1 Corporate Information

Blue Star Limited ("The Company") is into the business of air conditioning, commercial refrigeration and water purifiers, air purifiers and air coolers. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Kasturi Buildings, M T Advani Chowk, Jamshedji Tata Road, Churchgate, Mumbai - 400020, Maharashtra.

The financial statements of the Company were authorised for issue in accordance with a resolution of the Directors on May 14, 2018.

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount :

- Derivative financial instruments,
- Certain other financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

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

2.2 Summary of significant accounting policies

a Investment in subsidiaries, associates and joint ventures

The Company accounts for its investment in subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27 – 'Separate Financial Statements'.

b Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is treated as current when:

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

The Company classifies all other liabilities as non-current.

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

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

c Foreign currencies

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

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

d Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

e Revenue recognition

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

Based on the clarifications on Ind AS 18 issued by the ICAI, till June 30, 2017 the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty till June 30, 2017. Goods and Services Tax ("GST") was implemented with effect from July 1, 2017, which replaced excise duty and other input taxes. As per Ind AS 18, revenue from operations post GST is reported net of GST.

However, sales tax/value added tax (VAT)/Goods & Services Tax(GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised

Revenue from construction contracts

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

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

Revenue from sale of goods

Revenue from sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, which is generally on dispatch of goods.It also includes excise duty and price variations based on the contractual agreements and excludes value added tax/sales tax/Goods and Services Tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Rendering of services

Revenue from sale of services with respect to time and material contracts get recognized as related costs are incurred and services are performed in accordance with the term of specific contracts.

Revenue from annual maintenance contracts are recognized pro-rata over the period of the contract.

Commission income is recognized as and when terms of the contracts get fulfilled.

Other items of revenue

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

Export incentives - Export incentive receivable is accrued when the right to receive credit is established and there is no significant uncertainty regarding the ultimate collection.

Dividend income - Dividend income is accounted when the right to receive the same is established, which is generally when shareholders approve the dividend.

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

f Government Grant

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

g Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss are recognised as a part of these items (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss are recognised as a part of these items (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the concerned Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent it is not probable that it will pay normal tax during the specified period. MAT is considered as a deferred tax item.

Goods and Service Tax/Sales/value added taxes paid on acquisition of assets or on incurring expenses. Expenses and assets are recognised net of the amount of Goods and Service tax/sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

h Non-current assets held for sale/distribution to owners and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn. Management must be committed to the sale/distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has a commercial substance. The criteria for held for sale/distribution classification is regarded met only when the assets or disposal group is available for immediate sale/distribution in its present condition, subject only to terms that are usual and customary for sales/distribution of such assets (or disposal groups), its sale/distribution is highly probable; and it will genuinely be sold and not abandoned. The Company treats sale/distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/distribute. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed off, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

  Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

i Property, plant and equipment

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

Leasehold land is depreciated on a straight line basis. All other assets are depreciated to the residual values on the written-down value basis over the estimated useful lives. Freehold land is not depreciated. Estimated useful lives of the assets are as follows:

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

The useful life of plant and machinery has been estimated as 20 years. These lives are higher than those indicated in Schedule II to the Companies Act, 2013.

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

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

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

j Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

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

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

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in Statement of Profit and Loss in the period of decognition.

k Intangible assets

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

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

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

<u>Research and development costs</u>

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

<u>Other intangible assets</u>

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

Nature of intangible asset	Method of amortisation
Software	Written down value of assets over a period of 6 years
Technical knowhow	Straight line basis over a period of 6 years

l Borrowing Cost

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

m Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

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

n Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but exclude borrowing costs. Cost is determined on weighted average basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

p Provisions and contingencies

General

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

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

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Other Litigation claims

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

Onerous contracts

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

Contingencies

Contingent liability is disclosed in the case of:

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

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

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

q Retirement and other employee benefits

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

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

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

The Company operates a defined benefit gratuity plan in India.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to the retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Long-term employee benefits:

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

Voluntary Retirement Scheme (VRS):

VRS payouts are recognised as an expense in the period in which they are incurred.

r Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised as an employee benefits expense.

Service and non-market performance conditions are not taken into account while determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

s Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at 'fair value through profit or loss' (FVTPL)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt instrument at FVTPL

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash (including revenue earned in excess of billing) or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables (including Revenue earned in excess of billing).

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

  As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

Loans and borrowings

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

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

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

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

Offsetting of financial instruments

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

Derivative financial instruments

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

t **Cash and cash equivalents**

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

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

u Cash dividend and non-cash distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to its equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

Dividends paid/payable are recognised in the year in which the related dividends are approved by the Shareholders or Board of Directors as appropriate.

v Exceptional items

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

w Earnings per share

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

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

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

x Segment reporting

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

The Operating segments have been identified on the basis of the nature of products/services.

- Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.
- Income which relates to the Company as a whole and not allocable to segments is included in unallocable income
- Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the Company.
- Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing:

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

3 PROPERTY PLANT & EQUIPMENT

(₹in crores)

Particulars	Land - Leasehold	Land - Freehold	Buildings	Plant and Equipment	Leasehold Improve-ments	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Cost										
At April 1, 2016	0.05	8.89	62.79	114.56	1.55	5.73	2.47	9.05	11.01	**216.10**
Additions	13.95	-	2.35	27.72	3.02	4.05	1.86	4.35	5.25	**62.55**
Disposals	-	-	(0.10)	(11.66)	-	(1.37)	(1.04)	(3.44)	(2.61)	**(20.22)**
At March 31, 2017	**14.00**	**8.89**	**65.04**	**130.62**	**4.57**	**8.41**	**3.29**	**9.96**	**13.65**	**258.43**
At April 1, 2017	14.00	8.89	65.04	130.62	4.57	8.41	3.29	9.96	13.65	**258.43**
Additions	-	6.26	2.33	39.41	1.21	2.42	2.54	6.08	3.22	**63.47**
Disposals	(0.06)	-	(5.41)	(3.27)	-	(0.92)	(2.05)	(2.56)	(0.34)	**(14.61)**
At March 31, 2018	**13.94**	**15.15**	**61.96**	**166.76**	**5.78**	**9.91**	**3.78**	**13.48**	**16.53**	**307.29**
Depreciation										
At April 1, 2016	-	-	5.61	10.35	0.28	0.96	0.93	1.52	4.13	**23.78**
Disposals	-	-	(0.06)	(11.17)	-	(1.24)	(0.99)	(2.44)	(2.61)	**(18.51)**
Provided during the year	-	-	5.27	20.40	0.55	1.60	0.85	2.57	5.83	**37.07**
At March 31, 2017	**-**	**-**	**10.82**	**19.58**	**0.83**	**1.32**	**0.79**	**1.65**	**7.35**	**42.34**
At April 1, 2017	-	-	10.82	19.58	0.83	1.32	0.79	1.65	7.35	**42.34**
Disposals	-	-	(1.30)	(2.48)	-	(0.87)	(1.90)	(2.00)	(0.34)	**(8.89)**
Provided during the year	0.30	-	4.89	20.92	0.70	2.14	1.68	3.59	4.82	**39.04**
At March 31, 2018	**0.30**	**-**	**14.41**	**38.02**	**1.53**	**2.59**	**0.57**	**3.24**	**11.83**	**72.49**
Net Book Value										
At March 31, 2018	13.64	15.15	47.55	128.74	4.25	7.32	3.21	10.24	4.70	**234.80**
At March 31, 2017	14.00	8.89	54.22	111.04	3.74	7.09	2.50	8.31	6.30	**216.09**

In Financial Year 2015-16, the Company had discontinued manufacturing operations at Bharuch unit in accordance with its manufacturing strategy. During the year the Company has identified potential buyer for disposal of Bharuch unit and accordingly the assets have been disclosed as "Asset held for sale" (Net Book Value ₹3.72 crores). Further, old plant and equipment of Wada unit is disclosed as "Asset held for sale" (Net Book Value : ₹1.50 Crores (March 31, 2017 : ₹1.77 Crores)). The Company has classified the assets held for sale at their carrying costs and considers the carrying amount will be recovered on sale.

The Company has made an application on April 10, 2018 to the J&K Industrial Development Corporation to voluntarily surrender the leased land of ₹10.25 crores.

4. INVESTMENT PROPERTY

(₹in crores)

Cost	
At April 1, 2016	66.47
Additions	0.31
At March 31, 2017	66.78
Additions	-
At March 31, 2018	66.78
Depreciation	
At April 1, 2016	3.67
Additions	3.62
At March 31, 2017	7.29
Additions	3.42
At March 31, 2018	10.71
Net Book Value	
At March 31, 2018	56.07
At March 31, 2017	59.49

(₹in crores)

Information regarding Income & Expenditure of Investment property	As at March 31	
	2018	2017
Rental income derived from investment property	5.36	5.94
Direct operating expenses (including repairs and maintenance) associated with rental income	(0.91)	(0.13)
Profit arising from investment property before depreciation and indirect expenses	4.45	5.81
Less – Depreciation	3.42	3.62
Profit arising from investment property before indirect expenses	1.03	2.19

As at 31 March 2018 and 31 March 2017, the fair value of the property is ₹67.41 crores and ₹66.97 crores respectively. The valuation is based on fair value assessment done by accredited independent valuers. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

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

Fair Value Hierarchy disclosures for investment properties have been provided in Note 39.

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

Delphi building is a commercial property located at Powai, Mumbai. As per International Valuation Standards (IVS) and guidelines of Royal Institute of Chartered Surveyors (RICS) Guidance note for secured lending in India, in respect of income yielding properties the valuation is to be undertaken using either market approach or income approach out of these presribed approaches. Since, comparable market transactions are scarce, not transparent and subjective, market approach may not be effective and as such income (investment) approach is used. Though there are comparable instances of rents in the subject commercial project, market instances of sale are scarce. Under income approach, the rental income is capitalised over the balance economic life using the Discounted Cash Flow (DCF) technique which is a universally accepted method. The other approach, viz, cost approach does not produce a figure that relates to the sales price achievable in the event of a default by the borrower. Thus, the income approach which uses the DCF technique has been used to calculate the Fair Value.

While arriving at the fair market rent, weightages are given for factors such as availability of car parks, terrace area, terms of lease, area occupied, reputation of the company (lessee), amenities, ease of collection, sustenance of services, whole life costs and infrastructure maintenance such as DC power, Lift, Fire fighting systems, landscape lighting & maintenance, security, sewage treatment plants, water treatment plants, rain water harvesting etc. The yield and hence the year purchase (YP) is based on these factors considering the balance economic life of the structures.

While estimating the market value by income approach, the capitalization rate of interest and YP are arrived taking into consideration the type of use and the yield received. Further, the reversionary value of the proportionate land area is also taken into consideration. The net present value of the property is arrived using remunerative interest at 7.50% p.a. for office space. The accumulative rate is estimated at 3.50% for office space for the purpose of recoupment of capital. Total economic life of office space is estimated as 60 years. The YP is estimated using dual interest i.e., remunerative rate of interest and accumulative rate of interest in order to account for both remuneration as well the recouping of the capital. The building is about 13 years old and the balance economic life of office use is considered to be 47 years.

5. INTANGIBLE ASSETS

(₹ in crores)

	Technical Knowhow	Software	Total
Cost			
At April 1, 2016	26.48	18.24	**44.72**
Additions	10.28	9.19	**19.47**
Disposals	-	(0.25)	**(0.25)**
At March 31, 2017	**36.76**	**27.18**	**63.94**
At April 1, 2017	36.76	27.18	**63.94**
Additions	13.73	16.79	**30.52**
Disposals	-	(0.01)	**(0.01)**
At March 31, 2018	**50.49**	**43.96**	**94.45**
Amortisation			
At April 1, 2016	4.99	1.20	**6.19**
Disposals	-	(0.24)	**(0.24)**
Provided during the year	6.65	7.63	**14.28**
At March 31, 2017	**11.64**	**8.59**	**20.23**
At April 1, 2017	11.64	8.59	**20.23**
Disposals	-	(0.01)	**(0.01)**
Provided during the year	7.31	10.80	**18.11**
At March 31, 2018	**18.95**	**19.38**	**38.33**
Net Book Value			
At March 31, 2018	31.54	24.58	**56.12**
At March 31, 2017	25.12	18.59	**43.71**

During the previous year, the Company commenced a project to develop higher capacity inverter VRF outdoor Units having cooling capacity of 24HP and above. The Cost related to such project was initially booked under the head "Intangible assets under development" during previous year. The Company has capitalised the technology cost for development of these products under the head "Intangible Assets" during current year. The capitalized cost of VRF will get amortized in 6 years in line with market assessment of the use of this technology.

6. FINANCIAL ASSETS
INVESTMENTS

(₹ in crores)

	As at March 31	
	2018	2017
I. Non Current Investments		
Investments at Cost		
Investment in Equity Instruments		
Unquoted equity instruments		
Investment in Subsidiaries		
5,29,25,052 (31 March, 2017 : 5,29,25,052) Fully Paid Equity Shares of ₹2 each in Blue Star Engineering and Electronics Ltd. (erstwhile Blue Star Electro Mechanical Ltd).*	210.89	210.12
49 (31 March, 2017 : 49) Fully Paid Equity shares of QR 2000 each in Blue Star Qatar (WLL)	0.12	0.12
2,800 (31 March, 2017: NIL) shares of AED 1000 each in Blue Star International FZCO **	4.91	-
Investment in Joint Ventures		
NIL (31 March, 2017 : 367,500) Fully paid Equity Shares of MR 1 each in Blue Star M & E Engineering (Sdn) Bhd ***	-	0.50
255,000 (31 March 2017 : 255,000) Fully paid Equity shares of OMR 1 each in Blue Star Oman Electro-Mechanical Co. LLC	4.34	4.34
Total Non Current Investments	**220.26**	**215.08**
Aggregate Value of unquoted investments	220.26	215.08

* During the year ended March 31, 2018, the Company's investment in Blue Star Engineering and Electronics Ltd. (BSEEL) has increased by ₹ 0.77 crores (March 31, 2017: ₹ 0.77 crores) as the Company has recognised financial guarantee obligation at fair value ₹ 0.77 crores (March 31,2017: ₹ 0.77 crores) with corresponding recognition of financial guarantee receivable in investment in BSEEL.

** During the year ended March 31, 2018, the Company formed a wholly owned subsidiary, Blue Star International FZCO in Dubai. The subsidiary was formed with initial share capital of 28,00,000 AED (₹ 4.91 crores) comprising 2,800 fully paid equity shares of 1,000 AED each.

*** The Company sold its stake in joint venture, Blue Star M&E Engineering (Sdn) Bhd. to its wholly owned subsidiary, Blue Star International FZCO at a profit of ₹ 12.58 crores which has been disclosed under exceptional items.

Loans (Secured considered good unless otherwise stated)

(₹ in crores)

	Non-current		Current	
	31-March-18	31-March-17	31-March-18	31-March-17
Security Deposit	14.91	14.54	6.07	1.87
Loans to employees	5.07	4.89	2.45	1.92
Total Loans	**19.98**	**19.43**	**8.52**	**3.79**

Other Financial Assets

(₹ in crores)

	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-18
Financial assets at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts (Refer Note 39)	-	-	1.28	-
Non-current bank balances**	3.96	3.61	-	-
Unbilled Revenue:				
Project Revenue	-	-	274.92	227.12
Less : Impairment Allowance	-	-	15.05	14.31
Net Project Revenue	**-**	**-**	**259.87**	**212.81**
AMC	-	-	10.81	7.21
Advance recoverable in cash	-	-	3.92	3.64
Financial Guarantee Commission Receivable from Related Parties	-	-	1.52	1.62
Total Other Financial Assets	**3.96**	**3.61**	**277.40**	**225.28**

**Margin money deposits with a carrying amount of ₹3.96 Crores (March 31, 2017 : ₹3.61 Crores are subject to a first charge as security deposit with customers.

Financial Guarantee Commission Receivable from Related Parties:				
Blue Star Qatar - WLL				
Maximum amount outstanding during the year ₹1.62 crores (March 31, 2017 : ₹3.76 crores) represents charges towards corporate guarantee commission recoverable from Blue Star Qatar WLL	-	-	1.30	1.62
Blue Star International FZCO				
Maximum amount outstanding during the year ₹0.19 crores (March 31, 2017 : NIL) represents charges towards corporate guarantee commission recoverable from Blue Star International FZCO	-	-	0.19	-
Blue Star Oman Electro-Mechanical Co. LLC				
Maximum amount outstanding during the year ₹0.03 crores (March 31, 2017 : NIL) represents charges towards corporate guarantee commission recoverable from Blue Star Oman Electro-Mechanical Co. LLC	-	-	0.03	-

Breakup of total financial assets carried at amortized cost:

(₹ in crores)

	As at March 31	
	2018	2017
Trade receivables (refer note 8)	977.91	842.62
Cash & bank balances (refer note 9)	65.07	78.00
Loans (refer note 6)	28.50	23.22
Other financial assets (refer note 6)	281.36	228.89
Total financial assets carried at amortized cost	**1,352.84**	**1,172.73**

7. INVENTORIES

(₹ in crores)

(Valued at lower of cost and net realisable value)	As at March 31	
	2018	2017
Raw materials & components (includes in transit: ₹70.55 crores (March 31, 2017: ₹33.40 crores))	179.25	148.06
Work-in-progress	43.19	38.55
Finished goods	126.29	116.65
Traded goods (includes in transit: ₹70.40 crores (March 31, 2017: ₹8.74 crores))	417.87	238.69
Spares	55.80	38.50
	822.40	**580.45**

The above inventory values are net of provisions made of ₹3.66 crores (March 31, 2017 : ₹2.45 crores) for slow moving, obsolete and defective inventory.

8. TRADE RECEIVABLE

(₹ in crores)

	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Trade receivables	23.10	29.85	937.43	801.81
Receivables from related parties (Note 36)	-	-	17.38	10.95
Total Trade receivables	**23.10**	**29.85**	**954.81**	**812.76**
Break up of security details :				
Unsecured, considered good	23.10	29.85	954.81	812.76
Doubtful	6.98	5.85	107.79	130.87
	30.08	35.70	1,062.60	943.63
Impairment Allowance (allowance for bad and doubtful debts)				
Doubtful	6.98	5.85	107.79	130.87
Total Trade receivables	**23.10**	**29.85**	**954.81**	**812.76**
Due from Company in which the Company's Non executive Director is a Director				
Atria Convergence technologies Pvt Ltd.			-	0.02
Apollo Hospital Enterprises Limited			1.69	4.56
Lifetime Wellness RX International Ltd			0.01	-

For Terms and Conditions relating to related party receivables, refer note 36

9. CASH AND CASH EQUIVALENT

(₹ in crores)

	As at March 31	
	2018	2017
Cash and cash equivalent		
Balances with banks:		
– On current accounts***	57.94	74.91
– Deposits with original maturity of less than 3 months	3.88	-
– On unpaid dividend account**	2.69	2.64
Cash on hand	0.56	0.45
	65.07	**78.00**

** The Company can utilize these balances only towards settlement of the respective dividend payments.

*** Out of the above bank balances, the Company can utilize balance of ₹6.38 crores (March 31, 2017 : ₹1.36 crores) for three of the projects with prior approval of the customers.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following: *(₹ in crores)*

	As at March 31	
	2018	2017
Balances with banks:		
– On current accounts	57.94	74.91
– Deposits with original maturity of less than three months	3.88	-
On unpaid dividend account	2.69	2.64
Cash on hand	0.56	0.45
	65.07	**78.00**
Less – Bank overdraft (note 14)	55.35	49.66
	9.72	**28.34**

Changes in liabilities arising from financing activities: *(₹ in crores)*

	As at April 1, 2017	Cash Flows	Effect of changes in foreign exchange rates	As at March 31, 2018
Current Liabilities				
Financial Liabilities				
- Borrowings	149.23	169.67	1.12	320.02

	As at April 1, 2016	Cash Flows	Effect of changes in foreign exchange rates	As at March 31, 2017
Current Liabilities				
Financial Liabilities				
- Borrowings	285.67	(139.13)	2.69	149.23

10. OTHER ASSETS

(₹ in crores)

	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Capital Advances	10.27	9.04	-	-
Balance with Statutory Authorities	21.00	19.32	89.87	48.09
Gratuity paid in advance (Refer Note 33)	-	-	2.85	0.73
Vendor Advances	-	-	78.63	40.68
Prepaid Expenses	0.53	-	22.48	18.23
Contract Work in Progress	-	-	12.18	18.67
	31.80	**28.36**	**206.01**	**126.40**

11. SHARE CAPITAL

Authorised Share Capital	7.8% Cumulative Convertible Preference Shares of ₹100 each		Equity Shares of ₹2 each		Unclassified Shares of ₹100 each		Cumulative Compulsorily Convertible Preference Shares of ₹10 each	
	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores	No.	₹ Crores
At April 1, 2016	**10,000**	0.10	**283,600,000**	**56.72**	**16,000**	**0.16**	**520,000**	**0.52**
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2017	**10,000**	0.10	**283,600,000**	**56.72**	**16,000**	**0.16**	**520,000**	**0.52**
Increase/(Decrease) during the year	-	-	-	-	-	-	-	-
At March 31, 2018	**10,000**	0.10	**283,600,000**	**56.72**	**16,000**	**0.16**	**520,000**	**0.52**

Terms/Rights attached to Equity Shares

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

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

Terms/Rights attached to 7.8 % Cumulative Convertible Preference Shares

Each convertible preference share has a par value of INR 100 and is convertible at the option of the shareholders into Equity shares on the basis of one equity share for every three preference shares held.

Preference shares confer on the holders thereof the right to receive a fixed cumulative preferential dividend at the rate of 7.8% per annum. The preference shares shall rank for the dividend in priority to the shares of the company in the event of increase in share capital or winding up of the Company up to amount of dividend or any arrears of dividend. Preference share holders will not have any further right to participate in the profits or assets of the company.

Terms/Rights attached to Cumulative Compulsorily Convertible preference shares

Each Cumulative Compulsorily Convertible Preference Share has a par value of INR 10. These shares may be issued as per the terms approved by the Board of Directors subject to the applicable provisions of the Companies Act, 2013.

Issued Share Capital

Equity Shares of ₹2 each issued, subscribed & fully paid up	No.	₹ Crores
At April 1, 2016	**89,951,105**	**17.99**
Issue of Share Capital - Employee Share Options Exercised	227,900	0.04
Shares issued pursuant to the merger of Blue Star Infotech Limited (BSIL) and Blue Star Infotech Business Intelligence & Analytics Private Limited (BSIBIA), with the Company	5,391,383	1.08
At March 31, 2017	**95,570,388**	**19.11**
Issue of Share Capital - Employee Share Options Excercised	429,400	0.09
At March 31, 2018	**95,999,788**	**19.20**

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Numbers	% holding in the class	Numbers	% holding in the class
Vistra ITCL (India) Limited	11,955,601	12.45%	-	-
IL & FS Trust Company Limited	7,719,930	8.04%	11,403,554	11.93%
Suneel Mohan Advani	5,626,827	5.86%	5,626,827	5.89%
Ashok Mohan Advani	2,599,744	2.71%	10,871,721	11.38%
Aditya Birla Sunlife Trustee Pvt. Limited	5,076,493	5.29%	-	-
HDFC Trustee Company Limited	5,276,678	5.50%	4,737,617	4.96%

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

(₹ in crores)

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

Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company (refer note 34).

12. OTHER EQUITY

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

Share Based Payment Reserve - The Company has an employee share option scheme under which options to subscribe for the Company's shares have been granted to the key employees and directors. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to the key employees and directors as part of their remuneration. Refer to Note 34 for further details of the scheme.

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

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

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

Share Capital Suspense - Pursuant to the composite Scheme of Amalgamation ("The Scheme") of Blue Star Infotech Limited (BSIL) and Blue Star Infotech Busines Intelligence and Analytics Private Limited (BSIBIA) with the Company under sections 391 to 394 of The Companies Act, 1956 sanctioned by the Honorable High Court of Bombay on April 16, 2016, the Company has discharged the purchased consideration through issue of 53,91,383 equity shares at fair value and extinguishment of 30,98,205 shares held in BSIL by the Company. Pending issue and allotment of equity shares, the face value and premium on such shares of ₹172.57 crores was shown under the heading "Share Capital Suspense Account" as at April 1, 2016.

13 DIVIDEND DISTRIBUTION MADE AND PROPOSED

(₹ in crores)

	As at March 31	
	2018	2017
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2017 : ₹7.5 per share (March 31, 2016: NIL per share)	71.82	-
Dividend Distribution tax on final Dividend	14.65	-
	86.47	**-**
Proposed Dividend on Equity Share:		
Final Cash Dividend for the year ended on March 31, 2018 ₹10 per share* (March 31, 2017: ₹7.50 per share)	96.00	71.68
Dividend Distribution tax on Proposed Dividend	19.73	14.59
	115.73	**86.27**

* The Directors have recommended a year-end dividend of ₹8.50 per equity share of ₹2 each. In addition, to commemorate the Company's platinum jubilee in 2018, the Directors have recommended a special dividend of ₹1.50 per equity share of ₹2 each. Accordingly, an aggregate dividend of ₹10 per equity share of ₹2 each has been proposed, subject to approval at the Annual General Meeting and are not recognised as a liability (including DDT thereon) as at March 31, 2018.

14. BORROWINGS

(₹ in crores)

	As at March 31	
	2018	2017
Current Borrowings		
Packing credit loan account from banks (secured) (Note a & b)	38.00	40.00
Working Capital Demand Loan from banks (Unsecured) (Note a)	50.00	-
Cash Credit/Bank overdrafts (secured) (Note a & b)	55.35	49.66
Buyers' credit from banks (secured) (Note b & c)	41.76	9.57
Buyers' credit from banks (unsecured) (Note c)	9.91	-
Commercial papers from banks (unsecured) (Note d)	50.00	-
Commercial papers from others (unsecured) (Note d)	75.00	50.00
Total current borrowings	**320.02**	**149.23**
Aggregate secured loans	135.11	99.23
Aggregate Unsecured loans	184.91	50.00
Total current borrowings	**320.02**	**149.23**

a. Outstanding loans carry an average interest rate of 4.80% - 8.90% p.a. (March 31, 2017 : 4.80% - 9.70% p.a.).

b. Outstanding loans is secured by hypothecation of stock-in-trade and trade receivables.

c. Buyers' credit are availed against imports dues and are repayable within maximum tenure of 360 days from the date of shipment and carried an average interest @ Libor plus 0.55% (March 31, 2017 : Libor plus 0.68%).

d. Commercial papers carry average interest rate 6.58% @ p.a. for the current year (March 31, 2017 : 6.68% p.a.). These are repayable within 60 days to 91 days from the date of drawdown.

15 TRADE PAYABLES

(₹ in crores)

	As at March 31	
	2018	2017
A Trade Payables		
Trade payables **	1,446.88	1,106.91
B Other Payables		
Creditors - capital expenditure	1.27	1.67
Total Payable	**1,448.15**	**1,108.58**
Due to Company in which the Company's Non executive Director is a Director		
Pragati Leadership Institute Private Limited	0.08	0.12
Entrust Communications Pvt Ltd	0.33	-
Moms Outdoor Media Solutions Pvt Ltd	5.51	-
Madison Communications Pvt Ltd	8.04	-

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

(₹ in crores)

	As at March 31	
	2018	2017
(a) (i) Principal amount remaining unpaid to any supplier at the end of accounting year	32.81	31.88
(ii) Interest due on above	0.32	0.21
(b) Amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year but without adding the interest specified under this Act).	-	-
(d) Amount of interest accrued and remaining unpaid at the end of each accounting year	1.81	1.49
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act, 2006	1.81	1.49

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

16 OTHER FINANCIAL LIABILITIES

(₹ in crores)

	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedges				
Foreign exchange forward contracts	-	-	-	3.14
Total other financial liabilities at fair value through profit or loss	**-**	**-**	**-**	**3.14**
Financial liabilities at amortized cost				
Other deposits	3.32	-	3.34	6.51
Financial guarantee contracts	0.88	0.56	0.94	0.97
Interest accrued but not due on borrowings	-	-	0.29	0.01
Total other financial liabilities at amortized cost	**4.20**	**0.56**	**4.57**	**7.49**
Unpaid Dividend	-	-	2.69	2.64
Investor Education and Protection Fund will be credited by the amount (as and when due)				
Total other financial liabilities	**4.20**	**0.56**	**7.26**	**13.27**

Foreign exchange forward contracts

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

Break up of financial liabilities carried at amortised cost

(₹in crores)

	As at March 31	
	2018	2017
Borrowings (refer note 14)	320.02	149.23
Trade Payables (refer note 15. A)	1,446.88	1,106.91
Other deposits (refer note 16)	6.66	6.51
Other Payables (refer note 15. B)	1.27	1.67
Financial Guarantee Contracts (refer note 16)	1.82	1.53
Interest accrued but not due on borrowings (refer note 16)	0.29	0.01
Total financial liabilities carried at amortized cost	**1,776.94**	**1,265.86**

Terms and conditions of the above financial liabilities:

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

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

Interest payable is normally settled quarterly throughout the financial year.

For terms and conditions with related parties, refer Note 36.

For explanations on the Company's credit risk management processes, refer Note 40.

17 OTHER LIABILITIES

(₹ in crores)

	As at March 31	
	2018	2017
Amount due to customers	28.93	26.52
Unearned revenue on AMC services	48.20	50.30
Advances from customers	186.69	232.10
Dues to Statutory bodies	37.13	68.15
Others	29.31	3.69
Total Other Liabilities	**330.26**	**380.76**

18 PROVISIONS

(₹ in crores)

	Non-current		Current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Provision for employee benefits				
Provision for Leave benefits	-	-	17.71	15.37
Provision for Additional Gratuity (refer note 33)	0.28	0.24	-	-
	0.28	**0.24**	**17.71**	**15.37**
Other provisions				
Contingencies towards indemnities provided on Sale of IT business	-	-	1.74	2.01
Provision for warranties	11.92	10.53	11.12	13.42
Loss order	-	-	2.78	3.99
	11.92	**10.53**	**15.64**	**19.42**
Total	**12.20**	**10.77**	**33.35**	**34.79**

Contingencies towards indemnities provided on Sale of IT business

The Company has created provision for contingencies towards indemnities provided on Sale of IT business for BSIL's IT business as per the business transfer agreement and share purchase agreements.

(₹ in crores)

	As at March 31	
	2018	2017
At the beginning of the year	2.01	2.86
Arising during the year	-	-
Utilized during the year	0.27	0.85
Unused amounts reversed during the year	-	-
At the end of the year	**1.74**	**2.01**

Provision for warranties

A provision is recognised for standard warranty claims based on turnover during the year and extended warranty on the basis of turnover for preceding two to four years as per the terms of warranty. The Company estimates the future cost of warranty based on historical experience of the level of repairs and returns. The estimates of such warranty cost are revised annually.

(₹in crores)

	As at March 31	
	2018	2017
At the beginning of the year	23.95	18.45
Arising during the year	18.43	19.13
Utilized during the year	19.34	13.63
At the end of the year	**23.04**	**23.95**
Current portion	11.12	13.42
Non-current portion	11.92	10.53

Loss Order

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

19 GOVERNMENT GRANTS

(₹in crores)

	As at March 31	
	2018	2017
At April 1	4.14	4.93
Received during the year	-	-
Released to the statement of P&L	(0.65)	(0.79)
At March 31	**3.49**	**4.14**
Current	0.54	0.65
Non-Current	2.95	3.49

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

20 INCOME TAX

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

(₹in crores)

	Year Ended March 31	
	2018	2017
Profit or loss		
Current Income Tax:		
Current income tax charge (continuing operations)	40.15	40.88
Current income tax charge (discontinuing operations)	-	1.38
Total Current income tax charge	**40.15**	**42.26**
Deferred tax:		
Income tax expense reported in the statement of profit or loss	13.67	(5.95)
Total Income Tax before OCI	**53.82**	**36.31**
OCI		
Deferred tax related to items recognised in OCI during in the year		
Net loss/(gain) on remeasurements of defined benefit plans	0.84	2.07
Income tax charged to OCI	**0.84**	**2.07**
Total Tax Expense (including tax impact on OCI)	**52.98**	**34.24**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2018 :

(₹ in crores)

	Year Ended March 31	
	2018	2017
Accounting profit before tax from continuing operations	195.75	144.28
Profit/(loss) before tax from a discontinued operation	-	4.00
Other Comprehensive Income before tax	(2.43)	(6.00)
Total	**193.32**	**142.28**
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	66.90	49.24
Expenses not allowed for tax purpose	2.19	2.52
Additional allowances for tax purpose	(14.44)	(14.76)
Additional allowance for Capital Gain & tax paid at lower rate	(2.44)	-
Expenses allowed for tax purpose	0.77	(2.76)
At the effective income tax rate of 27.41% (March 31, 2017: 24.06%)	**52.98**	**34.24**
Income tax expense reported in the statement of profit and loss (continuing operations)	53.82	34.93
Income tax attributable to a discontinued operation	-	1.38
Income tax effect on OCI	(0.84)	(2.07)
	52.98	**34.24**

Deferred tax

Deferred tax relates to the following

(₹ in crores)

	Balance Sheet		Profit or loss	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Provision for loss allowance	45.40	52.73	(7.33)	4.76
Provisions made disallowed and allowed only on payment basis	8.49	8.21	0.28	2.71
Accelerated Depreciation for tax purposes	(24.47)	(22.66)	(1.81)	(0.49)
Fair Valuation of financial instruments	0.19	1.11	(0.92)	(0.14)
Others	2.66	6.55	(3.89)	(0.90)
Total (excluding MAT credit entitlement)	**32.27**	**45.94**	**(13.67)**	**5.95**
MAT Credit Entitlement	55.54	58.59	-	-
Total	**87.81**	**104.53**	**(13.67)**	**5.95**

Reflected in the balance sheet as follows:

(₹ in crores)

	As at March 31	
	2018	2017
Deferred tax assets (continuing operations)	112.28	127.19
Deferred tax liabilities:		
Continuing operations	24.47	22.66
Deferred tax Assets, net	**87.81**	**104.53**

Reconciliation of deferred tax liabilities (net):

(₹in crores)

	As at March 31	
	2018	2017
Opening balance as of 1 April	104.53	105.40
Tax income/(expense) during the period recognised in Profit or Loss	(13.67)	5.95
Utilization of MAT Credit	(3.05)	(6.82)
Closing balance as at 31 March	**87.81**	**104.53**

21. REVENUE FROM OPERATIONS

(₹in crores)

	Year Ended March 31	
	2018	2017
Revenue from operations		
Sale of products (including excise duty) (refer note a & b)		
Finished goods	1,859.91	1,730.54
Traded good	1,219.73	1,186.55
Total Sale of products	**3,079.64**	**2,917.09**
Services rendered	406.57	363.74
Revenue from construction contracts [refer note 42(a)]	889.39	814.79
Other operating revenue		
Commission income	0.26	0.26
Provisions and liabilities no longer required	41.72	33.19
Shared service recovery	1.34	8.99
Others	6.23	8.54
Total revenue from operations	**4,425.15**	**4,146.60**

a) Revenue from operations was reported inclusive of excise duty and other input taxes till June 30, 2017. Goods and Services Tax ("GST") was implemented with effect from July 1, 2017, which replaced excise duty and other input taxes. As per Ind AS 18, revenue from operations is reported net of GST for the period July 1, 2017 to March 31, 2018. Therefore, revenue from operations for the year ended March 31, 2018 is not comparable with the revenue from operations for the year ended March 31, 2017. Comparable revenue from operations (refer note 21b) has been computed by adjusting excise duty & other input taxes.

b) Comparable revenue from operations (refer note 21a) for the reported periods :

(₹in crores)

	Year Ended March 31	
	2018	2017
Comparable revenue from operations	4,318.42	3,855.14

22. OTHER INCOME

(₹in crores)

	Year Ended March 31	
	2018	2017
Foreign Exchange differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	0.38	1.92
Other non operating income	1.35	4.48
Government Grants	0.65	0.79
Income from lease rentals (refer note 4)	5.57	5.94
Total	**7.95**	**13.13**

23. FINANCE INCOME

(₹in crores)

	Year Ended March 31	
	2018	2017
Interest income on		
Bank deposit	0.26	0.27
Others	6.17	17.05
Dividend income on		
Current investments	0.52	0.30
Long-term investments	-	1.59
Commission on Corporate Guarantee issued	1.24	0.92
Profit on redemption of Mutual Fund Investment	-	1.12
Total	**8.19**	**21.25**

24. COST OF RAW MATERIAL AND COMPONENTS CONSUMED AND PROJECT RELATED COST

(₹in crores)

	Year Ended March 31	
	2018	2017
Cost of material consumed	1,364.27	1,326.31
Project cost (including bought outs)	777.52	742.43
Total Cost of Raw Material and Components Consumed and Project related cost	**2,141.79**	**2,068.74**
Purchase of traded Goods	**1,060.59**	**859.92**
Inventories at the end of the year		
Traded goods	417.87	238.69
Work-in-progress	43.19	38.55
Finished goods	126.29	116.65
	587.35	**393.89**
Inventories at the beginning of the year		
Traded goods	238.69	232.32
Work-in-progress	38.55	33.84
Finished goods	116.65	106.64
	393.89	**372.80**
(Increase)/Decrease in inventories	**(193.46)**	**(21.09)**

25. EMPLOYEE BENEFITS EXPENSE

(₹in crores)

	Year Ended March 31	
	2018	2017
Salaries, wages and bonus	312.99	270.35
Share based Payment (refer note 34)	0.76	2.43
Contribution to provident and other funds	11.76	10.96
Gratuity expense (refer note 33)	2.57	2.44
Other employment benefits	4.65	2.31
Staff welfare expenses	26.04	21.29
	358.77	**309.78**

26. DEPRECIATION AND AMORTIZATION EXPENSES

(₹in crores)

	Year Ended March 31	
	2018	2017
Depreciation on Tangible Assets (refer note 3)	39.04	37.07
Amortization expenses on Intangible Assets (refer note 5)	18.11	14.28
Depreciation on Investment Property (refer note 4)	3.42	3.62
	60.57	**54.97**

27. OTHER EXPENSES

(₹in crores)

		Year Ended March 31	
		2018	2017
Stores and spares consumed		15.90	13.97
AMC subcontracting cost		235.04	202.76
Rent		61.99	54.20
Rates and taxes		0.98	0.65
Power and fuel		17.20	16.62
Insurance		1.87	2.06
Repairs and maintenance			
Buildings		8.93	7.65
Plant and machinery		3.40	4.04
Others		11.82	9.95
Advertising and sales promotion		122.65	110.35
Conference Expenses		3.56	3.93
Communication Expenses		7.87	7.93
Commission and Sales Incentives		96.90	73.20
Freight and forwarding charges		72.70	56.63
Travelling and conveyance		40.63	36.52
Printing and stationery		3.81	3.75
Legal and professional fees		41.66	47.18
Directors' sitting fees		0.51	0.61
Payment to auditors (Refer details A below)		1.39	1.36
Corporate social responsibility expenses (Refer details B below)		2.20	1.73
Donations		0.39	0.34
Loss on sale of fixed assets (net)		0.59	0.66
Bad debts/advances written off	43.39		1.76
Less:- Allowance for doubtful debts written back	(41.46)	1.93	
Allowances for doubtful debts and advances		20.25	13.67
Miscellaneous expenses		28.90	21.25
		803.07	**692.77**

A. Payment to auditors

(₹ in crores)

	Year Ended March 31	
	2018	2017
As auditor:		
Audit fee	0.90	0.86
Limited review	0.26	0.25
In other capacity		
Other service	0.19	0.21
Reimbursement of expenses	0.04	0.04
	1.39	**1.36**

B. Corporate social responsibility expenses

(₹ in crores)

	Year Ended March 31	
	2018	2017
(i) Gross amount required to be spent by the Company during the year	2.11	1.68
(ii) Amount spent during the year	2.20	1.73

28. FINANCE COSTS

(₹ in crores)

	Year Ended March 31	
	2018	2017
Interest	18.05	24.20
Bank charges	4.15	4.82
Foreign Exchange Differences (Net) (including fair value impact on financial instruments at fair value through profit or loss)	0.68	1.59
	22.88	**30.61**

29 EXCEPTIONAL ITEMS

(₹ in crores)

	Year Ended March 31	
	2018	2017
Profit on sale of stake in Blue Star M&E Engineering (Sdn) Bhd Project related Project related to Blue Star International FZCO*	12.58	-
Profit on sale of office property**	5.27	-
Exceptional Items (Net)	**17.85**	**-**

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

** Profit on sale of office building at Bazulla Road, Chennai is accounted for as exceptional item.

30. EARNING PER SHARES (EPS)

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

(₹in crores)

	Year Ended March 31	
	2018	2017
Profit attributable to equity holders of the Company :		
Continuing operations	141.93	109.35
Discontinued operation	-	2.62
Profit attributable to equity holders of the company for basic earnings	**141.93**	**111.97**
Weighted average number of Equity shares for basic EPS (a)	9.56	9.54
ESOP issued during the year (b)	0.02	0.01
Total number of Shares (a+b)	**9.58**	**9.55**
Effect of dilutions		
Shares Options	0.03	0.04
Weighted average number of Equity shares adjusted for the effect of dilution *	**9.61**	**9.59**

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

31. DISCONTINUING OPERATIONS

In the earlier year, the Board of Directors and shareholders had approved the transfer of the Company's Professional Electronics and Industrial Systems business to Blue Star Engineering and Electronics Ltd. (BSEEL) (erstwhile Blue Star Electro-Mechanical Ltd.), a wholly owned subsidiary of the Company. Accordingly, the Company entered into a business purchase agreement for sale of the said business with effect from March 31, 2015. However, due to customer and regulatory requirements, certain contracts of PE&IS business were also executed by Blue Star Limited and hence the same was being shown as discontinuing operations.

The following statement shows the revenue and expenditure of discontinuing operations :

(₹in crores)

	Year Ended March 31	
	2018	2017
Revenue	-	22.63
Other income	-	-
Expenses	-	18.63
Profit from operating activities	**-**	**4.00**
Finance cost	-	-
Depreciation	-	-
Profit before tax	**-**	**4.00**
Income tax expenses	-	1.38
Profit after tax	**-**	**2.62**

The carrying amount of total assets and liabilities of discontinuing operations on March 31, 2018 and March 31, 2017 are as follows.

(₹in crores)

	As at March 31	
	2018	2017
Total assets	-	11.28
Total liabilities	-	5.41
Net Assets	**-**	**5.87**

The net cash flows attributable to are as below:

(₹ in crores)

	Year Ended March 31	
	2018	**2017**
Operating activities	-	2.48
Investing activities	-	-
Financing activities	-	-
Net cash inflows/(outflows)	**-**	**2.48**

32. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

Project revenue and costs

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

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using an appropriate valuation model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.

Taxes

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

Employee benefit plans

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

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

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

Further details about gratuity obligations are given in Note 33.

Fair value measurement of financial instruments

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

Intangible asset under development

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

Impairment of financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Allowance for uncollectible trade receivables

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

Warranties

Provision for warranties involves a significant amount of estimation. The provision is based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate is determined based on the Company's past experience of warranty claims (normally over four years) and future expectations. These estimates are revised periodically.

Rebates and discounts

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

33 EMPLOYEE BENEFITS DISCLOSURE

I. Defined Benefit Plans

a. Gratuity

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

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

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

Expected rate of return on investments is determined based on assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities. The Company expects to contribute ₹6 crores to gratuity fund in 2018-19 (FY 2017-18 : ₹5.60 crores)

Change in present value of defined benefit obligation

(₹ in crores)

	Gratuity		Additional Gratuity	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Defined benefit obligation at the beginning of the year	24.52	24.73	0.24	0.61
Current service cost	2.68	2.39	0.02	0.02
Interest cost	1.77	1.66	0.02	0.04
Benefit payments from Plan Assets	(3.17)	(5.68)	-	-
Benefit payments from Employers	(0.25)	-	(0.02)	(0.05)
Remeasurements				-
a. Due to change in Demographic assumptions	3.14	-	0.04	-
b. Due to change in financial assumptions	(0.40)	0.75	-	0.01
c. Due to experience adjustments	0.68	0.67	(0.01)	(0.39)
Defined benefit obligation at the end of the year	**28.97**	**24.52**	**0.28**	**0.24**
Change in fair value of plan assets				
Fair value of plan assets at the beginning of the year	25.25	24.71	-	-
Expected return on Plan assets	1.92	1.67	-	-
Contribution by employer	6.80	5.27	-	-
Direct Benefit contribution by employer	0.25	-	-	-
Actual benefits paid	(3.17)	(5.68)	-	-
Benefit Payment from employer	(0.25)	-	-	-
Remeasurements				
Return on Assets	1.02	(0.72)	-	-
Fair value of plan assets at the end of the year	**31.82**	**25.25**	**-**	**-**
Components of defined benefit cost				
Current service cost	2.68	2.39	0.02	0.02
Interest Cost	1.77	1.66	0.02	0.04
Expected return on plan assets	(1.92)	(1.67)	-	-
Defined benefit cost included in P&L	**2.53**	**2.38**	**0.04**	**0.06**
Remeasurements (recognized in other comprehensive income (OCI)				
a. Due to change in demographic assumptions	3.14	-	0.04	-
b. Due to change in financial assumptions	(0.40)	0.75	(0.00)	0.01
c. Due to change in experience adjustments	0.68	0.68	(0.01)	(0.39)
d. (Return) on plan assets (excl. interest income)	(1.02)	0.72	-	-
Total remeasurements in OCI	**2.40**	**2.15**	**0.03**	**(0.38)**
Total defined benefit cost recognized in P&L and OCI	**4.93**	**4.53**	**0.07**	**(0.32)**

Net Liability/(Assets) recognised in the Balance Sheet

(₹in crores)

	Gratuity		Additional Gratuity	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Present Value of Defined benefit obligation	28.97	24.52	0.28	0.24
Fair value of plan assets	31.82	25.25	-	-
Funded status [(Surplus)/Deficit]	(2.85)	(0.73)	0.28	0.24
Net Liability/(Assets)	**(2.85)**	**(0.73)**	**0.28**	**0.24**
Net defined benefit liability (asset) reconciliation				
Net defined benefit liability (asset) at the beginning of the year	0.73	0.02	(0.24)	0.61
Defined benefit cost included in P&L	2.53	2.38	0.04	0.07
Total remeasurements included in OCI	2.40	2.15	0.03	(0.38)
Contribution by employer	(6.80)	(5.28)	(0.02)	(0.04)
Direct Benefit paid by employer	(0.26)	-	-	-
Net defined benefit liability (asset) as at the end of the year	**(1.40)**	**(0.73)**	**(0.19)**	**0.24**

The major categories of plan assets are as follows:

(₹in crores)

	As at March 31	
	2018	2017
Cash and cash equivalents	0.63	0.50
Insurance company products	11.66	9.25
Others	19.53	15.50
Total	**31.82**	**25.25**

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

Actuarial Assumptions	Gratuity		Additional Gratuity	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Discount Rate	7.60%	7.30%	7.60%	7.30%
Rate of return on plan assets	7.60%	7.30%	-	-
Mortality Rate	IALM-2006-08	IALM-2006-08	IALM-2006-08	IALM-2006-08
Salary escalation rate (Directors-Management-staff)	10%,7%,3%	10%,6%,2%	-	-
Attrition Rate	14% throughout	1% throughout	14% throughout	1% throughout

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

Assumptions	**Gratuity**	**Additional Gratuity**
	31-Mar-2018	**31-Mar-2018**
Discount Rate		
Discount Rate - 50 Basis Points (₹ Crores)	29.66	0.29
Assumption	7.10%	7.10%
Discount Rate + 50 Basis Points (₹ Crores)	28.34	0.27
Assumption	8.10%	8.10%
Future Salary		
Salary Increase Rate - 50 Basis Points (₹ Crores)	28.63	0.28
Assumption	Vary by employee type	Vary by employee type
Salary Increase Rate + 50 Basis Points (₹ Crores)	30.24	0.28
Assumption	Vary by employee type	Vary by employee type
Demographic Assumptions		
Withdrawal Rate		
Withdrawal Rate - 100 Basis Points (₹ Crores)	28.87	
Withdrawal Rate + 100 Basis Points (₹ Crores)	29.09	

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year 2017-18.

The average duration of the defined benefit plan obligation at the end of the reporting year 2017-18 is 5 years.

b. Provident Fund

In accordance to IND AS 19 that provident fund set up by employers which require interest shortfall to be met by the employer, should be treated as a defined benefit plan. The actuary has provided a valuation and according thereto, there is no shortfall as at March 31, 2018. The Company's contribution to the Employee's Provident fund aggregates to ₹5.84 crores (31 March 2017 : ₹5.31 crores).

II. General Description of significant defined plans:

1. Gratuity Plan

Gratuity is payable to all eligible employees on separation/retirement based on 15 days last drawn salary for each completed years of service after continuous service for five years.

2. Additional Gratuity

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

34 SHARE BASED PAYMENTS

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

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

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

a) Employee Stock Option Scheme

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

	2016 -17						
Particulars	**Grant I**	**Grant II**	**Grant III**	**Grant IV**	**Grant V**	**Grant VI**	**Grant VII**
No of Options (Refer Note b)	669,200	38,400	25,600	46,000	54,000	6,000	46,000
Method of Accounting	Fair Value						
Vesting period (in years)	3	2	2	2	1	1	1
Exercise period (in years) (from date of vesting)	5	5	5	2	1	1	1
Grant Date	06 June 2014	13 Feb 2015	29 May 2015	07 August 2015	28 January 2016	07 March 2016	01 April 2016
Expected life (in years)	5	5	5	5	5	5	5
Exercise price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Market price (₹)	290.05	320.70	345.65	369.55	355.10	341.35	390.30
Vesting conditions	Based on the performance ratings						
Method of Settlement	Equity						

b) Movement of Options

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

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

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

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

	2016 -17						
Particulars	**Grant I**	**Grant II**	**Grant III**	**Grant IV**	**Grant V**	**Grant VI**	**Grant VII**
Options outstanding at the beginning of the period	1,144,500	42,000	28,000	56,000	54,000	6,000	-
Options granted during the period	-	-	-	-	-	-	46,000
Options lapsed during the period	257,400	3,600	2,400	-	-	-	-
Options exercised during the period	217,900	-	-	10,000	-	-	-
Options outstanding at the end of the period	669,200	38,400	25,600	46,000	54,000	6,000	46,000
Options exercisable as on March 31	327,200	14,400	9,600	14,000	-	-	-

The weighted average share price at the date of exercise for stock options exercised was ₹499.35.

The weighted average contractual life for the share options outstanding as at March 31, 2017 was 1 year and 4 months.

The range of exercise prices for options outstanding at the end of the year was ₹290.05 to ₹369.55.

c) Fair Valuation

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

Particulars	2016 -17						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Model used	Black-Scholes						
Expected volatility	38.0%	35.0%	30.0%	31.0%	32.0%	32.0%	36.0%
Risk-free interest rate	8.5%	7.7%	7.8%	7.8%	7.8%	7.6%	7.7%
Weighted average Fair Value (₹)	94.17	85.66	83.62	91.13	87.96	84.09	104.03

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

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

(₹ in crores)

	Year Ended March 31	
	2018	2017
Expense arising from equity-settled share-based payment transactions	0.76	2.43
Total expense arising from share-based payment transactions	**0.76**	**2.43**

35. COMMITMENTS AND CONTINGENCIES

a. Contingent liabilities

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments/decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on the financial statements.

(₹ in crores)

	As at March 31	
	2018	2017
Claims against the Company not acknowledged as debts	0.25	0.25
Sales Tax matters	104.18	44.30
Excise Duty matters	8.99	6.46
Service Tax matters	163.05	151.43
Income Tax matters	58.82	61.70

b Commitments

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

At March 31, 2018, Company had commitments of ₹31.84 crores (March 31, 2017: ₹26.62 crores)

c Financial Guarantees provided

(₹ in crores)

	As at March 31	
	2018	2017
Corporate Guarantee given on behalf of Subsidiary and others	199.10	185.85

d Ministry of Environment, Forest and Climate Change (MoEF & CC) Government of India, has issued E-Waste (Management) Rules, 2016 ('these Rules'). Accordingly as per these rules, the Company is mandated to comply with the Extended Producer Responsibility (EPR) targets through channelization of e-waste to an authorised dismantler/recycler. The Company has an obligation for collection of electrical and electric equipment based on e-waste collection targets as specified in schedule III of these rules, for the quantities placed in the market during previous 10 years. The Company has fulfilled its commitment for the financial year 2017-18 and in respect of balance years it can reliably do so upon receipt of appropriate clarifications.

36. DISCLOSURE FOR RELATED PARTY AND INTEREST IN JOINT VENTURES

Related Party Disclosure	Country of Incorporations	% of equity interest	
		31-Mar-18	31-Mar-17
Name of the Related parties where control exists irrespective of whether transactions have occurred or not.			
Subsidiaries :			
Blue Star Engineering and Electronics Limited (erstwhile Blue Star Electro Mechanical Limited).	India	100%	100%
Blue Star Qatar- WLL*	Qatar	49%	49%
Blue Star International FZCO (w.e.f. April 18, 2017)	UAE	100%	-

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

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

Joint Ventures	Country of Incorporations	% of equity interest	
		31-Mar-18	31-Mar-17
Blue Star M & E Engineering (Sdn) Bhd (till December 22, 2017)**	Malaysia	49%	49%
Blue Star Oman Electro-Mechanical Co. LLC***	Oman	51%	51%

** As a part of Group restructuring, the Company sold its stake in joint venture, Blue Star M & E Engineering (Sdn) Bhd, to its wholly owned subsidiary, Blue Star International FZCO, on December 22, 2017. However, the Company continues to have 49% stake in Blue Star M & E Engineering (Sdn) Bhd even after December 22, 2017, indirectly through its wholly owned subsidiary Blue Star International FZCO.

***The Company holds 51% of the share capital of Blue Star Oman Electro-Mechanical Co. LLC, however the profit sharing is on 50-50 basis and it is treated as joint venture under Ind AS 110.

Key Management Personnel

Mr Vir S Advani, Managing Director

Mr B Thiagarajan, Joint Managing Director

Mr Vijay Devadiga, Company Secretary

Mr Neeraj Basur, Chief Financial Officer

Non Executive and Independent Directors

Mr Suneel M Advani

Mr Rajiv R Lulla

Mr Dinesh N Vaswani

Mr Sam Balsara (w.e.f. June 20, 2017)

Mr Shailesh Haribhakti

Mr Anil Harish (w.e.f. November 22,2017)

Ms Shobana Kamineni

Mr Pradeep Mallick (till November 30, 2017)

Mr M K Sharma (till June 12, 2017)

Mr Gurdeep Singh

Relative of Director

Mr Ashok M Advani

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

KEIMED Private Limited

Apollo Munich Health Insurance Company Limited

Apollo Hospital Enterprises Limited

Pragati Leadership Institute Private Limited

Atria Convergence Technologies Pvt Ltd

Lifetime Wellness RX International Ltd

Entrust Communications Pvt Ltd

Moms Outdoor Media Solutions Pvt Ltd

Madison Communications Pvt Ltd

Transactions during the period with Related Parties are as under:

(₹ in crores)

Name of the Related Party	March 31, 2018		March 31, 2017	
	Volume	Balance O/S DR/(CR)	Volume	Balance O/S DR/(CR)
Blue Star M & E Engineering (Sdn) Bhd		**0.29**		**0.27**
Consultancy services rendered	1.21		1.37	
Dividend received (Gross)	-		1.60	
Blue Star Qatar WLL		**0.50**		**0.85**
Sales & Services	0.37		0.22	
Corporate guarantee given on behalf of the Company (Outstanding balance of loans as on March 31, 2018 ₹ 97.85 crores (March 31, 2017 is ₹ 122.10 crores))	27.79	291.05	48.76	263.26
Guarantee commission	0.55		0.78	
Loan & Commission repaid	0.78		2.61	
Blue Star Engineering and Electronics Ltd.		**(2.68)**		**5.24**
Corporate guarantee given Outstanding balance of loans as on March 31, 2018: ₹ 43.97 crores (March 31, 2017: ₹ 63.75)	-	104.56	31.56	104.56
Reimbursement of expenses charged	0.03		0.31	
Reimbursement of employee cost	3.65		4.35	
Purchase	0.63		0.79	
Sales	0.15		0.15	
Collateral Guarantee Charges	0.01		-	
Shared service recovery	1.34		8.99	
Rent paid	2.48		2.44	
Blue Star International FZCO		**16.59**		**-**
Investment	4.91		-	
Sale of Goods	25.51			
Sale of Shares in Joint Venture	13.08			
Corporate Guarantee Given Outstanding balance of loans as on March 31, 2018: ₹39.50 crores (March 31, 2017: ₹ NIL)	66.23	66.23		
Guarantee commission	0.04			
Blue Star Oman Electromechanical Co. LLC		**0.03**		**-**
Corporate Guarantee Given Outstanding balance of loans as on March 31, 2018: ₹17.78 crores (March 31, 2017: ₹ NIL)	21.63	21.63	-	-
Guarantee commission	0.03		-	

(₹ in crores)

Name of Related party	March 31, 2018		March 31, 2017	
	Volume	Balance O/S DR/(CR)	Volume	Balance O/S DR/(CR)
Enterprises in which Director is a member/director				
Sale of Goods and Services				
Apollo Hospital Enterprises Ltd.	3.52	-	3.49	-
Atria Convergence Technologies Pvt. Ltd.	0.03	-	0.08	0.02
KEIMED Private Ltd.	0.01	-	0.06	-
Apollo Munich Health Insurance Co. Ltd.	0.15	-	-	-
Lifetime Wellness RX International Ltd.	0.05	0.01	-	-
Madison Communications Pvt. Ltd.	0.05	-	-	-
Moms Outdoor Media Soluitions Pvt. Ltd.	0.01	-	-	-
Project Revenue				
Apollo Hospital Enterprises Ltd.	3.44	1.69	3.45	4.56
Services Received				
Pragati Leadership Institute Pvt. Ltd.	0.12	(0.08)	0.13	(0.12)
Entrust Communications Pvt. Ltd.	2.14	(0.33)	-	-
Moms Outdoor Media Solutions Pvt. Ltd.	8.47	(5.51)	-	-
Madison Communications Pvt. Ltd.	34.23	(8.04)	-	-
Apollo Hospital Enterprise Ltd.	0.03	-	-	-
Relative of Director				
Fees for Professional Services	0.18	(0.05)	-	-
Compensation of key managerial personnel		(9.14)		(5.90)
Short term employee benefits	14.55		10.51	-
Sitting fees to Non Executive and Independent Directors	0.51	-	0.61	-
Commission to Non Executive and Independent Directors	1.59	-	1.19	-
Retirement benefits	0.47	-	0.37	-
Share-based payment transactions	0.19	-	0.92	-
Total compensation paid to key management personnel	**17.31**		**13.61**	
ESOP exercised during the year				
B Thiagarajan 100000 (March 31, 2017: NIL) equity shares of ₹2 each	2.90	-	-	-
Neeraj Basur 39600 (March 31, 2017: 10,000) equity shares of ₹2 each	1.46	-	0.37	-
Vijay Devadiga 4800 (March 31, 2017: NIL) equity shares of ₹2 each	0.18	-	-	-

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

Terms & Conditions of Transactions with Related Party

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: ₹ Nil).

Corporate Guarantees to Related Parties

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

Transactions with key managerial personnel

Other Directors' interests

During the year ended March 31, 2018, the Company has received services from one of the relative of the director. The transactions entered into with Blue Star M & E Engineering (Sdn) Bhd, Blue Star Qatar WLL, Blue Star Oman Electro-Mechanical Co. LLP and enterprises in which director is a member/director are on arm's length basis.

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

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

Grant date	Expiry date	Exercise Price (₹)	As at 31-Mar-18 Number outstanding	As at 31-Mar-17 Number outstanding
06-Jun-2014	31-Jul-2018	290.05	84,800	195,200
01-Apr-2016	31-Jul-2018	390.30	34,800	40,000

37. SEGMENT INFORMATION:

A. Primary Segment Reporting (by Business Segment)

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

a. Electro Mechanical Projects and Packaged Air-conditioning Systems includes central air-conditioning projects, Electrical Contracting business and Packaged air-conditioning businesses including manufacturing and after sales service.

b. Unitary Products includes cooling appliances, cold storage products, including manufacturing and after sales service.

c. Professional Electronics and Industrial Systems includes trading and services for testing machines, medical, analytical, test & measuring, data communications, industrial products and systems (divested as on March 31, 2015. Refer note 31)

Segment Revenues, Results and other Information:

(₹ in crores)

	Year Ended March 31	
	2018	**2017**
I. SEGMENT REVENUE		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	2,232.58	2,122.25
ii. Unitary Products	2,190.04	2,001.72
iii. Professional Electronics and Industrial Systems (refer note 31)*	2.53	22.63
TOTAL SEGMENT REVENUE	**4,425.15**	**4,146.60**
Add: Other Income	7.95	13.13
Add: Finance Income	8.19	21.25
TOTAL INCOME	**4,441.29**	**4,180.98**

(₹in crores)

	Year Ended March 31	
	2018	2017
II. SEGMENT RESULT		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	128.29	92.16
ii. Unitary Products	193.79	172.25
iii. Professional Electronics and Industrial Systems (refer note 31)*	(1.27)	4.00
TOTAL SEGMENT RESULT	**320.81**	**268.41**
Less: i) Finance Cost	22.88	30.61
ii) Other un-allocable Expenditure Net of un-allocable Income	120.03	89.52
TOTAL PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM	**177.90**	**148.28**
Exceptional Items	17.85	-
PROFIT BEFORE TAXATION	**195.75**	**148.28**
Provision For Taxes	53.82	36.31
NET PROFIT AFTER TAX	**141.93**	**111.97**

(₹in crores)

	As at March 31	
	2018	2017
III. OTHER INFORMATION:		
A. SEGMENT ASSETS		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	1,382.07	1,248.60
ii. Unitary Products	1,212.98	815.83
iii. Professional Electronics and Industrial Systems (refer note 31)*	3.01	11.28
TOTAL SEGMENT ASSETS	**2,598.06**	**2,075.71**
Add: Un-allocable Corporate Assets	546.17	544.15
TOTAL ASSETS	**3,144.23**	**2,619.86**
B. SEGMENT LIABILITIES		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	946.38	891.41
ii. Unitary Products	784.97	586.08
iii. Professional Electronics and Industrial Systems (refer note 31)*	0.78	5.41
TOTAL SEGMENT LIABILITIES	**1,732.13**	**1,482.90**
Add: Un-allocable Corporate Liabilities	426.80	219.20
TOTAL LIABILITIES	**2,158.93**	**1,702.10**

(₹in crores)

	Year Ended March 31	
	2018	2017
C. CAPITAL EXPENDITURE (including Capital WIP)		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	49.89	56.29
ii. Unitary Products	33.30	31.62
iii. Professional Electronics and Industrial Systems (refer note 31)*	0.01	0.27
iv. Un-allocable	2.36	11.40
TOTAL	**85.56**	**99.58**

(₹ in crores)

	Year Ended March 31	
	2018	**2017**
D. DEPRECIATION/AMORTISATION		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	22.66	22.08
ii. Unitary Products	16.25	14.25
iii. Professional Electronics and Industrial Systems (refer note 31)*	-	-
iv. Un-allocable	21.66	18.64
TOTAL	**60.57**	**54.97**
E. NON CASH EXPENSES OTHER THAN DEPRECIATION		
i. Electro -Mechanical Projects and Packaged Air Conditioning Systems	21.13	14.93
ii. Unitary Products	1.85	3.47
iii. Professional Electronics and Industrial Systems (refer note 31)*	0.35	0.62
iv. Un-allocable	1.50	2.68
TOTAL	**24.83**	**21.70**

* These pertain to old Professional Electronics and Industrial Systems contracts taken before demerger of the said division to Blue Star Engineering & Electronics Limited

B. Secondary segment information:

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

(₹ in crores)

		As at March 31	
		2018	**2017**
a	**Revenue (Sales, Services & Commission) by Geographical Market**		
	India	4,158.49	3,890.00
	Outside India	266.66	256.60
	Total	**4,425.15**	**4,146.60**
b	**Carrying amount of Segment Assets & Intangible Assets**		
	India	3,066.88	2,559.22
	Outside India	77.35	60.64
	Total	**3,144.23**	**2,619.86**
c	**Capital Expenditure including Capital Work in Progress**		
	India	85.56	99.58
	Outside India	-	-
	Total	**85.56**	**99.58**

38 DERIVATIVE INSTRUMENTS AND ATTACHED FOREIGN CURRENCY EXPOSURE

The Company has a well-defined forex risk management policy which ensures proactive and regular monitoring and managing of foreign exchange exposures. Financial risks relating to changes in exchange rates are hedged by forward and options contracts. The hedging strategy is used towards managing currency fluctuation risk and the Company does not use foreign exchange forward and options contract for trading or speculative purposes.

Forward and options contract are fair valued at each reporting date. The resultant gain or loss of forward and option contract is recognised in the Statement of Profit and Loss.

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

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

Foreign Currency	31-Mar-18		31-Mar-17	
	Amount in Foreign Currency	₹ Crores	Amount in Foreign Currency	₹ Crores
Particulars of Derivatives				
Forward cover to Purchase USD & CNY:				
Hedge of underlying payables - USD	**31,506,843.89**	**205.35**	**19,544,116.61**	**126.74**
- Buyers' Credit	7,928,368.94	51.67	1,475,125.75	9.57
- Other Payables	23,578,474.95	153.67	18,068,990.86	117.18
Hedge of underlying payables - CNY				
- Other Payables	113,243,096.47	117.57	-	-

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

Foreign Currency	31-Mar-18		31-Mar-17	
	Amount in Foreign Currency	₹ Crores	Amount in Foreign Currency	₹ Crores
Bank Balances				
EUR	308,722.06	2.50	5,125.82	0.04
CNY	25,792.42	0.03	72,353.21	0.07
USD	968,602.23	6.31	2,792,972.20	18.11
Receivables				
CAD	34,980.00	0.18	18,972.27	0.09
EUR	460,623.39	3.72	168,018.95	1.16
MYR	1,184,327.84	2.00	1,095,442.30	1.61
USD	8,937,706.65	58.25	7,554,049.73	48.99
Payables				
AED	1,957.24	0.00	1,116.67	0.00
AUD	-	-	689.92	0.00
CAD	1,079.71	0.01	12,646.53	0.06
CHF	-	-	444.12	0.00
EUR	1,138,953.79	9.20	436,918.67	3.03
GBP	-	-	123.07	0.00
JPY	7,081,345.00	0.44	641,688.00	0.04
OMR	3,756.70	0.06	-	-
CNY	33,769,236.43	35.06	40,983,201.81	41.13
USD	13,981,513.77	91.12	10,768,492.11	69.83

39 FAIR VALUE HIERARCHY

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

Quantitative disclosures fair value measurement heirarchy as at March 31, 2018 : *(₹in crores)*

	Total Valuation	Quoted	Significant prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment Property (refer note 4)	March 31, 2018	67.41	-	67.41	-
Derivatives not designated as hedges (refer note 6)					
- Foreign exchange forward contracts	March 31, 2018	1.28	-	1.28	-

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

Quantitative disclosures fair value measurement heirarchy as at March 31, 2017 : *(₹in crores)*

	Total Valuation	Quoted	Significant prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Assets for which fair values are disclosed:					
Investment Property (refer note 4)	March 31, 2017	66.97	-	66.97	-
Liabilities measured at fair value:					
Derivatives not designated as hedges (refer note 16)					
- Foreign exchange forward contracts	March 31, 2017	3.14	-	3.14	-

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

40 FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES

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

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

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

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

Market Risk

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

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

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

Foreign Currency Risk

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

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

Foreign Currency Sensitivity

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

(₹ in crores)

	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017
US Dollars	+5%	(1.04)	(0.14)	(0.68)	(0.09)
	-5%	1.04	0.14	0.68	0.09
RMB	+5%	(1.75)	(2.05)	(1.14)	(1.34)
	-5%	1.75	2.05	1.14	1.34
EUR	+5%	(0.13)	(0.09)	(0.09)	(0.06)
	-5%	0.13	0.09	0.09	0.06
MYR	+5%	0.10	0.08	0.06	0.05
	-5%	(0.10)	(0.08)	(0.06)	(0.05)

Interest Rate Risk

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

Interest Rate Sensitivity of Borrowings

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

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

(₹ in crores)

Interest Rate Sensitivity	Increase/Decrease in basis Point	Effect on profit before tax	Effect on equity
For the year ended March 31, 2018			
INR - Borrowings	+100	(1.05)	(0.69)
	-100	1.05	0.69
For the year ended March 31, 2017			
INR - Borrowings	+100	(0.50)	(0.32)
	-100	0.50	0.32

Credit Risk

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

1. Trade receivables

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

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

(₹ in crores)

	Neither past due nor impaired	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as of March 31, 2018	282.23	531.04	164.64	977.91
Trade Receivables as of March 31, 2017	265.07	489.83	87.71	842.61

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

2. Financial instruments and cash deposits

Credit risk from balances with banks is managed by Company's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process. The Company's maximum exposure for financial guarantees is given in Note 35.

Liquidity Risk

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

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

(₹ in crores)

	As at March 31, 2018		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	320.02	-	320.02
Trade Payables	1,446.88	-	1,446.88
Other Payables	1.27	-	1.27
Other financial liabilities	7.26	4.20	11.46
Total	**1,775.43**	**4.20**	**1,779.63**

(₹ in crores)

	As at March 31, 2017		
	Less than 1 year	More than 1 year	Total
Interest bearing borrowings	149.23	-	149.23
Trade Payables	1,106.91	-	1,106.91
Other Payables	1.67	-	1.67
Other financial liabilities	13.27	0.56	13.83
Total	**1,271.08**	**0.56**	**1,271.64**

41 CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the Company and net debt.

Primary objective of Company's capital management is to ensure that it maintains an optimum financing structure and healthy returns in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments, in light of the changes in economic conditions or business requirements.

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

Gearing Ratio:

(₹in crores)

	As at March 31	
	2018	**2017**
Borrowings	320.02	149.23
Less: Cash and cash equivalents	(65.07)	(78.00)
Net Debt	**254.95**	**71.23**
Equity	985.30	917.76
Total Capital	**985.30**	**917.76**
Capital and Net Debt	**1,240.25**	**988.99**
Gearing Ratio	**20.56%**	**7.20%**

42 (A) DISCLOSURE IN TERMS OF INDIAN ACCOUNTING STANDARD 11 ON THE ACCOUNTING OF CONSTRUCTION CONTRACTS IS AS UNDER:

(₹in crores)

	As at March 31	
	2018	**2017**
I. Contract revenue recognised for the year (Refer Note 21)	889.39	814.79
II. For Contracts that are in progress as on 31st March		
A. Contract costs incurred and recognized profits (Less Recognised losses)	2,978.62	3,229.74
B. Advances received	112.20	146.36
C. Gross amount due from customers for Contract work*	285.89	244.74
D. Gross amount due to customers for Contract work**	29.12	27.80
E. Retention amount	9.87	9.82

* Includes reduction of Imminent loss of ₹1.20 Crores (March 31, 2017: ₹1.04 Crores)

** Includes Imminent loss impact (increase) of ₹0.20 Crores (March 31, 2017: ₹1.27 Crores)

42 (B) AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST, OTHER EXPENSES AND FINANCE COST VIDE NOTE 24, 25, 27 AND 28 IN RESPECT OF SPECIFIC ITEMS IS AS FOLLOWS:

(₹ in crores)

Nature of expenses	Note 24	Note 25	Note 27	Note 28	Total
Subcontracting cost	224.30	-	-	-	224.30
	(187.62)	-	-	-	(187.62)
Salary and Wages	10.96	312.99	-	-	323.95
	(3.41)	(270.35)	-	-	(273.76)
Rent	0.71	-	61.99	-	62.70
	(0.61)	-	(54.20)	-	(54.81)
Power and fuel	1.74	-	17.20	-	18.94
	(1.17)	-	(16.62)	-	(17.79)
Insurance	4.31	-	1.87	-	6.18
	(5.28)	-	(2.06)	-	(7.34)
Travelling and Conveyance	3.32	-	40.63	-	43.95
	(4.33)	-	(36.52)	-	(40.85)
Printing and Stationery	0.82	-	3.81	-	4.63
	(0.46)	-	(3.75)	-	(4.21)
Communication Expenses	0.11	-	7.87	-	7.98
	(0.11)	-	(7.93)	-	(8.04)

42 (B) AGGREGATION OF EXPENSES DISCLOSED IN PROJECT COST, OTHER EXPENSES AND FINANCE COST VIDE NOTE 24, 25, 27 AND 28 IN RESPECT OF SPECIFIC ITEMS IS AS FOLLOWS: (CONTINUED)

(₹ in crores)

Nature of expenses	Note 24	Note 25	Note 27	Note 28	Total
Freight and Forwarding	2.28	-	72.70	-	74.98
Charges	(1.50)	-	(56.63)	-	(58.13)
Legal and Professional fees	14.86	-	41.66	-	56.52
	(10.95)	-	(47.18)	-	(58.13)
Bank charges	1.44	-	-	4.15	5.59
	(2.04)	-	-	(4.82)	(6.86)

Figures in brackets are for previous year

43 LEASES

The Company has entered into operating lease agreements for its office premises, storage locations and residential premises for its employees. There are no exceptional/restrictive covenants in the lease agreements, except in case of six premises. Lease rental expense debited to statement of Profit and Loss is ₹62.70 Crores (March 31, 2017 : ₹54.81 Crores).

(₹in crores)

	As at March 31	
	2018	2017
Minimum lease payments for operating leases with exceptional/restrictive covenants as at 31st March		
(a) Not later than one year	5.59	5.19
(b) Later than one year but not later than five years	7.60	10.60
(c) Later than five years	-	0.40

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

An amount of ₹5.57 crores (Previous year: ₹5.94 crores) is recognised as lease income in the statement of profit & Loss for the year ended March 31, 2018.

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

(₹in crores)

	Year Ended March 31	
	2018	2017
Employee benefits expense	18.34	15.46
Cost of raw material and components consumed	5.89	6.97
Legal & Professional fees	2.90	2.57
Depreciation	10.19	9.19
Others	6.50	7.11
Total	**43.82**	**41.30**

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

(₹in crores)

	Year Ended March 31	
	2018	**2017**
Tangible Assets		
Building sheds and road	0.18	0.35
Plant & equipement	2.21	2.87
Furniture & fixtures	0.26	0.02
Office equipments	0.98	0.18
Electrical Equipment	-	0.02
Intangible Assets (including under development)		
Technical knowhow	7.71	8.78
Software	0.20	0.15
Total	**11.54**	**12.37**

45 IMPLEMENTATION OF IND AS 115 FROM APRIL 1, 2018:

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

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

46 PREVIOUS YEAR COMPARATIVES

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

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982E/E300003

per Ravi Bansal
Partner
Membership No. 49365

Mumbai : May 14, 2018

For and on behalf of the Board of Directors of Blue Star Limited

Suneel M Advani	Chairman
Vir S Advani	Managing Director
Shailesh Haribhakti	Director
Neeraj Basur	Chief Financial Officer
Vijay Devadiga	Company Secretary

Mumbai : May 14, 2018