

Blue Star Infotech Limited

Regd. Office : 8th Floor, The Great Oasis, Plot No D-13, MIDC, Andheri (East), Mumbai - 400093

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT 1956 POSTAL BALLOT

Dear Member,

Notice is hereby given that pursuant to Section 192A of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) (the "Act") and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, as amended (including any statutory modification or re-enactment thereof for the time being in force) (the "Rules") made there under, the Company hereby seeks the consent of its members by passing the attached resolutions as Special Resolutions through Postal Ballot in respect of the Special Business, the details of which are set out below. The Explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons therefor is annexed. The said Special Resolutions and the Explanatory Statement is being sent to you along with a Postal Ballot Form for your consideration.

The Company has appointed Mrs. Jayshree S. Joshi, Proprietress of M/s. Jayshree Dagli & Associates, Company Secretaries, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to read carefully the instructions printed on the Postal Ballot Form and return the same duly completed, in the enclosed Postage Pre-paid Envelope so as to reach the Scrutinizer not later than the close of working hours i.e. 06.00 pm on 9th December 2013.

Upon completion of the scrutiny of the Postal Ballot Forms, the Scrutinizer will submit her report to the Chairman of the Company. The result of the Postal Ballot will be announced on 12th December 2013 at 11.00 am at the Registered Office of the Company. The same shall also be displayed on the Company's website and will also be intimated to the relevant Stock Exchanges, namely The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited on 12th December 2013 by 06.00 pm. The date of declaration of the results of the Postal Ballot will be taken to be the date of passing of the Special Resolutions by the members of the Company. The results of the Postal Ballot will also be noted at the next Annual General Meeting of the Company.

The Company is also offering e-voting facility as an alternative for all the Members to enable them to cast their vote electronically instead of dispatching the Postal Ballot Form.

The detailed procedure is enumerated in the Instructions to the Postal Ballot Form.

Special Business:

1. APPROVAL FOR GRANT OF ADDITIONAL EMPLOYEE STOCK OPTIONS UNDER THE EXISTING BLUE STAR INFOTECH EMPLOYEES STOCK OPTION SCHEME, 2003 (AMENDED 2011) (REVISED 2013)

The members of the Company have approved allocation of 10,00,000 Employee Stock Options (the "ESOPs") to the Key Employees of the Company, including Director(s) in the Whole-Time employment of the Company selected on the basis of criteria prescribed by the Board in accordance with the SEBI Guidelines, at the Annual General Meeting of the Company held on 22nd July 2011. It is envisaged that the current ESOP allocation under the Scheme is inadequate, and hence the Company proposes to issue further 5,00,000 ESOPs to BSIL – Key Employees Stock Option Scheme Trust under Blue Star Infotech Employees Stock Option Scheme, 2003 (Amended 2011) (Revised 2013). The Company now proposes to grant further ESOPs to its Key Employees including Directors in Whole Time employment as stated above.

To consider and if thought fit, to pass the following resolutions as Special Resolutions:

- (a) **"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the relevant rules, regulations, guidelines, circulars and notifications issued by the Reserve Bank of India (the "RBI") and the Securities and Exchange Board of India (the "SEBI"), including the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "**SEBI ESOP Guidelines**") as amended, on Employee Stock Option or Employee Stock Purchase plans and the Articles of Association of the Company and subject to the approval, consent, permission and/or sanction, if any, of the appropriate authorities, institutions or bodies, including the relevant Stock Exchanges on which the securities of the Company are listed (the "**Stock Exchanges**"), as may be necessary and subject to such terms and conditions as may be prescribed or imposed, consent of the members be and is hereby accorded to issue and allot Equity Shares of the Company of Rs. 10 each (the "**Shares**") to the BSIL – Key Employees Stock Option Scheme Trust (the "**Trust**") and to grant, issue, offer and allot at any time or from time to time to the present and future employee(s) including Director(s) in the Whole-Time employment of the Company selected on the basis of criteria prescribed by the Board of Directors of the Company (which term shall be deemed to include the Compensation and Remuneration Committee or any other Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) (the "**Board**") in accordance with the SEBI ESOP Guidelines, except a Promoter or a person who belongs to the Promoter Group, both these expressions being defined in the SEBI ESOP Guidelines (hereinafter referred to as the "**Eligible Employees**"), under the existing Employee Stock Option Scheme of the Company, namely the Blue Star Infotech

Employees Stock Option Scheme, 2003 (Amended 2011) (Revised 2013) (the "Scheme"), such number of employee stock options (the "ESOPs") as may be decided by the Board, which could give rise, in aggregate, to Shares which shall be transferred by the Trust to the Eligible Employees at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the Scheme and the applicable laws and regulations, provided that such Outstanding Options arising out of the Scheme, upon exercise shall in aggregate, not exceed 15,00,000 Shares (which shall include 1,09,563 Shares currently held by the Trust as on the end of the day on 30th September, 2013) comprising 14.44% of existing Share Capital (12.62% post issue) of the Company.

RESOLVED FURTHER THAT the Equity Shares of the Company to be issued and allotted pursuant to the exercise of the ESOPs shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to determine all other terms and conditions of the grant and issue of ESOPs under the Scheme as the Board may in its absolute discretion determine.

RESOLVED FURTHER THAT for the purpose of giving effect to any grant of ESOPs or any issue or allotment of Equity Shares or securities or instruments representing the same as described above, the Board and/ or the Company Secretary of the Company be and are hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its / their absolute discretion deem necessary or desirable for such purpose, including without limitation, filing necessary documents/ statements with the Stock Exchanges, statutory or regulatory authorities as may be necessary for listing of the securities on the Stock Exchanges.

RESOLVED FURTHER THAT in case of any Corporate Action(s) such as Rights Issues, Bonus Issues, Merger and Sale of Division and others, if any additional Equity Shares are issued by the Company, the above ceiling of 15,00,000 Equity Shares shall be deemed to be increased proportionately to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10 per Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the maximum number of ESOPs to be granted to each Eligible Employee shall not in aggregate, on exercise or conversion, exceed 10% of the issued Equity Capital of the Company as on the date of grant.

RESOLVED FURTHER THAT save and except as modified pursuant to these Resolutions the Scheme will remain unchanged and continue in full force and effect.

RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby authorised to do all such acts, deeds and things as it may be necessary or desirable to give effect to the above Resolution."

- (b) **"RESOLVED FURTHER THAT** subject to the applicable provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time, Mr. Sunil Bhatia, Chief Executive Officer and Managing Director of the Company be granted employee stock options during the period from 22nd July 2011 to 31st March 2017 which, on exercise, may give rise to Equity Shares exceeding 1% of the total Issued Share Capital of the Company under the Blue Star Infotech Employees Stock Option Scheme, 2003 (Amended 2011)."
- (c) **"RESOLVED FURTHER THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the relevant rules, regulations, guidelines, circulars and notifications issued by the Reserve Bank of India (the "RBI") and the Securities and Exchange Board of India (the "SEBI"), including the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999) (the "SEBI ESOP Guidelines") as amended, on Employee Stock Option or Employee Stock Purchase Plans and the Articles of Association of the Company and subject to the approval, consent, permission and/or sanction, if any, of the appropriate authorities, institutions or bodies, including the relevant Stock Exchanges on which the securities of the Company are listed (the "Stock Exchanges"), as may be necessary and subject to such terms and conditions as may be prescribed or imposed, the benefits of the Blue Star Infotech Employees Stock Option Scheme, 2003 (Amended 2011) contained herein above is hereby extended to the present and future employee(s) including director(s) in the whole-time employment of the Subsidiaries of the Company on such terms and conditions as may be decided by the Remuneration and Compensation Committee of the Board of Directors of the Company."

2. APPROVAL FOR GRANT OF FURTHER ESOPS TO MR. SUNIL BHATIA, CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

To consider and if thought fit, to pass the following Resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and 317 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the relevant rules, regulations, guidelines, circulars and notifications issued by the Reserve Bank of India (the "RBI") and the Securities and Exchange Board of India (the "SEBI"), including the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI ESOP Guidelines") as amended, on

Employee Stock Option or Employee Stock Purchase Plans and the Articles of Association of the Company and subject to the approval, consent, permission and/or sanction, if any, of the appropriate authorities, institutions or bodies, including the relevant Stock Exchanges on which the securities of the Company are listed (the "Stock Exchanges"), as may be necessary and subject to such terms and conditions as may be prescribed or imposed, consent of the members be and is hereby accorded for approving the further grant of Employee Stock Options, which on exercise will be convertible into 2,32,000 Equity Shares of the Company of Rs.10 each to Mr. Sunil Bhatia, Chief Executive Officer and Managing Director of the Company, as a part of the terms of his compensation on the terms and conditions as may be determined by the Board of Directors of the Company (which term shall be deemed to include the Compensation and Remuneration Committee or any other Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution); and

RESOLVED FURTHER THAT the Company Secretary of the Company, be and is hereby authorised to do all such acts, deeds and things as it may be necessary or desirable to give effect to the above Resolution."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) AND SECTION 192A (2) OF THE COMPANIES ACT, 1956 AND SEBI (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

I. Item no. 1 of the notice

With the objective of adopting effective measures to attract and retain talent and remain competitive in the challenging global market, to encourage and reward the performance of its Key Employees, the members of the Company passed a Special Resolution in the 14th Annual General Meeting of the Company to reward certain Key Employees including Directors in Whole Time employment of the Company and its subsidiaries (the "Eligible Employees") by offering them Employee Stock Options ("ESOPs") under the Blue Star Infotech Employees Stock Option Scheme, 2003 (Amended 2011). The said Scheme was then modified into the Blue Star Infotech Employees Stock Option Scheme, 2003 (Amended 2011) (Revised 2013) (the "Scheme") in the 16th Annual General Meeting of the Company held on 18th July 2013 to bring it in line with the amendments made by the Securities and Exchange Board of India (the "SEBI") to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI ESOP Guidelines") pursuant to SEBI's circulars bearing no. CIR/CFD/DIL/3/2013 dated 17th January 2013 and bearing no. CIR/CFD/DIL/7/2013 dated 13th May 2013.

The Board was authorized to grant to the Eligible Employees up to 10,00,000 ESOPs to purchase Equity Shares of the Company under the Scheme. The Company proposes to grant further ESOPs to the Eligible Employees selected on the basis of criteria prescribed by the Board in accordance with the SEBI ESOP Guidelines. As the total number of ESOPs under the Scheme is expected to be inadequate to grant further ESOPs, the Company proposes to issue additional 5,00,000 Shares to the BSIL – Key Employees Stock Option Scheme Trust, through which the Company will grant ESOPs to the Eligible Employees.

Pursuant to the provisions of Section 81 of the Companies Act, 1956 (the "Act") and the Listing Agreement, an allotment of further Shares which are not offered on a pro-rata basis to the persons who, on the date of the offer, are holders of equity shares in the Company, requires the prior approval of the members by way of a Special Resolution.

Accordingly, the consent of the members is sought by Special Resolutions, through Postal Ballot, to authorise the Board to issue Shares to the Trust and grant ESOPs to Eligible Employees as stated in the respective Resolutions.

The details in relation to the ESOPs are set out below.

a) Aggregate cap on issued shares; individual cap

Currently:

- (i) the Company is authorised to grant, issue and allot ESOPs which on exercise or conversion give rise to 10,00,000 Shares;
- (ii) the Company has granted ESOPs which on exercise and conversion give rise to 6,85,000 Shares; and
- (iii) the Trust currently holds 1,09,563 Shares

The Company proposes to issue additional Shares to the Trust pursuant to which the Company shall be able to grant, issue and allot ESOPs which on exercise or conversion will give rise to 15,00,000 Shares (which will include the 1,09,563 Shares currently held by the Trust).

In aggregate, the Company will grant ESOPs to its eligible Employees which on exercise or conversion will give rise to a maximum number of 15,00,000 Shares comprising 14.44% of the paid up share capital (12.62% post issue) of the Company.

The Company will grant ESOPs to a single Eligible Employee which, on exercise or conversion will not exceed, in aggregate 10% of the share capital of the Company.

b) Class of Employees

The ESOPs will be granted to the eligible employees (namely, key employees of the company and its subsidiaries including directors in whole time employment of the company and its subsidiaries (not belonging to the promoter group)) selected on the basis of criteria prescribed by the Board in accordance with the SEBI ESOP guidelines.

c) **Requirements for Vesting; Vesting Period**

The continuation of an Eligible Employee in the service of the Company shall be a primary requirement of the vesting.

The vesting period shall be such period as may be determined by the Board which shall not be less than one year and shall not be more than five years.

d) **Exercise Price**

The ESOPs granted to the Eligible Employees under this Plan shall carry an Exercise Price, which may be such discounted price to the Market Price of the Shares of the Company as may be determined by the Compensation and Remuneration Committee. However the Exercise Price shall not be less than the par value of the Shares of the Company.

e) **Exercise Period**

The ESOPs shall be exercisable within a period of one to three years from the date of vesting of ESOPs as may be determined by the Board. The ESOPs can be exercised during such periods as may be prescribed from time to time by the Board.

f) **Appraisal Process**

The ESOPs will be granted to the Eligible Employees as decided by the Compensation Committee from time to time. The granting of ESOPs shall be based on the performance of the Eligible Employees as per the formal appraisal carried out by the Company.

g) **Accounting Policy**

The Company shall conform to the accounting policies specified in the SEBI ESOP Guidelines.

The Company shall use 'Intrinsic Value' method to value its options and to calculate Employee Compensation Cost.

In case the Company calculates the Employee Compensation Cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the Employee Compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

#	Name of the Employee and Designation	Members' Approval for grant of ESOPs	No. of ESOPs authorised for granting	% share capital on existing paid-up Capital	% share capital on exercise or conversion of all ESOPs granted	No. of ESOPs granted	No. of ESOPs vested	No. of ESOPs unvested
1.	Mr. Sunil Bhatia Chief Executive Officer and Managing Director	obtained at AGM held on 22 nd July 2011	5,15,000	4.96	4.33	5,15,000	2,32,000	2,83,000
		obtained at AGM held on 18 th July 2013	2,35,000	2.26	1.98	-	-	-
		to be obtained by way of postal ballot under the current postal ballot notice	2,32,000	2.24	1.95	-	-	-
TOTAL			982,000	9.46%	8.26%	5,15,000	2,32,000	2,83,000

The Company had granted Mr. Sunil Bhatia, Chief Executive Officer and Managing Director of the Company ESOPs giving rise to 5,15,000 Shares on 31st August 2013 out of which ESOPs giving rise to 2,32,000 Shares have vested and ESOPs giving rise to 2,83,000 Shares have not yet vested.

The Company at its Annual General Meeting held on 18th July 2013 approved the granting of additional ESOPs to Mr. Sunil Bhatia, which on exercise would give rise to 2,35,000 Equity Shares. The Company has sought the approvals of the Foreign Investment Promotion Board and the Reserve Bank of India to vest these ESOPs. None of these ESOPs have been vested as yet and all of these ESOPs will be vested once the Company receives the relevant regulatory approvals.

The Company seeks its members' approval by way of this Postal Ballot to grant additional ESOPs to Mr. Sunil Bhatia which on exercise will give rise to 2,32,000 Shares (please see paragraph II (*Item No. 2 of the Notice*) below).

If the Company receives members' approval to grant the additional ESOPs as above under this postal ballot and after the company receives the relevant regulatory approvals, Mr. Sunil Bhatia will be granted additional ESOPs which, on exercise or conversion will give rise to 4,67,000 (i.e. 2,35,000 + 2,32,000) Shares comprising 4.50% of the total share capital (3.93% post issue) of the Company.

In aggregate, Mr. Sunil Bhatia will be entitled to ESOPs which on exercise or conversion will give rise to 9,82,000 (i.e. 5,15,000 + 4,67,000) Shares comprising 9.46% of the total share capital (8.26% post issue) of the Company.

In the context of the above, the Company shall conform to the accounting policies specified by SEBI as per the SEBI ESOP Guidelines as amended from time to time, as applicable.

The amendments made by the members at the current Postal Ballot of the Company shall supersede and be applicable. Except above, all other features and terms and conditions of the Blue Star Infotech Employees Stock Option Scheme, 2003 (Amended 2011) (Revised 2013) shall remain same.

The Whole Time Directors (other than Promoter Directors) who may be eligible to avail the benefit of the above referred plan(s) may be deemed to be interested in the said Resolutions to the extent of shares, which may be offered to them. None of the other Directors can be considered to be interested in or concerned with the said Resolutions.

The Board of Directors recommends passing of the proposed Resolution as Special Resolution.

As of 30th September 2013, Mr. Bhatia holds interest in 5,40,988 shares of the Company in his personal and beneficial capacity.

Mr. Sunil Bhatia, Chief Executive Officer and Managing Director is concerned and interested in the subject matter of this resolution. Save & except above, none of the other Directors, Manager(s), Key Managerial Personnel(s) and their Relatives is in any way concerned or interested in the Resolution.

I. Item no. 2 of the notice

#	Name of the Employee and Designation	Members' Approval for grant of ESOPS	No. of ESOPs authorised for granting	% share capital on existing paid-up Capital	% share capital on exercise or conversion of all ESOPs granted	No. of ESOPs granted	No. of ESOPs vested	No. of ESOPs unvested
1.	Mr. Sunil Bhatia Chief Executive Officer and Managing Director	obtained at AGM held on 22 nd July 2011	5,15,000	4.96	4.33	5,15,000	2,32,000	2,83,000
		obtained at AGM held on 18 th July 2013	2,35,000	2.26	1.98	-	-	-
		to be obtained by way of postal ballot under the current postal ballot notice	2,32,000	2.24	1.95	-	-	-
TOTAL			982,000	9.46%	8.26%	5,15,000	2,32,000	2,83,000

As discussed in paragraph I (h) (*Details of grant of ESOPs exceeding 1% of the paid up capital*) above, the Company has granted Mr. Sunil Bhatia ESOPs, which on exercise or conversion would give rise to 5,15,000 Shares in accordance with the approval of the members received by way of a Special Resolution passed at the 14th Annual General Meeting held on 22nd July 2011.

The Company at its Annual General Meeting held on 18th July 2013 approved the granting of additional ESOPs to Mr. Sunil Bhatia, which on exercise would give rise to 2,35,000 equity shares. The Company has sought the approvals of the Foreign Investment Promotion Board and the Reserve Bank of India to grant these ESOPs. None of these ESOPs have been granted as yet and all of these ESOPs will be granted once the Company receives the relevant regulatory approvals.

The Company now seeks its members' approval by way of this Postal Ballot to grant additional ESOPs to Mr. Sunil Bhatia which on exercise will give rise to 2,32,000 Shares.

If the Company receives members' approval to grant the additional ESOPs as above under this Postal Ballot and after the Company receives the relevant regulatory approvals, Mr. Sunil Bhatia will be granted additional ESOPs which, on exercise or conversion will give rise to 4,67,000 (i.e. 2,35,000 + 2,32,000) Shares comprising 4.50% of the total share capital (3.93% post issue) of the Company.

In aggregate, Mr. Sunil Bhatia will be entitled to ESOPs which on exercise or conversion will give rise to 9,82,000 (i.e. 5,15,000 + 4,67,000) Shares comprising 9.46% of the total share capital (8.26% post issue) of the Company.

Mr. Bhatia will be entitled to these further ESOPs under the Scheme which will vest based on the achievement of Revenue and Profit after Tax (PAT) targets, performance criteria and such other factors as will be decided by the Compensation/ Remuneration Committee.

The Board of Directors recommends the passing of the proposed resolution as Special Resolution.

As of 30th September 2013, Mr. Bhatia holds interest in 5,40,988 shares of the company in his personal and beneficial capacity.

Mr. Sunil Bhatia, Chief Executive Officer and Managing Director is concerned and interested in the subject matter of this resolution. Save & except above, none of the other Directors, Manager(s), Key Managerial Personnel(s) and their Relatives is in any way concerned or interested in the Resolution.

**By Order of the Board of Directors of
Blue Star Infotech Limited**

**V. Sudarshan
Chief Financial Officer and Company Secretary**

Registered Office:
8th Floor, The Great Oasis,
Plot No D-13, MIDC,
Andheri East. Mumbai-400093

Date: 25th October, 2013

Place : Mumbai