

MINUTES

THE SIXTY-FIFTH ANNUAL GENERAL MEETING of the Shareholders of Blue Star Limited was held at Jai-Hind College Hall, 23-24, Sitaram Deora Marg, 'A' Road, Churchgate, Mumbai 400 020 on Monday, July 22, 2013 at 2.30 p.m.

PRESENT:

Mr. Ashok M. Advani	-	Chairman
Mr. Suneel M. Advani)	
Mr. Satish Jamdar)	
Mr. Vir S. Advani)	
Mr. B. Thiagarajan)	
Mr. Suresh Talwar)	Directors
Mr. Pradeep Mallick)	
Mr. Gurdeep Singh)	
Mr. Shailesh Haribhakti)	
Mr. M.K. Sharma)	
Mr. Sangameshwar Iyer	-	Company Secretary

157 Members, whose names were mentioned in the relevant attendance slips, were present in person.

16 proxies representing 88,14,484 Equity Shares were received and placed before the house.

CHAIRMAN.

Mr. Ashok M. Advani, Chairman of the Board, presided over the Meeting. He declared that a quorum was present and called the Meeting to order.

The Chairman introduced the other members of the Board of Directors to the Shareholders.

NOTICE TAKEN AS READ.

With the consent of the Members present, the Chairman took the Notice convening the Meeting as read.

AUDITORS' REPORT.

At the request of the Chairman, Mr. Sangameshwar Iyer, Company Secretary read out the Auditors' Report for the financial year ended March 31, 2013.

CHAIRMAN'S SPEECH.

Ladies & Gentlemen,

Welcome to the 65th Annual General Meeting of your Company.



CHAIRMAN'S INITIALS

Corporate Performance

The year 2012-13 was an important year for Blue Star for a number of reasons. After a big loss in 2011-12, it was necessary to quickly re-establish our credibility and reputation as one of India's leaders in the airconditioning and refrigeration industry. This was achieved and the Company delivered a profit in spite of the difficult business environment.

Your Board of Directors also recommended a dividend of Rs 3.00 per equity share, including a special dividend of Re 1.00 to commemorate the birth centenary of our Founder Chairman, Mr. Mohan T. Advani, and the impending 70th anniversary of the founding of Blue Star. So it is certainly a time for all stakeholders of Blue Star to be proud and celebrate the happy occasion.

The Board also met this morning to review and approve the unaudited results for Q1 of 2013-14. Total Income grew by 5% to Rs 770.82 crores, while Net Profit for the quarter climbed by 11% to Rs 22.77 crores. These results were in line with our expectations of steadily improving results.

The Future of Indian Manufacturing

In 1991, India was hit by a foreign exchange crisis which required a bailout by the IMF. They were willing to provide emergency assistance, but insisted that the Indian Government undertake a process of economic reforms and a devaluation of the rupee. Though initially, this caused economic pain, it soon led to a welcome revival of the economy. Industrial growth began to pick up, but then, it slumped again in the late '90s partly due to the incomplete reform process.

An exception to the slowdown was the services sector. Information Technology (I/T) Services which were relatively free of stifling controls started growing rapidly. So while I/T Services boomed, Indian industry remained apprehensive about the future. There was concern that cheap foreign products imported at lower rates of customs duty would grab a bigger share of the Indian market and threaten the survival of uncompetitive local manufacturers.

As we all know, that bleak scenario did not materialise. Indian manufacturers rose to the challenge and demonstrated discipline and competence in putting their house in order. They invested in new technology and modernised their plants while focusing on cost reduction, productivity improvement and quality assurance. They also used their entrepreneurial skills and the uniquely Indian 'Jugaad' technique which adopts flexible and affordable innovations to get around impediments. In short, they became stronger competitors. Some sectors such as automotive components even succeeded in becoming global players. Thus, Indian manufacturing and exports grew at an impressive rate for the first decade of this century. All this occurred despite poor infrastructure and restrictive economic, legal and labour policies.



CHAIRMAN'S INITIALS

The decade of rapid economic growth in India unfortunately led to complacency and unrealistic expectations that India was destined for greatness in this century. In recent years, the Government has indulged in excessive spending on subsidies and fiscal mismanagement which have had disastrous economic consequences for the country. Today, we have slow economic growth, chronically high inflation and a weak rupee. The industrial sector, and exports in particular, have been seriously impacted. Investors, both foreign and Indian, seem to have lost confidence in India and put their investment plans on hold until they see a more encouraging outlook.

There is general recognition that widespread corruption and economic mismanagement need to be tackled urgently, but there is no consensus on the remedy. It has become clear that half-hearted tinkering with these deep-rooted issues is not enough. I would like to suggest that perhaps, the answer lies in simply doing what has successfully been done before.

Let me explain what I mean. Serious foreign investors complain that there is too much bureaucratic red tape and delay in getting approval for new projects. There are many complex procedures which need to be dismantled or at least simplified in line with other investor-friendly countries. Unfortunately, this is unlikely to happen in the near future. There is not much productive action due to political infighting and inter-ministerial dickerings.

Indians do not have a history of cooperation and working together. Hence, in spite of lots of effort, usually very little gets achieved. But under certain conditions, we are capable of amazing results. For instance, when there is a national crisis, our strong sense of patriotism brings us together. We forget our differences and everybody does their bit for the national cause. This is what happened in 1991 when the foreign exchange crisis forced the Government to dismantle industrial licensing, relax a highly restrictive import policy and loosen tough foreign exchange regulations. Those reforms led to a remarkable decade of growth.

There have been a number of national emergencies that have united the country in the past. These include wars with Pakistan and natural calamities like floods and earthquakes that have brought out the best in our people. So we have several precedents where India has united and performed admirably when confronted by a crisis.

Today, the country faces an economic situation that is serious enough to lead to a financial crisis. Many of the problems are of our own making. Imagine what could happen if these man-made impediments were removed through bold decisions to reform the restrictive financial, administrative and labour regulations. These steps could transform the economy and kick-start growth. But it will take another foreign exchange crisis for that to happen.



CHAIRMAN'S INITIALS

I will conclude by reassuring our stakeholders that my frank assessment of the economic and financial situation should not be misconstrued as pessimism. While the Board of Directors is conscious of the risks and uncertainties, we are also aware of Blue Star's strengths and resilience. This gives us confidence as we steer the Company safely through these troubled times showing steady improvement in Corporate performance as we move ahead.

I must express my gratitude to our customers, shareholders, directors, employees and business associates who have stood by the Company through thick and thin. Your understanding and support have spurred the entire organisation to build a bigger and stronger Blue Star. My sincere thanks to all of you.

APPROVAL AND ADOPTION OF ACCOUNTS.

The audited Balance Sheet and the Statement of Profit & Loss of the Company for the year ended March 31, 2013 together with the Directors' Report and the Auditors' Report thereon were placed before the House. With the consent of the Members present, the audited Balance Sheet and Profit & Loss Account together with the Directors' Report were taken as read.

Thereafter the Chairman proposed the following resolution, which was seconded by: Mr. R. V. Chari.

"RESOLVED that the audited Balance Sheet and the Statement of Profit & Loss of the Company for the financial year ended March 31, 2013 together with the Directors' Report and the Auditors' Report thereon be approved and adopted."

Before the resolution was put to vote, the Chairman invited comments from the Members about the working and performance of the Company.

Amongst the Shareholders present, Mrs. Asha Lata Maheshwari, Ms. Lekha Shah, Mr. R.V. Chari, Mr. V. Kotecha, Mrs H.S. Patel, Mr. Prakash Arvind Vijaykar, Mr. Vinay Bhide, Mr. Dinesh Bhatia, Mr. H.V. Sanghavi, Mr. Babulal I Parekh and Mr. V.D. Shah expressed their views on the performance of the Company during the financial year ended March 31, 2013. The shareholders expressed their appreciation of the results of the Company and the Management's proposal for declaring Dividend of Rs.2/- plus an additional dividend of Re.1/- to commemorate the birth centenary of the Founder Chairman and the 70th Anniversary of the Company.

The following were the major queries, observations and suggestions of the shareholders.

1. The Shareholders felicitated and remembered the Founder Chairman for his entrepreneurial skills and confidence to launch the Company - "Blue Star".
2. Some shareholders complemented the Company for the excellent, informative and transparent Annual Report.



CHAIRMAN'S INITIALS

3. The addition of new Directors on the Board was welcomed by Shareholders known to them through their association in other Companies.
4. A Shareholder alleged that though the Company had 1 million tons of equipment sold and serviced over the years, spare parts were not available.
5. Why were R&D recurring expenses increasing?
6. Since reserves were high, the Company should issue Bonus Shares.
7. Was the Company giving any political donations?
8. What was the reason for the substantial increase in advertising expenses ?
9. Some members complimented the Company on the reduction in interest costs and foreign currency loans and hoped that the same trend would continue.
10. What was the cost of the Annual Report and how many copies were printed?

The Chairman thanked the speakers for honouring the Founder Mr. Mohan T. Advani for his creation of the Company. He also said that but for Mr. Mohan T. Advani's entrepreneurial capabilities there would not have been a "Blue Star". He was touched by the compliments from so many members. He also thanked the members for their appreciation of the contribution of the Management and Board of Directors.

In reply to the various questions, he stated as under:

1. To the Shareholder complaining about spare parts, that the Company had sold 1 million ton equipment which required capable service, he gave an idea of the scope of after sales service for all equipment sold over the years. He also stated that the Company was proud of its service capabilities. He clarified that there could be a stock out once a while, but if she faced such a situation repeatedly, she could write to the Management.
2. On R&D expenses the Chairman clarified that the Company had more than 100 R&D Engineers and the total expenses included their salaries and other expenses.
3. The cost of Annual Report was Rs.45/- per copy and 24,800 copies were printed during the year.



CHAIRMAN'S INITIALS

4. The Company had not paid any political donations at all.
5. With regard to declaration of bonus shares, the Chairman stated the the Company would consider a bonus issue at the appropriate time. The Company first had to rebuild its financial results to support a larger equity base.
6. On increase in advertising and marketing expenses, the Chairman clarified that the competitive market required advertising to support the Company's products and increase sales. The sales of most products had improved substantially, justifying the additional investment in advertising and marketing.

After having replied to all the queries, the Chairman put the resolution to vote by a show of hands and it was carried unanimously. Thereafter the following resolutions were proposed:

DECLARATION OF DIVIDEND.

(Ordinary Resolution)

"RESOLVED that, as recommended by the Directors, a dividend @ Rs.2.00 per equity share alongwith Special Dividend of Rs.1 for the year ended March 31, 2013 be declared and paid to those Equity Shareholders whose names appeared on the Company's Register of Members on July 16, 2013.

Proposed by: Mrs. Asha Lata Maheshwari
Seconded by: Mr. H.S. Patel

The resolution was put to vote and carried unanimously.

MR GURDEEP SINGH, DIRECTOR RETIRING BY ROTATION RE-APPOINTED.

(Ordinary Resolution)

"RESOLVED that Mr. Gurdeep Singh who retires by rotation from office and, being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."

Proposed by: Ms. Megha Shah
Seconded by: Mr. R.V. Chari

The resolution was put to vote and carried unanimously.



CHAIRMAN'S INITIALS

MR. SURESH N. TALWAR, DIRECTOR RETIRING BY ROTATION NOT SEEKING RE-ELECTION

(Ordinary Resolution):

"RESOLVED that the vacancy caused by the retirement of Mr. Suresh N. Talwar who retires as Director by rotation and not seeking re-election in line with retirement policy for Directors not be filled."

Proposed by: Ms. Asha Lata Maheshwari
Seconded by: Mr. H. V. Sanghvi

The resolution was put to vote and carried unanimously.

APPOINTMENT OF AUDITORS.

(Ordinary Resolution)

"RESOLVED that Messrs S. R. Batliboi & Associates LL.P., Chartered Accountants, Mumbai, Regn. No.101049W be and are hereby appointed as Statutory Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to appoint, in consultation with the Statutory Auditors, any person or persons qualified for appointment as Auditor or Auditors under Section 226 of the Companies Act, 1956, to audit the accounts of any specified branches in India or abroad for such period as may be agreed to by the Board of Directors and the Statutory Auditors.

AND FURTHER RESOLVED that the remuneration, terms and conditions of the Statutory Auditors and the Auditors appointed by the Board as aforesaid, be determined by the Board of Directors of the Company."

Proposed by: Mr. Prakash Vijaykar
Seconded by: Ms. Lekha Shah

The resolution was put to vote and carried unanimously.

Special Business

APPOINTMENT OF MR. B. THIAGARAJAN AS DIRECTOR:

(Ordinary Resolution)

"Resolved that Mr.B.Thiagarajan be and is hereby appointed a Director of the Company."

Proposed by: Mr. Babulal I. Parekh
Seconded by: Mr. V. Kotecha

The resolution was put to vote and carried unanimously.



CHAIRMAN'S INITIALS

Special Business**APPOINTMENT OF MR. B. THIAGARAJAN AS WHOLETIME DIRECTOR:
(Ordinary Resolution)**

"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. B Thiagarajan as Wholetime Director of the Company designated as Executive Director for a period of 5 years with effect from May 13, 2013 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."

Proposed by: Mr. V.D. Shah
Seconded by: Mr. Dinesh Bhatia

The resolution was put to vote and carried unanimously.

Special Business**APPOINTMENT OF MR. M.K. SHARMA AS DIRECTOR:
(Ordinary Resolution)**

"RESOLVED that Mr. M. K. Sharma be and is hereby appointed a Director of the Company."

Proposed by: Mr. R.V. Chari
Seconded by: Mr. V. Kotecha

The resolution was put to vote and carried unanimously.

The Meeting terminated with a vote of thanks to the Chair proposed by Mr. Prakash Vijaykar.

Ashok M. Advani
19/8/2013
ASHOK M. ADVANI
CHAIRMAN

CHAIRMAN'S INITIALS