

# [Revenue wada plant, solar panels were installed, power](https://assignbuster.com/revenue-wada-plant-solar-panels-were-installed-power/)

Revenue of Blue Starhas grown at a CAGR of 10.

8% from 2013 to 2017. Profit Growth: As shown in theintroduction, the profits of the company have increased from Rs. 39. 07 croresin FY 2012-13 to Rs. 123. 05 crores in FY 2016-17. The profitability as apercentage of revenues is shown below: Financial Year PAT Revenue Profitability 2012-13 39.

07 2960. 45 1. 32% 2013-14 77. 54 2952. 13 2.

63% 2014-15 54. 18 3190. 43 1.

70% 2015-16 108. 38 3786. 95 2. 86% 2016-17 123. 05 4459. 3 2.

76%  As seen from the abovetable, the profitability of Blue Star is extremely low. New Products & Markets: Blue Star’s high focusarea is International Business footprint expansion. During 2017-2016, it addedits presence in 5 countries: Kenya, Sudan, Vietnam, Iran and Tanzania.

Alongwith that, it expanded its product export business by participating in majortrade shows in UAE and Maldives. It introduced room ACs with the eco-friendlyrefrigerant R410A and anti-corrosive green fin technology for the Maldivesmarket. It expanded itsproduct portfolio to air purifiers, water purifiers and air coolers. Also, it acquired landin Jammu and Sri city for setting up manufacturing plants. During 2015-2016, the company forayed into professional kitchen equipments and healthcarerefrigeration. Energy Consumption: Blue Star believesthat judicious use and conservation of energy is crucial for economic growth aswell as social and economic development.

It is not a major cost driving elementbut initiatives were undertaken to optimize its usage. This includes completionof 2 six sigma green belt projects on energy conversation in each of the 2plants of Himachal Pradesh resulting in reduction of energy consumption by 13%in HP2 plant and 10% energy in HP1, installation of variable frequency driveson induction motors that reduced speed of circulation and exhaust fans, installation of LED lights replacing conventional lights, upgradation of screwelement of LP compressor. In Wada plant, Solarpanels were installed, power factor was maintained near unity, adoption of IoTto operate the machine from ground level reduced energy losses.

In Ahmedabad Plant, automatic power factor controller was installed, plant lighting apparatus wasreplaced from CFL to LED, electrical motors were replaced with hydraulic systemat the assembly line. In Dadra Plant, powerfactor was controlled to a level near unity and inverter variable refrigerantflow ACs were installed in offices to reduce electricity consumption. This resulted insavings in production costs by reduction in utility consumption. Water Conservation: In Himachal Plants(HP1 and HP2), sprinkler water supply system was installed, various methodswere adopted to save water such as reverse osmosis, de-mineralisation, sewagetreatment plant, etc. In Dadra Plant, toreduce consumption of water, helium leak test set-up was installed, low flowtype water tapes were installed in all washrooms, water-level sensors wereinstalled to switch off pump after attaining full-water level.

New Technology: R expendituresof company increased by 7% from 49. 81 crores to 53. 67 crores. The company iscontinuously driving efforts towards strengthening the R facilities toreduce Global Warming Potential (GWP) refrigerants by adoptiong alternatives toGWP refrigerants. New Range Productswere developed and introduced to meet the Energy Conservation Building Code(ECBC) norms. Manpower Cost: In 2012-13, thecompany introduced Employee Stock Option Scheme. The costs increased byapproximately 4. 2% and were marginally greater than the previous year as apercentage of sales even though the number of employees was reduced.

This wasdue to an increment in the salaries and a marginal decrease in revenues. Thenumber of employees further went down in 2013-14 by around 158 people and stillthe employee cost increased by 8. 6% and also as a percentage of sales. Thisincrease was mainly in the wages and salaries portion and miniscule changes inthe other benefits. In 2014-15 theemployee costs again increased by around 9-10% but as a percentage of salesthese costs remained constant, thus showing an increase in the efficiency oflabour. This was also contributed by a marginal decrease in the number ofemployees.

Stock options were also provided in this year at an exercise priceequivalent to the market price. In 2015-16, there was a drastic increase in themanpower cost by around 29. 5%. This was due to a steep increase in salaries andwages along with staff welfare expenditure by the company. In the final year alsothe cost of manpower increased by 20% including the cost of the wholly ownedsubsidiary. However as a percentage of sales, the costs remained stable, showing a sign of constant efficiency and prices.