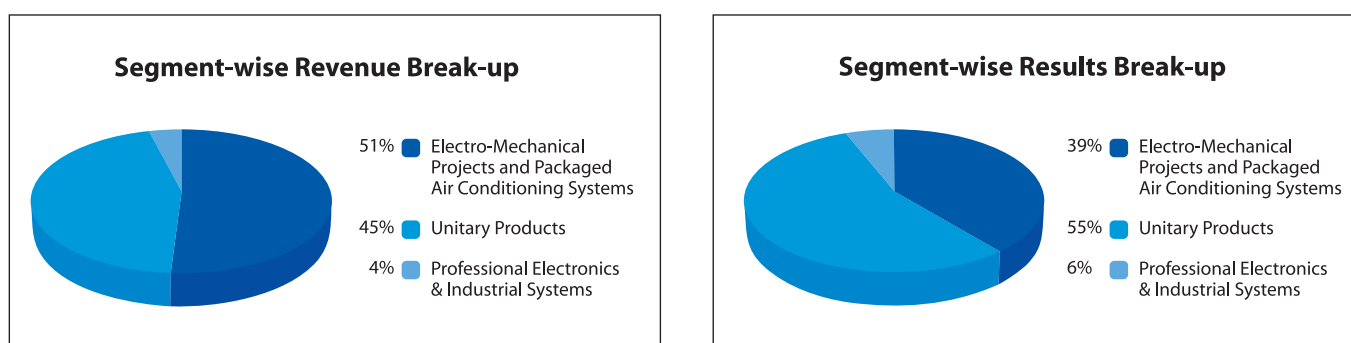
In the context of Blue Star's business operations and strategic positioning that are more fully described in the Board's Report and Integrated Report, a detailed analysis of the operating, business as well as financial performance is enumerated in the ensuing sections of this report.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Blue Star is a leading player in the air conditioning and refrigeration industry in India. An overview of the industry and the current market dynamics are more fully described in the Integrated Report. (refer Industry Structure and Developments on page no. 19)

SEGMENT-WISE ANALYSIS

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



ELECTRO-MECHANICAL PROJECTS AND PACKAGED AIR CONDITIONING SYSTEMS

The Electro-Mechanical Projects and Packaged Air Conditioning Systems business continued to be the largest segment, accounting for 51% of the Company's Total Revenue from Operations.

In the Electro-Mechanical Projects business, though the market stayed stagnant with Government-funded infrastructure projects driving consumption, profitability grew mainly on account of the better margin profile of certain key jobs. The order inflow in this business witnessed a modest improvement over previous year despite investments being muted in the private sector. There was a concerted effort towards untapped multi-service orders, resulting in 56% of new orders received from this end. Multi-service orders provide the customers with seamless coordination between various services through a single point of contact facilitating integrated build-up of the facilities. They also enable the Company to optimally manage project costs through efficient utilisation of resources. The business continued to expand into customer segments such as factories and educational institutions. For the third time in a row, Blue Star won the 'MEP Contractor of the Year 2017' award from Construction Week India for the Delhi Metro project wherein Blue Star successfully executed the electrical and fire-fighting job for five underground stations and the interconnecting 20 km tunnels of the Delhi Mass Rapid Transit System Project Phase III.

Some significant orders received by the Electro-Mechanical Projects business during the year were from My Divija IT Towers, Hyderabad; Ritz Carlton by Oberoi, Mumbai; DLF Cyberpark, Gurugram; MPMMM Cancer Hospital by Tata Trusts, Varanasi; CAPFIMs Hospital, Delhi; ISRO PFTF, Ahmedabad; Bhartiya City, Bengaluru; Wipro Technologies, Pune; Sintex, Ahmedabad; Ford IT SEZ, Chennai; Medanta Hospital, Lucknow; IIT, Jodhpur; NEIGRIHMS, Shillong; Microsoft, Hyderabad; Amara Hospital, Tirupati; Organic India factory, Lucknow; Meenakshi IT Park, Hyderabad; ITC factory, Guwahati; Embassy Splendid Tech Zone, Chennai; Government Medical College, Kozhikode; SJS Factory, Bengaluru; Government TD Medical College, Alappuzha; MRF Factory, Medak; Asian Paints, Visakhapatnam and Mysuru; among several others.

In the Central Plant Equipment segment, the Company recorded healthy growth across all product categories including ducted systems, VRF systems and chillers, gaining substantial market share in each. The Company continued with its drive to offer energy-efficient products, based on the dynamic market requirements. During the year under review, Blue Star further strengthened its position in the VRF segment with the launch of the latest 5th generation VRF, which has a large capacity outdoor unit ranging between 24 HP - 28 HP. The Company's VRF product offerings are highly efficient even in extreme ambient conditions as they have been designed to deliver full capacity at 43°C and are capable of handling a wide range of

fluctuations. In order to cater to the growing Tier 3 and 4 markets, Blue Star had introduced an easy-to-install pre-piped VRF system in FY17 which further enabled system integrators to offer the VRF technology in smaller towns. In addition, the inverter ducted systems aid in maintaining precise internal conditions and offer power savings up to 20%. The Company also introduced a new range of air-cooled configured screw chillers that offer significant benefits. Blue Star achieved a higher growth rate as compared to the market for both ducted systems and VRF systems, with a market share of over 40% and 16% respectively.

Blue Star also launched numerous initiatives to enhance the equity of central air conditioning products as well as to manage and motivate channel partners. Product launches were organised across Mumbai, Delhi, Chennai and Bengaluru, in addition to get-togethers in smaller towns. The Company expanded its dealer network by adding over 50 dealers during the year, predominantly in Tier 2 and 3 towns.

Some of the notable orders received during the year were from JSW Steel, Global Tech Park, WalMart, Asian Paints, Ashok Leyland, Larsen and Toubro, Saint Gobain, ITC, PSG College, Hannon Systems, JSW Cement, NTPC Khargone, Jindal India, and Greenply Industries, amongst others.

UNITARY PRODUCTS

This business segment comprises room air conditioners as well as commercial refrigeration products and systems, apart from water purifiers, air coolers and air purifiers.

During the year, the Room Air Conditioners business outperformed the market, thereby increasing the Company's market share to 11.5% in value terms. Blue Star launched 100 new AC models including 40 highly energy-efficient inverter split ACs. This stellar array ranges from 0.75 to 4.5 tons across 2-star and 3-star split ACs and as well as 3-star and 5-star inverter split ACs. For cities with extreme climatic conditions, there is a complete range of inverter split ACs that cool in summer and heat during winters. Some models also have a smart Wi-Fi feature for remote operation. The new range promises up to 30% extra cooling when needed, faster temperature pull-down and extra energy savings; extra comfort with precise temperature setting in steps of 0.1°C and 0.5°C; extra quiet performance with a 'soundproof' acoustic compressor jacket; and extra purification for healthier air.

Blue Star's share in the inverter and 5-star air conditioners segment is higher than that of the industry, signifying that the Company enjoys a preference amongst discerning consumers who purchase premium products. The entire range of inverter models is equipped with eco-friendly refrigerants while the series of 3-star and 5-star inverter split air conditioners are designed to operate smoothly within a voltage range of 160V-270V, without the aid of an external voltage stabiliser.

Besides, the Company also launched a new smart customer-centric mobile application which ensures enhanced comfort and offers personalisation at its best, in addition to its capability to remotely monitor and control the machine. This facility allows consumers to personalise their AC profile, group the ACs for better control, optimise settings as well as integrate this mobile application with home automation systems.

Blue Star also added several new customers in its national accounts business during the period under review. The year saw healthy order booking traction amongst customers in healthcare, educational institutions, retail, quick service restaurants and small finance banking segments. Improved operational efficiency across all functions as well as enhanced manufacturing and supply chain management resulted in healthy margins in the room air conditioners business.

The Commercial Refrigeration products business witnessed good growth during the year as compared to the overall market growth. Deep freezers witnessed enhanced sales, propelled by a rise in demand from dairy, ice cream and food processing segments such as Havmor, Creambell, Amul and Hatsun, amongst others. The new models of varied capacities of glass-top and curved glass-top deep freezers introduced during FY17 gained traction among the frozen products and ice cream segments. The professional kitchen equipment and healthcare refrigeration markets, which the Company ventured into last year are gaining momentum and garnering good response. Kitchen refrigeration products grew well with increase in channel strength and gained sizeable orders from the hospitality segment. The medical refrigeration products also saw an

uptake of orders from science and research institutions. Ultra-low temperature freezers were supplied to IIT, Mumbai and Kharagpur, Vedanta Cancer Institute, Anthem Bioscience, Lambda Research, and Institute of Liver & Biliary Sciences. Storage water coolers performed well, backed by demand from industrial canteens and educational institutions. The sale of bottled water dispensers witnessed good progression with augmented penetration into the retail market.

The cold room business witnessed demand from traditional segments such as dairy, ice cream and pharma. Several leading players continue to invest in cold rooms for warehousing and distribution needs across the country. Quick service restaurants also contributed significantly to this business due to their aggressive expansion plans. The Company continues to be a partner of choice for major food chains such as Yum!, Domino's, Devyani International, Burger King, and Lite Bite, to name a few. The Company was successful in securing orders for large cold rooms, thereby making headway into the large cold storage business arena.

In order to enhance its offerings in the adjacent categories, the Company launched air coolers across the country during the year under review. The range also caters to price-conscious customers in non-humid areas of North and Central India for spaces ranging from 100 sq ft to 300 sq ft. The current market size for air coolers is about ₹3000 crores, with the organised segment contributing about ₹1700 crores; and this market is set to nearly double over the next 5 years.

In air purifiers, Blue Star launched two additional models during the festive season with high-end premium variants, taking the overall count to 10 models. The range is being expanded to cover all price points. These new machines have a High Efficiency Particulate Air (HEPA) filter which is equipped with ioniser and plasma technologies, for spaces varying from 200 sq ft to 650 sq ft. The market for air purifiers was about ₹200 crores in FY18, but given the rising concern and awareness of air quality in the country, this category is expected to grow multi-fold over the next 5 years. The Company intends to ride on its existing channel network for distributing these products.

During the year, Blue Star made significant progress in the residential water purifier business with a range of stylish and differentiated products across price points ranging from ₹7900 to ₹44,900. The market for pure drinking water has been on the rise mainly due to deterioration in the quality of water, resulting in a spurt in waterborne diseases. The residential water purifiers market in the country is pegged at about ₹4200 crores, increasing at a CAGR of 15-20%. About 3 million units sold every year are electric, namely RO, UV, RO+UV and its variants. In terms of value, due to their higher price points, electric purifiers contribute to about 85% of the market, whilst the balance comprises gravity-based purifiers. Blue Star has a comprehensive range of 35 models in the RO, UV, RO+UV and RO+UV+UF segments, including colour variants catering to all price points. These purifiers are highly differentiated and offer attractive features such as hot and cold water, touch sensors, electronic dispensing and filter change alerts. The Company has also launched a range of commercial water purifiers to cater to offices, restaurants, clinics, and other commercial establishments.

Blue Star's water purifiers are available in over 100 towns across 2000 outlets. The business is focused on enhancing the productivity of the channels and has engaged over 400 star water consultants (in store demonstrators) who are available at retail outlets to highlight the superior features of Blue Star's water purifier range. These personnel also carry out activations and other field marketing activities for brand awareness and lead generation. During the year, Blue Star water purifiers were awarded as the 'Best Domestic RO+UV water purifiers' in the country at the Water Digest Awards 2018. This is the second time in a row that it has won this award. Introduced in 2006, these prestigious awards are supported by UNESCO and the Ministry of Water Resources in India.

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS

For over six decades, the Professional Electronics and Industrial Systems business has been the exclusive distributor in India for many internationally renowned manufacturers of hi-tech professional electronic equipment and services, as well as for industrial products and systems. Over the years, the Company has significantly scaled up operations in this business and has moved up the value chain by changing its business model from being merely a distributor to that of a system integrator and value-added re-seller. This business is handled by Blue Star Engineering & Electronics Limited, a wholly owned subsidiary of the Company. The business operates in two broad segments; Professional Electronics that comprises Healthcare Systems,

Data Security Solutions, Infra Security Solutions and Communication Systems; and Industrial Systems that encompasses Testing Machines, Non Destructive Testing (NDT) Systems and Industrial Automation, NDT Products and Industrial Products. The business has been successful in capturing the pulse of the market and has carved out profitable niches for itself in most of the specialised markets that it operates in.

During the review period, Industrial Systems was impacted by lower demand coupled with lower realisation due to sluggish market conditions while Professional Electronics grew on increased orders in the Data Security Systems and Healthcare businesses. The Healthcare Systems business registered good growth against the backdrop of a significant large order of CT scanners from the Government, Medical and Health Services sector, which was bagged in the latter part of the year. This order secured from the Government of Uttar Pradesh was the largest order ever secured in this arena. The Data Security business performed well aided by digitisation initiatives with orders from major banks, certificate authorities, telecom and payment technology companies. The Infra Security business, which mainly revolves around video surveillance, was majorly engaged in project execution. The Communication Systems business that largely deals with radio frequency, microwave as well as avionics test and measuring equipment, booked significant orders from the defence, space and aerospace sectors.

The Testing Machines business has successfully supplied a wide range of inspection equipment including universal testing machines and customised plant growth chambers to research centres and agricultural universities. The Non-Destructive Testing Systems and Industrial Automation business widened its automation offerings of bagging solutions and thrived in the industrial CT systems space. This business installed its first eddy-current inspection system and booked significant orders from automotive and space segments. The Non-Destructive Testing Products business, with a highly diversified portfolio including technologies such as ultrasound, RVI, X-ray, industrial CT, radioscopy, portable radiography, eddy-current, and metrology with advanced specifications and applications, secured orders from the automotive, aerospace and inspection sectors. The Industrial Products business, which mainly transacts in industrial valves and pumps, despite a slowdown, was able to sustain by securing orders from the paper industry.

Recognising opportunities which are expected to unfold further, the business embarked on various strategic initiatives such as reorientation of internal organisation structure with the intent to improve focus on the chosen customer segments and launched a web and mobile-based sales force automation tool named 'Saksham' for sales engineers and managers. There is a greater emphasis on business development, service management and project execution functions for this business.

FINANCIAL PERFORMANCE ANALYSIS

Prior to GST going live on July 1, 2017, revenue for previous periods included excise duty and other applicable input taxes. For this financial performance analysis, Total Income for FY17 and FY18 has been computed by deducting excise duty and other applicable input taxes. There is no impact of this on the Profit before Tax and Profit after Tax figures.

Following are the financials highlights of the company for the year ended March 31, 2018 on a comparable consolidated basis.

1. INCOME

Total Income for the year ended March 31, 2018 was ₹4660.21 crores as compared to ₹4165.35 crores in the previous year, an increase of 11.9%.

2. COST OF SALES, WORK BILLS AND SERVICES

The cost of sales, work bills and services during the year was ₹3247.33 crores as compared to ₹3112.25 crores in the previous year. This cost was 69.9% of the Revenue from operations as compared to 75.3% in the previous year.

3. EMPLOYEE REMUNERATION AND BENEFITS

Employee cost for the year at ₹397.72 crores increased by 17.3% as compared to ₹339.03 crores in the previous year. The employee cost was 8.5% of the Total Income as compared to 8.1% in the previous year.

4. OPERATING AND GENERAL EXPENSES

Operating and general expenses increased to ₹819.43 crores from ₹711.55 crores in the previous year. As a percentage of Total Income, the Operating and general expenses for the year were at 17.6% as compared to 17.1% in the previous year.

5. FINANCIAL EXPENSES

Financial cost for the year was lower at ₹28.74 crores as compared to ₹37.78 crores in the previous year. The financial cost for the year reduced to 0.6% of the Total Income as compared to 0.9% in the previous year.

6. DEPRECIATION

Depreciation charge for the year increased to ₹63.81 crores as compared to ₹60.58 crores in the previous year.

7. PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

Profit before tax and exceptional items for FY18 increased by 26.5% to ₹200.73 crores as compared to ₹158.63 crores in FY17. Profit before tax and exceptional items was 4.3% of the Total Income as compared to 3.8% in the previous year.

8. EXCEPTIONAL ITEMS

There was an exceptional income of ₹5.27 crores during the year on account of profit on sale of an office property.

9. PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS

Profit before tax and after exceptional items for FY18 increased by 29.9% to ₹206 crores as compared to ₹158.63 crores in FY17. Profit before tax and after exceptional items was 4.4% of the Total Income as compared to 3.8% in the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established an internal control system, commensurate with the size, scale and complexity of its operations. In order to enhance the standards of controls and governance, the Company has adopted COSO 2013 framework to ensure that robust internal financial controls exist in relation to operations, financial reporting and compliance. In addition, the internal audit function reviews and reports to the Audit Committee around compliance with internal controls, the efficiency and effectiveness of operations as well as key process risks. During the year, the internal controls were tested and found effective, as part of management's control testing initiative.

RISKS AND CONCERNS

RISKS

The primary operating risks which could impact the Company, relate to volatile exchange rates, interest rates, credit risks, procurement concentration risk, volatile commodity prices risks, changes in tax and other legislations as well as risks arising out of higher input costs, especially in the case of fixed price contracts, health and site safety, and changes in technology which impact the Company's product offerings. In addition, a general slowdown in the global and local economy tends to aggravate risks faced by the Company. Blue Star lays great emphasis on risk management, and has put in place a robust system for risk identification, assessment and mitigation with strong internal-controls, at both business groups and corporate level. Significant risks across the entity are reviewed periodically by the Risk Committee. Further, the mitigation action plans are integrated with the internal audit plans and embedded in the strategic business plan of each business group. (refer Risks and Mitigation Strategies on page no. 43)

CONCERNS

On a macro-economic level, while there is an increase in investments in Government-related projects of the centre as well as the states, private sector investments continue to remain subdued. The complete revival of the commercial real estate segment is likely to take some more time but the proposed investments in development of airports, expressways, high speed and metro rail projects could revive sentiments and fuel growth.

OPPORTUNITIES

The Company's presence in multiple segments across the industry, increasing urbanisation and investments driven by the Government in the infrastructure space, provide the Company with opportunities to grow. These opportunities have been elaborated in the Integrated Report. (refer Opportunities on page no. 45)

HUMAN RESOURCES

Caring for its people has always been the way of life in the Company as its people are always treated as Blue Star's most valuable assets. The Company has been successful in fostering a people-centric cohesive culture within the organisation that has been instrumental in creating its diverse pool of intellectual capital. The Company is focused and committed towards empowering its employees and continues to embark upon several initiatives on this front. (refer Human Capital on page no. 32)

CORPORATE OUTLOOK

The Electro-Mechanical Projects business has been witnessing modest traction on the back of enhanced investments in the infrastructure segment largely driven by the Government. The unitary products business continues to show significant potential, and with the GST transition completed, is on a growth path. As Blue Star embarked on its Platinum Jubilee year of completing 75 years of operations, the Company is confident of capitalising on future growth opportunities driven by its strong capabilities and credentials, and intends to continue investing in marketing, brand building and new product development, as well as nurturing new businesses such as water purifiers, air purifiers and air coolers. It remains optimistic of sustaining this growth momentum in this landmark Platinum Jubilee year as well.