



BLUE BLENDS (INDIA) LIMITED

29th
Annual Report
2009 - 2010

ANNUAL GENERAL MEETING

On Thursday, the 30th September, 2010
at 11.30 a.m. at Tarabai Hall
97, Marine Drive, 'Shivprasad',
Near Marine Lines Station,
Mumbai-400 002

Registered Office & Yarn Division

JBF House, 2nd Floor, Old Post Office Lane,
Kalbadevi Road, Mumbai – 400002

Denim Division

603, Sahajanand, Shahibaug,
Ahmedabad.

Secretarial Division

JBF House, 2nd Floor, Old Post Office Lane,
Kalbadevi Road, Mumbai 400 002.
Ph. No. 2208 8736

Plants:

- Plot No.32-33-34, 825/4, Diwan Sons, Udyognagar, Village Mahim, Palghar, Dist.Thane (Maharashtra).
- Plot No.A-9, M.I.D.C., Murbad (Kalyan), Dist.Thane (Maharashtra)
- Block Nos.115/P and 116/P, Mouje Pipodara, Mangrol Taluka, Dist.Surat, Gujarat State.
- Plot No.403, G.I.D.C., Road No.4, Panoli, Dist. Bharuch, Gujarat.
- Plot No.123/2, Piplej, Saijpur, Gopalpur, Pirana Road, Ahmedabad (Gujarat).
- Plot No.47-B, Industrial Estate, Dhanudyog Sahakari Sangh, Village Amli, Silvassa, (Dadra & Nagar Haveli)
- Plot No.56/P(I), Village Amli, Silvassa, (Dadra Nagar Haveli).
- 144/3, Village Rakholi, Union Territory of Dadra & Nagar Haveli.
- Plot No.9, Runagta Industrial Estate, Village Kachigam, Daman.
- Survey No.351/1 & 2 (P), (351 & 352), Somnath Road, Village Kachigam, Daman

Board of Directors

Anand Arya
(Chairman & Managing Director)

Suraj Dugar

K. S. Varadhan

Smt. Rashmi Sachdev
(Nominee - IFCI)

S. K. Tambawalla

K. Parthasarathy

Auditors

P.C.Surana & Co.
Chartered Accountants

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NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of **BLUE BLENDS (INDIA) LIMITED** will be held on Thursday the 30th September, 2010 at 11.30 a.m. at Tarabai Hall 97, Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai-400 002 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2010, Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date together with reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suraj Dugar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S K Tambawalla who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s P.C.Surana & Co., Chartered Accountants, Mumbai, as the Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass the following resolution with or without modification(s), as a Special Resolution :
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government and/or other Financial Institution(s) / authority, wherever applicable, the company accords its approval for re-appointment of Mr. Anand Arya as Managing Director of the Company for a period of five years with effect from 01st April, 2010 and payment of remuneration and perquisites as set out in the draft agreement between the company and Mr. Anand Arya which are as under:
A) i) A monthly salary at the rate of Rs. 2,00,000/- (Rupees Two Lacs Only) payable on the last working day of each calendar month subject to deduction of all taxes which the Company is required to deduct.
ii) Free furnished residential accommodation, the Company paying all rents, rates, taxes, electricity and fuel charges and other expenses for the upkeep and maintenance of such accommodation.
iii) The use of the Company's car with chauffeur and expenses for the upkeep of a car which will be borne by the Company.
iv) The expenses of telephone installed at the residence of the Managing Director.
v) Reimbursement of medical expenses actually incurred for himself, wife and dependent children subject to maximum of one month salary a year or three months salary for a period of five years and the excess amount in case of high medical cost to be reimbursed with the approval of the Board of Director from time to time.
vi) He shall be entitled to participate in the Provident Fund Superannuation, Group Insurance, Retirement, Bonus and any other scheme or allowance provided by the Company for the benefit of its Senior Executives.
vii) Reimbursement of cost of air ticket or train fare for self, wife and Children (including unmarried daughters) once a year and from any place in India or abroad. If he is accompanied by domestic servant then the train/bus fare of such domestic servant shall be borne by the Company. However, if on account of exigencies of the business he cannot be granted a long leave then the above facility shall be given twice a year instead of once a year.
viii) Gratuity not exceeding ½ months salary for each completed year of service.
ix) Fees for clubs, subject to maximum of two clubs (provided that no life membership fee or admission fee is paid.)
x) Personal accident insurance of an amount, the annual premium of which does not exceed Rs.5000/-
B) The Managing Director shall be entitled to such leave as the exigencies of the business shall permit and as may be mutually agreed. It is however, expressly provided that the Managing Director shall be entitled to one month's leave for every 11 months of service.
C) Any other scheme that may in future be formulated for the benefit of employees in the Senior Executive Cadre of the Company.
D) That the total monetary value of the perquisites will be evaluated as per the Income-tax rules and subject to such ceiling as may be prescribed by the Central Government.
E) The Remuneration aforesaid including expressly the benefit, perquisites and amenities shall nevertheless be paid and allowed as minimum remuneration for any year in the absence or inadequacy of profits for such year.

"FUTHER RESOLVED THAT the Board of Directors be and is hereby authorized to alter or vary the remuneration/perquisites payable to Mr. Anand Arya or other terms and conditions in such manner as may be agreed to between the Board of Directors and Mr. Anand Arya in accordance with the approval of the Central Government under the Companies Act, 1956 and Schedule XIII thereof as amended from time to time."

"FUTHER RESOLVED THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorised to do all such acts, deed, matters and things as it may in its absolute discretion deem necessary, expedient, usual and proper in the best interest of the Company."

By order of the Board of Directors

Place : Mumbai
Date : 20th August 2010

Anand Arya
Chairman & Managing Director

Registered Office:

JBF House, 2nd Floor, Old Post Office Lane,
Katbadevi Road, Mumbai 400 002.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER.**
2. The Proxies in order to be valid must reach the Secretarial Department of the Company not less than 48 hours before the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday the 27th day of September, 2010 to Wednesday the 29th day of September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed.
5. Members are requested to notify the change of address, if any, to the Company.
6. The unclaimed / unpaid dividend upto the financial year ended 31st March, 1997 has been transferred to the IEPF.

EXPLANATORY STATEMENT PURSUANT SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

Mr. Anand Arya is Promoter and Chairman and Managing Director since inception of the Company. He was re-appointed by the Board of Directors as a Managing Director of the Company at a remuneration of Rs. 2,00,000/- per month and other perquisites for a period of five years with effect from 1st April, 2005 which was subsequently approved by the shareholders at their meeting held on 6th September, 2005. The Remuneration Committee of Directors as well as the Board of Directors of the Company after giving due notice and after due compliance of Section 316(2) of the Companies Act, 1956 have at their meetings held on 30th April, 2010 approved his re-appointment as Managing Director. The re-appointment of Mr. Anand Arya as a Managing Director has been made for a period of five years with effect from 1st April, 2010.

Mr Anand Arya is holding office of Whole-time Director of Premier Synthetics Ltd. where he is not drawing any remuneration. He is also Director in the following Companies, namely, Blue Blends Finance Ltd., Blue Blends Stocks & Securities Ltd., Cressida Traders Private Ltd. and Murbad Syntex Private Ltd.

The Department of Company Affairs has by Notification dated 16th January, 2002 amended Schedule XIII to the Companies Act, 1956 by revising the limits for payment of Managerial Remuneration by Companies having no profit or inadequate profits. As per the aforesaid notification such Companies are now permitted to pay remuneration on a graded scale based in effective capital of the Company, subject to certain terms and conditions. As per the amended Schedule XIII to the Companies Act, 1956 the reappointment of Mr. Anand Arya and payment of remuneration/perquisites to him, as set out in the draft agreement between the Company and the appointee, is subject to approval of shareholders and the Central Government of India vide Letter No. 1/231-232/2003-CL-VII dated 8th January 2004 as the Company is having no/inadequate profits and it has made default in repayment of its Debts for a continuous period of thirty days in the preceding financial year before the date of reappointment of the Managing Director.

The agreement between the Company and the appointee contains the terms of remuneration, which are described in the Resolution at Item No. 5 of the Notice dated 20th August, 2010 calling the Annual General Meeting and it is available for inspection by the members of the Company at the registered office of the Company between 11.30 a.m. to 1.30 p.m. on all working days.



Considering the qualification, experience and contribution of Mr. Anand Arya, the Board of Directors recommends his re-appointment as Managing Director.

Mr. Anand Arya is concerned or interested in the resolution at Item No. 5.

This may be treated as an abstract of the draft Agreement between the Company and the appointee pursuant to section 302 of the Companies Act, 1956.

Additional information for the Shareholders, as required under Schedule XIII to the Companies Act, 1956, and to the extent applicable to the Company/appointee is given below:

I. General Information :

- i. Nature of Industry : The Company is in the Textile Industry
- ii. Date or expected date of : The Company was incorporated on 16th February, 1981 as a Private Company and Commencement of Commercial production the Certificate for Commencement of business was not required.

iii. Financial Performance based on given indicator-as per published Audited Financial Results for the year ended 31st March, 2010.

Particulars	Rupees (in lacs)
Sales and services	12069.05
Profit/(loss) before Extra Ordinary	
Income/(Expenses)	(96.91)
Extra ordinary Income (Expenses)	5812.56
Profit/ (Loss) before tax	5715.65
Add/Less: Adjustment in taxation of earlier years.	(0.04)
Profit / (Loss) after tax	5715.61

II. Information about the Appointee:

i) Background Details:

Mr. Anand Arya aged about 58 years is possessing qualification of B.Com.,L.L.B. He is the Promoter of the Company. He is the Managing Director of the Company since its inception.

ii) Past remuneration drawn :

Year	Anand Arya
2004-2005	4,71,746/-
2005-2006	25,16,703/-
2006-2007	25,99,920/-
2007-2008	24,00,000/-
2008-2009	24,00,000/-

iii) Job Profile and Suitability: During the tenure of Mr. Anand Arya as Managing Director the Company progressed well. The turnover of the Company as well as the profits increased manifold. The growth of the Company was continuously maintained till 1996. Thereafter, from 1997-1998 the Company had to face difficult times due to world-wide depression in industries in general and textile industry in particular. He has successfully steered the Company through this bad phase and has achieved for the Company an appropriate and beneficial financial restructuring.

iv) Remuneration Proposed :

Name	: Anand Arya
Salary	: Rs. 2,00,000/-p.m.
Perquisites & Allowances	: Free Furnished residential accommodation, use of Company's car, expenses of telephone, reimbursement of medical expenses, participation in P.F., Gratuity etc. and reimbursement of travelling expenses, club membership and personal accident insurance as detailed in the agreement between the Company and the appointee as well as mentioned in the resolution in the Notice calling Annual General Meeting.

v) Minimum Remuneration in : As above

the absence or inadequacy if profits in any financial year

III. Other information

(i) Reasons for loss of inadequate profits :

Since 1997, the Textile Industry witnessed unprecedented recession. There was sharp fall in demand both in Denim as well as texturising segment resulting in lower utilization of capacity and turnover with reduced margin. The rise in cost of raw materials and other input worsened the situation. There were huge interest liabilities on the funds borrowed from the banks and financial institutions. Due to lack of demand the company was forced to close some of the texturising units. The combined impact of recession, high interest cost and depreciation resulted in loss. Resultantly, the Company was declared sick by the Hon'ble BIFR.

(ii) Steps taken by the Company to improve performance :

The Company has taken several steps to improve the performance. The production process was properly monitored to control cost and reduce wastage. The man power cost was also reduced by closure of unviable units Rationalisation of debt has been achieved by settlement with creditors involving waiver of interest and in some cases at sub-principal levels.

(iii) Expected increase in productivity and profits in measurable terms :

In the present uncertain market it is difficult to predict the increase in productivity and profits in measurable terms. However, the Management is hopeful of improved performance in times to come.

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting: (In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Mr.Suraj Dugar	Mr. S K Tambawalla	Mr. Anand Arya
Date of Birth	07 th May,1959	17 th June, 1941	06 th April, 1952
Date of Appointment	31 st October, 2001	31 st October, 2005	Since Inception
Expertise in specific functional areas	Marketing and Finance	Legal	Production, Marketing, Finance and Overall Management of Textile Company.
Qualifications	B.Com.	B.Com, L.L.B.	B.Com.,L.L.B.
List of other public limited Companies in which directorship held.	Blue Blends Petrochemicals Ltd.	Blue Blends Equity Ltd. Premier Synthetics Ltd.	Premier Synthetics Ltd. Blue Blends Finance Ltd. Blue Blends Stocks & Securities Ltd.
Chairman/Member of the Committees of the Board of other Companies in which he/she is a Director	—	Premier Synthetics Ltd. Audit Committee –Chairman Remuneration Committee - Member	

By Order of the Board of Directors

Place : Mumbai
Date : 20th August, 2010
Registered Office:
JBF House, 2nd Floor, Old Post Office Lane, Kalbadevi Road, Mumbai - 400 002.

Anand Arya
Chairman & Managing Director



DIRECTORS' REPORT

To
The Members,
The Directors present herewith the 29th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

Particulars	(Rs. in lakhs)	2009-2010	2008-2009
Sales & Service Charges (including excise duty)		12069.05	10738.16
Profit/(Loss) before Interest, Depreciation & tax		758.79	247.06
Less : Interest		176.93	302.19
Less : Depreciation		678.77	681.30
Profit / (Loss) before exceptional items and taxes		(96.91)	(736.43)
Add : Exceptional Items		5812.56	0.00
Profit / (Loss) before Tax		5715.65	(736.43)
Less : Provision for Tax-Fringe Benefit Tax		—	2.81
Profit / (Loss) after Tax		5715.65	(739.25)
Less : Prior period expenses		(0.04)	(0.65)
Profit / (Loss) for the year		5715.61	(739.90)
Add : Profit/(Loss) brought forward from previous year		(12766.05)	(12,026.15)
Balance carried to Balance Sheet		(7050.45)	(12,766.05)

DIVIDEND

The Board of Directors does not recommend any dividend on Equity or Preference Shares for the year ended 31st March, 2010.

OPERATIONS

During the year under review the Company recorded a turnover of Rs. 120.69 crores as against Rs. 107.38 crores in the previous year making growth of about 12.40 percent over the past year. The Net Losses of the Company in the year under review stood at Rs. 96.91 Lacs as against the Losses of Rs. 739.90 Lacs in the past year. However after writing back of Interest Liabilities of Rs. 58.13 Crores which are not payable now, the Company earned a net profit of Rs. 57.16 crores during the year under review. The Company, however, continues to be a Sick Company within the meaning of section 3(1)(c) of SICA.

REFERENCE TO BIFR

As you are aware, the Company has been declared a Sick Industrial Company by Board for Industrial and Financial Reconstruction (BIFR) vide their Order dated 29th March, 2006.

The Company's Reference before the Hon'ble BIFR was abated by the Hon'ble BIFR vide order dated 22/06/2010 as per third proviso of Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985.

The Company has filed a Miscellaneous Application before the Hon'ble BIFR for restoration of the Reference in view of the withdrawal of the measures and action under SARFAESIA by IFCI Ltd. and the said Application is pending for disposal.

AUDITORS' QUALIFICATION

1. As regards Auditors' Qualification in para no.5 of their Report, kindly refer to Note No. 4 of Schedule 'M' which is self explanatory.

2. As regards Auditors' Qualification in para no.7 of their Report, kindly refer to Note No. 5 of Schedule 'M' which is self explanatory.

CURRENT YEAR

The sales and other income for the first three months ended on 30th June, 2010 of the current year is at Rs. 36.95 crores as against Rs. 26.32 crores during the period ended on 30th June 2009 in the previous year.

SUBSIDIARY COMPANY

The Reports and Accounts of Blue Blends Equity Ltd. for the year ended on 31st March, 2010 are annexed to this Report.

FIXED DEPOSITS

During the year the Company has neither invited nor accepted or renewed any Fixed Deposit. The company has paid all the claimed fixed deposits and fixed deposits remaining unclaimed for a period of seven years from the date of maturity have been transferred to the Investor Education and Protection Fund pursuant to the Provisions of Section 205C of the Companies Act, 1956 and Investor Education and Protection Fund (awareness & Protection of Investors) Rules, 2001.

DIRECTORS

Mr. Suraj Dugar retires by rotation and being eligible, offers himself for re-appointment.

Mr. S K Tambawalla retires by rotation and being eligible, offers himself for re-appointment.

Smt. Rashmi Sachdev has been nominated as a Director of the Company by IFCI Ltd. in place of Mr. V Sreekumar Nair with effect from 29th October, 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departure;
- That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- That the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a "going concern" basis.

PERSONNEL

The information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars

of Employees) Rules, 1975 are given in the Annexure to this Report. The relation with the employees remained cordial throughout the year. The Directors wish to place on record their thanks for the support and co-operation received from the employees at all levels.

LISTING FEES

The Company has paid up to date listing fees to BSE and NSE. Listing fees to The Stock Exchange, Ahmedabad, Madras and Delhi remains unpaid. The applications of the company for de-listing of the Company's securities from the Madras Stock Exchange, The Stock Exchange, Ahmedabad and Delhi Stock Exchange are pending.

CORPORATE GOVERNANCE

In terms of clause 49 of the Listing Agreement with the Stock Exchanges a Report on the Corporate Governance is appended as annexure to this report.

AUDIT COMMITTEE

The company has constituted an Audit Committee of Directors as required under Section 292A of the Companies Act, 1956. Some of the terms of reference of Audit Committee are to review the financial reporting process and to examine accountability, taxation, and disclosure aspect of significant transactions.

AUDITORS

M/s. P.C. Surana & Co., Chartered Accountants, Mumbai hold office as Auditors of the Company till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The appointment of M/s P.C. Surana & Co. as auditors of the Company is proposed to be made by Special Resolution since more than twenty five percent of the subscribed share capital of the Company is held by Banks/Financial Institutions. The Board of Directors recommends the resolution.

COST AUDIT

Pursuant to the directives of the Central Government under the provisions of Section 233 B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audit relating to textile products manufactured by the Company.

PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956

As required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, the relevant information is given below:

A. CONSERVATION OF ENERGY:

- Energy Conservation Measures Taken:** Energy conservation remains one of the most important areas of plant's performance and is being continuously monitored. Some of the measures taken are :
 - Separate energy meters have been installed for effectively monitoring the section wise energy consumption.
 - Additional capacitor banks have been installed in different section.
 - We have made optimum use of electrical motors and day light resources at plant.
- Additional investments and proposals, if any being implemented for reduction in consumption of energy:** Re-sizing of the motors is being done to run the motors at full load conditions.
- Impact of measures at (a) and (b) above for reduction in energy and consequent impact on the cost of production of goods:** Energy conservation measures have lead to reduction in the cost of production.
- Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the schedule thereto:**

	2009-10	2008-09
1. Electricity		
a) Purchased Units (in '000)	17,335	16,275
Total Amount (Rs. In lakhs)	828.18	725.42
Rate/Unit (Rs.)	4.78	4.46
b) Generated Units (in '000)	10	11
Total diesel Consumed (Ltrs. In '000)	4	9
Total amount (Rs. In lakhs)	1.37	3.19
Rate/Unit (Rs.)	35.13	35.35
2. Steam Generated		
a) From Lignite (in'000 kgs)	23,941	20,694
Total Lignite Consumption (in mt)	7.53	5.44
Total Fire Wood Consumption (in mt)	0.31	0.30
Total Steam Coal Consumption (in mt)	—	0.61
Amount incurred (Rs. in lakhs)	173.61	168.00
Rate/kgs (Rs.)	0.73	0.81
B TECHNOLOGY ABSORPTION		
The Company is regularly getting its products tested by Ahmedabad Textile Industry Association (ATIRA), one of the premier textile research bodies at Ahmedabad and the product is constantly improved based on reports given by ATIRA. The Company is also sending its delegates from time to time to participate in the Seminars and Conferences organized by ATIRA to share information pertaining to research and development and innovations in the textile products. The concerned executives of the Company also visit exhibitions abroad especially European countries to be in tune with the latest designs. Such participations enable the Company to absorb and adopt the latest available technology in the industry. The Company is not using imported technology in the manufacturing process.		
C. Foreign Exchange Earnings and Outgo		
Your Company is taking proper steps to exploit export opportunities including development of new export markets. Foreign Exchange Earnings were Rs. Nil (previous year Rs.Nil) as against the outgo of Rs. 304.42 Lakhs (previous year Rs. 235.80 lakhs).		

B TECHNOLOGY ABSORPTION

The Company is regularly getting its products tested by Ahmedabad Textile Industry Association (ATIRA), one of the premier textile research bodies at Ahmedabad and the product is constantly improved based on reports given by ATIRA. The Company is also sending its delegates from time to time to participate in the Seminars and Conferences organized by ATIRA to share information pertaining to research and development and innovations in the textile products. The concerned executives of the Company also visit exhibitions abroad especially European countries to be in tune with the latest designs. Such participations enable the Company to absorb and adopt the latest available technology in the industry. The Company is not using imported technology in the manufacturing process.

C. Foreign Exchange Earnings and Outgo

Your Company is taking proper steps to exploit export opportunities including development of new export markets. Foreign Exchange Earnings were Rs. Nil (previous year Rs.Nil) as against the outgo of Rs. 304.42 Lakhs (previous year Rs. 235.80 lakhs).

ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude, the co-operation and assistance given by the Financial Institutions, Bankers and Customers of the Company during the year under review.

For and on behalf of the board

Place : Mumbai.
Dated : 20th August, 2010

Anand Arya
Chairman & Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Statement of Particulars of the employees pursuant to section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 2010.

Sr.No.	Name of the Employee	Designation	Gross Remuneration received (Rs.)	Qualification	Experience	Date of Commencement of Employment	Age	The Last Employment before joining
1	Anand Arya	Chairman and Managing Director	2,400,000/-	B. Com, L.L.B.	32 Years	Since Inception	58 Years	Bindal Textile Mills Ltd.



Report on Corporate Governance

(Annexure 'B' to Directors' Report)

1. Corporate Governance:

Your Company is committed to excellence in corporate governance practices and recognizes that good corporate governance is a continuous exercise. Your Company aims at achieving transparency, accountability, equity and ethics in all facets of its operations and in all interactions with its stakeholders. Your Company believes that all its operations and actions must result in enhancement of overall shareholder value over a sustained period of time without compromising in any way compliance with laws and regulations.

2. Board of Directors:

A) The Board of Directors comprises both Executive and Non-Executive Directors with not less than fifty percent of the Board of Directors comprising of Non Executive Directors. Half of the Board comprises Independent Directors. The Executive and Non-Executive Directors are expert professionals in their respective fields. The provisions for appointment of Directors, their Powers and Meetings are contained in the Articles of Association of the Company. During the previous financial year four Board Meetings were held on 29th April,2009, 31st July,2009, 29th October,2009, and 29th January,2010. The particulars of Board Meetings and Annual General Meetings attended by the Directors and other details of the Board of Directors as on 31st March,2010 are given hereunder.

Name of the Director	Category	Date of Appointment	No. of other Directorships held	No. of Meetings attended during F. Yr. 01.04.08 to 31.03.09	Attendance at the last A.G.M.	No. of Membership/ Chairmanship in Committees across all the Companies
Mr.Anand Arya (AA) (Promoter)	Chairman & Managing Director	16.02.1981	5	3	Yes	Chairmanship- Nil Membership - Nil
Mr.Suraj Dugar (SD)	Employee Director	31.10.2001	3	4	Yes	Chairmanship- Nil Membership - Nil
Mr.K.S.Varadhan (KSV)	Non Executive Director	24.05.2002	1	4	No	Chairmanship - NIL Membership - 3
Mr.K.Parthasarathy (KP)	Independent Director	31.07.2007	—	2	Yes	Chairmanship- Nil Membership- Nil
Mr.S.K.Tambawalla (SKT)	Independent Director	31.10.2005	1	3	Yes	Chairmanship-3 Membership - 2
*Mr.V.Sreekumaran Nair (VSN)	IFCI Nominee	27.10.2008	—	1	No	Chairmanship- Nil Membership- Nil
**Smt.Rashmi Sachdev (RS)	IFCI Nominee	29.10.2009	—	NIL	—	Chairmanship- Nil Membership- Nil

*VSN (IFCI Nominee) ceased to be Director of the Company w.e.f 29.10.2009 and **RS (IFCI Nominee) was appointed w.e.f. 29.10.2009.

Note: No Extraordinary General Meeting of the members of the Company took place during the previous financial year.

B) Details of sitting fees, remuneration, etc. paid to Directors during the year ended 31st March 2010:

Name of the Directors	Remuneration paid during the year (Rs.)	Sitting Fees paid during the year (Rs.)	Total (Rs.)
Mr.Anand Arya ,Chairman & Managing Director	24,00,000/-**	—	24,00,000/-
Mr.Suraj Dugar, Employee Director	1,97,110/-*	2,000/-	1,99,110/-
Mr.K.S.Varadhan	—	2,000/-	2,000/-
Mr.K.Parthasarathy	—	1,000/-	1,000/-
Mr. S.K. Tambawalla	—	1,500/-	1,500/-
Mr. V Sreekumaran Nair (IFCI Nominee)	—	—	—
Mr. Satbir Singh (IFCI Observer)	—	1000/-	1000/-
Smt. Rashmi Sachdev (IFCI Nominee)	—	—	—

*Includes salary, bonus and other benefits. No other fixed component or performance linked incentive or stock option is paid.

**The Managing Director is paid remuneration as per the Agreement with the Company, which was approved by the shareholders. The application of the Company for re-appointment of Managing Director with effect from 1st April,2010 is under consideration of the Central Government. The Agreement for appointment of Managing Director does not provide for any notice period or severance fees.

C) **Other Provisions as to Board and Committee:**

The Board Meetings are held at least four times in a year with a maximum time gap of four months between any two meetings. None of the Directors of the Company is a member of more than ten Committees or acts as a Chairman of more than five Committees across all Companies in which he is a Director. For the purpose of considering the limits of the Committees on which a Director can serve, only the three Committees, viz. the Audit Committee, the Shareholders Committee and the Remuneration Committee are considered. Every Director has informed the Company about Committee positions he occupies in other Companies.

D) **Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is posted on the website of the Company. All the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the current year.

3. Audit Committee:

Brief description of terms of reference: To review the financial reporting process and financial statements, the accounting policies and practices and to examine the accounting, taxation and disclosure aspect of significant transactions and other items as per clause 49 II (D) of the Listing Agreement.



The Audit Committee comprises three Non Executive Directors with the majority of them being Independent Directors. The Chairman of the Audit Committee is an Independent Director. The then Chairman of the Audit Committee was present at the previous Annual General Meeting to answer shareholders' queries.

The composition of the Audit Committee as on 31st March 2010 was as under:

1. Mr. K. Parthasarathy (KP) - Chairman
2. Mr. K. S. Varadhan (KSV) - Member
3. Mr. S.K.Tambawalla (SKT) - Member

Meetings and attendance during the year from April 2009 to March 2010:

Date of Meeting	Attendance Recorded		
	KP	KSV	SKT
29.04.2009	Yes	Yes	Yes
31.07.2009	No	Yes	Yes
29.10.2009	No	Yes	Yes
29.01.2010	Yes	Yes	No

At the invitation of the Committee, representatives of Statutory Auditors and other departmental heads also attended the Audit Committee Meetings to clarify queries raised at the Audit Committee Meetings.

4. Remuneration Committee:

Composition, names of members and Chairperson as on 31st March,2010.

1. Mr. S. K. Tambawalla - Chairman
2. Mr. K. S. Varadhan - Member
3. Mr. K.Parthasarathy - Member

Remuneration Committee is constituted to consider and approve remuneration to Managerial personnel. During the year no meeting of the Remuneration Committee was held.

5. Management:

Management Discussion and Analysis, forming part of Directors' Report, contains discussion on the required matters.

Disclosures by Management

All details of financial and commercial transactions where Directors may have an interest are provided to the Board and interested Directors neither participate in the discussion, nor do they vote on such matters. There are no transactions of material nature with the promoters, Directors or their relatives, etc. that may have potential conflict with the interests of the Company.

As required by Accounting Standard AS-18, details of related party transactions are given in Schedule containing notes forming part of Balance Sheet and Profit & Loss Account.

6. Shareholders

Details of Directors seeking re-appointment at the ensuing Annual General Meeting are given in the explanatory statement to the notice convening the Annual General Meeting.

A committee under the chairmanship of a Non-Executive Director is constituted to look into the redressal of shareholders' complaints. The details about Composition, names of members and Chairperson of Shareholders' Committee are as under:

1. Mr. S. K. Tambawalla (Chairman)
2. Mr. K. S. Varadhan (Member)

- Name and designation of Compliance Officer** : Mr. Tapan Maulik
- Number of shareholders complaints received so far** : There is no pending grievance of shareholders. The Company had received 6 complaints from shareholders during the year under report, which were attended to the satisfaction of shareholders.
- Number not solved to the satisfaction of shareholders** : Nil
- Number of pending share transfers** : Nil

7. Compliance Certificate:

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

8. General Body Meetings:

Location	Date	Time
Tarabai Hall 97,Marine Drive,'Shivprasad' Near Marine Lines Station Mumbai- 400 002	29.09.2007	11.30 a.m.
Tarabai Hall 97,Marine Drive,'Shivprasad' Near Marine Lines Station Mumbai- 400 002	26.09.2008	11.30 a.m.
Tarabai Hall 97,Marine Drive,'Shivprasad' Near Marine Lines Station Mumbai- 400 002	29.09.2009	11.30 a.m.

No postal ballots were used for voting at the general meetings of shareholders.

9. Disclosures:

- A) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with interests of company at large:** Nil
- B) **Accounting Treatment:** In the preparation of financial statement the Company has followed the prescribed Accounting Standards.



C] **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

The payment of listing fees to The Stock Exchange, Ahmedabad, Madras and Delhi Stock Exchange remains unpaid. The applications of the Company for de-listing of the Company's securities from the Madras Stock Exchange, Ahmedabad Stock Exchange and Delhi Stock Exchange are pending.

De-materialization of securities of the Company is not completed. The Company's applications for admission of its Securities into depositories have been rejected by NSDL and CDSL as the Capital base of the Company did not fulfil the requisite criteria.

The trading of securities of the Company is suspended on the BSE and NSE. The Company has already applied to these stock exchanges for revocation of suspension of trading in the securities of the Company. The matter is under process. The company has applied to ASE, DSE and MSE for de-listing of its securities from these exchanges.

D] **Whistle Blower Policy:** No personnel was denied access to the Audit Committee.

E] The Company is actively considering adoption of non mandatory requirements of Corporate Governance.

10. **Means of Communication**

The quarterly reports are published through Stock Exchanges and newspapers, namely, Free Press Journal (English) and Nav-Shakti (Marathi). These are not sent to each household of shareholders. The reports are not displayed on Company's web-site. The Management Discussion & Analysis Report forms part of this Annual Report.

11. **General Shareholder Information:**

AGM Date, Time and Venue	:	Thursday, 30 th September, 2010 at 11.30 a.m.,
Financial Calendar	:	1 st April to 31 st March
Date of Book Closure	:	From 27 th September, 2010 to 29 th September, 2010
Dividend Payment Date	:	Nil
Listing on Stock Exchanges	:	BSE, NSE, DSE, MSE, ASE
Stock Code	:	BSE Stock Code : 502761
Market Price Date and performance in comparison to broad based indices such as BSE Sensex, CRISIL index etc.	:	Since no trading had taken place during the year under review, the market price data and performance in comparison to broad based indices such as BSE Sensex, CRISIL index etc. are not given.
Registrar & Transfer Agents	:	In-house
Share Transfer System	:	Share transfers in physical form are presently registered and returned within a period of 25 to 30 days from the date of receipt, provided the documents are complete and the shares under transfer are not under dispute.

Sufficient delegated authority has been given to the Share Transfer Committee for expediting share transfers.

Shareholding Pattern as on 31st March, 2010:

Sr.	Category	No. of shares held	Percentage of Shareholding	No of Shares Pledged	% of Pledged Shares
A.	Promoters holding				
1.	Promoters				
	- Indian Promoters	43,74,404	24.07	24,38,204	55.74
	- Foreign Promoters	Nil	Nil		
2.	Persons acting in concert	Nil	N.A	N.A	N.A
	Sub - Total	43,74,404	24.07	24,38,204	55.74
B.	Non-Promoters Holding				
3.	Institutional Investors	Nil	N.A	N.A	N.A
a.	Mutual Funds and UTI	30,799	0.17	Nil	Nil
b.	Banks, Financial Institutions, Insurance Companies (Central/State Gov. Institutions/ Non-Government Institutions)	1,01,94,061	56.09	Nil	Nil
c.	FII's	Nil	N.A	N.A	N.A
	Sub - Total	1,02,24,860	56.26	Nil	Nil
4.	Others				
a.	Private Corporate Bodies	6,61,148	3.64	Nil	Nil
b.	Indian Public	29,00,351	15.96	Nil	Nil
c.	NRIs/OCBs	13,225	0.07	Nil	Nil
d.	Any other (Please specify)	Nil	Nil		
	Sub - Total	35,74,724	19.67	Nil	Nil
	GRAND - TOTAL	1,81,73,988	100.00	24,38,204	13.42
	TOTAL FOREIGN HOLDING	13,225	0.07	N.A	N.A

Notes:

			No. of Shares	%
i)	Total foreign shareholding	NRI	13225	0.07
	in number of shares and percentage shareholding including GDR and ADR holdings	OCBs & OTHERS	NIL	NIL
		GDR	NIL	NIL
		ADR	NIL	NIL
ii)	The Promoter's shareholding includes an aggregate of 2438204 shares, which are pledged and transferred to Banks as collateral security.			



Distribution of Shareholding as on 31.03.2010

Share holding of nominal value of (Rs.)	Shareholders		SHARE AMOUNT				
	Number	% to Total	Physical (In Rs.)	NSDL Demat (In Rs.)	CDSL Demat (In Rs.)	Total (In Rs.)	% to Total
Upto 2,500	16662	90.036	14814780	—	—	14814780	8.152
2,501 - 5,000	1272	6.873	4654590	—	—	4654590	2.561
5,001 - 10,000	353	1.907	2645950	—	—	2645950	1.456
10,001 - 20,000	127	0.686	1838090	—	—	1838090	1.011
20,001 - 30,000	32	0.173	796590	—	—	796590	0.438
30,001 - 40,000	13	0.070	465150	—	—	465150	0.256
40,001 - 50,000	10	0.054	456300	—	—	456300	0.251
50,001 - 1,00,000	10	0.054	656080	—	—	656080	0.361
1,00,001 & above	27	0.146	155412350	—	—	155412350	85.514
	18506	100.00	181739880	—	—	181739880	100.000

Dematerialization of shares and liquidity : The share capital of the Company is not dematerialized.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : Nil

Address for Correspondence:

Blue Blends (India) Ltd.

JBF House, 2nd Floor, Old Post Office Lane,
Kalbadevi Road, Mumbai - 400 002. Tel. 2208 5951/52
Name of the Contact Person - Mr.Tapan Maulik

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I(D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board Members and Senior Management personnel of the Company.

CEO/CFO CERTIFICATION

We in our official capacity do hereby confirm and certify that:

- We have reviewed financial statements and the cash flow statement for the year ended 31st March,2010 and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the company during the financial year 2009-2010 which are fraudulent, illegal or violative of the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps have been taken or proposed to rectify these deficiencies.
- We have indicated to the auditors and the Audit Committee that there are no :
 - significant changes in internal control during the year ended 31st March,2010.
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Blue Blends (India) Ltd.

Anand Arya
Chairman & Managing Director
Place : Mumbai
Date : 20th August, 2010.

Suraj Dugar
Chief Finance Officer

CERTIFICATE

The Members of
Blue Blends (India) Ltd.

We have examined the compliance of conditions of corporate governance by **Blue Blends (India) Ltd.**, for the year ended on 31st March,2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The Compliance of conditions for corporate governance is the responsibility of the Management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representative made by the Directors and Management, we certify that the Company has complied with the conditions on Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **P.C. Surana & Co.**
Chartered Accountants
Registration No. 110631W

Sunil Bohra
Partner
M. No. 39761

Place : Mumbai
Date : 20th August, 2010

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT – 2010****a) Industry Structure & Development:**

The Indian Textile Industry is one of the oldest and largest industries in the country. It contributes about fifteen percent of the Industrial Production in the country. It offers employment opportunities to substantial number of skilled and unskilled manpower and is considered to be second largest employment generator after agriculture.

The Indian Textile Industry is having fragmented structure with dominance of small manufacturers spread across the country. Due to various constraints faced by small-scale operators the industry faces low margins and productivity. There is immense competition amongst the players. The fragmentation of supply is a great barrier in achieving integration amongst various links in the supply chain though availability of raw materials like cotton, man-made fibre, jute and silk and availability of low cost skilled manpower in abundance are positive strength of the Indian textile Industry.

b) Segment-wise or Product-wise Performance:

The company has texturing and denim units situated at different locations. Presently, the industry is facing sluggish demand in both the segments. The Company has devised a balanced procurement policy for cotton purchases to offset the pressure on prices due to competition.

c) Outlook, Opportunities, Threats, Risks & Concerns:

The immediate outlook for the industry in which the Company is operating is not enthusiastic due to immense competition, high input costs and sluggish demand in the denim and texturing segment, though the company is optimistic about the long term prospects of the industry.

d) Internal Control System and their adequacy:

The Company has a proper and adequate system of internal control to ensure that all resources are put to efficient use and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

The Company's internal control systems are periodically tested and certified by the Company's statutory as well as the internal auditors.

e) Financial Performance :

(Rs. in lakhs)

Particulars	2009-2010	2008-2009
Sales & Service Charges (including excise duty)	12069.05	10738.16
Profit/(Loss) before Interest, Depreciation & tax	758.79	247.06
Less : Interest	176.93	302.19
Less : Depreciation	678.77	681.30
Profit / (Loss) before exceptional items and taxes	(96.91)	(736.43)
Add : Exceptional Items	5812.56	0.00
Profit / (Loss) before Tax	5715.65	(736.43)
Less : Provision for Tax-Fringe Benefit Tax	—	2.81
Profit / (Loss) after Tax	5715.65	(739.25)
Less : Prior period expenses	(0.04)	(0.65)
Profit / (Loss) for the year	5715.61	(739.90)
Add: Profit/(Loss) brought forward from previous year	(12,766.05)	(12,026.15)
Balance carried to Balance Sheet	(7,050.45)	(12,766.05)

f) Human Resources:

The company considers human resources as one of the vital and important factors for sustained growth. The human resources strategy is to attract talent in the industry, develop and upgrade their skill and competence on the job and ensure employees satisfaction through reward, appreciation and development of environment based on culture and values nurtured by the Group over the years.

g) Cautionary Statement :

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking" statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on behalf of the Board of Directors

Place : Mumbai

Date : 20th August, 2010

Anand Arya

Chairman & Managing Director



AUDITORS' REPORT

To,

The members of

Blue Blends (India) Limited,

We have audited the attached Balance Sheet of **M/s. Blue Blends (India) Limited**, as at 31st March 2010 and also the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that:-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books of account.
3. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub Section 3 C of Section 211 of the Companies Act, 1956.
5. The Company has been declared Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 vide their order dated 29 March, 2006 and it is so declared till the year end date.
Attention is drawn to Note No. 4 of Schedule 'M' - Notes to the Accounts regarding the present status of the Company before the Hon'ble BIFR.
6. In our opinion and on the basis of the information & explanations given to us and on the basis of the written representations received from the Directors and taken on record, none of the directors of the Company is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
7. Attention is drawn to the **Note No. 4 of Schedule 'M' - Notes to the Accounts** regarding non-provision of interest liability of Rs. 2598.72 lakhs.
8. Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on the date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.
9. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we further state on the matters specified in paragraphs 4 and 5 of the said Order that:
 - (i) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, the management during the year has physically verified the fixed assets in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
 - (ii) In respect of its inventories:
 - a) As explained to us, the management has physically verified inventories during the year. In our opinion the frequency of verification is reasonable
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification as compared to the book records.
 - (iii) In respect of loans, secured or unsecured granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - a) The Company has granted advances of Rs.0.55 lacs to two such parties during the year. In respect of such advances the maximum amount outstanding at any time during the year is Rs 112.65 Lacs and year end balance is Rs 112.65 Lacs. In respect of advances granted to two companies in the past years the maximum balance at any time during the year was Rs 920.31 Lacs and year end balance is Rs 912.22 Lacs
 - b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are *prima facie* not prejudicial

- c) to the interest of the Company.
- c) In respect of loans/advances granted by the Company to such parties, the loans/advances are interest free and are repayable on demand.
- d) In respect of advances given by the Company, these are repayable on demand and therefore the question of overdue amounts does not arise.
- e) During the year, the company has taken unsecured loans of Rs 805.84 Lacs taken from two such parties the maximum amount at any time during the year and year end balance was Rs 805.84 Lacs. The rate of interest, wherever applicable in respect of such loans and other terms and conditions are *prima facie* not prejudicial to the interest of the Company. The principal amount of such loans is repayable on demand and there is no overdue amount in respect of such loans.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) In respect of transactions covered under section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, where such transactions are in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion the internal audit system of the Company is adequate commensurate with its size and nature of its business.
- (viii) The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of products of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made any detailed examination of the same.
- (ix) In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
 - (x) The Company has accumulated losses of Rs. 7050.45 lakhs. The Company did not incur any cash loss during the financial year covered by our audit, but there was cash loss of Rs. 58.59 lacs in the immediately preceding financial year.
 - (xi) According to the explanations and information given to us the Company is in default in repayment of dues to certain Financial Institutions and Banks, settlement of which are under negotiation with respective lenders.
 - (xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
 - (xiii) In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, a clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - (xiv) The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. The Company in its own name has held all shares, debentures and other investments.
 - (xv) The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not *prima facie* prejudicial to the interest of the Company.
 - (xvi) The Company has not raised any new term loans during the year. The term loans outstanding at the beginning of the year were applied for the purposes for which they were raised.
 - (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has repaid certain Term Loans and acquired some fixed assets out of the sources generated by its business operating activities.
 - (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
 - (xix) The Company doesn't have any debenture issued during the year under report.
 - (xx) The Company has not raised any money by way of public issue during the year.
 - (xxi) In our opinion and according to the information explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For P.C. Surana & Co.
Chartered Accountants
Registration No. 110631W

Sunil Bohra
Partner
M. No: 39761

Place : Mumbai.
Dated : 20th August, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

	Sch.	As at 31st March, 2010		As at 31st March, 2009	
		Rs.	Rs.	Rs.	Rs.
Sources of Funds					
1. Shareholders' Funds					
a) Share Capital	A	504,439,880		504,439,880	
b) Reserves & Surplus	B	<u>51,523,787</u>		<u>51,523,787</u>	
			555,963,667		555,963,667
2. Loan Funds					
a) Secured	C	1,042,977,354		1,737,789,783	
b) Unsecured	D	<u>211,240,830</u>		<u>104,078,618</u>	
			<u>1,254,218,184</u>		<u>1,841,868,401</u>
TOTAL			<u><u>1,810,181,851</u></u>		<u><u>2,397,832,068</u></u>
Application of Funds					
1. Fixed Assets	E				
a) Gross Block		1,730,578,194		1,738,557,125	
b) Less : Depreciation		<u>1,019,983,937</u>		<u>958,733,881</u>	
c) Net Block			710,594,257		779,823,244
2. Investments	F		107,409,142		107,409,142
3. Curr. Assets, Loans & Advances	G				
a) Inventories		121,549,013		74,424,657	
b) Sundry Debtors		220,158,617		211,470,999	
c) Cash & Bank Balances		9,783,631		11,338,141	
d) Loans & Advances		<u>196,385,995</u>		<u>194,923,731</u>	
		<u>547,877,256</u>		<u>492,157,528</u>	
Less : Curr. Liab. & Provisions	H				
a) Current Liabilities		259,551,244		256,373,133	
b) Provisions		<u>1,192,085</u>		<u>1,789,878</u>	
		<u>260,743,329</u>		<u>258,163,011</u>	
Net Current Assets			287,133,927		233,994,517
4. Profit & Loss Account			705,044,525		1,276,605,165
Total Assets			<u><u>1,810,181,851</u></u>		<u><u>2,397,832,068</u></u>
Notes Forming part of Accounts	M				

As per our report of even date
for **P.C. Surana & Co.**
Chartered Accountants
Registration No. 110631W

Sunil Bohra
Partner
M.No.:39761

Place : Mumbai.
Dated : 20th August, 2010

For and on behalf of the Board

Anand Arya
Chairman & Managing Director

Suraj Dugar
Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010.

Income	Sch.	Year Ended 31.03.2010		Year Ended 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
1 Sales & Service Charges		1,206,904,767		1,073,815,940	
Less : Excise duty		<u>622,879</u>	1,206,281,888	<u>39,680</u>	1,073,776,260
2 Other Income	I		16,435,028		15,117,408
3 Increase / [Decrease] in Stock	J		<u>18,297,643</u>		<u>(11,969,644)</u>
			1,241,014,559		1,076,924,024
Expenditures					
4 Manufacturing & Other Expenses	K	1,124,490,842		1,031,926,347	
5 Trade Purchases		40,644,381		20,291,250	
6 Interest	L	17,693,390		30,219,340	
7 Depreciation		<u>67,876,659</u>		<u>68,130,436</u>	
			1,250,705,272		1,150,567,373
8 Profit/(Loss) before Exceptional Items & Taxes			(9,690,713)		(73,643,349)
9 Add : Exceptional Items - Interest liabilities waived			<u>581,255,806</u>		-
10 Profit / (Loss) before Taxes			571,565,093		(73,643,349)
11 Provision for taxes					
Current tax			-		-
Deferred tax			-		-
Fringe Benefit Tax			-	281,447	281,447
12 Profit / (Loss) after Taxes			<u>571,565,093</u>		<u>(73,924,796)</u>
Add / (Less) Adjustments in taxation of earlier years			(4,453)		(64,914)
13 Net Profit/(Loss) for the Year			571,560,640		(73,989,710)
Balance brought forward from Previous Year			(1,276,605,165)		(1,202,615,455)
14 Balance Carried to Balance Sheet			<u>(705,044,525)</u>		<u>(1,276,605,165)</u>
15 Earning Per Share (Basic & Diluted)			Rs.		Rs.
On earnings after tax and before exceptional items			(0.53)		(4.07)
On earnings after tax and exceptional items			31.45		(4.07)
16 Notes Forming part of Accounts	M				

As per our report of even date
for P.C. Surana & Co.
Chartered Accountants
Registration No. 110631W

Sunil Bohra
Partner
M.No.:39761

Place : Mumbai.
Dated : 20th August, 2010

For and on behalf of the Board

Anand Arya
Chairman & Managing Director

Suraj Dugar
Director



SCHEDULES FORMING PART OF THE BALANCE SHEET

Schedule "A" - Share Capital

	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
Authorised				
2,05,00,000(Prev. Year 2,05,00,000) Equity Shares of Rs. 10/- each		205,000,000		205,000,000
33,00,000 (Prev. Year 33,00,000) Redeemable Preference Shares of Rs. 100/- each		330,000,000		330,000,000
		<u>535,000,000</u>		<u>535,000,000</u>
Issued, Subscribed and Paid-up				
1,50,000 16% Redeemable Cumulative Non Convertible 'Preference shares of Rs. 100/- each		15,000,000		15,000,000
2,50,000 15% Redeemable Cumulative Non Convertible 'Preference shares of Rs. 100/- each		25,000,000		25,000,000
2,00,000 18% Redeemable Cumulative Non Convertible 'Preference shares of Rs. 100/- each		20,000,000		20,000,000
9,90,000 0.01% Redeemable Cumulative Non Convertible Preference shares of Rs. 100/- each		99,000,000		99,000,000
16,37,000 5% Redeemable Cumulative Optionally Convertible Preference shares of Rs. 100/- each		163,700,000		163,700,000
1,81,73,988 Equity shares of Rs. 10/- each fully paid up		181,739,880		181,739,880
		<u>504,439,880</u>		<u>504,439,880</u>
Of the above Equity Shares				
a) 13,43,750 shares are allotted as fully paid up Bonus Shares by way of capitalisation of Share Premium and Reserves				
b) 40,00,000 shares are issued to SASF on Conversion of loan into Equity Shares upon negotiated settlement of dues in the financial year 2005-06				
c) 30,00,000 shares are issued to IFCI on Conversion of loan into Equity Shares to negotiated settlement of dues in the financial year 2006-07				

Schedule "B" - Reserves & Surplus

Capital Reserves

Profit on forfeiture of shares and debentures (net)

As per last Balance Sheet 689,188 689,188

Central Subsidy & Special capital Incentive

As per last Balance Sheet 6,280,320 6,280,320

Special Capital Incentives and MIDC Incentives

As per last Balance Sheet 1,203,125 1,203,125

Reserves for Waiver of Principal amount of Term/Working Capital Loans

As per last Balance Sheet 35,851,154 35,851,154

44,023,787 44,023,787

Preference Share Redemption Reserve

As per last Balance Sheet 7,500,000 7,500,000

51,523,787 51,523,787



Schedule "C" Secured Loans	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
A) Term Loans				
From Financial Institutions	95,430,000		572,322,000	
From Bodies Corporates	396,892,000	492,322,000	-	572,322,000
Interest Accrued & Due on above				
Financial Institutions		100,087,443		681,343,249
Interest Accrued & But Not Due on above				
Financial Institutions		18,288,172		37,037,156
B) Working Capital Loans				
a) From banks	146,641,132		153,401,611	
b) Interest accrued & due	284,067,677		284,067,677	
c) Interest accrued but not due	-	430,708,809	6,998,301	444,467,589
C) Others		1,570,930		2,619,789
		<u>1,042,977,354</u>		<u>1,737,789,783</u>

Notes

- Term Loans from Stressed Assets Stabilization Fund (SASF), IIBI & IFCI (since assigned by IFCI to Edelweiss Asset Reconstruction Company Ltd. during the year) are secured by first charge on all the immovable and movable assets present & future of the Company subject to the prior charge on specified movables created/to be created in favour of the Company's Bankers, ranking pari-passu with other charges created/ to be created in favour of the existing first charge holders.
- Loans from SASF & IFCI (since assigned by IFCI to Edelweiss Asset Reconstruction Company Ltd.) under Specific Schemes are secured by way of exclusive charge on assets acquired with the said loans.
- Working Capital Loans from Banks are secured by hypothecation of Stocks and Book Debts and 2nd pari-passu charge on the immovable properties of the company.
- The Secured Loans from others for acquiring vehicles are secured against the hypothecation of respective vehicles.
- All the above loans other than loans for vehicles are personally guaranteed by Shri Anand Arya, Promoter Director of the Company.

Schedule "D" - Unsecured Loans

Short Term Loans from:

a) Life Insurance Corporation of India				
Principal	19,817,135		19,817,135	
Interest Accrued & Due	27,121,640		27,121,640	
		46,938,775		46,938,775
b) Others				
i) from Corporate Bodies	26,440,244		22,451,233	
ii) from others	137,861,811		34,688,610	
		164,302,055		57,139,843
		<u>211,240,830</u>		<u>104,078,618</u>



Schedule "E"- Fixed Assets

(Amt in Rs.)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 1.04.2009	Additions	Adjustment	As at 31.03.2010	Up to 31.03.2009	For the Year	(Deletion)/ Adjustment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold Land	2,624,183	-	-	2,624,183	-	-	-	-	2,624,183	2,624,183
Factory Building	267,693,142	33,092	-	267,726,234	96,774,730	7,262,512	-	104,037,242	163,688,992	170,918,412
Office Building	382,820	-	-	382,820	22,601	6,240	-	28,841	353,979	360,219
Residential Building	565,041	-	-	565,041	88,378	-	-	88,378	476,663	476,663
Plant & Machinaries	1,379,608,997	539,786	8,135,000	1,372,013,763	804,762,498	57,681,486	(6,084,980)	856,359,004	515,654,759	574,846,499
Electrical Installations	40,981,365	-	-	40,981,365	27,818,265	1,571,267	-	29,389,532	11,591,833	13,163,100
Furniture & Fixtures	13,614,196	28,628	-	13,642,824	10,417,455	362,270	-	10,779,725	2,863,099	3,196,741
Vehicles	13,414,738	-	803,908	12,610,830	8,243,557	594,773	(541,623)	8,296,707	4,314,123	5,171,181
Office Equipment	5,837,737	253,840	-	6,091,577	4,131,650	168,521	-	4,300,171	1,791,406	1,706,087
Computer	7,431,488	104,650	-	7,536,138	6,474,747	229,590	-	6,704,337	831,801	956,741
Capital work in process	-	-	-	-	-	-	-	-	-	-
Total	1,738,557,125	959,976	8,938,908	1,730,578,193	958,733,881	67,876,659	(6,626,603)	1,019,983,937	710,594,256	779,823,244
Previous Year	1,733,911,948	5,764,800	1,119,623	1,738,557,125	891,505,498	68,130,436	(902,053)	958,733,881	779,823,244	-

Note: Net Block of Fixed Assets includes certain assets of some units of the company amounting to Rs. 34771001/- (Previous Year - Rs. 34771001/-) which are held for disposal but for the charges of the lending financial institutions and banks. (Refer note no.6 of Schedule 'M')

Schedule "F" - Investments

As at 31st March, 2010
Rs.

As at 31st March, 2009
Rs.

Trade Investments Long - term (at cost)

A. Shares (Quoted)

27,35,000	Equity Shares of Rs. 10/- each in Blue Blends Finance Ltd.	34,900,000	34,900,000
3,10,000	Red. Cum. Pref. Shares of Rs. 100/- each in Premier Synthetics Ltd.	31,000,000	31,000,000
		65,900,000	65,900,000

B. Shares / Securities Unquoted

4,00,000	Equity shares of Rs. 10/- each in Blue Blends Holdings Ltd.	4,000,000	4,000,000
20	Equity Shares of Rs.100/- each in Dhanudyog Sahkari Sangh Ltd.	2,302	2,302
	National Saving Certificates (Lodged as securities with govt. authorities)	3,000	3,000
		4,005,302	4,005,302

Investments in Subsidiary Company

37,49,994	Equity shares (Unquoted) of Rs. 10/- each in Blue Blends Equity Ltd.	37,499,940	37,499,940
		37,499,940	37,499,940

Other Investments (Long Term at Cost)

1,500	Equity Shares (Quoted) of Rs. 10/- each in Numech Emballage Ltd.	7,140	7,140
15,000	Equity Shares (Quoted) of Rs. 10/- each in Swiss Jersey Ltd.	150,000	150,000
18	Equity Shares (Quoted) of Rs. 10/- each in Asian Paints Ltd.	3,900	3,900
1,00,000	Partly paid Equity Shares (Quoted) of Rs. 10/- each, in Suzlon Fibers Ltd.	500,000	500,000
50,000	Equity Shares (Unquoted) of Rs.10/- each in Fairgrowth Financial Services Ltd.	500,000	500,000
		1,161,040	1,161,040

Total

108,566,282

108,566,282

Less : Provisions for diminution in value of investments

1,157,140

1,157,140

107,409,142

107,409,142

1	Aggregate value of quoted investments	Cost	67,061,040	67,061,040
2	Aggregate value of Unquoted investments	Cost	41,505,242	41,505,242

Note : Market value of the quoted shares is not given as the same is not available except that of Asain Paints Limited for wont of any trading on stock exchange during the year.

3 Investments pledged against loans granted to other Companies for which counter guarantees are available with the company.

Sr. No.	Name of Scrip	Type of shares	No. of Shares	Pledged with
1	Blue Blends Finance Ltd.	Equity	1,040,000	Oman International Bank



Schedule "G"- Current Assets,Loans & Advances

	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
Current Assets				
Inventories (At cost, except otherwise stated) (As taken, valued & certified by the Management)				
Raw Materials	49,726,861		22,308,247	
Semi Finished Goods	31,782,588		18,946,393	
Finished Goods	27,950,030		22,488,582	
(At lower of cost or net realisable value)				
Packing Material	978,876		618,391	
Stores & Spare Parts	5,643,403		4,816,519	
Dyes,Chemicals, Oil & Lubricants	5,467,255		5,246,525	
		121,549,013		74,424,657
Sundry Debtors (Unsecured and considered good by the Mamanement)				
Above Six months	43,561,725		46,850,602	
Others	176,596,892		164,620,397	211,470,999
		220,158,617		
Cash & Bank Balances				
Cash in hand	522,237		442,017	
Bank balance with Scheduled Banks;				
In Current Accounts	1,920,017		3,925,570	
In Margin Deposits / Fixed Deposits	7,341,377		6,970,554	
		9,783,631		11,338,141
Loans & Advances				
Advances recoverable in cash or in kind for value to be received	167,383,471		171,008,602	
Advance payment of tax & tax deducted at source	1,539,360		1,583,571	
Deposits with Public bodies	27,463,164		22,331,558	
		196,385,995		194,923,731
		547,877,256		492,157,528
Schedule "H" - Current Liabilities & Provisions				
Current Liabilities				
Sundry Creditors				
For Goods	93,802,562		100,238,916	
For Expenses	144,940,117		128,688,795	
Advance from Customers	17,933,085		24,106,777	
Security Deposits	2,875,480		3,338,645	
		259,551,244		256,373,133
Provisions				
For F B T	254,917		832,351	
For Gratuity	937,168		957,527	
		1,192,085		1,789,878
		260,743,329		258,163,011



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
Schedule "I" - Other Income				
Dividend		351		306
Interest Income		736,645		489,935
Sundry Credit Balances Written Back		1,229,514		342,950
Sale of Scrap & Hard Waste		13,635,786		13,445,546
Rent Received		579,612		470,112
Profit on Sale of Assets		-		123,494
Miscellaneous Income		253,120		245,065
		<u>16,435,028</u>		<u>15,117,408</u>
Schedule "J"- Increase/(Decrease) in Stock				
Opening Stock				
Finished Goods	22,488,582		37,261,610	
Semi Finished Goods	18,946,393		16,143,009	
Closing Stock		41,434,975		53,404,619
Finished Goods	27,950,030		22,488,582	
Semi Finished Goods	31,782,588		18,946,393	
		<u>59,732,618</u>		<u>41,434,975</u>
Increase/(Decrease) in Stock		<u>18,297,643</u>		<u>(11,969,644)</u>
Schedule "K" - Manufacturing & Other Expenses				
Raw Materials Consumed				
Stock at Commencement	22,308,247		16,611,116	
Add : Purchases	748,077,739		688,824,141	
Less : Stock at close	49,726,861		22,308,247	
		<u>720,659,125</u>		<u>683,127,010</u>
Dyes & Chemicals		63,006,292		62,875,639
Oil & Lubricants		14,026,725		20,095,156
Stores & Spares		18,573,406		16,391,069
Garment Making Charges		8,522,167		1,405,605
Testing Expenses		102,006		65,273
Labour & Job Charges		112,879,282		78,131,471
Power & Water Charges		100,424,272		89,709,791
Repairs & Maintenance				
Buildings	1,005,836		1,285,440	
Plant & Machinery	3,695,120		3,037,594	
Others	368,242		203,101	
		<u>5,069,198</u>		<u>4,526,135</u>
Sales & Distribution Expenses				
Packing Materials	17,737,029		15,927,777	
Sales Promotion & Advertisement Expenses	456,796		844,731	
Brokerage, Commission & Discount	2,799,081		5,708,350	
Freight & Forwarding Charges	6,378,127		4,377,989	
		<u>27,371,033</u>		<u>26,858,847</u>



	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
Administrative Expenses				
Payments & Provisions for Employees				
Salaries, Wages & Bonus	34,474,640		31,856,032	
Contribution to Provident Fund & Other Funds	2,893,948		2,748,699	
Employees Welfare & Other Amenities	563,116		371,341	
Gratuity	873,164		609,191	
		38,804,868		35,585,263
Establishment Expenses				
Rent, Rates, Taxes	1,670,113		1,718,617	
Insurance Charges	556,711		813,216	
Postage & Telephone	2,184,190		1,896,351	
Printing & Stationery	1,089,186		948,883	
Travelling & Conveyance	2,154,185		1,783,112	
Sundry Expenses	2,523,409		2,098,469	
Legal & Professional Charges	951,714		1,007,681	
Bank Charges	242,207		284,738	
Service Charges	-		20,344	
Security Charges	1,128,946		1,335,699	
Loss on Sale of Assets	961,959		-	
Sundry Advances W/off	151,419		588	
Membership & Subscription	88,387		72,907	
Listing Fess	118,573		119,149	
Food & Beverage	1,121,170		942,974	
Auditors' Remuneratiion	110,299		112,360	
		15,052,468		13,155,088
		1,124,490,842		1,031,926,347
Schedule "L" - Interest				
On Fixed Loans	11,779,312		24,091,050	
Others	5,914,078		6,128,290	
		17,693,390		30,219,340
		17,693,390		30,219,340



SCHEDULE 'M'-NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

a) **Basis of Preparation of Financial Statements**

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) referred to in Section 211 (3C) of the Companies Act, 1956.

b) **General**

(i) Accounting policies not specifically referred to otherwise are in consistence with earlier years and in consonance with generally accepted accounting principles.
(ii) Expenses and Income considered payable and receivable respectively are accounted for on accrual basis.

c) **Sales**

(i) Sales are accounted on mercantile basis, when the sale of goods is completed.
(ii) Job charges are accounted when the goods are dispatched to the customers.
(iii) Sales are stated exclusive of excise duty.

d) **Valuation of Inventories**

(i) Inventories of Raw materials and Work in progress are valued at cost.
(ii) Stocks in Trade and Stock of Finished Goods are valued at lower of cost and net realizable value

e) **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchases price and any attributable cost of bringing the assets to its working condition for its intended use. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets to the extent they relate to the period till such assets are ready to be put to use.

f) **Depreciation / Amortization**

(i) Depreciation on the fixed assets is charged on Straight Line Method at the rates prescribed by Schedule XIV to the Companies Act, 1956, which are based on the estimated useful lives of the assets.
(ii) Depreciation in respect of additions to/and deletion from assets has been charged on pro-rata basis with reference to the month of addition or deletion.
(iii) No amortization is made for leasehold land, which are under Perpetual lease.

g) **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of such investments.

h) **Foreign Currency Transactions**

Foreign Currency transactions are recorded in the books by applying the exchange rates as on the date of the transaction. Foreign Currency Assets & Liabilities are converted at the exchange rate prevailing on the date of the Balance Sheet and the resultant exchange difference is adjusted to the profit & Loss account except in the case of Foreign Currency Liabilities arising on account of acquisition of Fixed Assets, where such exchange difference is adjusted to the cost of the assets.

i) **Retirement Benefits**

Staff benefits arising out of retirement/death comprising contributions to Provident Fund, Gratuity Scheme and other post separation benefits are accounted for on the basis of the schemes or by an independent actuarial valuation at the year-end as the case may be.

j) **Taxes on Income**

(i) Income Tax is computed in accordance with Accounting Standard 22, "Accounting for Taxation on Income" issued by the ICAI.
(ii) Provision for current income tax and fringe benefit tax is made in accordance with the provisions of Income tax Act, 1961.
(iii) The difference between taxable income and net profit or loss before tax for the year as per the financial statements, is identified and the tax effect of the deferred tax asset or deferred tax liability is recorded for timing differences, i.e., differences that originate in one accounting period and reversed in another.
(iv) Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

k) **Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not provided for in the books but are disclosed by way of notes in the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

2. **Contingent Liabilities and commitments not provided for: -**

a) Corporate guarantees given to banks/financial institutions on behalf of other companies against credit facilities extended to them - Rs 1500 lakhs (Previous Year - Rs. 1500 lacs) for which the company holds counter guarantees.

b) Guarantees in a sum of Rs. 55.72 lakhs (Previous Year : Rs. 55.72 lakhs) furnished by the bankers on behalf of the company to various Govt. authorities which are secured by 100% margin money by way of Fixed Deposits with the respective Banks.

3. Balances of Sundry Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation, if any.

4. The Company has been declared Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 vide their order dated 29 March, 2006.

However, the Company's Reference before the Hon'ble BIFR was abated by the Hon'ble BIFR vide dated 22/06/2010 as per third proviso of Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985.

The Company has filed a Miscellaneous Application before the Hon'ble BIFR for restoration of the Reference in view of the withdrawal of the measures and action taken under SARFAESIA by IFCI Ltd. and the said Application is pending for disposal.

5. The company has not provided for interest amounting to Rs.2598.72 lakhs (Previous Year Rs. 2160.36 lakhs) payable on loans taken from the Financial Institutions & Banks with whom negotiations for settlement of loan accounts are going on as the company does not foresee any such liabilities on settlement of their dues.

6. a) The Company has been informed by M/s Edelweiss Asset Reconstruction Company Ltd. vide their letter dated 16th July, 2010 that all the financial facilities provided by IFCI to the Company including interest accrued and due together with all underlying security interests, all rights, pledges and/or guarantee thereto, have been absolutely assigned and transferred unto in favour of them.



- b) In view of the negotiation after the Balance Sheet date M/s Edelweiss Asset Reconstruction Company Ltd. the accrued and due interest as provided in the books amounting to Rs.58.13 crores on such assigned loans are not payable and hence they have been written back in the Books and credited to Profit & Loss account as Exceptional Items during the year.
- c) Adjustments in Principal amount of such assigned loans, if any, will be made at the time of final settlement/negotiation with M/s Edelweiss Asset Reconstruction Company Ltd.
7. The following Fixed Assets of the company situated at its Plants at Daman I, Daman II, Export Division, Panoli, Silvassa and Silvassa II which have ceased to be operational are held for disposal since the year 2005 but for the charge of the lender Financial Institutions and Banks over them. Depreciation provided on such assets during the year Rs. NIL (Previous year- Rs NIL): -

Description	Original Cost		Depreciation			Net Block	
	31.03.09	31.03.10	Up to 31.3.09	Depreciation During the Year	Up to 31.3.10	As at 31.03.10	As at 31.03.09
Piant & Machinery	254612766	254612766	220666766	—	220666766	33946000	33946000
Electric Installation	6113781	6113781	5783781	—	5783781	330000	330000
Furniture & Fixtures	2956191	2956191	2825191	—	2825191	131000	131000
Vehicles	6891989	6891989	6706989	—	6706989	185000	185000
Office Equipments	2448294	2448294	2295294	—	2295294	153000	153000
Computers	1732865	1732865	1706864	—	1706864	26001	26001
TOTAL	274755886	274755886	239984885	—	239984885	34771001	34771001
Previous Year	274755886	274755886	239984885	—	239984885	34771001	

8. Except otherwise mentioned herein, in the opinion of the Board the Current Assets, Loans & Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
9. The Terms of redemption of Preference Shares are as under:
- 1,50,000 - 16% Cumulative Redeemable Preference Shares of Rs. 100/- each became due for redemption in 4 equal annual instalments from the expiry of 3rd year from the date of allotment i.e. 6th October 1995. However, no redemption has been made till date.
 - 2,50,000 - 15% Cumulative Redeemable Preference Shares of Rs. 100/- each issued on 18th December, 1996 are to be redeemed in 3 equal annual instalments from the expiry of 8th year from the date of allotment. First instalment of redemption was due on 18th December 2004. However, no redemption has been made till date.
 - 2,00,000 - 18% Cumulative Redeemable Preference Shares of Rs. 100/- each became due for redemption in 3 equal annual instalments from the expiry of 3rd year from the date of allotment i.e. 7th October 1997. However, no redemption has been made till date.
 - 9,90,000 - 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each issued to IFCI in the financial year 2006-07 as part of Negotiated Settlement of the company's dues to them (since assigned by IFCI to Edelweiss Asset Reconstruction Company Ltd. during the year) are Redeemable at par in two equal annual installments on 31.12.2013 & 31.12.2014.
 - 16,37,000 - 5% Cumulative Redeemable Preference Shares of Rs. 100/- each issued to Stressed Assets Stabilization Fund (SASF) in the financial year 2005-06 as part of Negotiated Settlement of the company's dues to them are redeemable at par in 4 equal annual installments commencing from March 31st 2009 and ending on March 31st 2012. SASF has the option to convert the Preference Shares of the value of Rs.10 crores into Equity Shares of the company in case of default in redemption of these Preference Shares on due dates. However, no redemption has been made till date.
10. a) The computation of Net Profit for the purpose of calculation of Directors' remuneration under section 349 of the Companies Act, 1956 is not enumerated, since no commission has been paid to any director.

b) Managerial Remuneration

	2009-10 Rs.	2008-09 Rs.
i. Salary & Bonus	25,97,110	25,97,554
ii. Contribution to Provident Fund and Other funds	18,720	18,720
iii. Perquisites	NIL	NIL
	<u>26,15,830</u>	<u>26,16,274</u>

11. Related Party Transactions

The list of related parties and nature of their relationship is furnished below:

a) Related parties/Nature of Relationship

Key Person

Chairman & Managing Director	Mr. Anand Arya
Employee Director	Mr. Suraj Dugar
Non- executive Director	Mr. K.S Varadhan
Independent Director	Mr. S. K.Tambawala
Independent Director	Mr. Kalathoor Parthasarathy
IFCI Nominee Director	Mrs. Rashmi Sachdev

Associates

> Premier Synthetics Ltd.	> Bindal Synthetics Pvt. Ltd.	Ø Blue Blends Leasing Pvt Ltd.
> Agrawal Synthetics	> Silvassa Span Yarn Industries	Ø Mrs. Indu A. Arya
> Blue Blends Stocks & Securities Ltd.	> Blue Blends Petrochemicals Ltd.	Ø Blue Blend Finance Ltd.
> Cressida Traders Pvt. Ltd.	> Murbad Syntex Pvt. Ltd.	Ø Premier Equity Ltd.
> Blue Blends Holdings Ltd.	> Mahaveer Yarns Pvt. Ltd.	



Subsidiary Company

➤ Blue Blends Equity Ltd.

b) The Following transactions were carried out with the related parties in the ordinary course of business during the year:

Key Management Personnel	: Remuneration paid	Rs. 26.23 Lacs	(Rs.26.25 Lacs)
	: Profession fees paid	Rs. 2.20 Lacs	(Rs.Nil)
Associates	: Job charges paid	Rs.814.10 Lacs	(Rs.580.61 Lacs)
	: Job Charges received	Rs. 330.25 Lacs	(Rs. 213.26 Lacs)
	: Rent Paid	Rs. 1.38 Lacs	(Rs. 1.38 Lacs)
	: Rent Received	Rs.1.45 Lacs	(Rs.0.71 Lacs)
	: Purchases	Rs.0.00 Lacs	(Rs.5.91 Lacs)
	: Sale	Rs.162.37 Lacs	(Rs. 101.63 Lacs)
	: Advances given	Rs. 0.55 Lacs	(Rs. 1.10 Lacs)
	: Advances Received Back	(Rs. 3.55 Lacs)	(Rs. 52.85 Lacs)
Subsidiary Company	: Advance Re-paid	Rs.0.15 Lacs	(Rs.0.07 Lacs)

(Note: Figures in brackets are of previous year)

12. Company's entire network is eroded and it has been declared as a sick industrial company by the Hon'ble BIFR within the meaning of Section 3 (1) (c) of the Sick Industrial Companies (Special Provisions) Act, 1985. In the opinion of the Board, considering the present circumstances, reasonable certainty may not be expected about the future profitability of the Company.

In view of above, no provision has been made for deferred tax liability arising on account of timing differences in depreciation. Similarly, deferred tax assets arising on account of timing differences due to carry forward accumulated business losses and other provisions has not been adjusted.

13. Segment Information:

Textile business is the Company's only business segment, hence disclosure of segment-wise information is not applicable.

14. In the absence of any business activity carried out by the only subsidiary company, consolidated financial statements have not been prepared.

15. Basic and Diluted Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 - "Earnings Per Share."

Particulars		31.03.2010	31.03.2009
a. Numerator			
Profit/(Loss) after tax and exceptional items	Rs.	57,15,60,640	(73,989,710)
Profit/(Loss) after tax before exceptional items	Rs.	(96,95,166)	(73,989,710)
b. Denominator			
Weighted average number of equity shares	Nos	18,173,988	18,173,988
Earnings Per Share (Basic & Diluted) = Numerator/Denominator			
Profit/(Loss) after tax and exceptional items	Rs	(0.53)	(4.07)
Profit/(Loss) after tax before exceptional items	Rs	31.45	(4.07)

16. Payment to Auditors

	2009-10	2008-09
	(Rs.)	(Rs.)
For Audit	66,180	67,416
For Tax Audit	22,060	22,472
For Taxation matters	20,000	20,000
For Other services	2,059	2,472
	<u>1,10,299</u>	<u>1,12,360</u>

17. The Company was not required to obtain any license under Industries (Development and Regulation) Act, 1951. Therefore, the details of licensed capacity are not applicable.

A) CAPACITY as registered with Textile Commissioner

	Unit	2010	2009
a. Weaving Looms	Nos.	128	128
b. Texturising Machines	Nos.	25	25

B) INSTALLED CAPACITY (As certified by the management)

	Unit	2010	2009
a. Weaving Looms	Nos.	97	99
b. Texturising/Draw-Winder Machines	Nos.	19	19

C) ACTUAL PRODUCTION

Yarn (Texturised Twisted)	M.T.	2621.82	2867.78
Fabrics	Mtrs.	1,16,85,848	94,71,063
Grey Cloth	Mtrs.	—	—
Job Work Fabrics	Mtrs.	77,068	5,120
Job Work Yarn (Texturised, Twisted)	M.T.	2791.62	2,000
Garment	Pcs.	1,26,075	57,380



18. Quantitative information in respect of Opening Stock, Closing Stock, Sales and Consumption: -

	Unit	2009-10		2008-09	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
1 Opening Stock					
Fabrics	Mtrs.	194,597	15,010,917	370,458	26,508,897
Fabrics (Garment)	Mtrs.	15,563	1,178,961	14,758	1,005,877
Garment	Pcs	22,751	3,627,488	29,039	3,943,735
Stock in process (Yarn)	M.T.	50.40	3,405,756	57.06	2,826,198
Stock in process (Cotton Yarn)	M.T.	399	15,540,637	310.844	11,772,376
Stock in process (Garment)	Pcs	2,066	145,732	2,495	251,995
Stock in process (Garment)	Mtrs.	3,832	107,943	6,634	286,563
Yarn (Texturised, Twisting)	M.T.	51.28	3,850,177	82.60	6,808,978
2 Closing Stock					
Fabrics	Mtrs.	233,933	18,488,922	194,597	15,010,917
Fabrics Raw - Material(Garment)	Mtrs.	28,235	2,424,178	15,563	1,178,961
Finish Stock - Garment	Pcs	27574	4,641,584	22,751	3,627,488
Stock in process (Yarn)	M.T.	42.95	3,647,138	50.40	3,405,756
Stock in process (Cotton Yarn)	M.T.	577	26,872,203	399	15,540,637
Stock in process (Garment)	Pcs	8,051	1,051,557	2,066	145,732
Stock in process (Garment)	Mtrs.	7953	211,690	3,832	107,943
Yarn (Texturised, Twisting)	M.T.	49.69	4,819,524	51.28	3,850,177
3 Sales					
Yarn (Texturised, Twisting)	M.T.	1,704.48	152,581,237	2,899.10	246,680,100
Fabrics	Mtrs.	11,514,232	958,822,842	9,578,852	774,582,146
Fabrics Sales (Trade)	Mtrs.	4,40,733	41,525,846	320,000	20,420,000
Garment	Pcs	1,21,252	20,936,397	63,668	10,756,968
Tex yarn issued for Captive Consumption for Twisting	M.T.	918.93	-	827.86	-
Fabrics issued for Captive Consumption for Garments	Mtr.	132,280	-	68,072	-
Job work Receipts			33,038,445		21,376,726
4 Purchases					
Fabrics Purchase (Trade)	Mtrs.	440,733	40,644,381	320,000	20,291,250
5 Raw Material Consumed					
POY	M.T.	2580.29	121,465,977	2673.57	197,663,317
Gray Cloth	Mtrs	112,163	8,126,832	57,864	3,279,269
Cotton & Cotton Yarn	M.T.	7,792.071	591,066,316	6,985	483,617,060
			<u>720,659,125</u>		<u>684,559,646</u>

19. Value of import on CIF basis

	2009-10	2008-09
Capital Goods		
Stores & Spares	1,821,800	1,225,349
Raw Material		
Dyes & Chemicals	28,505,705	22,354,690
20. Expenditure in Foreign Currency		
Traveling Expenses	114,695	
21. Remittance in foreign currency on account of dividend		
i. Number of non-resident shareholders	Nil	Nil
ii. Number of shares held by them on which dividend was due	13	13
iii. Year to which dividend relates	Nil	Nil
iv. Amount remitted	Nil	Nil
22. Earnings in foreign exchange		
Export of goods on FOB basis	Nil	Nil
23. Value of Imports & Indigenous Material Consumption		

	2009-10		2008-09	
	Value (Rs.)	% of cons	Value (Rs.)	% of cons
A. Raw Material				
Indigenous	720,659,125	100.00	704,850,896	100.00
Imported				
	<u>720,659,125</u>	<u>100.00</u>	<u>704,850,896</u>	<u>100.00</u>
B. Stores & Spares				
Indigenous	16,751,606	90.00	15,165,720	93.00
Imported	1,821,800	10.00	1,225,349	07.00
	<u>18,573,406</u>	<u>100.00</u>	<u>16,391,069</u>	<u>100.00</u>
C. Dyes & Chemicals				
Indigenous	34,832,977	55.00	43,808,541	70.00
Imported	28,173,315	45.00	19,067,098	30.00
	<u>63,006,292</u>	<u>100.00</u>	<u>62,875,639</u>	<u>100.00</u>

24. Previous years figures have been regrouped and recast wherever necessary.

25. Information required as per part IV of Schedule VI of the Companies Act, 1956.



26 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 23900 State Code 11
Balance Sheet Date 31032010

II. Capital Raised during the year (Amount in Thousand)

Public Issue NIL Right Issue NIL Bonus Issue NIL Private Placement NIL

III. Position of Mobilisation and Deployment of Funds (Amount in thousand)

Total Liabilities 1810181.85 Total Assets 1810181.85

Source of Funds

Paid-up Capital 504439.88 Reserves & Surplus 51523.79 Secured Loans 1042977.35 Unsecured Loans 211240.83

Application of Funds

Net Fixed Assets 710594.26 Investments 107409.14 Net Current Assets 287133.93
Misc. Expenditure NIL Accumulated Losses 705044.52

IV. Performance of Company (Amount in Thousand)

Turnover 1206281.89 Total Expenditure 1250705.27 Exceptional Items(Income) 581255.81
Profit/(Loss) Before Tax 571565.09 Profit (Loss) After Tax 571560.64
Earning Per Share Rs. 31.45 Dividend rate % NIL

V. Generic Names of Two Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product 54032000 : TEXTURISEDYARN
52094200 : DENIMFABRICS

Signatures to Schedules A to M

As per our report of even date For P.C. Surana & Co. Chartered Accountants Registration No. 110631W

Sunil Bohra Partner. M. No. 39761

Place: Mumbai. Dated: 20th August, 2010

For and on behalf of the Board

Anand Arya Chairman & Managing Director

Suraj Dugar Director



Cash Flow Statement for the year ended 31st March 2010.
Pursuant to Clause 32 of the Listing Agreement

(Amount in "000)

A. CASH FLOW FROM OPERATING ACTIVITIES	March 31,2010	March 31,2009
Net profit before tax and extraordinary items	(9,690.71)	(73,989.72)
Depreciation	67,876.66	68,130.44
Interest Received	(736.65)	(489.94)
Dividend Recived	(0.35)	(0.31)
Bad Debts & Advances Written off	151.42	0.59
Adjustments in taxation of earlier years	(4.45)	64.91
(Profit)/Loss on Sale of Fixed Assets	961.96	(123.49)
Interest Paid	17,693.39	30,219.34
Operating Profit/(Loss) before working capital changes and extraordinary items	76,251.27	23,811.82
Adjustment for:-		
Trade and other recievables	(10,301.31)	(32,551.50)
Inventories	(47,124.36)	3,645.83
Trade Payables	2,580.32	(13,065.01)
Cash Generated from Operations before extraordinary items	21,405.92	(18,158.86)
Extraordinary Items - Interest liabilities waived	581,255.81	-
Net cash from operative activities after extraordinary items	602,661.73	(18,158.86)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(959.98)	(5,764.80)
Sale of Fixed Assets	1,350.36	276.15
Interest Received	736.65	489.94
Dividend Received	0.35	0.31
Net Cash Generat In Investing Activities	1,127.38	(4,998.41)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Loans taken (Net)	(587,650.22)	56,561.18
Interest Paid	(17,693.39)	(30,219.34)
Net Cash from Financing Activities	(605,343.61)	26,341.84
Net Increase in Cash	(1,554.51)	3,184.57
Opening Balance of Cash & Cash equivalents	11,338.12	8,153.55
Closing Balance of Cash & Cash equivalents	9,783.63	11,338.12

As per our report of even date
for **P.C. Surana & Co.**
Chartered Accountants
Registration No. 110631W

Sunil Bohra
Partner
M.No.:39761

Place : Mumbai.
Dated : 20th August, 2010

For and on behalf of the Board

Anand Arya
Chairman & Managing Director

Suraj Dugar
Director



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY,
VIZ. BLUE BLENDS EQUITY LIMITED

1. The Financial year of the subsidiary company ended on	:	31 st March, 2010
2. Date from which it became subsidiary	:	11 th June, 1996
3. a. No. of shares held by Blue Blends (India) Limited (holding company) with its nominee in the subsidiary at the end of the financial year of the subsidiary.	:	37,50,000 Equity Shares of Rs.10/- each fully paid up.
b. Extent of interest of holding company at the end of the financial year of subsidiary	:	100%
4. The net aggregate amount of the subsidiary's Profits/(Loss) so far as it concerns the members of the holding company	:	
a. Not dealt with the holding company's accounts	:	
i. For the financial year ended 31 st March, 2010.	:	Rs. (11,655)
ii. For the previous financial years of the subsidiary since it became the holding company's subsidiary.	:	Rs. (64,56,179)
b. Dealt with the holding company's accounts.	:	
i. For the financial year ended 31 st March, 2010.	:	Not Applicable.
ii. For the previous financial years of the subsidiary since it became the holding company's subsidiary	:	Not Applicable.
5. Changes in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding company's financial year	:	Not Applicable
6. Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of	:	
a. Fixed Assets	:	Not Applicable
b. Investments	:	Not Applicable
c. Moneys lent by the subsidiary company	:	Not Applicable
d. Moneys borrowed by the subsidiary company for any purpose other than that of meeting current liabilities	:	Not Applicable

For and On behalf of the Board

Anand Arya
Chairman & Managing Director

Suraj Dugar
Director

Place : Mumbai.
Dated : 20th August, 2010

NOTICE TO MEMBERS

Notice is hereby given that the 14th Annual General Meeting of the Members of **Blue Blends Equity Limited**, will be held on Thursday the 22nd day of July, 2010 at 11.00 a.m at the Registered Office of the Company situated at JBF House, 13, Old Post Office Lane, Kalbadevi Road, Mumbai - 400 002 to transact, with or without modifications, as may be permissible, the following:

ORDINARY BUSINESS

- To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and Profit and Loss Account of the Company for the year ended on that date together with reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Shri Suresh John, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

Suresh John
Director

Registered Office

JBF House, 13, Old Post Office Lane,
Kalbadevi Road,
Mumbai - 400 002
Place : Mumbai
Date : 25th June, 2010

NOTE:

- A) **MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

DIRECTORS' REPORT

To

The Members.

Your Directors present herewith the 14th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2010.

FINANCIAL RESULTS

Particulars	(Amount in Rupees)	
	2009-2010	2008-2009
Profit / (Loss) for the year before taxes	(11,655)	(7,462)
Less: Provision for taxation	-	-
Profit/(Loss) for the year after tax	(11,655)	(7,462)
Add: Profit/(Loss) brought forward from previous year	(64,56,179)	(64,48,717)
Balance Carried to the Balance Sheet	(64,67,834)	(64,56,179)

DIVIDEND

In view of loss, your Directors do not recommend any dividend for the year.

FINANCE

During the year under review the Company did not raise money by way of capital or otherwise.

OPERATIONS

During the year under review the Company has not carried on new business activities.

FIXED DEPOSIT

The Company has neither invited nor accepted any deposit from the public within the meaning of Non Banking Financial Companies (Reserve Bank Directions) or Section 58A of the Companies Act, 1956 and Rules made there under.

EMPLOYEES

The Company had no employee of the category indicated under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules 1975 as amended and hence particulars in respect thereof are not given.

SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

The foreign exchange earnings/outgoings were Nil. Since the Company does not own any manufacturing facility, the other particulars under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

DIRECTORS

Shri Suresh John retires by rotation and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed:

- That in the preparation of the accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departure;
- That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- That the directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a "going concern" basis.

AUDITORS

The Auditors **M/s. P.C. Surana & Co.**, Chartered Accountants, Mumbai retire and being eligible, offer themselves for re-appointment.

For and on behalf of the Board of Directors

Suresh John
Director

Place : Mumbai

Date : 25th June, 2010

AUDITORS' REPORT

To,

The members of

Blue Blends Equity Limited.

We have audited the attached Balance Sheet of **M/s. Blue Blends Equity Limited**, as at 31st March, 2010 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that:-

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books of accounts.
- The Balance Sheet and Profit & Loss Account dealt with this report are in agreement with the books of account.
- In our opinion the Balance Sheet and Profit & Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in Sub Section 3 C of Section 211 of the Companies Act, 1956.
- In our opinion and on the basis of the information & explanations given to us and on the basis of the written representations received from the Directors and taken on record, none of the directors of the Company is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - In the case of the Profit & Loss Account, of the loss of the Company for the year ended on the date.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and

explanations given to us during the course of audit, we further state on the matters specified in paragraphs 4 and 5 of the said Order that;

1. In respect of its fixed assets:
The Company does not own any fixed assets.
2. In respect of its inventories: Not applicable as the Company did not carry out any operations during the year.
3. The Company has not granted or taken any secured or unsecured loan from / to companies, firms or other parties covered in the register maintained as compared under section 301 of the Companies Act, 1956:
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. Company has not entered into any transactions with firm, companies and other parties covered under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of products of the Company.
9. In respect of statutory dues:
According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues, whatever applicable have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
10. The Company has accumulated losses of Rs. 64.68 lakhs and has incurred cash losses of Rs. 0.12 lakhs during the financial year covered by our audit and of Rs. 0.07 lakhs in the immediately preceding financial year.
11. According to the explanations and information given to us that the Company has no borrowings from Financial Institutions, Banks and debenture-holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
16. The Company has not raised any term loans during the year. There is no outstanding term loan at the beginning of the year.
17. The Company has not acquired any fixed assets and no term loan was repayable by the Company, hence our reporting on utilization of short term sources generated by the Company is not required.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any Debentures during the year.
20. The Company has not raised any money by way public issue during the year.
21. In our opinion and according to the information explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For **P.C. Surana & Co.**
Chartered Accountants
(Registration No.110631W)

Sunil Bohra
Partner
M. No. 39761

Place : Mumbai.
Dated : 25th June, 2010

Balance Sheet as at 31st March,2010

	Sch.	As at 31st March, 2010		As at 31st March, 2009	
		Rs.	Rs.	Rs.	Rs.
Sources of Funds					
1. Shareholders' Funds					
a) Capital	A	37,500,000		37,500,000	
b) Reserves & Surplus		-	37,500,000	-	37,500,000
2. Loan Funds					
a) Secured		-		-	
b) Unsecured		-		-	
TOTAL		<u>37,500,000</u>		<u>37,500,000</u>	
Application of Funds					
1. Fixed Assets					
a) Gross Block		-		-	
b) Less : Depreciation		-		-	
c) Net Block		-		-	
d) Add : Capital Work-in-Progr.		-		-	
2. Investments					
	C		25,427,000		25,427,000
3. Current Assets, Loans & Adv.					
	D				
a) Inventories		-		-	
b) Sundry Debtors		-		-	
c) Cash & Bank Balances		14,872		12,127	
d) Loans & Advances		5,592,500		5,607,500	
		<u>5,607,372</u>		<u>5,619,627</u>	
Less: Current Liabilities & Pro.					
	E				
a) Current Liabilities		2,206		2,806	
b) Provisions		-		-	
		<u>2,206</u>		<u>2,806</u>	
Net Current Assets			5,605,166		5,616,821
4. Miscellaneous Expenditure					
(To the extent not written off)					
Preliminary Expenses		-		-	
5. Balance of Profit & Loss Account					
	B		6,467,834		6,456,179
Total Assets		<u>37,500,000</u>		<u>37,500,000</u>	
Significant Accounting Policies & Notes forming Part of Accts.					
	G				

As per our Report of even Date

for and on behalf of the Board

for **P.C. Surana & Co.**
Chartered Accountants
Registration No. 110631W

Suresh John }

Sunil Bohra
Partner
M. No. 39761

Bajrang Bardia } Directors

Place : Mumbai
Dated : 25th June, 2010.

BLUE BLENDS EQUITY LIMITED

Profit and Loss Account for the year ended on 31st March, 2010

Income	Sch.	Year Ended		Year Ended	
		31st March, 2010	Rs.	31st March, 2009	Rs.
1 Dividend		-		-	
2 Miscellaneous Income		-		-	
Expenditures					
3 Admin. & Other Expenses	F	11,655		7,462	
			11,655		7,462
4 Profit / (Loss) before Taxes		(11,655)		(7,462)	
5 Less : Provision for Taxation		-		-	
6 Profit / (Loss) after Tax		(11,655)		(7,462)	
7 Add : Balance of Profit/(Loss) from Prev. Year		(6,456,179)		(6,448,717)	
		(6,467,834)		(6,456,179)	
8 Less: Earlier Years' Taxation provision		-		-	
Profit Available For Appropriation		(6,467,834)		(6,456,179)	
Appropriations					
9 a) Dividend on Equity Shares		-		-	
b) Transferred To General Reserve		-		-	
c) Debit Balance carried over to Balance Sheet		(6,467,834)		(6,456,179)	
		(6,467,834)		(6,456,179)	
10 Significant Accounting Policies & Notes Forming Part of Accts.	G				

As per our Report of even Date for and on behalf of the Board
for P.C. Surana & Co.
Chartered Accountants
Registration No. 110631W
Suresh John }
Sunit Bohra } Directors
Partner Bajrang Bardia }

Place : Mumbai
Dated : 25th June, 2010.

Schedules forming part of the Balance Sheet

	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule "A" - Share Capital				
Authorised				
50,00,000 Equity shares of Rs.10/- each	50,000,000		50,000,000	
	50,000,000		50,000,000	
Issued, Subscribed and Paid-up				
37,50,000 Equity shares of Rs.10/- each				
Fully Paid -up	37,500,000		37,500,000	
	37,500,000		37,500,000	

All the above equity shares are held by Blue Blends (India) Ltd., the Holding Company, along with its nominees.

Schedule "B" - Reserves & Surplus

	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
As per last Balance Sheet	-		-	
Balance in Profit & Loss Account	(6,467,834)		(6,456,179)	
	(6,467,834)		(6,456,179)	
	(6,467,834)		(6,456,179)	

As at 31st March, 2010 As at 31st March, 2009
Rs. Rs. Rs. Rs.

Schedule "C" - Investments

Trade Investments - Long - term (at cost)

1. Quoted			
2,00,000 (Previous year 2,00,000)			
15% Redeemable cum.	20,000,000		20,000,000
Preference Shares of Rs. 100/- each (fully paid up) in Premier Synthetics Ltd. (Aggregate Market Value of above Quoted Investments- Not Available since not traded)	20,000,000		20,000,000
2. Unquoted			
5,40,000 (Previous year 5,40,000)			
Equity Shares of Rs. 10/- each fully paid up in Blue Blends Holdings Ltd.	5,427,000		5,427,000
	5,427,000		5,427,000
	25,427,000		25,427,000

Schedule 'D' - Current Assets, Loans & Advances

Current Assets

Cash & Bank Balances

Cash in hand	3,022		584
Bank balance with Scheduled Bank In Current Accounts	11,850		11,543
		14,872	12,127

Loans & Advances

(Unsecured, considered good)

Others			
Advances recoverable in cash or in kind for value to be received	5,592,500		5,607,500
Advance Payment of tax & tax ded. at source	-		-
	5,592,500		5,607,500
	5,607,372		5,619,627

Schedule 'E' - Current Liabilities & Provisions

Current Liabilities

Sundry Creditors for expenses	2,206		2,806
		2,206	2,806
Provisions			
For Taxation	-		-
		2,206	2,806

Schedules forming part of the Profit and Loss Account

Schedule "F" - Administrative & Other Expenses.

	Year Ended		Year Ended	
	31st March, 2010	Rs.	31st March, 2009	Rs.
Establishment Expenses				
Audit Fees	5,515		5,618	
Bank Charges	166		228	
Filing Fees	1,562		1,116	
Secretarial Audit Fees	4,412		-	
		11,655		7,462
		11,655		7,462

SCHEDULE - G - NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES

GENERAL

- Accounting Policies not specifically referred to otherwise are consistent with earlier years and in consonance with generally accepted accounting principles.
- Expenses & Income considered payable & receivable respectively are accounted for on accrual basis, except dividend on investment which is accounted on receipt basis.

INVESTMENTS

- Long Term Investments are stated at cost plus brokerage and stamp charges. Provision for diminution in the value of long -term investments is made only when such a decline is other than temporary in the opinion of the management.
- Current Investments are valued at the lower of cost and market value.

TAXES ON INCOME

- i) Income Tax is computed in accordance with AS 22, Accounting for Taxation on Income issued by the ICAI.
- ii) Provision for current income tax is made on the tax liability is payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and net profit or loss before tax for the year, as per the financial statements, are identified and the tax effect of the deferred tax asset of deferred tax liability is recorded for timing differences i.e. differences that originate in one accounting period and reverse in another. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
2. Previous year's figures have been regrouped & recast wherever necessary.
3. In the opinion of the Board, Current Assets Loans & Advances are approximately of the value stated if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
4. Payment to Auditors for Audit Fees Rs. 5,515/- (including Service Tax) & Payment to Secretarial Audit 2,206/- (Including Service Tax).
5. In view of the Long Term prospects of the investments made by the Company in shares etc., provision of any depreciation in their value has not been, considered by the management of the Company.
6. **Related Party Transactions.**

The list of related parties and nature of their relationship is furnished below:

Related parties with whom transactions have taken place during the year:

A. Key Management Personnel:

Director Mr. Bajrang Bardia

Director Mr. Suresh John
 Director Mr. Shabbir K. Tambawalla

B. Associates

- > Bindal Synthetics Pvt. Ltd
- > Cressida Traders Pvt. Ltd.
- > Premier Synthetics Ltd.
- > Denim Online Export Pvt. Ltd.
- > Blue Blends Leasing Pvt Ltd.
- > Blue Blends Holdings Ltd.
- > Blue Blends Stocks & Securities Ltd

C. Holding Company : Blue Blends (India) Ltd

Transactions taken place during the year with related parties:

Key Management Personnel : Nil
 Associates : Nil
 Holding Company : Amount Received back : 0.15 Lacs
 (Amount Received back : 0.08 Lacs)

(Note: Figures in brackets are of previous year)

7. Segment Information:

The Company does not have any reportable segment.

8. Basic and Diluted Earnings per share ("EPS") computed in accordance with Accounting Standard (AS) 20 "Earnings per Share."

	31.03.2010	31.03.2009
a. Numerator		
Profit/ (Loss) after tax	Rs. (11,655)	(7,462)
b. Denominator		
Weighted average number of equity shares	Nos. 37,50,000	37,50,000
c. Earnings per Share (Basic & Diluted) =		
Numerator/Denominator	Rs. NIL	NIL
9. Other additional information pursuant to Schedule VI – Part II to the Companies Act, 1956 has not been furnished as the same are not applicable.		

10. Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 97941 State Code 11
 Balance Sheet Date 31.03.2010

II. Capital Raised during the year (Amount in Thousand)

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Thousand)

Total Liabilities	37500.00	Total Assets	37500.00
Source of Funds			
Paid-up Capital	37500.00	Reserves & Surplus	NIL
		Secured Loans	NIL
		Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	NIL	Investments	25427.00
Accumulated Losses	6467.83	Net Current Assets	5605.17
		Misc. Expenditure	NIL

IV. Performance of Company (Amount in Thousand)

Turnover	Total Expenditure	Loss Before Tax	Loss After Tax
NIL	11.66	11.66	11.66
Earning Per Share in Rs.	NIL	Dividend rate %	NIL

As per our Report of even Date
 for **P.C. Surana & Co.**
 Chartered Accountants
 Registration No. 110631W

Sunil Bohra
 Partner
 M. No. 39761

Place : Mumbai
 Dated : 25th June, 2010

On behalf of the Board

Suresh John }
 }
 }
Bajrang Bardia }
 Directors



BLUE BLENDS (INDIA) LTD.

Registered Office: JBF House, 2nd Floor, Old Post Office Lane, Kalbadevi Road, Mumbai – 400 002

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall.

Name of the Shareholder (in Block Letters) _____

Member's Folio Number _____

Name of the Proxy (in Block Letters) to be filled if the Proxy attends instead of the Member _____

Number of Shares held _____

I hereby record my presence, at the Annual General Meeting held on Thursday, 30th September, 2010 at 11.30 a.m. at Tarabai Hall, 97, Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai 400 002.

Member's / Proxy's Signature

1. To be signed at the time of handing over this slip.
2. Shareholders are requested to advise, indicating their folio number, the change of their address, if any, to the Company.



BLUE BLENDS (INDIA) LTD.

Registered Office: JBF House, 2nd Floor, Old Post Office Lane, Kalbadevi Road, Mumbai – 400 002

PROXY

Member's Folio Number	
No. of Shares	

I/We _____

of _____

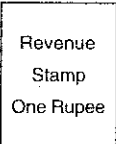
being a member/members of the above named Company, hereby appoint _____

of _____

or failing him _____

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 30th September, 2010 at 11.30 a.m. at Tarabai Hall, 97, Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai 400 002.

Signed at _____ this _____ day of _____ 2010.



Notes :

1. This instrument of Proxy should be deposited at the Secretarial Department of the Company, not less than 48 hours before the holding of the meeting.
2. The form should be signed across the stamp as per the specimen signature registered with the company.
3. A Proxy need not be a member.

BOOK - POST

TO

If undelivered, Please return to :

BLUE BLENDS (INDIA) LIMITED

JBF House, 2nd Floor, Old Post Office Lane,
Kalbadevi Road, Mumbai – 400002