

NOTICE

BLUE STAR LIMITED

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

May 12, 2006

NOTICE is hereby given that the 58th Annual General Meeting of the Members of the Company will be held at Jai Hind College Hall, 23-24, Backbay Reclamation, Sitaram Deora Marg ('A' Road), Churchgate, Mumbai 400 020, on Friday, August 4, 2006 at 3.00 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, 2006, 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 Satish Jamdar who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Pradeep Mallick 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 Mr Shailesh Haribhakti be and is hereby appointed as a Director of the Company"

7. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:

"RESOLVED that each of the 1,79,87,221 equity shares of the face value of Rs.10/- each in the capital of the Company presently issued, subscribed and fully paid up be sub-divided into 5 equity shares of the face value of Rs.2/- each credited fully as paid up and the equity shares resulting from the sub-division as aforesaid be suitably renumbered accordingly.

FURTHER RESOLVED that each of the un-issued 1,17,52,779 equity shares of the face value of Rs.10/- each be also sub-divided into 5 equity shares of the face value of Rs.2/- each.

FURTHER RESOLVED that the sub-division shall be effective from such date as may be fixed by the Board of Directors as practicable in consultation with the Stock Exchanges.

AND FURTHER RESOLVED that for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper including cancellation or rectification of the existing share certificates in lieu of old certificates and to settle any question or difficulty that may arise in regard to the sub-division of shares as aforesaid".

8. To consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following:

"RESOLVED that in Clause V of the Memorandum of Association of the Company, the words and figures beginning with 'The Authorised Capital of the Company' and ending with 'Rs.10/- each' be substituted as follows:

'The Authorised Capital of the Company is Rs.30,00,00,000 (Rupees Thirty Crores Only) divided into (a) 14,87,00,000 Equity Shares of Rs.2/- each'."

9. To consider and, if thought fit, to pass with or without modification, as a Special Resolution, the following:

"RESOLVED that in Article 4(1) of the Articles of Association of the Company, the words and figures beginning with 'The Authorised Capital of the Company' and ending with 'Rs.10/- each' be substituted as follows:

'The Authorised Capital of the Company is Rs.30,00,00,000 (Rupees Thirty Crores Only) divided into (a) 14,87,00,000 Equity Shares of Rs.2/- each'."

NOTES:

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item nos. 6 to 9 above are 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 19, 2006 to Wednesday, July 26, 2006 (both days inclusive).
4. The dividend declared at the Annual General Meeting will be paid on or after August 8, 2006, only to those Members whose names appear on the Company's Register of Members on July 26, 2006.
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 1998-99 to the Investor Education and Protection Fund of the Central Government in October, 2006.

Members who have not encashed the dividend warrant(s) so far for Dividend 1999 or any subsequent dividend payment(s) 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, 2006.

ITEM NO. 6

The Board of Directors of the Company at its meeting held on October 31, 2005, appointed Mr Shailesh Haribhakti as a Director of the Company to fill in the casual vacancy, pursuant to Section 262 of the Companies Act, 1956. As per the provisions of the said Section, Mr Shailesh Haribhakti holds office as a Director up to the date of the forthcoming Annual General Meeting.

The Company has received Notice under Section 257 of the Companies Act, 1956, from a member proposing the appointment of Mr Shailesh Haribhakti as a Director of the Company.

Mr Shailesh Haribhakti (50 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:

Name of the Company	Directorship	Committee Membership
Pantaloon Retail (India) Ltd.	Director	Audit Committee
Gujarat Ambuja Cements Ltd.	Director	Audit Committee
Everest Kanto Cylinder Ltd.	Director	Audit Committee
Morarjee Textiles Ltd.	Director	Audit Committee
Indian Petrochemical Corpn. Ltd.	Director	Audit Committee
Bihar Caustics & Chemicals Ltd.	Director	Audit Committee
Mahindra Gesco Developers Ltd.	Director	Audit Committee
Jindal South West Holdings Ltd	Director	Audit Committee
Associated Cement Co. Ltd.	Director	Audit Committee
JBF Industries Ltd.	Director	
Kotak Mahindra Private Equity Trustee Ltd.	Director	
Fortune Finance Services (I) Ltd.	Director	
BOBCARDS Ltd.	Director	
Hercules Hoists Ltd.	Director	
Moores Rowland Consulting Private Ltd.	Director	
Haribhakti MRI Corporate Services Private Ltd	Director	
E-Biz Chem Private Ltd.	Director	

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

None of the Directors of the Company except Mr Shailesh Haribhakti, is concerned or interested in passing the above resolution.

ITEM NOS. 7, 8 & 9

The present Authorised Equity Share Capital of the Company is Rs.29,74,00,000/- divided into 2,97,40,000 equity shares of Rs.10/- each. The present issued, subscribed and paid-up Equity Share Capital of the Company is Rs.17,98,72,210 divided into 1,79,87,221 equity shares of Rs.10/- each.

The market price of the Company's shares have been steadily increasing resulting in the shares becoming more expensive and less affordable to small investors. In order to make the shares more affordable and attractive and also to increase the liquidity of the shares, it is proposed to reorganize the capital structure by subdividing each of the 1,79,87,221 equity shares of the face value of Rs.10/- each in the capital of the Company presently issued and subscribed, into 5 equity shares of the face value of Rs.2/- each credited as fully paid-up. It is also proposed to subdivide each of the un-issued 1,17,52,779 equity shares of the face value of Rs.10/- each into 5 shares of the face value of Rs.2/- each.

Article 9 (iii) (b) of the Articles of Association of the Company authorizes the shareholders to sub-divide its existing shares into shares of smaller amount by means of an ordinary resolution. Item no. 7 of the Notice is for sub division of shares as aforesaid.

The resolutions at item nos. 8 and 9 of the Notice are for alterations of Clause V of the Memorandum of Association and Article 4 of the Articles of Association respectively, in order to effect the consequential changes required due to the sub division of equity shares.

The Directors of the Company shall be deemed to be concerned or interested in the resolutions to the extent of the shares, if any, held by them respectively.

A copy of the present Memorandum and Articles of Association of the Company will be available for inspection by the shareholders at the Registered office of the Company, between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

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 appointed/reappointed is provided hereunder:

1. MR SATISH JAMDAR

Satish Jamdar (54 years) is a Mechanical Engineer from IIT, Mumbai and also qualified in Systems Management from NIIT and Management Studies from UK and USA. His career spans over 30 years in various companies like Siemens, BPL and Alstom and he has varied experience in manufacturing, materials management and IT projects. He joined Blue Star in 1996 as Vice President, Dadra Plant. He was instrumental in setting up and managing our most modern plant in Dadra. He was promoted to Executive Vice President on July 1, 2000. He joined the Board as Executive Director in November 2003.

His varied experience, leadership qualities, and excellent managerial capability will contribute substantially to the growth of the Company.

Mr Satish Jamdar holds 14100 equity shares of the Company.

He is not a Director or Committee Member of any other Company.

2. MR PRADEEP MALLICK

Mr Pradeep Mallick (63 years) is a B. Tech from IIT Madras, a Diploma holder in Business Management (UK) and Fellow of the Institution of Electrical Engineers, London. He has worked with several leading companies including Crompton Greaves, Tata Exports, and Genelec. He was the Managing Director of Wartsila India Limited from 1988 to 2003. He has held responsible positions in several trade associations such as Bombay Chamber of Commerce and Industry, Confederation of Indian Industry, etc. and social organizations like Population First.

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

Name of the Company	Directorship	Committee Membership
Accor Radhakrishna Corporate Services Pvt. Ltd.	Chairman	
AVAYA Global Connect Ltd.	Director	Audit Committee, Remuneration Committee, Shareholders' Grievance Committee
Beck India Limited	Director	Audit Committee
Maersk India Pvt. Ltd.	Director	
SBI Funds Management Pvt. Ltd.	Director	
Bry Air (Asia) Pvt. Ltd	Director	
Disa India Ltd.	Director	Audit Committee, Remuneration Committee
ESAB India Ltd.	Director	Audit Committee, Shareholders' Grievance Committee
Pragati Leadership Institute Pvt. Ltd.	Director	
Tube Investments of India Ltd.	Director	Audit Committee

Mr Pradeep Mallick does not hold any equity shares of the Company.

Details as required under Clause 49 (VIA) of the Listing Agreement in respect of Item No. 6 of the Notice are given in the Explanatory Statement herein above.

BLUE STAR LIMITED

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

By Order of the Board of Directors

K P T KUTTY
Company Secretary

May 12, 2006

For the attention of Shareholders

Annexure to Notice

1. Shareholders are requested to forward their queries on the Accounts for the financial year ended March 31, 2006 to the Registered Office of the Company at least 10 days in advance to enable us to keep the information ready at the Meeting.
2. 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.