



Blue Star Limited
Kasturi Buildings,
Mohan T Advani Chowk,
Jamshedji Tata Road,
Mumbai 400 020, India.
Tel : +91 22 6665 4000
Fax : +91 22 6665 4152
www.bluestarindia.com

November 10, 2015

To,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra - Kurla Complex, Bandra (E),
Mumbai-400 051.
Fax No: 26598237 / 38
Ref Company Code : BLUESTARCO

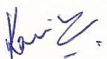
The Secretary
BSE LTD.
Floor 25, P.J. Towers
Dalal Street
Mumbai 400 001.
Fax No. 22723121
Ref Company Code : 500067

Dear Sirs,

Attached herewith letter of communication being dispatched to all the shareholders of the Company, for your information and records please.

Kindly take the same on your record.

Thanking you,
Yours Faithfully,
FOR BLUE STAR LIMITED

for 
VIJAY DEVADIGA
COMPANY SECRETARY

ENCL: as above.



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November 4, 2015

Dear Shareholder,

You may be aware that the Boards of Blue Star Ltd (BSL) and Blue Star Infotech Ltd (BSIL) have recently announced a proposal to merge BSL and BSIL through an exchange of shares. There are sound reasons for this scheme. It will boost business growth and deliver significant benefits to shareholders, customers and employees. Since it involves a somewhat complex Scheme of Amalgamation that is subject to the approval of shareholders and permission of the High Court, it could be confusing to many shareholders. I am therefore writing to explain it in greater detail.

The process began with the decision of BSIL to sell its information technology (IT) business to an American IT company, Infogain, a ChrysCapital portfolio company, for a sum of ₹180.80 crores. Details of that transaction and the rationale for it have been communicated to BSIL shareholders by the Company's Chairman & Managing Director. The sale proceeds will provide BSIL with a large cash infusion. BSIL also has a commercial property business and other assets worth about ₹96.7 crores.

Having decided to sell its main IT business, BSIL had to choose its future course of action. BSL, as the biggest shareholder of BSIL, along with the existing promoters of both companies, could see that a merger of the two through a share swap was the most logical and beneficial option for both entities, a view that was shared by the Board of BSIL.

The sale of BSIL's IT business is expected to be completed within three months. In the meantime, an application will be made to the court to approve a Scheme of Amalgamation with an Effective Date of April 1, 2015. This is likely to take several months. Shareholders of BSIL, as on the Record Date for the Scheme, will be issued equity shares in Blue Star as per the share swap ratio of 7 shares of face value of ₹2 each in Blue Star Limited for 10 shares of face value of ₹10 each held currently in BSIL. The share swap ratio has been independently determined under a joint valuation report prepared by BSR & Co LLP and SSPA & Co, Chartered Accountants, and confirmed as fair by ICICI Securities Limited, (retained by BSIL), and Axis Capital Limited (retained by Blue Star).

The infusion of BSIL's resources will provide financial muscle, strengthen BSL's balance sheet and provide financial stability in a volatile market. More importantly, it will enable BSL to pursue a more aggressive growth strategy in its core businesses of airconditioning, commercial refrigeration, MEP contracting and after-sales service. BSL is a leader in these areas, with a wide distribution network and strong brand equity. We intend to build on these strengths and leverage emerging opportunities in the domestic and select international markets.

The erstwhile BSIL shareholders who receive BSL shares would also have the opportunity to benefit from the bright future that we see for BSL. There may be some who do not wish to remain BSL shareholders; they have the option to sell their shares in the market.

On behalf of the entire Company and the Board of Directors, I thank our shareholders for their unwavering support over the years. We look forward to your continued support and encouragement.

Ashok M Advani
Chairman