

# Notice

## BLUE STAR LIMITED

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

May 12, 2008

**NOTICE** is hereby given that the 60<sup>th</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 Monday, July 28, 2008 at 3.30 p.m. to transact the following business:

### A. ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, the audited Balance Sheet as at March 31, 2008, 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 Gurdeep Singh who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Shailesh Haribhakti who retires by rotation and, being eligible, offers himself for reappointment.
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 198, 269, 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 reappointment of Mr Ashok M Advani as Managing Director of the Company for a period of 3 years with effect from October 1, 2008 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 198, 269, 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 reappointment of Mr Suneel M Advani as Managing Director of the Company for a period of 3 years with effect from October 1, 2008 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."
8. 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 Section 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of the resolutions approving the terms and conditions of appointment of Deputy Managing Directors, the approval of the Company be and is hereby given for payment of commission to the Deputy Managing Directors viz Mr T Gouri Sankara Babu and Mr Satish Jamdar, with effect from the financial year ending March 31, 2009 at the rate not exceeding one percent of the net profits of the Company as computed under Section 349 of the Companies Act, 1956, as the Board of Directors may determine from time to time, 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"

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item nos. 6 to 8 above is annexed hereto. Information as required under Clause 49(VIA) of the Listing Agreement, relating to the Directors proposed to be reappointed, 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 Wednesday, July 16, 2008 to Wednesday, July 23, 2008 (both days inclusive).
4. The dividend declared at the Annual General Meeting will be paid on or after July 31, 2008, only to those Members whose names appear on the Company's Register of Members on July 23, 2008.
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 2000-01 to the Investor Education and Protection Fund of the Central Government in September, 2008.  

Members who have not encashed the dividend warrant(s) for Dividend 2001 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 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 future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations. Members holding shares in dematerialized mode are requested to contact their respective Depository Participants (DPs) for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company or its Registrars for details.

By Order of the Board of Directors

**K P T KUTTY**  
*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 12, 2008.

### ITEM NOS. 6 & 7

Mr Ashok M Advani and Mr Suneel M Advani were reappointed as Wholtime Directors for a period of 5 years with effect from October 1, 2003, upon the salary, commission, perquisites and other benefits as per Schedule XIII of the Companies Act, 1956. Their term expires on September 30, 2008.

Mr Ashok M Advani (66 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 redesignated as Chairman and Managing Director in 2005.

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

Company's Name	Nature of Interest	Committee Membership
Blue Star Infotech Limited	Vice Chairman	Shareholders' Grievance Committee
Alfa Laval (India) Limited	Director	Audit Committee
ADMO Holdings Pvt. Ltd.	Director	
Sunag Investments Pvt. Ltd.	Director	
Sunashad Investments Pvt. Ltd.	Director	
Mohan T Advani Finance Pvt. Ltd.	Director	
J T Advani Finance Pvt. Ltd.	Director	
Ashok Sunil & Co. Pvt. Ltd.	Director	

Mr Ashok M Advani holds 69,81,860 equity shares in the Company.

Mr Suneel M Advani (64 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 redesignated as Vice Chairman and Managing Director in 2005.

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

Company's Name	Nature of Interest	Committee Membership
Blue Star Infotech Limited	Chairman & M D	Shareholders' Grievance Committee
Blue Star Infotech America Limited	Chairman	
Blue Star Infotech (UK) Limited	Chairman	
Blue Star Design & Engineering Limited	Chairman	
Blue Star M & E Engineering (Sdn) Bhd	Director	
ADMO Holdings Pvt. Ltd.	Director	
Sunag Investments Pvt. Ltd.	Director	
Sunashad Investments Pvt. Ltd.	Director	
Mohan T Advani Finance Pvt. Ltd.	Director	
J T Advani Finance Pvt. Ltd.	Director	
Ashok Sunil & Co. Pvt. Ltd.	Director	

Mr Suneel M Advani holds 52,10,275 equity shares in the Company.

Considering their long experience and the contribution made to the growth of the Company, the Board of Directors propose to reappoint Mr Ashok M Advani and Mr Suneel M Advani for a period of 3 years with effect from October 1, 2008, 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. 5,00,000/- per month
2. Mr Suneel M Advani Rs. 5,00,000/- 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

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 each be also 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 salary.

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 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 traveling 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 Managing Directors, 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.

**E. ARBITRATION**

Disputes to be settled by arbitration.

The draft of the said 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 and Mr Suneel M 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.

**ITEM NO. 8**

The Shareholders had approved the remuneration of Mr T Gouri Sankara Babu and Mr Satish Jamdar at the Annual General Meeting held on August 3, 2007. The remuneration interalia included commission at half percent of the net profits of the Company as computed under Section 349 of the Companies Act, 1956, payable to each 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.

The Board of Directors at its meeting held on May 12, 2008 approved, subject to the approval of Shareholders, payment of commission not exceeding one percent of the net profit of the Company to each as may be determined by the Board of Directors from time to time. The above change is effective from the financial year 2008-09.

Section 310 read with Schedule XIII of the Companies Act 1956 requires the approval of Shareholders for any amendment, which has the effect of directly or indirectly increasing the remuneration of Managing/Wholetime Directors. All other terms and conditions approved at the Annual General Meetings mentioned above remain unchanged.

None of the Directors of the Company, except Mr T Gouri Sankara Babu and Mr Satish Jamdar is concerned or interested in this resolution.

This Explanatory Statement may be treated as an abstract of the variation of terms and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

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

As required by Clause 49 (VIA) of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be reappointed is provided hereunder:

**ITEM NO. 3 - MR GURDEEP SINGH**

Mr Gurdeep Singh (63 years) graduated in Chemical Engineering from IIT, Delhi in 1966 and joined Hindustan Lever Ltd as a Management Trainee. He held various responsible positions in the Company and its parent company, Unilever. He held the position of Technical Director of Unilever Detergents Business in Brazil during 1993 to 1998 and Director – Human Resource, Corporate Affairs and Technology of Hindustan Lever from 1998 to 2004. After retirement from the Board, he continued as the Senior Vice President – Corporate Affairs till April 2006. His technical expertise and varied experience will continue to benefit the Company immensely.

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

<b>Name of the Company</b>	<b>Directorship</b>	<b>Committee Membership</b>
Phoenix Lamps Limited	Director	Audit Committee
Perfect Circle India Limited	Director	Audit Committee and Investor Grievance Committee
Tecnova India Private Limited	Director	-
Klockner Pentaplast India Pvt. Ltd.	Director	-

Mr Gurdeep Singh does not hold any equity shares in the Company.

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

Mr Shailesh Haribhakti (52 years) is a Fellow member of the Institute of Chartered Accountants of India. Besides, he is a Graduate Cost Accountant, Certified Internal Auditor, Certified Fraud Examiner and Certified Financial Planner. He joined M/s. Haribhakti & Co, Chartered Accountants, Mumbai as Deputy Managing Partner in 1978 and at present he is the Managing Partner of the said Firm. He has held various responsible positions in several institutions and trade associations such as Indian Merchants' Chamber, Institute of Internal Auditors, Bombay Management Association, ASSOCHAM, Western India Regional Council of ICA and NMIMS. He is empanelled as an Arbitrator by the Indian Council of Arbitration. He is also associated with social organizations like Rotary Club of Mumbai, St. John's Ambulance Association, and Indian Red Cross Society.

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

<b>Name of the Company</b>	<b>Directorship</b>	<b>Committee Membership</b>
Pantaloon Retail (India) Ltd.	Director	Audit Committee
Everest Kanto Cylinder Ltd.	Director	
Future Capital Holdings Ltd.	Director	Audit Committee
Mahindra Lifespace Developers Ltd.	Director	Audit Committee
LIC Pension Fund Ltd.	Director	
Kotak Mahindra Private Equity Trustee Ltd.	Director	
Fortune Finance Services (I) Ltd.	Director	
Hexaware Technologies Ltd.	Director	Audit Committee
Hercules Hoists Ltd.	Director	
Akruti City Ltd.	Director	Audit Committee
Great Offshore Ltd.	Director	Audit Committee
ACC Limited	Director	Audit Committee
Ambuja Cements Ltd.	Director	Audit Committee
Advantage Moti India Pvt. Ltd	Director	
E-Biz Chem Private Ltd.	Director	
First Policy Insurance Advisors Pvt. Ltd.	Director	
Neue Alliance Pvt. Ltd.	Director	
Overseas Infrastructure Alliance (I) Pvt. Ltd.	Director	
Lotus Asset Management Co. Pvt. Ltd.	Director	
Haribhakti MRI Corporate Services Pvt. Ltd.	Director	
Quadrum Solutions Pvt. Ltd.	Director	
Peak Financial Advisors Pvt. Ltd.	Director	
JM Financial Asset Reconstruction Pvt. Ltd.	Director	

Mr Shailesh Haribhakti does not hold any equity shares in the Company.

**BLUE STAR LIMITED**

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

May 12, 2008

By Order of the Board of Directors

**K P T KUTTY**  
Company Secretary

**FOR THE ATTENTION OF SHAREHOLDERS**

- Shareholders are requested to forward their queries on Accounts for the financial year ended March 31, 2008 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.