



BLUE STAR

Blue Star Limited
Kasturi Buildings,
Mohan T Advani Chowk,
Jamshedji Tata Road,
Mumbai 400 020, India.
Tel : +91 22 6665 4000
Fax : +91 22 6665 4152
www.bluestarindia.com

January 21, 2015

**The National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor
Plot No.C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051.**

**The Secretary
BSE Ltd.
Floor 25, P.J. Towers
Dalal Street
Mumbai 400 001.
Fax No. 22723121**

Dear Sirs,

Company Code : 500067 (BSE) ; BLUESTARCO (NSE)

Sub: Press Release

We forward herewith a copy of the Press Release which is proposed to be issued by us. Before we issue the press release to the press, we submit a copy of the same to you for your information and record.

Thanking you,

Very Truly Yours,
BLUE STAR LIMITED

**SANGAMESHWAR IYER
COMPANY SECRETARY**

Encl: As above

Blue Star Ltd.
Mumbai



PRESS RELEASE

Blue Star 9-month Net Profit grows 40% to Rs 46.36 crores; plans to transfer its Professional Electronics and Industrial Systems undertaking into its wholly owned subsidiary with an objective to grow aggressively.

Financial Performance for Q3FY15

- Airconditioning and commercial refrigeration major, Blue Star Limited reported Total Operating Income of Rs 590.75 crores for the quarter ended December 31, 2014, as compared to Rs 545.90 crores in Q3FY14, representing a growth of 8%.
- Operating Profit (PBIDT excluding Other Non-Operating Income) for the quarter reduced to Rs 2.28 crores from Rs 6.53 crores in the same period last year.
- Financial Expenses for the quarter decreased to Rs 10.51 crores from Rs 12.60 crores in Q3FY14. While last year, due to the forex volatility, the hedging costs were higher, the same was lower in Q3FY15 resulting in an overall decrease in financial costs.
- Other Income including exceptional items for the quarter grew to Rs 26.97 crores as compared to Rs 17.41 crores in the same period last year, mainly on account of profit on sale of assets.
- Consequently, Net Profit increased to Rs 6.30 crores during the quarter from Rs 2.81 crores in Q3FY14.
- Earnings per share for the quarter (Face value of Rs 2.00) stood at Rs 0.70 vis-à-vis Rs 0.31 in the corresponding quarter of the previous year.
- The Electro Mechanical Projects and Packaged Airconditioning Systems business, accounting for 60% of the total revenues in the quarter, declined marginally by 1%, while segment results registered a sharp decline of 87% to Rs 2.90 crores, mainly due to a significant correction in the estimates of specific legacy projects based on revised quantity estimates coupled with higher debtor provisioning. The order inflow continues to be poor and job closures are slow. The legacy jobs continue to be a burden on the Company.

- The revenue of Cooling Products in the quarter increased by a healthy 26%, while segment results grew 120% to Rs 10.09 crores over the same period. Better market penetration, benefit of excise duty reduction, as well as a higher favourable product mix resulted in the increase in profitability.
- The Professional Electronics and Industrial Systems business revenues increased by 27%, while segment results registered a significant increase of 86% to Rs 7.00 crores due to a favourable economic environment.
- Carry Forward Order Book as on December 31, 2014 declined by 19% to Rs 1412 crores compared to Rs 1737 crores as at December 31, 2013. The Company continued to be selective in pursuing orders with good commercial terms and healthy margins.

Financial Performance for the 9-month period ended December 31, 2014 (Cumulative Q3FY15)

- For the 9-month period ended December 31, 2014, the Total Operating Income grew by 9% to Rs 2074.20 crores, as compared to Rs 1901.70 crores over the same period in the previous year.
- Operating Profit (PBIDT excluding Other Non Operating Income) increased by 7% to Rs 75.97 crores from Rs 70.93 crores.
- Net Profit at Rs 46.36 crores grew 40% as compared to Rs 33.10 crores in the same period as the previous year.

Transfer of Professional Electronics and Industrial Systems undertaking

For over six decades, the Professional Electronics and Industrial Systems business has been the exclusive distributor in India for many internationally renowned manufacturers of hi-tech professional electronic equipment and services, as well as industrial products and systems. Over the years, the Company has changed its business model from merely being a distributor to that of a system integrator and value-added re-seller, thereby moving up the value chain. The Company has carved out profitable niches for itself in most of the specialised markets it operates in, such as Industrial Products and Systems, Material Testing Equipment and Systems (Destructive/Non-Destructive), Data Communication Products & Services, Testing and Measuring Instruments and Healthcare Systems.

With the expected revival of the economy, most of the segments targeted by this business are planning to increase their capex investments which will result in significant growth in demand. Further, the Company has been selling Blue Star branded products in some of the segments and this initiative has met with encouraging response. Since this business segment is distinctly different from the main AC&R businesses of the Company, it needs an independent identity along with specialised resources in order to exploit its full potential.

Keeping the above strategic imperatives in mind, the Board of Directors, in its meeting held on January 21, 2015 approved, subject to receipt of all statutory and regulatory approvals, the transfer of the Professional Electronics & Industrial Systems undertaking of the Company to Blue Star Electro-Mechanical Limited (BSEML), a wholly owned subsidiary of the Company, before the end of this Financial Year on a "going concern" basis at fair value estimated at about Rs 110.50 crores determined by an independent valuer. BSEML will discharge the consideration for the said transfer by issue and allotment of fully paid up equity shares to the Company. The Company intends to stay invested for a long term and grow this business. Further, BSEML will be suitably renamed to reflect the nature of its business.

The leadership and management structure of Blue Star Electro-Mechanical Limited will be strengthened, and the Company is confident that this step will provide the necessary growth impetus for Professional Electronics and Industrial Systems business in order to capitalise on the impending opportunities.

Outlook

The economic environment is improving and the macro-economic indicators are encouraging. The residential and light commercial segments are registering healthy growth with enhanced spends by consumers. The commercial construction cycle is likely to revive in FY16. In order to leverage on the growth opportunities available, the Company plans to make prudent investments in manufacturing, marketing, product development as well as human resources in the next few quarters.

Place: Mumbai

Date: January 21, 2015

For additional information, please contact: B Thiagarajan, Executive Director & President - AC&R Products Business, Blue Star Limited, Bandbox House, 254D, Dr Annie Besant Road, Worli, Mumbai – 400 030 email: bthiagarajan@bluestarindia.com Telephone: 09600034725.