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Report on recommendations of the Audit Committee on the Draft Composite Scheme of Amalgamation ('Scheme') of Blue Star Infotech Limited ("Transferor Company No 1" or "BSIL") and Blue Star Infotech Business Intelligence & Analytics Private Limited ("Transferor Company No 2" or "BSIBIA") with Blue Star Limited ("Transferee Company" or "BSL" or "the Company")

The Company has placed before the Audit Committee, the Draft Composite Scheme of Amalgamation between Blue Star Infotech Limited ("Transferor Company No 1" or "BSIL") and Blue Star Infotech Business Intelligence & Analytics Private Limited ("Transferor Company No 2" or "BSIBIA") together with BSIL referred as "Transferor Companies") and Blue Star Limited ("Transferee Company" or "BSL" or "the Company") and their respective shareholders and creditors, for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/05/2013 dated February 4, 2013 read with Para 7 of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 ("Circulars").

In view to comply with the said Circulars, members of the Audit Committee discussed and recommend the Draft Scheme after considering the following documents:

- Composite Scheme of Amalgamation between BSIL and BSIBIA with BSL;
- Valuation Report dated September 29, 2015, jointly issued by M/s. BSR & Associate LLP and SSPA & Co, Chartered Accountants recommending the Share Entitlement Ratio for the Amalgamation of BSIL and BSIBIA with BSL.
- Fairness Opinion dated September 29, 2015, issued by Axis Capital Limited, on the Share Entitlement Ratio.

Below are the Recommendations of the Audit Committee on the Draft Composite Scheme of Arrangement:

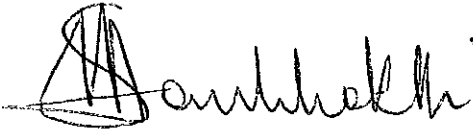
1	Date	September 29, 2015
2	Name of the Transferor Company No 1	Blue Star Infotech Limited ('BSIL')
3	Name of the Transferor Company No 2	Blue Star Infotech Business Intelligence & Analytics Private Limited ("BSIBIA")
4	Name of the Transferee Company	Blue Star Limited ('BSL')

5	Salient Features of the Scheme	<p>BSIL ('Transferor Company No 1') and BSIBIA ('Transferor Company No 2') will be merged with BSL ('Transferee Company'). The Appointed date for the Scheme shall be 1st day of April, 2015. In consideration of the transfer of and vesting of the assets and said liabilities of the Transferor Companies in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application or deed, issue and allot:</p> <p>7 (Seven) fully paid up equity share of Rs.2/- (Rupees Two only) each of the Transferee Company for every 10 (Ten) fully paid-up equity shares of Rs. 10/-(Rupees Ten Only) each, held by the shareholders in Transferor Company No 1. ("Share Entitlement Ratio")</p> <p>Since, Transferor Company No 2 is a wholly owned subsidiary of Transferor Company No 1, no shares of Transferee Company will be issued upon merger of Transferor Company No 2 with BSL.</p>
6	Name of the Statutory Auditor	M/s. S R B C & Co LLP, Chartered Accountants.
7	Details of Audit Committee	<p>The composition of the Audit Committee, is as follows:</p> <ul style="list-style-type: none"> (i) Mr. Shailesh V Haribhakti (ii) Mr. Mahendra K Sharma (iii) Mr. Pradeep Mallick (iv) Mr. Vir S Advani <p>Company Secretary of the Company acts as Secretary to the Committee.</p>
8	Recommendation on the Draft Composite Scheme of Amalgamation taking into consideration the Valuation Report	Based on review of the Draft Composite Scheme of Amalgamation between the Transferor Company No 1 and Transferor Company No 2 and the Transferee Company, Share Entitlement Ratio Report dated September 29, 2015, jointly issued by M/s. BSR & Associate LLP and SSPA & Co, Chartered Accountants and the Fairness Opinion dated September 29, 2015 issued by Axis Capital Limited, a Category-I Merchant Banker, the Audit Committee believes that the Scheme of Amalgamation and Share Entitlement Ratio is fair and reasonable.
9	Summary of reasons for recommendations	<p>The Audit Committee has taken into consideration the Share Entitlement Ratio Report dated September 29, 2015 jointly issued by M/s. BSR & Associate LLP and SSPA & Co, Chartered Accountants recommending the Share Entitlement Ratio for the Amalgamation and the Fairness Opinion dated September 29, 2015, issued by Axis Capital Limited on the Share Entitlement Ratio.</p> <p>In light of the above, the Share Entitlement Ratio as mentioned in Draft Scheme of Amalgamation is fair and reasonable.</p>

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To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise.

For and on behalf of Audit Committee of Blue Star Limited



Shailesh Haribhakti
CHAIRMAN OF THE AUDIT COMMITTEE

Date: September 29, 2015

Place: Mumbai

