

# Notice

## **BLUE STAR LIMITED**

Registered Office: Kasturi Buildings  
Mohan T Advani Chowk  
Jamshedji Tata Road  
Mumbai 400 020.

May 24, 2011

**NOTICE** is hereby given that the 63<sup>rd</sup> Annual General Meeting of the Members of the Company will be held at Jai Hind College Hall, 23-24, Sitaram Deora Marg ('A' Road), Churchgate, Mumbai 400 020, on Friday, July 29, 2011 at 2.30 pm to transact the following business:

### **A. ORDINARY BUSINESS**

1. To receive and adopt the Directors' Report, the audited Balance Sheet as at March 31, 2011, the Profit & Loss Account for the financial year ended as at the same date and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Vir S Advani who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Shailesh Haribhakti who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### **B. SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:  
"RESOLVED that pursuant to the provisions of Sections 269, 198, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby given to the appointment of Mr Ashok M Advani as Managing Director of the Company designated as Executive Chairman for a period of 5 years with effect from October 1, 2011 upon the remuneration and terms and conditions set out in the draft agreement placed before this meeting and initialed by the Company Secretary for the purpose of identification."
7. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:  
"RESOLVED that pursuant to the provisions of Sections 269, 198, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby given to the re-appointment of Mr Suneel M Advani as Managing Director of the Company designated as Vice Chairman & Managing Director for a period of 5 years with effect from October 1, 2011 upon the remuneration and terms and conditions set out in the draft agreement placed before this meeting and initialed by the Company Secretary for the purpose of identification."

### **NOTES:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item nos. 6 and 7 above is annexed hereto. Information as required under Clause 49 of the Listing Agreement, relating to the Directors proposed to be re-appointed, is also provided in the Annexure to this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, July 16, 2011 to Saturday, July 23, 2011 (both days inclusive).
4. The dividend if declared at the Annual General Meeting will be credited/dispatched on August 3, 2011, only to those Members whose names appear on the Company's Register of Members on July 23, 2011.
5. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government and accordingly, the Company will be transferring the unpaid and unclaimed amount pertaining to Dividend paid for the year 2003-04 to the Investor Education and Protection Fund of the Central Government in August 2011.

Members who have not encashed the dividend warrant(s) for Dividend 2004 or any subsequent dividend payment(s) so far, are requested to make their claims to the Company immediately. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date of payment and no payment shall be made in respect of such claims.

6. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, ECS mandate, nomination, power of attorney, change of address, change in name, etc., to their Depository Participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to the members. Members holding shares in physical form are requested to intimate the changes to the Share Transfer Agents of the Company.
7. Members are advised to avail of the facility for receipt of dividends through Electronic Clearing Service (ECS). Reserve Bank of India has launched a new facility for receipt of dividends through NECS, a centralized ECS operation to provide wider network, which requires updating of new bank account details with the Depository Participant (DP). You are, therefore, advised to update your bank details with your DP (in case of those who are holding shares in dematerialized mode) or the Company (in case of those who are holding the shares in physical mode) at an early date in order to avail of the facility in future.
8. Members wishing to avail of service/dispatch of various notices, communications and documents including Annual Reports by the Company in electronic mode are requested to write to the Company accordingly and register their email IDs with the Company by intimating the same to the Registrar & Share Transfer Agents of the Company.

By Order of the Board of Directors

**Sangameshwar Iyer**  
Company Secretary

# Annexure to Notice

## 1. EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to Special Business mentioned in the accompanying Notice dated May 24, 2011.

### ITEM NOS. 6 & 7

Mr Ashok M Advani and Mr Suneel M Advani were re-appointed as Managing Directors for a period of 3 years with effect from October 1, 2008, upon the salary, commission, perquisites and other benefits as per Schedule XIII of the Companies Act, 1956. Their term expires on September 30, 2011.

Mr Ashok M Advani (69 years) is an MBA from Harvard Graduate School of Business Administration, an Electrical Engineer from the Massachusetts Institute of Technology, USA and a B.Sc (Honours) from Mumbai University. He joined the Company in 1969 and held various senior positions in Manufacturing and Finance in the Company before joining the Board in 1979 as Executive Director. He was appointed President & Vice Chairman in 1981 and took over as Chairman & Chief Executive in 1984. He was re-designated as Chairman and Managing Director in 2005. Thereafter, he was re-designated as Executive Chairman from July 01, 2009. It is now proposed to appoint him as Managing Director with his designation being Executive Chairman.

Details of his other Directorship/Membership of Committees are given below:

Name of the Company	Directorship	Committee Membership
Blue Star Infotech Limited		Shareholders' Grievance Committee
Alfa Laval (India) Limited		Audit Committee

Mr Ashok M Advani holds 7048116 equity shares in the Company.

Mr Suneel M Advani (67 years) is a double graduate in Electrical Engineering and Economics from the Massachusetts Institute of Technology, USA. He also holds a law degree from Mumbai University. He joined the Company in 1969 as a Management Trainee and moved steadily, holding senior positions before joining the Board in 1983 as Executive Director. He was elevated to the position of President & Vice Chairman in 1984. He was re-designated as Vice Chairman and Managing Director in 2005.

Details of his other Directorship/Membership of Committees are given below:

Name of the Company	Directorship	Committee Membership
Blue Star Infotech Limited		Shareholders' Grievance Committee
Blue Star Infotech America Limited		
Blue Star Infotech UK Limited		
Blue Star Design & Engineering Limited		
Blue Star Electro-Mechanical Limited		
J.T. Advani Finance Pvt Ltd		

Mr Suneel M Advani holds 5322598 equity shares in the Company.

Considering their long experience and the contribution made to the growth of the Company, the Board of Directors proposes to re-appoint Mr Ashok M Advani and Mr Suneel M Advani for a period of 5 years with effect from October 1, 2011, upon the remuneration, terms and conditions as set out in the draft agreements placed before this Meeting and initialed by the Company Secretary for the purpose of identification.

The abstract of the terms and conditions contained in the draft agreements is as follows:

**A. SALARY:**

1. Mr Ashok M Advani : Rs. 5,65,000/- per month.
2. Mr Suneel M Advani : Rs. 5,65,000/- per month.

with annual increments at such rate as may be approved by the Board of Directors of the Company subject to the ceiling of 25% of their basic salary.

**B. COMMISSION:**

Not exceeding two percent of the net profits of the Company payable to each as computed under the Companies Act, 1956, provided that the total remuneration shall not exceed the individual and overall ceilings prescribed under Section 198 and 309 of the Companies Act, 1956, for the time being or from time to time in force.

**C. PERQUISITES:**

- i) In addition to the salary and commission, Mr Ashok M Advani and Mr Suneel M Advani will also be entitled to perquisites and allowances including furnished accommodation or house rent in lieu thereof; gas, electricity, water and furnishings; medical reimbursement and leave travel concessions for self and family; club fees and personal accident insurance or such other perquisites and/or cash compensation in accordance with the Rules applicable to other senior executives of the Company, subject to the condition that the total perquisites, including the cash compensation, will be restricted to an amount equivalent to twice their respective annual salaries.

For the purpose of calculating the above, perquisites shall be evaluated as per Income Tax Rules wherever applicable.

- ii) Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these are, either singly or put together, not taxable under the Income Tax Act; Gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of perquisites.
- iii) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

In the event of loss or inadequacy of profits in any financial year, the Managing Directors shall be paid remuneration by way of salary and perquisites in accordance with the limits laid down in Schedule XIII of the Companies Act, 1956, or any statutory modifications therein or enactment thereof, as may be agreed to by the Board of Directors and Mr Ashok M Advani and Mr Suneel M Advani, the Managing Directors.

**D. LEAVE:**

In accordance with the rules of the Company as applicable to other senior executives of the Company.

**E. OTHERS:**

Reimbursement of actual entertainment expenses, actual travelling and hotel expenses for the Company's business and/or allowances as per the Company's Rules.

**F. NATURE OF DUTIES:**

They shall devote their whole time and attention to the business of the Company, perform their duties truly and faithfully and comply with the directives given to them from time to time by the Board, and further not to disclose to any person, firm or company any confidential information.

**G. OTHER CONDITIONS:**

They shall not during their tenure as Executive Chairman and Vice Chairman & Managing Director respectively, become interested or otherwise concerned directly or through their wives and/or minor children, if any, in any selling agency of the Company without the prior approval, if any, as may be required under the Companies Act, 1956.

**H. TERMINATION:**

(a) The Board is entitled to terminate the Agreement forthwith by notice in writing on his vacation of office of Director by virtue of Sections 283, 284 and other applicable provisions of the Companies Act, 1956.

(b) 6 months' notice in writing by either party.

**I. ARBITRATION:**

Disputes to be settled by arbitration.

Copies of the Agreements will be available for inspection by the members at the Registered Office of the Company on any working day from Monday to Friday and will be available at the Meeting.

None of the Directors of the Company, except Mr Ashok M Advani, Mr Suneel M Advani and Mr Vir S Advani, is concerned or interested in this resolution.

This Explanatory Statement together with the accompanying Notice may also be regarded as an abstract and memorandum under Section 302 of the Companies Act, 1956.

**2. INFORMATION AS REQUIRED BY CLAUSE 49 OF THE LISTING AGREEMENT**

As required by Clause 49 of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be re-appointed is provided hereunder:

**ITEM NO. 3 - MR VIR S ADVANI**

Mr Vir S Advani (35 years) holds a BS degree in Systems Engineering and BA degree in Economics from the University of Pennsylvania. He has also completed a comprehensive Executive Management Program 'The Program for Leadership Development' at Harvard Business School. Mr Advani joined Blue Star as Vice President - Corporate Affairs effective September 01, 2007. He was promoted to Executive Vice President from July 01, 2008 and as President - Corporate Affairs & Special Projects with effect from July 01, 2009 and was appointed as Executive Director with effect from July 1, 2010. He has varied experience, leadership qualities and excellent management capabilities.

Details of his other Directorship/Membership of Committees are given below:

Name of the Company	Directorship	Committee Membership
Blue Star Design & Engineering Limited		
Blue Star Electro-Mechanical Limited		
V. Advani Finance Private Limited		

Mr Vir S Advani holds 50000 equity shares of the Company.

**ITEM NO. 4 - MR SHAILESH HARIBHAKTI**

Mr Shailesh Haribhakti (55 years) is a Fellow member of the Institute of Chartered Accountants of India. He is also a Graduate Cost Accountant, Certified Internal Auditor, Certified Fraud Examiner and Certified Financial Planner. He joined M/s Haribhakti & Company, Chartered Accountants as Deputy Managing Partner in 1978 and is currently its Managing Partner.

Mr Haribhakti joined the Board of Blue Star in 2005. In addition to Blue Star, he is also on the Boards of several leading companies such as Ambuja Cement, ACC and Pantaloon, amongst others. He has been associated with several institutions and trade Associations such as Indian Merchants Chambers, Institute of Internal Auditors, Bombay Management Association, ASSOCHAM, Western India Regional Council of ICA and NMIMS. In addition, he is empanelled as an Arbitrator by the Indian Council of Arbitration.

Details of his other Directorship/Membership of Committees are given below:

Name of the Company	Directorship	Committee Membership
Pantaloon Retail (India) Ltd		Audit Committee
Hexaware Technologies Ltd		Audit Committee
Ambuja Cements Ltd		Audit Committee
Raymond Ltd		Audit Committee
ACC Ltd		Audit Committee
L & T Finance Holdings Ltd		Audit Committee
Dhanlaxmi Bank Ltd		Audit Committee
Mahindra Lifespace Developers Ltd		Audit Committee
Torrent Pharmaceuticals Ltd		Audit Committee
Future Capital Holdings Ltd		
J.K Paper Ltd		
Everest Kanto Gunder Ltd		
Future Value Retail Ltd		
Fortune Finance Services (India) Ltd		
Hercules Hoists Ltd		
BDO Consulting Pvt. Ltd.		
Advantage Mat India Pvt. Ltd.		
Quadrant Solutions Pvt. Ltd.		
J.M Financial Asset Reconstruction Co. Pvt. Ltd.		
Milestone Ecofirst Advisory Services (India) Pvt. Ltd.		
Planet People & Profit consulting Pvt. Ltd.		
Haribhakti SME Transformation & Support Solutions Pvt. Ltd.		

Mr Haribhakti holds 2600 equity shares in the Company in his individual capacity and 2500 shares in his capacity as Karta of S V Haribhakti, HUF.

**BLUE STAR LIMITED**

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Mohan T Advani Chowk  
Jamshedji Tata Road  
Mumbai 400 020  
May 24, 2011

By Order of the Board of Directors

**Sangameshwar Iyer**  
Company Secretary

**FOR THE ATTENTION OF SHAREHOLDERS**

- Shareholders are requested to forward their queries on Accounts for the financial year ended March 31, 2011 to the Registered Office of the Company at least 10 days in advance to enable us to keep the information ready at the Meeting.
- The Annual Reports and Attendance Slips will not be distributed at the Annual General Meeting. Shareholders attending the Meeting are requested to bring the same along with them.