

PRESS RELEASE**Blue Star's FY20 Financial Performance modest,
despite COVID-19 impact in Q4**

Revenue from operations maintained impressive growth momentum in line with the Company's plans until the end of the third quarter of the financial year. The fourth quarter also started on track; however, the rapid spread of the COVID-19 pandemic across the globe resulted in significant demand and supply chain disruptions across India in the month of March. Further, the nationwide lockdown imposed by the Government towards the end of March resulted in a complete shutdown of all operating activities. Order fulfillment suffered and consequently there was a significant impact on the Company's billing and profitability in the fourth quarter of the financial year. The operating cash flow also slowed down significantly requiring swift actions to rebuild adequate liquidity on the Company's Balance Sheet, so as to meet external obligations and commitments.

Consolidated Financial Performance for FY20

- The Company has reported Revenue from Operations of Rs 5360.19 crores for the year ended March 31, 2020 on a consolidated basis, compared to Rs 5234.84 crores during FY19, representing a modest growth of 2.4%.
- The Operating Profit (PBIDTA excluding Other Income and Finance Income) for the year was Rs 282.78 crores compared to Rs 346.54 crores in FY19.
- Net Profit for the year was Rs 143.25 crores compared to Rs 190.06 crores in FY19.
- Finance Cost for the year was lower at Rs 29.47 crores compared with Rs 47.87 crores in FY19 due to effective management of working capital and reduced cost of finance.

- Tax expense for FY20 was Rs 65.32 crores compared to tax expense of Rs 41.99 crores in FY19. Effective tax rate in FY20 was 31.7% as against 16.7% in FY19 due to reversal of a Deferred Tax Asset during FY20, which had been created in FY19, arising from higher profitability in Blue Star Engineering & Electronics Limited.
- Despite the COVID-19 related disruptions, on the back of tight working capital management earlier throughout the year, net borrowings reduced to Rs 155.00 crores as on March 31, 2020 (debt equity ratio of 0.21) as compared to a net borrowing of Rs 243.60 crores as on March 31, 2019 (debt-equity ratio of 0.28).
- Earnings per share for the year (Face value of Rs 2.00) was Rs 14.87 vis-à-vis Rs 19.75 in the previous year.
- An Interim dividend of Rs 10 per share together with applicable dividend distribution tax aggregating to Rs 116.11 crores was paid in the month of March 2020.
- Carried Forward Order Book as on March 31, 2020 grew 21.2% was Rs 2946.59 crores compared to Rs 2430.07 crores as at March 31, 2019.

Consolidated Segment Performance for FY20

- Revenue of the Electro-Mechanical Projects and Packaged Air Conditioning Systems business increased to Rs 2826.67 crores from Rs 2748.11 crores in FY19, while Segment Results declined from Rs 150.85 crores in FY19 to Rs 120.26 crores in FY20. Shortfall of revenue in March led to a decline in segment profitability. In addition, taking into consideration the outlook for financial stress in the commercial real estate and infrastructure sectors, the Company has been prudent to make additional provisions for potential doubtful receivables.
- Unitary Products revenues in the year increased to Rs 2300.61 crores from Rs 2268.97 crores in FY19. Revenue growth for the year was impacted by the low off-take in March, which is a key month in the peak selling season, due to significant market disruptions caused by the spread of COVID -19. Segment Results decreased to Rs 162.27 crores from Rs 185.92 crores in FY19 due to higher spend on advertising and sales promotion and lower sales in the month of March.

- The Professional Electronics and Industrial Systems business revenues increased by 7% to Rs 232.91 crores from Rs 217.76 crores in FY19. This segment did well for the year FY20 driven by major orders received in the Data Security Solutions business and growth in the NDT systems, destructive testing and NDT product business. Segment result grew to Rs 54.34 crores in FY20 as compared with Rs 43.78 crores in FY19.

Consolidated Financial Performance for Q4FY20

- For the quarter ended March 31, 2020, the Company reported Revenue from Operations of Rs 1299.36 crores, compared to Rs 1595.84 crores in the same period in the previous year.
- Operating Profit (PBIDTA excluding Other Income and Finance Income) decreased to Rs 37.33 crores from Rs 109.44 crores in the same period last year primarily due to lower profits resulting from significantly reduced sales in the month of March 2020.
- Net Profit for the quarter was Rs 8.90 crores compared to Rs 79.84 crores in the same period last year for the reasons explained above.

Outlook

Vir Advani, Vice Chairman & Managing Director, Blue Star Limited adds, "While the demand had taken a hit due to the national lockdown, we are hopeful that there will be gradual recovery from May 2020 onwards. With Tier 3, 4 & 5 towns, which are comparatively less impacted, accounting for close to 60% of the revenue for Unitary Products, we may partially make up for the lost summer season sales. The demand for our commercial refrigeration products, specifically from the healthcare, pharmaceuticals, processed food and food delivery sectors is growing. While two of our factories have opened with partial strength, we are planning to open the other 3 factories in June. Roughly 10% of project sites have also opened. While Q1FY21 will be a challenging quarter, given the strong fundamentals and diverse portfolio, the Company is well positioned to regain lost ground from Q2 onwards.

In the meanwhile, several cost reduction plans have been implemented along with liquidity improvement measures. Simultaneously, the Company is working on a few emerging opportunities, such as developing hi-tech indoor air quality management solutions and accelerating our indigenization plans in the post COVID-19 era. We are confident of emerging stronger from the current crisis.”

Place: Mumbai

Date: May 12, 2020.

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