BLUE STAR

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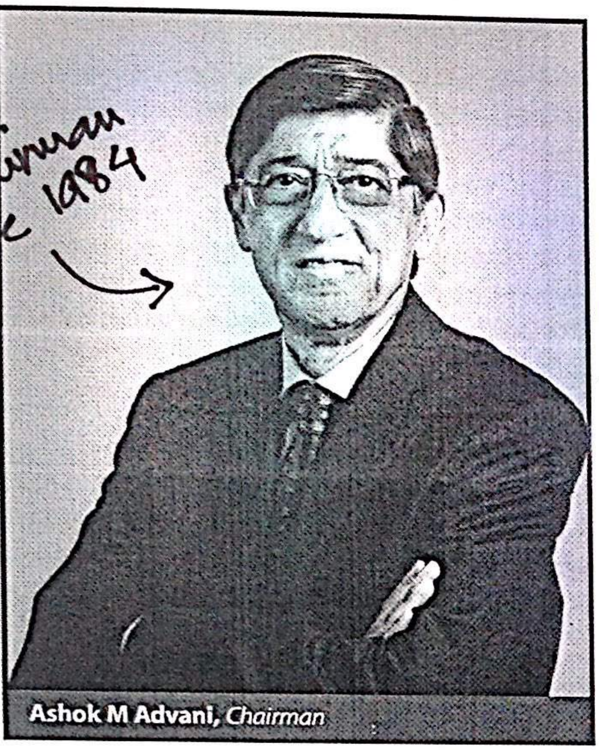
Disclosure - No holdings

BLUE STAR LIMITED ANNUAL REPORT 2014-2015

Letter from the Chairman



Ashok M Advani, *Chairman*

* Chairman since 1984

Dear Shareholder,

Last year, after the Lok Sabha elections and formation of the new NDA Government, there were optimistic expectations of major economic reforms which would lead to a revival of GDP growth in the country. While I was also positive about the future, I felt that managing change in our vast country would be hugely challenging and would take time to show tangible results. Therefore, in my annual letter to shareholders a year ago, I had cautiously predicted, "In Blue Star, we are not expecting much acceleration in the next few months, but we hope to see a positive trend before the end of the year."

Cautious optimism

A year later, the financial results of the Company for 2014-15 are broadly in line with my expectations. The top line showed moderate growth of 10% with Total Income breaking through the ₹3000 crore barrier. Profit before Exceptional Items increased at a similar pace and reached ₹101 crores versus ₹93 crores last year.

Electro Mechanical Projects and Packaged Airconditioning Systems produced flat revenues of ₹1602 crores with the market for new projects showing little sign of revival. Order bookings declined, and though we had a reasonable order backlog, the pace of project execution and billings remained frustratingly slow due to financial constraints faced by many customers.

Pain!

* Biggest business segment remains weak

The prolonged slump in the projects business has taught us some valuable lessons. We have used this slack period constructively to carefully study the market and identify the more attractive segments to focus on while avoiding areas which are clearly unprofitable. We had earlier revamped weak internal systems and processes, tightened management and financial controls and reduced flab to produce a leaner, more efficient organisation.

We recognise that Blue Star's project business remains highly dependent on macro-economic growth especially construction and industrial activity. There are early signs of revival in the inflow of enquiries. I am hopeful that before the end of this financial year, we will see tangible evidence in the form of new order bookings and project billings. Even though growth may be a gradual process, our improved capabilities give me confidence about the longer-term future of the projects business.

The Packaged Airconditioning sub-segment showed modest results last year due to the economic slowdown. This year, as the economy picks up, we expect a significant boost in revenues aided by the introduction of our new range of VRF models that is about to be launched.

Our star performer last year was undoubtedly Cooling Products which showed commendable revenue growth of 24% and a 55% jump in profit. Within the segment, the room airconditioner business once again gained market share achieving sales growth of 32%, making Blue Star the 5th largest player in the Indian market. The business outlook for Cooling Products remains reasonably good in the current year though much depends on the monsoons and macro-economic growth.

* Packaged Airconditioning - Dependent on economic growth
Cooling Products - Dependent on consumer spending

(Disclosure – I own Voltas)

There was a clear revival of business performance in Professional Electronics & Industrial Systems (PE&IS). Revenues grew by 18% and Profit by 43%. After-sales Service had another good year and we initiated an international thrust into the Middle East and African markets. The outlook in all these areas is positive. (Voltas is a strong player here)

From a Balance Sheet perspective, the year-end picture depicts a more robust position than the previous year. Better operating performance and effective working capital management resulted in healthy cash flow. Borrowings reduced by ₹115 crores to ₹332 crores and Debt/Equity came down to 0.53 from 0.84 in the previous year. (Voltas → Debt free)

Turning to a different subject, I would like to explain how Blue Star is reorganising to meet emerging business challenges. Over the years, we have taken up a number of new business activities in different markets and geographies. For operational and legal reasons, these have been set up in two subsidiary companies and several joint ventures. These developments have led to a group structure that has become unnecessarily complex and is not the most effective from a management, cost or tax perspective. * First mess up, then clean up!

The Board therefore decided last year to restructure the wholly owned subsidiaries in order to simplify, rationalise and integrate operations. Associate and joint venture companies were not part of the reorganisation. The process of corporate restructuring is described in the Directors' Report and essentially consists of two steps. The first step was the transfer of the PE&IS business to one of the subsidiaries, Blue Star Engineering & Electronics Limited, which was completed on March 31, 2015. The second step involving a Scheme of Amalgamation of the two subsidiaries is underway and is expected to become effective in the current financial year.

There are a number of benefits that will arise from this somewhat convoluted legal process. After the Effective Date, the new corporate structure will comprise Blue Star Limited and one wholly owned subsidiary (in addition to joint ventures and associate companies). The parent company will handle the core airconditioning and refrigeration businesses, while the subsidiary, Blue Star Engineering & Electronics Limited will carry on the PE&IS business besides being the owner of several Corporate properties. PE&IS is a distinctly different, healthy and profitable business (currently reported under Segment 3) which we have been running for many years. With markets, technology, customers, employee skill sets and remuneration structure very different from airconditioning and commercial refrigeration, it is logical and beneficial to operate it as a separate corporate entity.

The restructuring exercise and sale of surplus assets last year was accompanied by a significant cleanup of excess costs incurred on some completed legacy projects as well as the impending closure of an old factory. Such non-recurring items of income and costs have been accounted as Exceptional Items because they are not part of the normal business activities.

I will sum up this brief review on a positive note. Your Company had a modestly successful 2014-15 and is well positioned to grow at a faster rate in 2015-16 as the Indian economy picks up momentum.

Ashok M Advani
Chairman

Mumbai, June 10, 2015

* Blue Star has a history of "restructuring".. and every time guided by "consultants". They're again taking consultants' advice for future "strategy". God bless!

MANAGERIAL REMUNERATION

Details of the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197 (12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

* Voltas MD earns → 65x

i.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr Satish Jamdar (MD)	41x
		Mr Vir S Advani (ED)	25x
		Mr B Thiagarajan (ED)	27x
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Mr Satish Jamdar	No increase +ve
		Mr Vir S Advani	No increase
		Mr B Thiagarajan	3.44%
		Mr Manek Kalyaniwala # (retired w.e.f. July 2014)	5.36%
		Mr Sangameshwar Iyer	9.50%
iii.	The percentage increase in the median remuneration of employees in the financial year		9.23% (Voltas – 5.5%)
iv.	The number of permanent employees on the rolls of the Company		2508 (Voltas – 4,823)
v.	The explanation on the relationship between average increase in remuneration and Company performance	Increments are based on the individual employee performance, market benchmarking of salary and net profit of the Company.	
vi.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Total remuneration paid to the Key Managerial Personnel constituted 5% of the net profit of the Company for the financial year 2014-15.	
vii.	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company, in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year		2014-15 / 2013-14
		Market Capitalisation (₹ in crores)	2768.23 / 1810.41
		PE ratio	18.15 / 23.85
		In the recent past, the Company has not made any public offer.	

Voltas – 28x

* Read Annual Reports... they offer nice perspectives on the business.

Management Discussion and Analysis

PREPARING FOR THE FUTURE

Blue Star is India's leading airconditioning and commercial refrigeration company with over seven decades of experience in providing expert cooling solutions. It fulfills the cooling requirements of a large number of corporate, commercial as well as residential customers. It also offers expertise in allied contracting activities such as electrical, plumbing and fire-fighting services, in order to offer turnkey solutions, apart from execution of specialised industrial projects. Blue Star's other businesses include marketing and maintenance of imported professional electronics and industrial products and systems. This business stands transferred to a wholly owned subsidiary of the Company called Blue Star Engineering & Electronics Limited, with effect from March 31, 2015.

* Nice info on the business

Blue Star's integrated business model of a Manufacturer; Engineering, Procurement and Construction (EPC) solutions provider; and After-sales service provider enables it to offer an end-to-end solution to its customers, which has proved to be a significant differentiator in the market place. The Company's credentials and unmatched expertise help it to enjoy a preferred partnership status with most of corporate and commercial India. In fact, every third commercial building in the country has a Blue Star product installed. Blue Star has over 300 large National Account customers who award significant repeat orders to the Company on a regular basis. Blue Star also entered the residential segment a few years ago and has made deep inroads in the segment with a market share of 9.5%. It has an installed base of over a million units of room airconditioners. Blue Star products are now sold by over 2000 dealers, and are available in 3500 outlets in more than 650 towns across the country. Blue Star is also the largest after-sales AC&R service provider in India, maintaining around 2 million TR of equipment and handling over 1 million service calls a year. The Company has a manufacturing footprint of about 1 lakh sq m, manufacturing over 300 models across 25 product lines worth ₹1500 crores every year. There are about 2500 direct employees and over 20,000 indirect employees engaged in Blue Star's activities with around 20,000 man days of training imparted each year.

* Opportunities

With the economic climate showing signs of improvement, the Company anticipates significant growth opportunities in the long-term and is preparing for the future. Increase in disposable income of the burgeoning middle class is likely to boost several sectors in the commercial space. Increase in capex spends by companies will improve office expansion as well as industrial and infrastructure spends. Moreover, the penetration of room airconditioners in the residential market is a mere 3%, and given the harsh climate, especially during the summer season, coupled with enhanced affordability of consumers, this segment is expected to grow notably in the future. As regards to commercial refrigeration, considering that post-harvest losses in the country are extensive, coupled with food scarcity and population expansion, food preservation is of utmost importance. Thus, the demand for cold chain and other commercial refrigeration products is anticipated to be sizeable. Blue Star's strong brand equity, credentials and unmatched expertise will enable it to leverage the exciting growth prospects.

Blue Star, being a leader in the airconditioning and commercial refrigeration industry, is conscious about the fact that it has to be a trendsetter in areas related to sustainability and climate change. Climate change and global warming are a serious concern and a growing threat to the world's ecosystem, and given India's large population, the country has a critical part to play in taking initiatives to reduce power consumption and using non-ozone depleting refrigerants with low global warming potential. The Company's mainstay of product development and R&D has been energy efficiency, coupled with eco-friendly and sustainable products.

The Company is also preparing to rationalise its manufacturing footprint vide a focused exercise which will involve demand assessment, revalidation of make/buy strategy and manufacturing capability assessment to ensure that Blue Star is future ready.

In the contracting business, the Indian economy is showing signs of improvement and the macroeconomic indicators are encouraging. The Company expects a revival of the commercial construction cycle in the near-term, which will give it the much needed impetus in the electro mechanical contracting space. The trend of combining multiple MEP services (HVAC, Electrical, Plumbing, Fire-fighting and Low Voltage systems) is gaining acceptance in the country. While the contracting space in India is rapidly changing and the customer needs are far more challenging, Blue Star has built its capabilities in MEP contracting in a systematic way, through a judicious mix of acquisitions and capability building.

Recently, it appointed The Boston Consulting Group to develop a strategy and action plan for profitable growth of its projects business. The key objectives included identification of attractive customer segments, acquiring higher share of business from

* Blue Star has no experience in these international mkts, so need to watch out for what it does here. It'll also compete with Voltas here.

target customer segments, and developing a best-in-class delivery model. The strategic review has been completed and the key elements of the business growth strategy have been identified. These include internal reorganisation to better serve the integrated MEP requirements in the market; focusing on profitable market segments; and investing in building stronger engineering capabilities as well as in offering design-build solutions. The Company has identified multiple initiatives for stronger project management and procurement practices and plans to institutionalise modern site practices based on manufacturing principles to ensure a differentiated delivery experience. It will also IT enable its business processes while judiciously investing in construction technologies with the objective of driving productivity and consistency in its deliverables.

While Blue Star has done exceedingly well in the domestic business with its integrated model of a Manufacturer, EPC solutions provider and After-sales service provider, it is now keen on aggressively expanding its international footprint by taking forward these unique capabilities globally. It is in the process of identifying new opportunities for its airconditioning and commercial refrigeration products, MEP projects, after-sales service and system integration in global markets. The markets identified are Middle East, North Africa, SAARC and ASEAN regions and as the business matures, more markets will be added. This initiative would help in significantly enhancing the Blue Star brand beyond India, while providing growth opportunities for its businesses, and will go a long way in establishing Blue Star as a true global player.

BUSINESS SEGMENTS

In accordance with the nature of products and markets addressed, business drivers, and competitive positioning, the lines of business of Blue Star can be segmented as follows:

* Least profitable business

ELECTRO MECHANICAL PROJECTS AND PACKAGED AIRCONDITIONING SYSTEMS (52% of sales & 27% of profits)

This business segment covers the design, manufacturing, installation, commissioning and maintenance of central airconditioning plants, packaged/ducted systems and variable refrigerant flow (VRF) systems, as well as contracting services in electrification, plumbing and fire-fighting. After-sales services such as revamp, retrofit and upgrades also form part of this segment.

COOLING PRODUCTS (43% of sales & 60% of profits)

Blue Star offers a wide variety of stylish, contemporary and energy-efficient room airconditioners for both residential as well as commercial applications. It also manufactures and markets a comprehensive range of commercial refrigeration products and cold chain equipment.

* Most profitable

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS (5% of sales & 13% of profits)

For over six decades, Blue Star has been the exclusive distributor in India for many internationally renowned manufacturers of professional electronic equipment and services, as well as industrial products and systems. This business is managed by the Company's wholly owned subsidiary, Blue Star Engineering & Electronics Ltd.

INDUSTRY STRUCTURE AND DEVELOPMENTS

AIRCONDITIONING

* BStar's current sales → Rs. 3100 crore, or 21%.

In 2014-15, the estimated total market size for airconditioning in India was around ₹14750 crores. Of this, the market for central airconditioning, including central plants, packaged/ducted systems, VRF systems and other ancillary equipment, was about ₹5750 crores, while the market for room airconditioners comprised the balance ₹9000 crores.

During the year, though the macroeconomic indicators were positive and the environment improved, the corporate and commercial market continued to be sluggish as the revival of the commercial construction cycle is taking longer than expected. Segments such as integrated commercial complexes, power and utility, and healthcare witnessed some demand during the year under review.

On the other hand, the room airconditioners market grew significantly, driven by the residential business. The increase in disposable incomes of the growing middle-class consumers, enhanced demand from Tier 3/4/5 markets as well as an extended summer in several parts of the country contributed to growth during the review period. Further, steady foreign exchange rates as well as commodity prices ensured that the prices were stable.

Economic growth on ground hasn't recovered... but consumers keep spending more.

COMMERCIAL REFRIGERATION

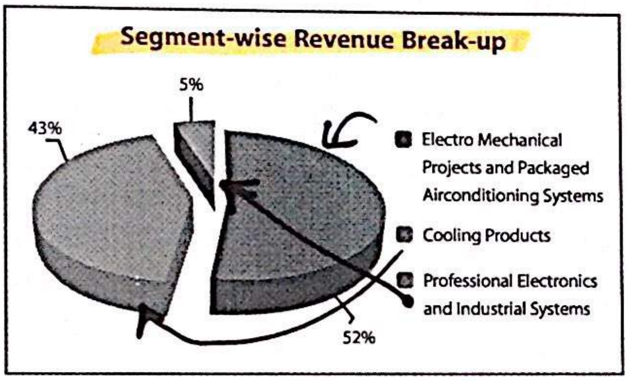
*Great opportunity here

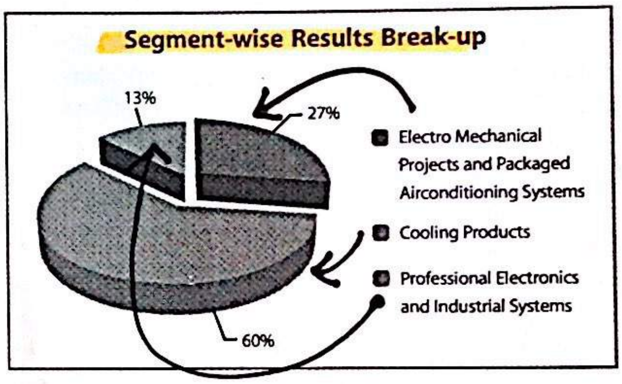
The commercial refrigeration segment includes a wide range of products such as deep freezers, water coolers, bottled water dispensers, cold rooms, bottle coolers and ice cubers. Rapid changes in consumption patterns of the new and aware consumer fuelled by modern trade, along with the growing food, dairy and pharmaceutical industries are contributing to the growth in this segment.

During the year, the commercial refrigeration market grew well with demand from the ice cream, quick service restaurants and the pharmaceutical segments. Many initiatives are being undertaken by the Ministry of Agriculture, the Ministry of Food Processing Industries and various State Governments, in co-ordination with industry bodies such as CII to reduce wastage and loss of value of perishables, thereby containing food inflation. These initiatives are expected to significantly enhance demand for cold chain equipment in the country.

SEGMENT-WISE ANALYSIS

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





ELECTRO MECHANICAL PROJECTS AND PACKAGED AIRCONDITIONING SYSTEMS

The Electro Mechanical Projects and Packaged Airconditioning Systems business continued to be the largest segment, accounting for 52% of the Company's Total Segment Revenue. ... but 27% of total profits

In the electro mechanical projects business, there was demand from hospitality, residential, healthcare, metro-rail and mixed-use development projects during the year. However, this business was adversely impacted due to significant correction in project cost estimates of specific legacy orders. The Company aimed to aggressively close and/or make provisions in most of the legacy jobs during the fiscal in order to release resources engaged in such projects so as to focus on the imminent growth opportunities. While this affected the overall profitability of this segment during the review period, it will be beneficial in the long term when the industry revives. Further, the Company continued to focus on improving the quality of new orders, in terms of operating margins as well as payment terms. It also enhanced its share in multi-service orders (mechanical, electrical, plumbing and fire-fighting) and orders of over ₹500 crores were booked in this domain during the review period. The electrical projects business focused on opportunities available in the infrastructure and power sectors, while continuing to augment capabilities in the areas of construction and engineering, in order to handle large value orders independently.

Significant orders received in the electro mechanical projects business during the year included Venkateshwara Hospital, Delhi; Dr Oetkar Factory, Bhiwadi; Lodha Experia Mall, Mumbai; AIIMS Surgical Block, New Delhi; Amazon, Delhi; Kalpana Chawla Medical College & Hospital, Karnal; Citadines OMR Aparthotel, Bengaluru; Tharif Mall, Tirur; Pioneer Park, Delhi; HCL, Bengaluru; MRF, Chennai and Secunderabad; Abir Infrastructure, Secunderabad; Tata Steel, Jharkhand & Jamshedpur; Manipal Hospital, Delhi; TRIL Infopark, Chennai; Maharaja Agrasen Hospital, Delhi; Shalom Mall, Muvattupuzha; Qatar University; Damansara Uptown, Malaysia and Boulevard Mall, Qatar; amongst several others.

Air-conditioning + Electrical + Mechanical + Plumbing of large, commercial properties

In the Industrial Projects business, focus on system integration offerings, increase in market share for standard products and strategic positioning of new advanced products in the existing markets enabled significant growth in the year under review. The Company won a large project from NMDC, Nagarmar for their upcoming expansion.

In the central plant equipment segment, the Company offers a range of screw and scroll chillers. During the year, the Company maintained its leadership position in scroll chillers, while the screw chiller segment recorded considerable growth. The Company actively pursued consultants as well as independent contracting companies to enhance its base. Blue Star's ducted systems range comprises packaged airconditioners, ducted split airconditioners and variable refrigerant flow (VRF) systems. While the market for ducted systems declined marginally, the Company retained its market leadership position in the segment. The range of VRF airconditioning systems performed well with the Company further consolidating its position. In the first quarter of FY16, the Company is set to launch a new VRF range called the 100% Inverter VRF which encompasses all variable speed compressors. All field trials of this range called the VRF IV Plus have been successfully completed and the Company is confident that with this new offering, it will further strengthen its foothold in the fast-growing VRF market. During the year, water cooled ducted mini split ACs were also launched which met with an encouraging response in the market place.

Segments such as industrial, marriage/banquet halls, showrooms and offices witnessed enhanced demand during the review period. Some of the notable orders won during the year were from UltraTech Cement, Rajasthan, West Bengal and Karnataka; Global Tech Park, Bengaluru; Pfizer; Godrej Realty, Kolkata; and GT Mall, Bengaluru.

COOLING PRODUCTS (Air-conditioning of homes)

This business segment includes room airconditioners, apart from commercial refrigeration products and systems.

During the year, the room airconditioners business of the Company continued to grow faster than the market, thereby increasing its market share to 9.5%, in terms of value. It launched a new range of contemporary and stylish room airconditioners for the residential segment which are available in a large number of retail channels across the country, including several new Tier 3 and 4 towns. It also enhanced its advertising budgets to build brand salience. The emphasis during the year was on higher energy-efficient products such as inverter split airconditioners, 5-star rated airconditioners as well as those with eco-friendly refrigerants. Blue Star's share in the 5-star range is higher than that of the industry, signifying that the Company enjoys a preference amongst discerning consumers who purchase premium products. During the year, the Company also added several new customers in its national accounts business. Continued efforts in corporate and light commercial segments yielded results by way of large orders received from reputed institutions. Improved operational efficiency across all functions as well as enhanced manufacturing and supply chain management resulted in healthy margins in the room airconditioners business.

In the commercial refrigeration products segment, sales of chest freezers and coolers grew well, with enhanced demand from the ice cream and dairy segments. Significant orders were booked from Amul, Havmor, Top 'N Town, Creambell, Hatsun, McCain, Dairy Classic, Meriiboy, Milma, Vadilal, Dinshaw's, Sheetal Ice Cream and Lazza during the year. The market also witnessed a demand for improved display at the retail outlets, thereby driving growth for glass-top and display freezers.

Sales of bottled water dispensers grew well during the year as the Company engaged retailers with a strategic distribution model. Storage water coolers also performed well with demand from the educational and manufacturing segments. During the year, the Company announced a collaboration with Eureka Forbes to launch a range of Blue Star storage water coolers with in-built Aquaguard water purifiers. The market for pure drinking water has been on the rise with enhanced awareness about water-borne illnesses and the need for safe drinking water. Most water cooler customers have been combining the water cooler with an external water purification system to provide pure water. However, this solution has limitations, compromising the safety of water. The new integrated offering which offers last-point purification will reassure consumers that the water is absolutely pure and chilled. The range is available with both RO and UV filtration treatment options. The market for storage water coolers with in-built purification is in its nascent stage, and is expected to grow with more and more consumers shifting to in-built purification.

*Observations
1. Biggest business (EMPS) remains weak, both on growth and profitability fronts.
2. Smallest business (PEIS) doing well. Highly profitable.
3. Second biggest business - CP - growing fastest

In the cold chain business, traditional segments like pharmaceuticals and ice cream contributed significantly with several leading players investing in cold rooms, as part of their capital expansion plans. The Company's customer list includes prominent pharmaceutical players like Sun Pharma, Gland Pharma, Biocon, Lupin, Pfizer, MedPlus, Mylan, Hester Biosciences, Roche Pharma and Dr Reddy's, as well as ice cream majors such as Amul, Creambell and Mother Dairy. The quick service restaurants segment witnessed significant growth with several multi-national chains entering Tier 2 and Tier 3 towns. Blue Star continues to enjoy the preferred partner status with most of these food chains. Blue Star has also partnered with new fast food chains such as Burger King, TGIF, Sbarro, Lite Bite, Nando's and Au Bon Pain. The processed foods segment, driven by changing consumption habits, working youth and rising income levels, holds good promise for the cold chain business.

* Trading business

PROFESSIONAL ELECTRONICS AND INDUSTRIAL SYSTEMS * Most profitable business

For over six decades, the Professional Electronics and Industrial Systems business has been the exclusive distributor in India for many internationally renowned manufacturers of hi-tech professional electronic equipment and services, as well as for industrial products and systems. Over the years, the Company has 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 needed an independent identity along with specialised resources in order to exploit its full potential. * May demerge & list separately

Keeping the above strategic imperatives in mind, the Company transferred the Professional Electronics & Industrial Systems undertaking of the Company to Blue Star Engineering & Electronics Ltd, a wholly owned subsidiary of the Company with effect from March 31, 2015. The Company intends to stay invested for a long term and grow this business. Housed in an independent subsidiary, this investment is expected to be value accretive in the long term for Blue Star shareholders. The leadership and management structure of this subsidiary 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.

During the review period, with minimal investments in mining, coal, power and agriculture research sectors, the Industrial Products business faced significant challenges performing lower than expected. Significant sales of host security modules and video surveillance equipment helped register good growth for the Data Communication segment. The Test and Measuring Instruments business which mainly deals with radio frequency, microwave and avionics test and measuring equipment received significant orders from the defence, space, paramilitary and police forces. The business also expanded into newer arenas, partnering with related established principals. The newly launched product line of Radio Frequency over Fiber (ROF) converters is finding lot of traction amongst customers in defence and PSUs due to its new and innovative concept. The Healthcare Systems business registered good growth with notable orders booked for CT scanners and colour dopplers, apart from orders from the pharmaceutical segment for spectroscopy and particle sizing systems.

10 YEAR FINANCIAL HIGHLIGHTS

10-yr CAGR → 11.5% ; Voltas → 11.7%

		2014-15	2013-14	2012-13	2011-12
OPERATING RESULTS:					
Total Income (incl. Excise duty) ↑ 9.5% YoY	Crores	3117.81	2847.95	2835.34	2752.55
Profit before Tax	"	142.82	75.90	52.59	(88.45)
Tax	"	(9.71)	-	0.85	0.70
* Profit after Tax ↑ 101%	"	152.53	75.90	51.74	(89.15)
Dividend (incl. Corporate Dividend tax)	"	54.12	40.68	31.57	10.45
Retained Profit	"	98.41	35.22	20.17	(99.60)
FINANCIAL POSITION:					
Paid up Capital	"	17.99	17.99	17.99	17.99
Reserves	"	607.10	511.60	476.38	455.91
Shareholders' Funds	"	625.09	529.59	494.37	473.90
Gross Borrowings	"	331.92	446.56	372.67	373.57
Total Funds Employed	"	957.01	976.15	867.04	847.47
Net Fixed Assets, Investments, DTA/DTL	"	488.23	352.16	351.97	358.70
Net Working Capital	"	468.78	623.99	515.07	488.77
Debt Equity Ratio	Ratio	0.53	0.84	0.75	0.79
Book Value per Equity Share	₹	69.49	58.88	54.97	52.69
OTHER INFORMATION: Voltas had this D/E 10 yrs. back. Now debt free					
Number of Shareholders	Nos.	20686	22490	24623	24338
Number of Employees	Nos.	2508	2540	2698	2785
PERFORMANCE INDICATORS:					
Earnings per Share	₹	16.96	8.44	5.75	(9.9)
Dividend per Share **	₹	5.00	4.00	3.00	1.00
Return on Shareholders' Funds	%	24.4	14.3	10.5	(18.8)
Return on Capital Employed	%	14.9	7.8	6.1	(10.4)

** Proposed Dividend

* Thanks to one-time exceptional income

Standalone

Balance Sheet as at March 31, 2015

* All Looks well

(₹ in lakhs)

	Notes	As at March 31 2015	As at March 31 2014
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,798.72	1,798.72
Reserves and surplus	4	60,709.74	51,160.05
		62,508.46	**52,958.77**
Non-current liabilities			
Long-term provisions	5	448.98	281.12
		448.98	**281.12**
Current liabilities			
Short-term borrowings * D/E → 0.5x (0.8x in FY14)	6	33,191.82	44,656.47
Trade payables	7	84,083.07	78,929.96
Other current liabilities	7	31,124.15	41,598.92
Short-term provisions	5	7,900.10	6,654.04
		156,299.14	**171,839.39**
TOTAL		**219,256.58**	**225,079.28**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	19,581.70	19,607.43
Intangible assets	8	2,168.24	1,926.28
Capital work-in-progress		247.54	114.01
Intangible assets under development		1,993.51	1,432.42
Non-current investments	9	23,185.79	12,135.79
Deferred tax assets (net)	10	1,646.52	-
Long-term loans and advances	11	13,310.21	11,434.65
Trade receivables	12.1	6,734.25	5,275.07
Other non-current assets	12.2	108.49	84.12
		68,976.25	**52,009.77**
Current assets			
Inventories	13	46,282.87	46,563.27
Trade receivables (Receivable Days - 75; Voltas - 80)		64,076.67	68,011.18
Cash and bank balances	14	3,633.49	6,294.06
Short-term loans and advances	11	10,543.15	13,063.23
Other current assets	12.2	25,744.15	39,137.77
		150,280.33	**173,069.51**
TOTAL		**219,256.58**	**225,079.28**

Statement of Profit & Loss Account for the year ended March 31, 2015

* Business doing better, but margins remain under pressure.

(₹ in lakhs)

	Notes	Year ended March 31 2015	2014	
Income				
Revenue from operations (gross)	15	310,766.96	282,153.83	
Less: excise duty		2,687.52	3,202.47	
Revenue from operations (net) ↑10% YoY		308,079.44	278,951.36	
Other Income	16	1,014.33	2,641.40	
Total revenue (I)		**309,093.77**	**281,592.76**	
Expenses				
Cost of raw material and components consumed and Project related cost (55% of sales)	17	171,193.35	165,386.57	(58% of sales)
Purchase of traded goods (Voltas-31%)	17	42,996.26	38,344.71	
(Increase)/decrease in inventories of Finished goods, work-in-progress and traded goods	18	(835.07)	(7,954.35)	
Employee benefits expense	19	25,684.38	23,403.65	
Other expenses	20	51,681.88	44,702.82	
Total (II)		**290,720.80**	**263,883.40**	
Profit before interest, tax, depreciation, amortization and exceptional items (I) - (II) ↑3.7%		**18,372.97**	**17,709.36**	
Depreciation and amortization expense	8	3,933.60	3,469.29	
Finance costs	21	4,347.32	4,964.46	
Profit before tax and exceptional items		**10,092.05**	**9,275.61**	
Exceptional items	22	4,190.26	(1,686.00)	
Profit after exceptional items before tax		**14,282.31**	**7,589.61**	
Profit from continuing operations before taxation:		**11,162.02**	**5,414.61**	
Tax expenses				
i) Current tax : Minimum Alternate Tax (MAT) Thanks to one-time income		3,705.07	2,087.47	
Less: MAT credit Entitlement		3,178.58	2,087.47	
Net Current tax		526.49	-	
Less: Tax expense of discontinuing operation		1,165.00	-	
Current tax for continuing operation		(638.51)	-	
ii) Deferred tax	10	(1,497.00)	-	
Total tax expense for continuing operation		(2,135.51)	-	
Profit after tax from continuing operations [A] ↑146% YoY		**13,297.53**	**5,414.61**	
Profit from discontinuing operation before taxation	23	3,120.29	**2,175.00**	
Tax expense for discontinuing operation		1,165.00	-	
Profit after tax from discontinuing operation [B]		**1,955.29**	**2,175.00**	
Profit for the year (A + B)		**15,252.82**	**7,589.61**	
Earnings per equity share [nominal value of share ₹2 (31 March 2014: ₹2) (refer note 34)]				
Basic				
Computed on the basis of profit from continuing operations	₹	**14.79**	**6.02**	
Computed on the basis of total profit for the year		**16.96**	**8.44**	
Diluted				
Computed on the basis of profit from continuing operations	₹	**14.75**	**6.02**	
Computed on the basis of total profit for the year		**16.92**	**8.44**	
Summary of significant accounting policies	2.1			

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 29, 2015

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

Ashok M Advani	Chairman
Satish Jamdar	Managing Director
Shailesh Haribhakti	Director
Neeraj Basur	Chief Financial Officer
Sangameshwar Iyer	Company Secretary

Mumbai: May 29, 2015

	BSTAR	VOLTAS
* Gross Margin	30%	24%
PBT Margin	3.3%	8%

(g) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

Capital subsidy received from the government is credited to capital reserve and treated as part of the shareholders' funds.

(h) Investments

All investments intended to be held for more than one year from the date of the purchase are classified as Long term investments. Long-term investments are carried at cost. A provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

(i) Inventories

Inventories are valued as follows:

(i) Raw materials, stores and components are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

(ii) Contract Work-in-Progress is stated at cost till such time as the outcome of the project cannot be ascertained reliably.

(iii) Work-In-Progress and Finished goods are valued at lower of cost and net realisable value.

Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

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

(j) Revenue Recognition * Primer on how the business recognizes revenue

* This is how revenue of the core business is accounted for

(i) Revenue from long - term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

(ii) Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue is reflected under "Other Current Liabilities" in the balance sheet.

(iii) Annual Maintenance contracts: Revenues from annual maintenance contracts are recognized pro-rata over the period of the contract.

(iv) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which is generally on dispatch of goods. Sales taxes and Value added taxes (VAT) are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(v) Commission income is recognized as and when the terms of the contracts are fulfilled.

(vi) Claims recoverable are accrued only to the extent it is probable that they will result in revenue and they are capable of being reliably measured.

(vii) Export incentive receivable is accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

(viii) Dividend income is recognized when the right to receive dividend is established.

(ix) Interest income is recognized on accrual basis.

15: REVENUE FROM OPERATIONS

* Good disclosures

(₹ in lakhs)

	Year Ended March 31 2015	Year Ended March 31 2014
Revenue from operations		
Sale of products		
Finished goods	155,875.31	136,881.60
Traded goods	57,778.70	47,926.74
Services rendered	32,786.97	28,836.98
Revenue from Construction Contracts (refer note 24)	60,194.89	63,780.27
Other operating revenue		
Commission income	1,196.97	1,501.53
Provisions and Liabilities no longer required	2,604.73	2,809.95
Others	329.39	416.76
Revenue from operations (gross)	**310,766.96**	**282,153.83**
Less: Excise duty #	2,687.52	3,202.47
Revenue from operations (net)	**308,079.44**	**278,951.36**

Products → 69% of sales (Voltas → 63%)

Excise duty on sales amounting to ₹2,687.52 lakhs (31 March 2014: ₹3,202.47 lakhs) has been reduced from sales in the statement of profit & loss and excise duty on (increase)/decrease in stock amounting to ₹(31.14) lakhs (31 March 2014: ₹(23.41) lakhs) has been considered as (income)/ expense in note 18 of financial statements.

		2015	2014
Details of Products Sold			
Finished goods sold			
Air-conditioning & Refrigeration Equipment	↑16%	114,568.35	98,379.70
Central Air-conditioning Plant	↑8%	18,146.25	16,814.53
Spares & Components	↑7%	23,160.71	21,687.37
		155,875.31	**136,881.60**
Traded goods sold			
Air-conditioning & Refrigeration Equipment	↑14%	36,385.11	31,861.77
Central Air-conditioning Plant	↓52%	689.54	1,440.62
Electronics & Other Appliances, Equipment, Instruments etc.	38%	13,348.73	9,671.01
Spares & Components	48%	7,355.32	4,953.34
		57,778.70	**47,926.74**
Detail of services rendered			
AMC services	↑14%	32,786.97	28,836.98
		32,786.97	**28,836.98**

* Products generally have better margins than services.

* Segment-Wise Details -

* Revenue share

	BSTAR	VOLT
EMPS	54%	43%
CP	42%	49%
PEIS	5%	8%

* Revenue Growth (FY15, YOY)

	BSTAR	VOLT
EMPS	-2%	-18%
CP	24%	22%
PEIS	18%	-15%

BSTAR has been a much better performer in FY15

* Profit Margin (FY15) → Historical Margins

	BSTAR	VOLT
EMPS	3%	-8%
CP	11%	14%
PEIS	21%	27%

BSTAR	FY08	FY11	FY13
EMPS	12%	9%	4%
CP	11%	11%	8%
PEIS	20%	26%	16%

VOLTAS	FY08	FY11	FY13
EMPS	7%	8%	-2%
CP	7%	10%	9%
PEIS	19%	18%	17%

Observation - EMPS, the biggest business for both BSTAR & VOLT has deteriorated in terms of profitability, thus pulling down overall profitability. Only a strong economic recovery and thus demand pickup can pull margins up. Watch out !

Looks fine overall !

Consolidated Balance Sheet as at March 31, 2015

(₹ in lakhs)

	Notes	As at March 31 2015	2014
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,798.72	1,798.72
Reserves and surplus	4	43,758.22	44,253.76
		45,556.94	**46,052.48**
Preference shares issued by Subsidiary company (refer note 41)		-	**1,800.00**
Non-current liabilities			
Long-term borrowings	5.1	2,386.66	-
Trade payables		139.77	170.93
Other long-term liabilities	6.1	66.83	-
Long-term provisions	7	586.92	423.67
		3,180.18	**594.60**
Current liabilities			
Short-term borrowings	5.2	37,282.91	49,439.78
Trade payables		88,463.72	82,965.41
Other current liabilities	6.2	34,809.53	45,886.88
Short-term provisions	7	8,203.40	6,894.26
		168,759.56	**185,186.33**
TOTAL		**217,496.68**	**233,633.41**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	23,457.18	23,615.19
Intangible assets	8	2,201.39	1,930.00
Capital work-in-progress		247.94	114.03
Intangible assets under development		1,994.84	1,432.42
Non-current investments	9	3,634.86	3,328.45
Deferred tax assets (net)	10	1,651.03	142.62
Long-term loans and advances	11	13,946.31	11,952.70
Trade receivables	12.1	7,694.67	6,207.85
Other non-current assets	12.2	108.49	84.12
		54,936.71	**48,807.38**
Current assets			
Inventories	13	47,853.74	46,563.27
Trade receivables	12.1	71,784.47	77,110.65
Cash and bank balances	14	4,431.90	6,844.72
Short-term loans and advances	11	11,594.08	13,007.03
Other current assets	12.2	26,895.78	41,300.36
		162,559.97	**184,826.03**
TOTAL		**217,496.68**	**233,633.41**
Summary of significant accounting policies	2.1		

D/E @ 0.9x, largely due to high working cap. borrowings. That's the nature of business.

[Receivable Days - 81; Voltas - 93]

The accompanying notes are an integral part of the financial statements.

Statement of Consolidated Profit & Loss Account for the year ended March 31, 2015

(₹ in lakhs)

	Notes	Year ended March 31 2015	2014
Income			
Revenue from operations (gross) ↑8% YoY	15	320,881.59	296,629.69
Less: excise duty		2,687.52	3,202.47
Revenue from operations (net)		**318,194.07**	**293,427.22**
Other Income	16	848.82	1,785.34
Total revenue (I)		**319,042.89**	**295,212.56**
Expenses			
Cost of raw material and components consumed and Project related cost	17	180,842.13	178,263.74
Purchase of traded goods	17	42,996.26	38,344.71
(Increase)/decrease in inventories	18	(2,404.70)	(7,954.35)
Employee benefits expense	19	26,746.48	24,761.07
Other expenses	20	53,285.86	44,963.46
Total (II)		**301,466.03**	**278,378.63**
Profit before interest, tax, depreciation, amortization and exceptional items (I) – (II)		**17,576.86**	**16,833.93**
Depreciation and amortization expense	8	4,314.50	3,784.30
Finance costs	21	4,852.82	5,420.96
Profit before tax and exceptional items		**8,409.54**	**7,628.67**
Exceptional items	22	(4,144.38)	(12.46)
Profit after exceptional items before tax		**4,265.16**	**7,616.21**
Tax expenses			
Current tax		119.83	102.35
Minimum Alternate Tax (MAT)		3,705.07	2,351.44
Less: MAT credit Entitlement (including prior year entitlement of ₹184.19 Lakhs)		3,362.77	2,186.08
Net Current tax		462.13	267.71
Adjustment of tax relating to earlier periods		106.90	15.32
Deferred tax		(1,358.27)	(60.19)
Total tax expense		**(789.24)**	**222.84**
Profit for the year before Share in Associate		**5,054.40**	**7,393.37**
Share of profit in Associate company		**363.70**	**360.79**
Profit for the year ↓30% YoY		**5,418.10**	**7,754.16**
Earnings per equity share [nominal value of share ₹2 (31 March 2014: ₹2)(refer note 35)]			
Basic			
Computed on the basis of profit/(loss) for the year	₹	**6.02**	**8.39**
Diluted			
Computed on the basis of profit/(loss) for the year	₹	**6.01**	**8.39**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

per Sudhir Soni
Partner
Membership No. 41870

Mumbai: May 29, 2015

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

Ashok M Advani	Chairman
Satish Jamdar	Managing Director
Shailesh Haribhakti	Director
Neeraj Basur	Chief Financial Officer
Sangameshwar Iyer	Company Secretary

Mumbai: May 29, 2015

* Impacted by decline in profitability of EMPS and CP businesses.

* Higher provisions on account of significant cost overruns in old projects. Do not impact cash flows.

Consolidated Cash Flow Statement for the year ended March 31, 2015

* Adjusted in P&L. Added back as no actual cash outflow happened

(₹ in lakhs)

	Year ended March 31	
	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,265.16	7,616.21
Exceptional item		
Cost update on major contracts (refer note 22)	5,824.89	1,686.00
Profit before exceptional item	10,090.05	9,302.21
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	4,314.50	3,784.30
Loss/(profit) on sale of fixed assets (net)	(2,170.63)	(1,786.83)
Bad debts/advances written off	371.57	285.34
Provision for doubtful debts and advances	4,393.92	3,306.26
Unrealized foreign exchange loss/(gain)	17.20	307.67
Liabilities written back	(2,781.84)	(2,836.52)
Interest expense	4,852.83	5,420.96
Interest (income)	(179.69)	(413.00)
Dividend (income)	(274.13)	(263.71)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	18,633.78	17,106.68
Movements in working capital :		
Increase/(decrease) in trade payables	7,130.06	4,873.63
Increase/(decrease) in long-term/short-term provisions	177.58	(597.00)
Increase/(decrease) in other current liabilities	(645.48)	(2,501.33)
Decrease/(increase) in trade receivables	(2,754.16)	(2,642.92)
Decrease/(increase) in inventories	(2,038.73)	(8,986.57)
Decrease/(increase) in long-term/short-term loans and advances	1,529.56	(2,380.62)
Decrease/(increase) in other current/non-current assets	2,032.22	3,664.41
Cash generated from/(used in) operations	24,064.83	8,536.28
Direct taxes paid (net of refunds)	(2,571.85)	(1,876.70)
Net cash flow from/(used in) operating activities (A)	21,492.98	6,659.58
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(6,016.07)	(3,994.33)
Proceeds from sale of fixed assets	2,495.22	4,561.40
Purchase of current investments	-	(7,750.00)
Purchase of Preference Shares (refer note 41)	(1,800.00)	-
Proceeds from sale/maturity of current investments	-	7,750.00
Interest received	179.69	289.57
Dividends received	274.13	263.71
Net cash flow from/(used in) investing activities (B)	(4,867.03)	1,120.35
Balance carried forward	16,625.95	7,779.93

*More customers likely to default on payments. BAD!

Good!

Inventory requirements reduced in FY15, which helped cash from operations.

* **Key Observations -**

1. Overall, mixed performance in FY15. Muted performance from EMPS (Largest segment) - both on revenue and profitability front. CP creates most growth in sales and profits.
2. Focus on improving cash flows, and initial good signs, a positive observation. Question is - can they continue this if demand doesn't improve meaningfully.
3. Order inflows remained good (↑114% in FY15), but execution & timely payments are big issues.
4. Working capital situation improved in FY15 - another good sign.

Disclosure - No holdings. Please do your own homework. PLEASE!

Review Date - 7th August 2015

Reviewer - safalniveshak.com

BSTAR Vs. VOLTAS (Consolidated)

	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	CAGR/Average
Adjusted EPS											
Voltas	2.2	6.1	6.3	7.6	11.5	10.8	4.9	6.5	7.4	11.6	20%
Blue Star	5.4	7.9	19.4	20.0	23.5	17.9	-11.7	4.3	8.4	6.0	1%
Adjusted Book Value (Rs)											
Voltas	8.2	12.8	17.5	23.9	32.8	41.2	44.7	49.2	55.0	63.6	26%
Blue Star	18.8	23.4	29.1	40.8	54.7	56.8	44.0	44.6	51.2	50.7	12%
Dividend Pay Out Ratio(%)											
Voltas	26.9	16.4	21.5	21.0	17.4	18.5	32.7	24.5	24.9	19.4	22.3
Blue Star	44.1	37.9	36.2	34.9	34.0	39.1	-8.6	69.1	47.5	83.0	41.7
Pre Tax Margin(%)											
Voltas	4.7	9.3	9.4	8.5	11.1	10.0	4.2	5.0	6.4	9.9	7.9
Blue Star	6.0	5.9	11.0	9.4	10.9	7.7	-3.6	1.4	2.6	1.3	5.3
ROE (%)											
Voltas	30.0	58.0	41.5	37.2	41.0	28.7	11.4	13.3	14.3	19.7	29.5
Blue Star	31.2	37.4	73.6	57.4	49.3	31.0	-23.1	9.6	17.2	11.0	29.5
Asset Turnover(x)											
Voltas	1.8	1.8	1.7	1.6	1.5	1.4	1.3	1.3	1.1	1.1	1.5
Blue Star	2.2	2.2	2.2	1.9	1.5	1.1	1.1	1.2	1.1	1.2	1.6
Sales/Working Capital (x)											
Voltas	14.0	8.2	7.9	6.9	6.1	5.6	5.4	5.2	4.3	4.7	6.8
Blue Star	8.2	8.5	15.5	14.2	7.2	13.7	-	-49.6	-823.3	-51.8	-85.7
Net Sales Growth(%)											
Voltas	32.3	29.3	26.8	35.1	10.0	9.1	-0.1	6.7	-4.8	-1.6	
Blue Star	27.6	36.4	39.8	12.6	1.0	14.4	-5.4	3.7	0.4	8.4	
EBIT Growth(%)											
Voltas	48.5	146.2	25.3	21.6	40.9	-0.2	-53.7	24.7	16.0	48.1	
Blue Star	34.4	36.5	144.3	2.4	11.6	-11.8	-112.2	398.5	39.5	-30.1	
Total Debt/Equity(x)											
Voltas	0.3	0.3	0.1	0.2	0.0	0.1	0.2	0.2	0.1	0.1	0.2
Blue Star	0.4	0.4	0.1	0.1	0.1	0.9	1.0	1.1	1.0	0.9	0.6
Current Ratio(x)											
Voltas	1.2	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.3
Blue Star	1.4	1.3	1.2	1.2	1.3	1.1	1.0	1.0	1.0	1.0	1.1

Voltas has a more stable growth trajectory across good and bad times.

Bstar buckled under pressure during tough times. Voltas was "relatively" better off.

→ Voltas → More stable ROEs, and without debt

Working cap. issues caused high D/E for Bstar starting FY11, even as Voltas maintained a clean Balance sheet.

* Though things look better for BSTAR now, it has been a more volatile player in the past. Under pressure, Voltas has come out a stronger player, both in terms of Balance sheet and P&L.

[Disclosure –
I own Voltas.
So what? :-)]