



# BLUE BLENDS (INDIA) LIMITED

31<sup>st</sup>

*Annual Report*

*2011 - 2012*

**ANNUAL GENERAL MEETING**

On Friday, the 28th September, 2012  
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, 2<sup>nd</sup> Floor, Old Post Office Lane,  
Kalbadevi Road, Mumbai - 400002  
Ph.No. 2208 8736

**Denim Division**

603, Sahajanand, Shahibaug,  
Ahmedabad.

**Secretarial Division**

JBF House, 2<sup>nd</sup> 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)
- 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).

**Registrars**

**Purva Sharegistry (India) Pvt. Ltd.**

9, Shiv Shakti Industrial Estate,  
J R Boricha Marg, Opp. Kasturba Hospital,  
Lower Parel (East), Mumbai - 400 011  
Tel.: 2301 0771 / 2301 8261  
Fax: 2301 2517  
Email ID: [purvashr@mtnl.net.in](mailto:purvashr@mtnl.net.in)

**Board of Directors**

**Anand Arya**

(Chairman & Managing Director)

**Suraj Dugar**

(Executive Director)

**S. K. Tambawalla**

(Independent Director)

**K. Parthasarathy**

(Independent Director)

**Pujaram Purohit**

(Independent Director)

**Auditors**

P.C.Surana & Co.  
Chartered Accountants

Contents	Page No.(s)
Notice	1
Directors' Report	2
Corporate Governance Report	4
Auditors Report	9
Balance Sheet	10
Profit & Loss Account	11
Cash Flow Statement	12
Schedules	14
Statement Under Section 212	24
Subsidiary Company	25



**NOTICE**

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of **BLUE BLENDS (INDIA) LIMITED** will be held on Friday, the 28<sup>th</sup> September, 2012 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 31<sup>st</sup> March, 2012, 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. S.K. Tambawalla who retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.
3. 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.

**By order of the Board of Directors  
For Blue Blends (India) Limited**

Place : Mumbai  
Date : 13<sup>th</sup> August, 2012

**Anand Arya**  
Chairman & Managing Director

**Registered Office:**  
JBF House, 2<sup>nd</sup> Floor,  
Old Post Office Lane,  
Kalbadevi 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 OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday the 24<sup>th</sup> day of September, 2012 to Thursday the 27<sup>th</sup> day of September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
3. Members are requested to notify the change of address, if any, to the Company.

**For Blue Blends (India) Limited**

Place : Mumbai  
Date : 13<sup>th</sup> August, 2012

**Anand Arya**  
Chairman & Managing Director

**Registered Office:**  
JBF House, 2<sup>nd</sup> Floor,  
Old Post Office Lane,  
Kalbadevi Road,  
Mumbai 400 002.

**DIRECTORS' REPORT**

To  
The Members,  
The Directors present herewith the 31<sup>st</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

**FINANCIAL RESULTS:** (Rs. in lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Gross Income	: 17174.53	17125.69
Profit/(Loss) before Interest, Depreciation & tax	: 1802.41	1398.49
Less : Interest	: 134.66	163.43
Less : Depreciation*	: 594.10	678.78
Profit / (Loss) before exceptional items and taxes	: 1073.65	556.27
Add : Exceptional Items	: (1242.80)	---
Profit / (Loss) before Tax	: (169.15)	556.27
Less : Provision for Tax	: ---	---
Profit / (Loss) after Tax	: (169.15)	556.27
Less : Prior period expenses	: 0.006	---
Profit / (Loss) for the year	: (169.15)	556.27
Add : Profit/(Loss) brought forward from previous year	: (6494.18)	(7050.45)
Balance carried to Balance Sheet	: (6663.33)	(6494.18)

**DIVIDEND**

Your Directors have not recommended any dividend on Equity or Preference Shares for the year under review.

**OPERATIONS**

During the year under review the Company recorded a turnover of Rs. 17174.53 Lakhs as against Rs. 17125.69 Lakhs in the previous year, making growth of about 0.29 percent over the previous year. The Net loss of the Company in the year under review stood as Rs. 169.15 Lakhs.

**REFERENCE TO BIFR**

During the said period the Company's Reference bearing Ref. No. 235/2002 was abated by the Hon'ble BIFR vide order dated 22/06/2010. Subsequently the Company filed a fresh reference on 18/11/2010 under Section 15(1) of SICA (Special Provision) Act, 1985. BIFR vide its letter dated 20/12/2010 had registered the said reference as Case No. 66/2010. After certain hearings taking place BIFR vide order dated 09/04/2012 submitted that since M/s Edelweiss Asset Reconstruction Company Ltd. had taken possession of the assets of the Company under Section 13(4) of SARFAESI Act, 2002 and they have more than 75% of the debts of the Company under SARFAESI Act, the Company's reference No. 66/2010 was abated under third proviso to the sub-section (1) of section 15 of SICA.

**AUDITORS' QUALIFICATION**

1. As regards Auditors' Qualification in para no. 6 of their Report, kindly refer to Note No. 23 of the attached Balance Sheet of the Company, which is self explanatory.

**FIXED DEPOSITS**

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 or Rules made thereunder.

**DIRECTORS**

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

Mr. K Srinivasa Varadhan had resigned from the office of the Director of the Company with effect from 10<sup>th</sup> April, 2012. The Board of Directors place on records its deep appreciation for the support and co-operation extended to the Company by the outgoing Director of the Company during the tenure of his office.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable Accounting Standards have been followed alongwith proper explanations relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for the year ended that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting 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 and the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2012 on a going concern basis.

**SALE OF UNITS PURSUANT TO ACTION UNDER SARFAESI ACT, 2002**

Pursuant to action taken under SARFAESI Act, 2002 by Edelweiss Asset Reconstruction Company, 6 units of the Company, viz. Silvassa I, Silvassa II, Rakholi, Daman I, Daman II and Pipodara were sold through public auction conducted on 30<sup>th</sup> November, 2011 pursuant to sale notice dated 24<sup>th</sup> October, 2011.

**PERSONNEL**

The Company had not paid any remuneration attracting the provisions of the Companies (Particulars of employees) Rules 1975 read with the Section 217 (2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

**LISTING FEES**

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 A to this report.

**AUDITORS & AUDITORS REPORT**

M/s P.C.Surana & Co., Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from M/s. P.C.Surana & Co., to the effect that their appointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified from such appointment within the meaning of section 226 of the Companies Act, 1956.

The observations & comments given by Auditors in their report read together with notes to accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

**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 :-**

- a) **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 :
  - i. Separate energy meters have been installed for effectively monitoring the section wise energy consumption.
  - ii. Additional capacitor banks have been installed in different section.
  - iii. We have made optimum use of electrical motors and day light resources at plant.
- b) **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.
- c) **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.
- d) **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:**

**Power and Fuel Consumption**

	2011-12	2010-11
<b>1. Electricity</b>		
a) Purchased Units (in'000)	14,157	18,095
Total Amount (Rs. in lakhs)	743.91	801.80
Rate/Unit (Rs.)	5.25	4.43
b) Generated Units (in '000)	14	3
i) Total Diesel Consumed (Ltrs. In '000)	6	2
Total amount (Rs. in lakhs)	4.94	0.87
Rate/Unit (Rs.)	35.70	26.23
ii) Through steam turbine/generator	Nil	Nil
Unit	Nil	Nil
Units per ltr. of Oil/Gas	Nil	Nil
Cost/unit	Nil	Nil
<b>2. Steam Generated</b>		
a) From Lignite (in'000 kgs)	24,734	26,997
Total Lignite Consumption (in '000 kgs.)	6,561	8,023
Total Fire Wood Consumption (in '000 kgs.)	874.61	969.64
Total Steam Coal Consumption	—	—
Amount incurred (Rs. in lakhs)	212.34	220.75
Rate/kgs (Rs.)	0.86	0.82

**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**

Earnings : Rs. Nil (Previous year Rs. Nil)  
 Outgo : Rs. 332.39 Lakhs (Previous year Rs. 281.79 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

Anand Arya  
 Chairman & Managing Director

Place : Mumbai.  
 Dated : 13<sup>th</sup> August, 2012



**Report on Corporate Governance**

**(Annexure 'A' 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 of 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 13<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 11<sup>th</sup> November, 2011 and 10<sup>th</sup> February, 2012. The particulars of Board Meetings and Annual General Meetings attended by the Directors and other details of the Board of Directors as on 31<sup>st</sup> March, 2012 are given hereunder.

Name of the Director	Category	Date of Appointment	No. of other Directorships held	No. of Meetings attended during F. Yr. 01.04.11 to 31.03.12	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	4	Yes	Chairmanship- Nil Membership - Nil
Mr. Suraj Dugar (SD)	Executive Director	31.10.2001	3	3	Yes	Chairmanship- Nil Membership - 2
*Mr. K. Srinivasa Varadhan (KSV)	Non Executive Director	24.05.2002	1	4	Yes	Chairmanship - Nil Membership - 2
Mr. K. Parthasarathy (KP)	Independent Director	31.07.2007	—	Nil	No	Chairmanship- Nil Membership - 1
Mr. S. K. Tambawalla (SKT)	Independent Director	31.10.2005	1	4	Yes	Chairmanship-3 Membership - 3
Mr. Pujaram Purohit (PP)	Independent Director	19.07.2011	2	3	Yes	Chairmanship- Nil Membership-2

\*KSV resigned from the office of Director w.e.f. 10<sup>th</sup> April, 2012.

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 31<sup>st</sup> March, 2012:

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, Executive Director	1,93,880/-*	1,500/-	1,95,380/-
Mr. K. Srinivasa Varadhan	—	2,000/-	2,000/-
Mr. K. Parthasarathy	—	—	—
Mr. S. K. Tambawalla	—	2,000/-	2,000/-
Mr. Pujaram Purohit	—	1,500/-	1,500/-

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

**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 two Committees, viz. Audit Committee and Shareholders Grievance 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 of three Directors with the majority of them being Independent Directors. The Chairman of the Audit Committee is an Independent Director having financial and accounting knowledge. The Chairman of the Audit Committee was present at the Annual General Meeting to answer shareholders' queries.

The Audit Committee was reconstituted on 12<sup>th</sup> August, 2011 by appointing Mr. S K Tambawalla as a Chairman of the Audit Committee in the place of present Chairman Mr. K. Parthasarathy, further in the same meeting Mr. Suraj Dugar was appointed as a Member of the Audit Committee and Mr. K. Srinivasa Varadhan resigned from the office of Member of Audit Committee. The Committee was further reconstituted on 11<sup>th</sup> November, 2011 by appointing Mr. Pujaram Purohit as a Member of the Audit Committee.

After reconstitution the Composition of the Audit Committee as on 31<sup>st</sup> March, 2012 was as under:

1. Mr. S.K. Tambawalla (SKT) - Chairman
2. Mr. Suraj Dugar (SD) - Member
3. Mr. K. Parthasarathy (KP) - Member
4. Mr. Pujaram Purohit (PP) - Member



Meetings and attendance during the year from April, 2011 to March, 2012:

Date of Meeting	Attendance Recorded				
	SKT	SD	KP	PP	KSV
02.04.2011	Yes	—	No	—	Yes
13.05.2011	Yes	—	No	—	Yes
12.08.2011	Yes	Yes	No	—	Yes
11.11.2011	Yes	Yes	No	Yes	—
10.02.2012	Yes	Yes	No	Yes	—

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. 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.

**5. Shareholders**

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

Name of Director	<b>Mr. S. K. Tambawalla</b>
Date of Birth	17.06.1941
Date of Appointment	31.10.2005
Expertise in specific functional areas	Legal
Qualifications	B.Com., LL.B.
List of other public limited Companies in which directorship held.	<ul style="list-style-type: none"> <li>● Premier Synthetics Limited</li> <li>● Blue Blends Equity Limited</li> </ul>
Chairman/Member of the Committees of the Board of other Companies in which he is a Director	<u>Premier Synthetics Limited</u> Audit Committee – Chairman Remuneration Committee – Member

- A Committee named as Shareholder's Grievance Committee under Chairmanship of a Non-Executive Director is constituted to look into the redressal of shareholders complaints. The details are as under :  
 Composition, names of members and Chairperson of Shareholders Grievance Committee  
 Name and designation of Compliance Officer  
 Number of shareholders complaints received so far

- Mr. S K Tambawalla (Chairman) (Independent Director)
  - Mr. Suraj Dugar (Member) (Executive Director)
- Mr. Suraj Dugar

There is no pending grievance of shareholders. During the year the Company had received 9 complaints from the shareholders, which were attended to the satisfaction of shareholder.

Number not solved to the satisfaction of shareholders  
 Number of pending share transfers

Nil  
 Nil

**6. Compliance Certificate:**

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

**7. General Body Meetings:**

Location and time of last three AGM's held :

Location	Date	Time
Tarabai Hall 97, Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai- 400 002	29.09.2009	11:30 a.m.
Tarabai Hall 97, Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai- 400 002	30.09.2010	11:30 a.m.
Tarabai Hall 97, Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai- 400 002	29.09.2011	11:30 a.m.

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

**8. Disclosures:**

- 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
- Accounting Treatment:** In the preparation of financial statement the Company has followed the prescribed Accounting Standards.
- 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 BSE & NSE for revocation of suspension of trading in the securities of the Company. However the Company has received a letter dated 15/06/2012 from BSE granting In-Principal approval for Revocation of Suspension of trading in Equity Shares of the Company. The matter is under process & is expected to be resolved by the end of the year.

**9. Compliance with Non Mandatory Requirements**

**a) Remuneration Committee:**

Composition, names of members and Chairperson as on 31<sup>st</sup> March, 2012:-

- Mr. S. K. Tambawalla - Chairman
- Mr. K. Srinivasa Varadhan - Member
- 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.



The Remuneration Committee was reconstituted on 10<sup>th</sup> April, 2012. Presently, the Remuneration Committee comprises of following members and Chairpersons:

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

b) **Whistle Blower Policy** : The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal & unethical behaviour. The Company has a Whistle Blower policy wherein the employees are free to report violation of law, rules, regulations & unethical behaviour to their immediate superior or such other persons as may be notified by the management to the work groups.

The confidentiality of those reporting violations is maintained and they are not subject to any discriminatory practice.

**10. Means of Communication :**

- a) The quarterly reports are published through Stock Exchanges and newspapers, namely, Business Standard (English) and Mumbai Lakshadeep (Marathi).
- b) The information of investors' interest is communicated either directly to the shareholders or through stock exchanges.
- c) Website of the Company is [www.blueblends.com](http://www.blueblends.com)  
The Website of the Company is periodically updated & results (Quarterly, Half Yearly, & Yearly) are posted on the same.
- d) Official news releases are also posted on the Website.

**11. General Shareholder Information:**

AGM Date, Time and Venue	:	Friday, 28 <sup>th</sup> September, 2012 at 11:30 a.m. at Tarabai Hall, 97 Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai – 400 002.
Financial Calendar	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Date of Book Closure	:	From 24 <sup>th</sup> September, 2012 to 27 <sup>th</sup> September, 2012 (Both Days Inclusive)
Dividend Payment Date	:	N.A.
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	:	Purva Sharegistry (India) Pvt. Ltd. 9, Shiv Shakti Industrial Estate, J.R. Boricha Marg, Opp. Kasturba Hospital, Lower Parel (East), Mumbai – 400 011. Tel: 2301 0771 / 2301 8261 Fax: 2301 2517 Email ID: <a href="mailto:purvashr@mtnl.net.in">purvashr@mtnl.net.in</a>
Share Transfer System	:	As regards, transfer of shares held physical form, the transfer documents can be lodged with Purva Sharegistry (India) Pvt. Ltd. at above-mentioned address. Transfer of shares in physical form is normally processed within 25 to 30 days from the date of receipt, provided the documents are complete and the shares under transfer are not under dispute. Share Transfer Committee has been delegated authority by the Board for expediting share transfers.

**Shareholding Pattern as on 31<sup>st</sup> March, 2012 :**

Sr. No.	Category	No. of shares held	Percentage of Shareholding	No of Shares Pledged	% of Pledged Shares
A.	<b>Promoters holding</b>				
1.	Promoters				
	- Indian Promoters	60,74,404	33.42	24,38,204	40.14
	- Foreign Promoters	Nil	Nil		
2.	Persons acting in concert	Nil	N.A	N.A	N.A
	<b>Sub – Total</b>	<b>60,74,404</b>	<b>33.42</b>	<b>24,38,204</b>	<b>40.14</b>
B.	<b>Non-Promoters Holding</b>				
3.	Institutional Investors				
a.	Mutual Funds and UTI	30,799	0.17	Nil	Nil
b.	Banks, Financial Institutions, Insurance Companies (Central/State Gov. Institutions/ Non-Government Institutions)	32,90,326	18.10	Nil	Nil
c.	FII's	Nil	N.A	N.A	N.A
	<b>Sub – Total</b>	<b>33,21,125</b>	<b>18.27</b>	<b>Nil</b>	<b>Nil</b>
4.	Others				
a.	Private Corporate Bodies	51,92,080	28.57	Nil	Nil
b.	Indian Public	35,73,154	19.66	Nil	Nil
c.	NRIs/OCBs	13,225	0.07	Nil	Nil
d.	Any other (Please specify)	Nil	Nil		
	<b>Sub – Total</b>	<b>87,78,459</b>	<b>48.30</b>	<b>Nil</b>	<b>Nil</b>
	<b>GRAND – TOTAL</b>	<b>1,81,73,988</b>	<b>100.00</b>	<b>24,38,204</b>	<b>13.42</b>
	TOTAL FOREIGN HOLDING	13,225	0.07	N.A	N.A

**Notes:**

- |    |                              |   |                      |          |
|----|------------------------------|---|----------------------|----------|
|    |                              |   | <b>No. of Shares</b> | <b>%</b> |
| i) | Total foreign shareholding   | : | NRI                  | -        |
|    | in number of shares and per- | : | 13,225               | 0.07     |
|    | centage shareholding includ- | : | OCBs & OTHERS        | -        |
|    | ing GDR and ADR holdings     | : | 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 31.03.2012

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 - 5,000	17900	96.86	19437470	—	—	19437470	10.70
5,001 - 10,000	355	1.92	2663890	—	—	2663890	1.47
10,001 - 20,000	127	0.69	1838090	—	—	1838090	1.01
20,001 - 30,000	31	0.17	772370	—	—	772370	0.42
30,001 - 40,000	14	0.08	497610	—	—	497610	0.27
40,001 - 50,000	10	0.05	456300	—	—	456300	0.25
50,001 - 1,00,000	10	0.05	656080	—	—	656080	0.36
1,00,001 & above	33	0.18	155418070	—	—	155418070	85.52
	<b>18480</b>	<b>100.00</b>	<b>181739880</b>	<b>—</b>	<b>—</b>	<b>181739880</b>	<b>100.00</b>

**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) Limited**

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 31<sup>st</sup> March, 2012 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 2011-2012 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 31<sup>st</sup> March, 2012.
  - 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) Limited**

**Anand Arya**  
Chairman & Managing Director

**Suraj Dugar**  
Chief Finance Officer

Place : Mumbai

Date : 13<sup>th</sup> August, 2012.

**CERTIFICATE**

The Members of

**Blue Blends (India) Limited**

We have examined the compliance of conditions of corporate governance by **Blue Blends (India) Limited**, for the year ended on 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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 : 13<sup>th</sup> August, 2012



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT – 2012

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 texturising 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 texturising 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	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Gross Income	17174.53	17125.69
Profit/(Loss) before Interest, Depreciation & tax	1802.41	1398.49
Less : Interest	134.66	163.43
Less : Depreciation	594.10	678.78
Profit / (Loss) before exceptional items and taxes	1073.65	556.27
Add : Exceptional Items	(1242.80)	—
Profit / (Loss) before Tax	(169.15)	556.27
Less : Provision for Tax	—	—
Profit / (Loss) after Tax	(169.15)	556.27
Less : Prior period expenses	0.006	—
Profit / (Loss) for the year	(169.15)	556.27
Add : Profit/(Loss) brought forward from previous year	(6494.18)	(7050.45)
Balance carried to Balance Sheet	(6663.33)	(6494.18)

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 Blue Blends (India) Limited

Place : Mumbai  
Date : 13<sup>th</sup> August, 2012

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 31<sup>st</sup> March 2012 and also the Statement of Profit and Loss and Cash Flow Statement 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet, Statement of Profit and Loss 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. 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 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
6. Attention is drawn to the **Note No. 23 of the attached Balance sheet of the Company** regarding non-provision of interest liability of Rs. 3471.97 lakhs.
7. 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 31<sup>st</sup> March, 2012;
  - (ii) in the case of the Statement of Profit and Loss, of the loss 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.
8. 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 given loans or advances to seven such parties. In respect of such loans or advances the maximum amount outstanding at any time during the year was Rs 2349.11 Lacs and year-end balance is Rs 2335.26Lacs .
    - 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 of the loans or advances given by the Company, are *prima facie* not prejudicial to the interest of the Company.
    - c) The loans or advances given by the Company to such parties are repayable on demand.
    - d) In respect of the said loans or advances and interest thereon, there are no overdue amounts.
    - e) The Company has taken advances from one such party. The maximum amount outstanding at any time during the year on such loans was Rs.30.00 lacs and the year-end balance is Rs. 30.00 lacs.
    - f) 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 to the interest of the Company.

- g) According to the information and explanations given to us, loans from such parties are interest free and the principal amount is repayable on demand and there is no overdue amount of interest and principal in respect of such loans taken by the Company.
- (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 and explanations given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered 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, the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act, exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which *prima facie* appear reasonable as per information available with the Company.
- (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 31<sup>st</sup> March, 2012 for a period of more than six months from the date of becoming payable.
  - b) The disputed statutory dues aggregating Rs.25.94 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under :
    - i) Appeals filed at Sales Tax Appellate Tribunal, Ahmedabad against sales tax amounting to Rs.11.69 lakhs demanded under Gujrat Value Added Tax Act,2003 for the financial years 2007-08 and 2008-09.
    - ii) Appeal filed at Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad against excise duty of Rs. 5.25 lakhs demanded under Central Excise Act 1944 for the financial years 2001-02 and 2002-03.
- (x) The Company has accumulated losses of Rs. 6663.33 lakhs at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit as well as in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that 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 explanations 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, the provisions of clause 4(xiii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are 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) As per information and explanations given to us, in our opinion, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore the provisions of clause (xv) of paragraph 4 of the of the Companies (Auditor's Report) Order, 2003 are not applicable to 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 : 13<sup>th</sup> August, 2012



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
		Rs.	Rs.	Rs.	Rs.
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
a) Share Capital	2	504,439,880		504,439,880	
b) Reserves & Surplus	3	(614,809,567)		(597,893,770)	
			(110,369,687)		(93,453,890)
<b>2 Share application money pending allotment</b>			-		-
<b>3 Non -Current Liabilities</b>					
a) Long-term borrowings	4	816,618,107		989,270,150	
b) Deferred tax liabilities (Net)		-		-	
c) Other long term liabilities		-		-	
d) Long-term provisions -For Employees benefits		1,463,527		1,655,720	
			818,081,634		990,925,870
<b>4 Current Liabilities</b>					
a) Short-term borrowings	5	163,992,397		185,163,320	
b) Trade payables		200,380,561		303,522,783	
c) Other current liabilities	6	36,367,494		52,059,349	
			400,740,452		540,745,452
<b>TOTAL</b>			<u>1,108,452,399</u>		<u>1,438,217,432</u>
<b>II ASSETS</b>					
<b>1 Non-current Assets</b>					
a) Fixed Assets					
i) Tangible Assets	7	343,253,201		646,614,015	
ii) Intangible Assets		-		-	
iii) Capital Work-in-Progress		-		-	
iv) Intangible Assets under development		-		-	
b) Non-current Investments	8	107,406,142		107,409,142	
c) Deferred tax assets (net)		-		-	
d) Long-term loans and advances		-		-	
e) Other non-current assets		-		-	
			450,659,343		754,023,157
<b>2 Current Assets</b>					
(a) Current Investments		-		-	
(b) Inventories	9	144,590,884		164,617,409	
(c) Trade Receivables	10	200,264,389		280,544,600	
(d) Cash and Cash equivalents	11	12,698,443		19,932,933	
(e) Short-term loans and advances	12	300,239,340		219,099,333	
			657,793,056		684,194,275
<b>TOTAL</b>			<u>1,108,452,399</u>		<u>1,438,217,432</u>
<b>Significant Accounting Policies</b>	1				
<b>Other Notes on Accounts</b>	23-31				

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 : 13<sup>th</sup> August, 2012

for & on behalf of the Board

Anand Arya

Chairman & Managing Director

Suraj Dugar  
Director

S. K. Tambawalla  
Director



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

	Note	2011-12 Rs.	2010-11 Rs.
<b>INCOME</b>			
(I) Revenue from Operations	13	1,711,873,382	1,704,859,219
(II) Other Income	14	<u>5,579,859</u>	<u>7,709,454</u>
(III) <b>Total Revenue</b>		<b>1,717,453,241</b>	<b>1,712,568,673</b>
<b>(IV) EXPENSES</b>			
Cost of Materials consumed	15	1,020,851,116	1,087,345,964
Purchases in Stock in Trade (net of purchases returns)		<u>365,399</u>	<u>44,208,955</u>
Changes in Inventories of Finished goods, Stock in progress and Stock-in-trade	16	<u>24,248,667</u>	<u>(23,025,136)</u>
Employees benefits Expenses	17	<u>47,653,833</u>	<u>44,309,144</u>
Finance Costs	18	<u>13,466,271</u>	<u>16,343,528</u>
Depreciation and Amortization Expenses	19	<u>59,409,604</u>	<u>67,878,264</u>
Other Expenses	20	<u>444,093,356</u>	<u>419,880,986</u>
<b>Total Expenses</b>		<b>1,610,088,246</b>	<b>1,656,941,705</b>
(V) Profit/(Loss) before Exceptional Items & Taxes		<u>107,364,995</u>	<u>55,626,968</u>
(VI) Exceptional Items	21	<u>(124,280,129)</u>	<u>-</u>
(VII) Profit / (Loss) before Taxes		<u>(16,915,134)</u>	<u>55,626,968</u>
<b>(VIII) Tax Expenses :</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Adjustment in Taxation in earlier years		<u>663</u>	<u>-</u>
		<u>663</u>	<u>-</u>
(IX) <b>Profit / (Loss) for the Year</b>		<b><u>(16,915,797)</u></b>	<b><u>55,626,968</u></b>
<b>(X) Earning Per Equity Share</b>			
1. Basic	22	(0.93)	3.06
2. Diluted		(0.93)	3.06
<b>Significant Accounting Policies</b>	1		
<b>Other Notes on Accounts</b>	23 - 31		

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 : 13<sup>th</sup> August, 2012

for & on behalf of the Board

**Anand Arya**

Chairman & Managing Director

**Suraj Dugar**  
Director

**S. K. Tambawalla**  
Director



Rs. in "000"

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**  
Pursuant to Clause 32 of the Listing Agreement

	As At 31.03.2012	As At 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Net Profit before Exceptional Items as per Statement of Profit and Loss</b>	<b>107,365.00</b>	<b>55,626.97</b>
<b>Adjusted for:</b>		
Depreciation and Amortisation Expenses	59,409.60	67,878.26
Interest Income	(4,854.95)	(866.58)
Dividend Income	(0.59)	(0.75)
Sundry Advances/Deposits W/off	427.03	-
Investment written off	3.00	-
(Profit)/Loss on Sale of Assets ( Net)	-	(4,111.10)
Finance Cost	13,466.27	16,343.53
<b>Operating profit before working capital changes and Exceptional Items</b>	<b>175,815.36</b>	<b>134,870.33</b>
<b>Adjusted for:</b>		
Trade and Other Receivables	(976.29)	(77,495.96)
Inventories	20,026.53	(43,068.39)
Trade & Other Payables	(118,834.08)	95,918.86
<b>Cash Generated from Operations before Exceptional Items</b>	<b>76,031.51</b>	<b>110,224.84</b>
<b>Adjusted for:</b>		
Exceptional items - Loss on sale of Fixed Assets (Refer note no. 21)	-	-
Taxes Paid	(311.20)	(1,501.95)
<b>Net Cash from Operating Activities</b>	<b>75,720.31</b>	<b>108,722.89</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(33,884.42)	(11,242.35)
Sale of Fixed Assets	153,555.51	7,354.00
Interest Income	4,854.95	866.58
Dividend Income	0.59	0.75
<b>Net Cash (used in) Investing Activities</b>	<b>124,526.63</b>	<b>(3,021.02)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Re-payments of Long-term borrowings	(172,652.04)	(79,209.05)
Re-payments of short-term borrowings	(21,170.92)	-
Paid for Employees benefits	(192.19)	-
Interest Paid	(13,466.27)	(16,343.53)
<b>Net Cash (used in) from Financing Activities</b>	<b>(207,481.42)</b>	<b>(95,552.58)</b>
<b>Net Increase in Cash and Cash Equivalents ( A+B+C)</b>	<b>(7,234.48)</b>	<b>8,647.34</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>19,932.93</b>	<b>9,783.63</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>12,698.44</b>	<b>19,932.93</b>

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 : 13<sup>th</sup> August,2012

for & on behalf of the Board

**Anand Arya**

Chairman & Managing Director

**Suraj Dugar**  
Director

**S. K. Tambawalla**  
Director



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### "1" Significant Accounting Policies

#### 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.

#### 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.

#### Sales

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

#### 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.

#### Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase 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.

#### Depreciation / Amortization

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.

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.

No amortization is made for leasehold land, which are under Perpetual lease.

#### 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.

#### 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 and 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.

#### 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.

#### Taxes on Income

Income Tax is computed in accordance with Accounting Standard 22, "Accounting for Taxation on Income" issued by the ICAI.

Provision for current income tax and fringe benefit tax is made in accordance with the provisions of Income tax Act, 1961.

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.

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.

#### 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.



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.		
<b>"2" Share Capital</b>				
<b>Authorised:</b>				
2,05,00,000 ( Previous Year 2,05,00,000 ) Equity Shares of Rs.10 each	205,000,000	205,000,000		
33,00,000 ( Previous Year 33,00,000 ) Preference Shares of Rs.100 each.	330,000,000	330,000,000		
	<u>535,000,000</u>	<u>535,000,000</u>		
<b>Issued, Subscribed and Fully Paid-up:</b>				
<b>Cumulative Redeemable Preference Shares</b>				
i) 1,50,000 (Previous Year - 1,50,000) 16% Redeemable Cumulative Non-convertible Preference shares of Rs.100 each fully	15,000,000	15,000,000		
ii) 2,50,000 (Previous Year - 2,50,000) 15% Redeemable Cumulative Non-convertible Preference shares of Rs.100 each.	25,000,000	25,000,000		
iii) 2,00,000 (Previous Year - 2,00,000) 18% Redeemable Cumulative Non-convertible Preference shares of Rs.100 each.	20,000,000	20,000,000		
iv) 9,90,000 (Previous Year - 9,90,000) 0.1% Redeemable Cumulative Non-convertible Preference shares of Rs.100 each.	99,000,000	99,000,000		
v) 16,37,000 (Previous Year - 16,37,000) 5% Redeemable Cumulative Optionally-convertible Preference shares of Rs.100 each.	163,700,000	163,700,000		
<b>Equity Shares</b>				
1,81,73,988 (Previous Year -1,81,73,988 ) Equity Shares of Rs.10 each fully paid up of Rs.10 each fully paid up	181,739,880	181,739,880		
	<u>504,439,880</u>	<u>504,439,880</u>		
<b>Reconciliation of the number of shares outstanding at the beginning and at the end of the year.</b>				
<b>Cumulative Redeemable Preference Shares</b>				
i) 16% Redeemable Cumulative Non Convertible Preference share				
No. of the Preference shares at the beginning of the year	150,000	150,000		
Addition / (Reduction) during the year	-	-		
Preference shares at the end of the year	<u>150,000</u>	<u>150,000</u>		
ii) 15% Redeemable Cumulative Non Convertible Preference share				
No. of the Preference shares at the beginning of the year	250,000	250,000		
Addition / (Reduction) during the year	-	-		
Preference shares at the end of the year	<u>250,000</u>	<u>250,000</u>		
iii) 18% Redeemable Cumulative Non Convertible Preference share				
No. of the Preference shares at the beginning of the year	200,000	200,000		
Addition / (Reduction) during the year	-	-		
Preference shares at the end of the year	<u>200,000</u>	<u>200,000</u>		
iv) 0.01% Redeemable Cumulative Non Convertible Preference share				
No. of the Preference shares at the beginning of the year	990,000	990,000		
Addition / (Reduction) during the year	-	-		
Preference shares at the end of the year	<u>990,000</u>	<u>990,000</u>		
v) 5% Redeemable Cumulative Optionaly Convertible Preference share				
No. of the Preference shares at the beginning of the year	1,637,000	1,637,000		
Addition / (Reduction) during the year	-	-		
Preference shares at the end of the year	<u>1,637,000</u>	<u>1,637,000</u>		
<b>(Refer Note No. 25 for Terms &amp; Conditions as to Redumption/Conversion of above Preference Shares)</b>				
<b>Equity Shares</b>				
No. of the Equity Shares shares at the beginning of the year	18,173,988	18,173,988		
Addition / (Reduction) during the year	-	-		
Equity Shares at the end of the year	<u>18,173,988</u>	<u>18,173,988</u>		
<b>Details of shareholders holding more than 5% shares :</b>				
<b>Cumulative Redeemable Preference Shares</b>	<b>No. of shares</b>	<b>% held</b>	<b>No. of shares</b>	<b>% held</b>
i) 16% Redeemable Cumulative Non Convertible Preference share				
Indu Arya	75,000	50	75,000	50
New India Assurance Company Limited	75,000	50	75,000	50
ii) 15% Redeemable Cumulative Non Convertible Preference share				
Premier Synthetics Limited	200,000	80	200,000	80
Premier Equity Limited	50,000	20	50,000	20
iii) 18% Redeemable Cumulative Non Convertible Preference share				
Jindal Worldwide Limited	160,000	80	160,000	80
Amitara Industries Limited	40,000	20	40,000	20
iv) 0.01% Redeemable Cumulative Non Convertible Preference share				
Edelweiss Asset Reconstruction Company Limited	990,000	100	990,000	100
v) 5% Redeemable Cumulative Optionaly Convertible Preference share				
Edelweiss Asset Reconstruction Company Limited	1,637,000	100	1,637,000	100





	No. of Shares	As At		As At	
		31.03.2012	Rs.	31.03.2011	Rs.
<b>Equity Shares</b>			<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>
Anand Arya	2,271,835		12.50	1,471,835	8.10
Indu Arya	1,106,890		6.09	1,106,890	6.09
Bindal Synthetics Private Limited	1,008,588		5.55	1,008,588	5.55
Oman International Bank S. A. O. G.	2,952,866		16.25	2,952,866	16.25

Nil (Previous Year-30,00,000) Equity Shares out of issued, subscribed and paid up Equity share capital were allotted on conversion of Term Loans in the last five years.

**"3" Reserves & Surplus**

**Capital Reserves:**

**Profit on forfeiture of shares and debentures ( net )**

Balance as per last Balance Sheet 689,188 689,188

**Central Subsidy & Special capital incentive**

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

**Special Capital Incentives and MIDC incentives**

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

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

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

44,023,787 44,023,787

**Preference Share Redemption Reserve**

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

**Profit and Loss Account**

Balance as per last Balance Sheet (649,417,557) (705,044,525)

Add : Profit/(Loss) for the year (16,915,797) 55,626,968

(666,333,354) (649,417,557)

(614,809,567) (597,893,770)

**"4" Long term borrowings**

**Secured**

**Term Loans**

i) From banks 146,641,132 146,641,132

Interest accrued on above 284,067,677 284,067,677

430,708,809 430,708,809

ii) From Others 309,959,000 449,522,000

Interest accrued on above 75,638,615 108,375,615

385,597,615 557,897,615

iii) Vehicle Loans 311,683 663,726

816,618,107 989,270,150

- 1) Term Loans of Rs. 4307.09 lakhs from Banks are secured by hypothecation of Stocks and Book Debts and 2nd pari-passu charge on the immovable properties of the Company. The Company has defaulted in repayment thereof and has been negotiating with the Lender Bank for settlement of the loan amount including interest thereon.
- 2) Term Loans of Rs. 3855.97 lacs from Others includes loans from the financial institutions which the Company has defaulted in repayment and Financial Institutions have assigned the loans to Edelweiss Assests Reconstruction Company Ltd.(EARCL), 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 and others, ranking pari-passu with other charges created/to be created in favour of the existing first charge holders. (Also refer Note No.21).
- 3) Term Loans of Rs. 3.12 lakhs are secured by first charge and hypothecation of respective vehicles financed and are repayable in equal monthly installments over a period of three years.
- 4) All the above loans other than loans of Rs. 3.12 lakhs for vehicles are personally guaranteed by Shri Anand Arya, Promoter Director of the Company.



	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
<b>"5" Short term borrowings</b>		
<b>Unsecured, repayable on demand</b>		
Life Insurance Corporation of India		
Principal	19,817,135	19,817,135
Interest accrued on above	27,121,640	27,121,640
	<b>46,938,775</b>	46,938,775
Loans and Advances from Related Parties	8,572,500	51,530,433
Other Loans & Advances	108,481,122	86,694,112
	<b>117,053,622</b>	138,224,545
	<b>163,992,397</b>	185,163,320

The Company has defaulted in repayment of loan from Life Insurance Corporation of India and has been negotiating with it for settlement of the loan amount including interest thereon.

<b>"6" Other Current Liabilities</b>		
Current maturities of long term debt	263,979	575,662
Advances from Customers	32,151,659	47,838,538
Other Payables*	3,951,856	3,645,149
	<b>36,367,494</b>	52,059,349

\*Includes statutory dues and security deposits.

**"7" Fixed Assets  
Tangible Assets**

(Amt in Rs.)

Description of Assets	Gross Block				Depreciation				Net Carrying Value	
	As at 1.04.2011	Additions	Deletions	As at 31.03.2012	Up to 31.03.2011	For the Year	Adjustment (Del./Add.)	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
Freehold Land	6,403,418	-	5,483,456	919,962	-	-	-	-	919,962	6,403,418
Leasehold Land	2,624,183	1,288,358	234,889	3,677,652	-	-	-	-	3,677,652	2,624,183
Factory Building	270,702,465	1,158,254	106,992,213	164,868,506	111,345,186	6,642,738	37,890,615	80,097,309	84,771,197	159,357,277
Office Building	382,820	-	-	382,820	35,081	6,240	-	41,321	341,499	347,739
Residential Building	565,041	-	-	565,041	88,378	-	-	88,378	476,663	476,663
Plant & Machineries	1,366,418,786	30,477,422	675,902,253	720,993,955	908,884,495	50,056,118	477,454,272	481,486,341	239,507,614	457,534,294
Electrical Installations	40,981,367	29,411	12,117,255	28,893,523	30,960,803	1,460,711	9,078,028	23,343,486	5,550,037	10,020,565
Furniture & Fixtures	13,740,979	78,002	3,956,084	9,862,897	11,146,351	340,187	3,399,903	8,086,635	1,776,262	2,594,629
Vehicles	13,560,245	386,629	6,342,729	7,604,145	8,873,280	574,326	5,712,082	3,735,524	3,868,621	4,686,969
Office Equipment	6,267,458	333,790	1,882,515	4,718,733	4,478,573	155,300	1,541,866	3,092,007	1,626,726	1,788,883
Computer	7,702,888	132,555	465,564	7,369,879	6,923,490	173,984	464,563	6,632,911	736,968	779,395
<b>Total Tangible Assets</b>	<b>1,729,349,650</b>	<b>33,884,421</b>	<b>813,376,958</b>	<b>949,857,113</b>	<b>1,082,735,637</b>	<b>59,409,604</b>	<b>535,541,329</b>	<b>606,603,912</b>	<b>343,253,201</b>	<b>646,614,015</b>
Previous Year	1,730,578,193	11,242,345	12,470,893	1,729,349,645	1,019,983,937	67,878,264	(5,126,571)	1,082,735,630	646,614,015	-

**Notes:**

- Fixed Assets of Company's 6 units situated at Daman, Silvassa, Rakholi etc have been auctioned by M/s Edelweiss Assets Reconstruction Company Ltd. (EARCL) under Securitisation and Reconstruction of the Financial Assets And Enforcement of Security Interest Act 2002 ( SARFAESIA ) to realise Company's dues to Financial Institutions assigned to it. Also refer to Note No.21.
- Net Block of Fixed Assets includes certain assets of some units of the company amounting to Rs. 7724641/- (Previous Year - Rs. 7724641/-) which are held for disposal but for the charges of the lending financial institutions and banks.



	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
<b>"8" Non-current Investments</b>		
<b>Trade Investments (At Cost)</b>		
<b>In Preference Shares of Associate Company-</b>		
<b>Quoted, fully paid up</b>		
3,10,000 (Previous Year 3,10,000) Redeemable Cumulative Preference Shares of Rs.100/- each of Premier Synthetics Limited	31,000,000	31,000,000
<b>Total Trade Investment (A)</b>	<u>31,000,000</u>	<u>31,000,000</u>
<b>Other Investments (At Cost)</b>		
<b>In Equity Shares of Associate Companies</b>		
<b>Quoted, fully paid up</b>		
27,35,000 (Previous Year 27,35,000) Blue Blends Finance Ltd. of Rs. 10 each	34,900,000	34,900,000
<b>In Equity Shares of Associate Companies</b>		
<b>Unquoted, fully paid up</b>		
4,00,000 (Previous Year 4,00,000) Blue Blends Holdings Limited. of Rs. 10 each	4,000,000	4,000,000
<b>In Equity Shares of a Subsidiary Company</b>		
<b>Unquoted, fully paid up</b>		
37,49,994 (Previous Year 37,49,994) Blue Blends Equity Limited. of Rs. 10 each	37,499,940	37,499,940
<b>In Equity Shares of Other Companies</b>		
<b>Quoted, fully paid up</b>		
18 (Previous Year 18) Asian Paints Limited of Rs 10 each	3,900	3,900
<b>In Equity Shares of Other Companies</b>		
<b>Unquoted, fully paid up if not mentioned otherwise</b>		
20 (Previous Year 20) Dhanudyog Sahkari Sang Limited of Rs.100 each	2,302	2,302
1,500 (Previous Year 1,500) Numech Emballage Limited of Rs.10 each	7,140	7,140
15,000 (Previous Year 15,000) Swiss Jersey Limited of Rs.10 each	150,000	150,000
50,000 (Previous Year 50,000) Fairgrowth Financial Services Limited of Rs.10 each	500,000	500,000
1,00,000 (Previous Year 1,00,000) partly paid up Suzlon Fibers Limited of Rs. 10 each (Rs 5 each paid up)	500,000	500,000
	<u>1,159,442</u>	<u>1,159,442</u>
Less : Provisions for diminution in value of investments	<u>1,157,140</u>	<u>1,157,140</u>
	<b>2,302</b>	<b>2,302</b>
<b>In Government Securities -Unquoted</b>		
6 Years National Saving Certificates (Lodged as securities with Government Authorities)	-	3,000
<b>Total Other Investment (B)</b>	<u>76,406,142</u>	<u>76,409,142</u>
<b>Total Non-current Investment (A+B)</b>	<u>107,406,142</u>	<u>107,409,142</u>
Aggregate amount of Quoted investments	<b>65,903,900</b>	65,903,900
Market value of Quoted Investment	<b>14,717,880</b>	47,209,335
Aggregate amount of Unquoted investment	<b>42,659,382</b>	42,662,382
Aggregate provision for diminution in value of unquoted investment	<b>1,157,140</b>	1,157,140
Note:10,40,000 (Previous Year 10,40,000) Equity Shares held in Blue Blends Finance Ltd. are pledged with Edelweiss Asset Reconstruction Co. Ltd. against loans granted to other Companies for which counter guarantees are available with the company.		



	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
<b>"9" Inventories</b>		
Raw- Materials	75,423,736	65,810,933
Work - in - progress	43,489,048	46,892,809
Finished Goods(At lower of cost and net realisable value)	15,020,039	35,864,945
Stores & Spare parts	6,627,158	7,632,614
Packing Material	730,362	1,897,461
Dyes,Chemicals & Lubricants	3,300,541	6,518,647
	<u>144,590,884</u>	<u>164,617,409</u>
<b>"10" Trade Receivables</b>		
(Unsecured and considered good )		
Over Six months	7,508,267	45,231,961
Others	192,756,122	235,312,639
	<u>200,264,389</u>	<u>280,544,600</u>
<b>"11" Cash and Cash Equivalents</b>		
Balances with Bank		
In Current Accounts	4,384,059	11,231,147
In Fixed Deposit Accounts as Margin Money*	8,054,017	8,005,951
Cash on hand	260,368	695,835
	<u>12,698,444</u>	<u>19,932,933</u>
* Fixed Deposits with Banks include Deposits of Rs.56.50 lakhs with maturity period of more than 12 months.		
<b>"12" Short-Term Loans and Advances</b>		
(Unsecured, considered good)		
Loans and advances to Related Parties	233,525,792	155,317,687
Balances/Claims with Revenue Authorities	23,238,734	21,848,140
Deposits	13,630,419	12,939,365
Others*	29,844,395	28,994,141
	<u>300,239,340</u>	<u>219,099,333</u>
*includes primarily advances to suppliers, interest receivables and on account advance towards reinstatement fees to BSE for relisting of Company's Shares		
<b>"13" Revenue from Operations</b>		
a) Sale of Products	1,663,478,552	1,643,899,514
b) Sale of Services	21,692,168	41,924,992
c) Other Operating Revenues	28,409,180	21,975,883
	<u>1,713,579,900</u>	<u>1,707,800,389</u>
Less : Excise Duties	1,706,518	2,941,170
	<u>1,711,873,382</u>	<u>1,704,859,219</u>
<b>"13".1 Particulars of Sale of Products</b>		
a) Fabrics	1,502,724,587	1,421,453,103
b) Yarns	157,142,491	188,429,060
c) Garments	3,611,475	34,017,351
	<u>1,663,478,553</u>	<u>1,643,899,514</u>



	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
<b>"14" Other Income</b>		
Dividend	594	756
Interest Income	4,854,947	866,577
Sundry Balances Written Back	175,701	1,955,361
Rent Received	508,487	578,792
Profit on Sale of Assets	-	4,111,106
Miscellaneous Income	40,130	196,862
	<u>5,579,859</u>	<u>7,709,454</u>
<b>"15" Cost of Materials consumed (100% Indigenous)</b>		
Stock at Commencement	65,810,933	49,726,861
Add : Purchases	1,036,949,564	1,105,607,263
Less : Sale of Cotton	6,485,645	2,177,227
Less : Stock at close	75,423,736	65,810,933
	<u>1,020,851,116</u>	<u>1,087,345,964</u>
<b>"15".1 Particulars of materials consumed</b>		
Cotton & Cotton Yarn	926,533,794	908,252,916
Grey Cloth	15,482,622	26,718,991
POY	78,834,700	152,374,057
	<u>1,020,851,116</u>	<u>1,087,345,964</u>
<b>"16" Changes in Inventories of Finished goods, Stock in progress and Stock-in-trade</b>		
<b>Opening Stock</b>		
Finished Goods	35,864,945	27,950,030
Semi Finished Goods	46,892,809	31,782,588
<b>Closing Stock</b>	82,757,754	59,732,618
Finished Goods	15,020,039	35,864,945
Semi Finished Goods	43,489,048	46,892,809
	<u>58,509,087</u>	<u>82,757,754</u>
	<u>24,248,667</u>	<u>(23,025,136)</u>
<b>"17" Employees benefits Expenses</b>		
Salaries, Wages & Bonus	41,340,270	37,400,001
Contribution to Provident Fund & Other Funds	3,333,901	3,216,966
Employees Welfare & Other Amenities	2,150,298	2,169,713
Gratuity	829,364	1,522,464
	<u>47,653,833</u>	<u>44,309,144</u>
<b>"18" Finance Cost</b>		
(a) Interest Expenses	13,466,271	16,343,528
(b) Other Borrowing costs	-	-
	<u>13,466,271</u>	<u>16,343,528</u>
<b>"19" Depreciation and Amortization Expenses</b>		
Depreciation and amortization	<u>59,409,604</u>	<u>67,878,264</u>



	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
<b>"20" Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Dyes & Chemicals	75,703,952	66,749,998
Oil & Lubricants	11,636,744	19,162,447
Stores & Spares	20,558,348	22,234,127
Garment Making Charges	-	15,870,312
Testing Expenses	61,703	61,257
Labour & Job Charges	195,428,172	144,650,221
Power & Fuel Charges	96,118,101	102,343,306
Repairs to Buildings	2,036,266	1,905,644
Repairs to Plant & Machinery	5,272,195	3,976,097
	<b>406,815,481</b>	<b>376,953,409</b>
<b>Sales &amp; Distribution Expenses</b>		
Packing Materials	16,404,191	21,005,654
Sales Promotion & Advertisement Expenses	727,333	1,033,104
Brokerage, Commission & Discount	1,694,734	1,324,809
Freight & Forwarding Charges	1,990,744	1,325,820
	<b>20,817,002</b>	<b>24,689,387</b>
<b>Establishment Expenses</b>		
Rent	1,292,726	1,025,739
Rates & Taxes	1,293,762	762,060
Insurance Charges	764,873	724,900
Postage & Telephone	1,720,652	1,752,208
Other Repairs	224,138	270,248
Printing & Stationery	939,479	1,077,788
Travelling Expenses	3,032,599	2,882,813
Conveyance Expenses	1,032,351	1,523,779
Sundry Expenses	2,255,614	2,686,875
Legal & Professional Charges	1,210,245	3,934,624
Bank Charges	121,424	174,821
Security Charges	1,271,701	1,082,558
Sundry Advances/Deposits W/off	430,025	-
Membership & Subscription	267,314	110,904
Listing Fess	398,970	118,573
Auditors' Remuneration	205,000	110,300
	<b>16,460,873</b>	<b>18,238,190</b>
	<b>444,093,356</b>	<b>419,880,986</b>

**"20".1 Value of Stores Spares , Dyes & Chemicals consumed  
Stores & Spares**

	Value in Rs	% of Consumption	Value in Rs	% of Consumption
Indegenious	17,164,954	83.49	18,861,813	84.83
Imported	3,393,394	16.51	3,372,314	15.17
	<b>20,558,348</b>	<b>100.00</b>	<b>22,234,127</b>	<b>100.00</b>
<b>Dyes &amp; Chemicals</b>				
Indegenious	39,550,895	52.24	34,957,310	52.37
Imported	36,153,057	47.76	31,792,688	47.63
	<b>75,703,952</b>	<b>100.00</b>	<b>66,749,998</b>	<b>100.00</b>



	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
<b>"20".2 Value of Imports on CIF Basic</b>		
Stores & Spares	3,509,530	3,481,409
Dyes & Chemicals	35,379,477	30,519,257
Capital Goods	669,850	-
<b>"20".3 Payments to Auditors</b>		
Statuary Audit fees	132,360	66,180
Tax Audit fees	44,120	22,060
Taxation Matters	40,000	20,000
Other Services	4,120	2,060
Vat Audit fees	5,515	-
	<u>226,115</u>	<u>110,300</u>
<b>"20".4 Expenditure in Foreign currency</b>		
Travelling Expenses	2,045,558	1,581,872
<b>"21" Exceptional Items</b>		
<p>Exceptional Items comprise of net loss occurred on auction of Fixed assets of certain manufacturing units of the Company under Securitisation and Reconstruction of the Financial Assets And Enforcement of Security Interest Act,2002 (SARFAESIA) by Edelweiss Assets Reconstruction Company Ltd. (EARCL). The lending financial institutions (IFCI, SASF, IIBI) of the Company had assigned all the Company's outstanding dues and interest along with all the underlying securities to EARCL. As per their Notice dated 08/08/2011 under Section 13 of SARFAESIA, EARCL having more than 75% share in the total secured debts in the Company, has auctioned the immovable and movable fixed assets of its units situated at Rakholi, Daman-I, Daman-II, Silvassa-I, Silvassa-II and Pipodra for Rs.1543.00 lakhs and adjusted the amount so realised against the Company's Dues assigned to it by the financial institutions.</p>		
<b>"22" Earning Per Equity Share</b>		
1. Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(16,915,797)	55,626,968
2. Weighted Average number of equity shares used as denominator for calculating EPS	18,173,988	18,173,988
3. Basic and Diluted Earning per Share	(0.93)	3.06
4. Face Value per equity share ( in Rs)	10.00	10.00
<b>"23" Non provision of Interest payable on Loans</b>		
<p>The company has not provided for interest amounting to Rs. 3471.97 lakhs (Previous Year Rs.3126.44 lakhs) payable on loans taken from the Financial Institutions (since assigned to EARCL) and 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.</p>		
<b>"24"</b>	<p>Entire networth of the Company is eroded and its reference (case no. 66/2010) before the Hon'ble Board for Industrial and Financial Reconstruction for declaring it as a sick industrial company in terms of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 has been abated during the year due to action taken by EARCL under SARFAESI Act.</p>	
<b>"25" The Terms and Conditions of Redemption/Conversion of Redeemable Cumulative Non-convertible and Optionally-convertible Preference Shares:</b>		
<p>a) 1,50,000 - 16% Redeemable Cumulative Non-convertible Preference Shares of Rs. 100/- each became due for redemption in 4 equal annual installments from the expiry of 3rd year from the date of allotment i.e. 6th October 1995. However, no redemption has been made till date.</p>		
<p>b) 2,50,000 - 15% Redeemable Cumulative Non-convertible Preference Shares of Rs. 100/- each issued on 18th December, 1996 are to be redeemed in 3 equal annual installments from the expiry of 8th year from the date of allotment. First installment of redemption was due on 18th December 2004. However, no redemption has been made till date.</p>		
<p>c) 2,00,000 - 18% Redeemable Cumulative Non-convertible Preference Shares of Rs. 100/- each became due for redemption in 3 equal annual installments from the expiry of 3rd year from the date of allotment i.e. 7th October 1997. However, no redemption has been made till date.</p>		



- d) 9,90,000 – 0.01% Redeemable Cumulative Non-convertible 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.
- e) 16,37,000 - 5% Redeemable Cumulative Optionally-convertible 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 (since assigned by SASF to Edelweiss Asset Reconstruction Company Ltd. (EARC) in the financial year 2010-11) are redeemable at par in four equal annual installments commencing from March 31st 2009 and ended on March 31st 2012.

The holder of these 5% Cumulative Redeemable Preference Shares of Rs. 100/- each now EARC has the option to convert these Preference Shares up to aggregate value of Rs. Ten Crores into Equity Shares in case of default in redemption of these Preference Shares on due dates. However, no redemption has been made till date and the holder has not exercised its option.

“26” Earning in Foreign Exchange

Nil

Nil

“27” Related party Disclosures

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

**Related parties/Nature of Relationship :**

**Key Managerial Persons**

Mr. Anand Arya	Mr. Suraj Dugar
Mr. K. Srinivasa Varadhan	Mr. S. K. Tambawalla
Mr. Kalathoor Parthasarathy	Mr. Pujaram Purohit

**Associates**

Premier Synthetics Limited	Bindal Synthetics Private Limited	Blue Blends Leasing Private Limited
Agrawal Synthetics	Silvassa Span Yarn Industries	Blue Blends Stocks & Securities Limited
Blue Blends Petrochemicals Limited	Blue Blends Finance Ltd.	Cressida Traders Private Limited
Murbad Syntex Private Limited	Premier Equity Limited	Blue Blends Holdings Limited
Mahaveer Yarns Private Limited		

**Subsidiary Company (100%)**

Blue Blends Equity Ltd

**Transactions during the year with related parties : (Rs. in Lacs)**

Nature of Transaction	Key Managerial Persons	Associates	Subsidiaries	Total
Job Charges Paid		1,346.01		1,346.01
		937.21		937.21
Job Charges Received.		213.86		213.86
		419.24		419.24
Rent Paid		1.38		1.38
		1.38		1.38
Rent Received		1.45		1.45
		1.45		1.45
Sale of Finished Goods		5.44		5.44
		90.83		90.83
Interest Paid	31.66	-		31.66
	87.14	-		87.14
Interest Received		13.07		13.07
		-		-
Remuneration	29.53	-		29.53
	25.97			25.97
Sitting fees	0.09	-		0.09
	0.07			0.07
Loans and advances (net) - Payments/(Receipts)	459.48	(3.85)	0.10	455.73
	336.36	(11.68)	0.10	324.78



**Balances as at 31st March ,2012**

Investments	-	<b>699.00</b>	<b>375.00</b>	<b>1,074.00</b>
	-	<i>699.00</i>	<i>375.00</i>	<i>1,074.00</i>
Trade Payables( Advances from Customers)	-	<b>150.51</b>		<b>150.51</b>
	-	<i>317.63</i>		<i>317.63</i>
Trade Receivables	-	<b>616.95</b>		<b>616.95</b>
	-	<i>1,685.75</i>		<i>1,685.75</i>
Loans & Advances ( Net)	-	<b>2,305.25</b>	<b>55.73</b>	<b>2,360.98</b>
	<i>459.48</i>	<i>479.93</i>	<i>55.82</i>	<i>995.23</i>
Deposits	-	<b>11.25</b>	-	<b>11.25</b>
	-	<i>11.25</i>	-	<i>11.25</i>

**Note :** *Figures in Italic represent Previous Year's amount*

**Disclosure in Respect of Material Related Party Transaction during the year**

- 1 Job Charges Paid includes payment of Rs 1346.01 lacs ( Previous year Rs 937.21 Lacs) to Premier Synthetics Limited
- 2 Job Charges Received includes Rs 209.63 lacs ( Previous year Rs 413.55 Lacs)from Mahaveer Yarns Pvt Limited and Rs 4.23 Lacs (Previous year Rs 5.69 Lacs) from Premier Synthetics Limited.
- 3 Sale of Finished goods includes sale of yarns of Rs 5.44 Lacs ( Previous Year Rs 90.83 Lacs) to Mahaveer Yarns Pvt Ltd
- 4 Interest paid to Key Managerial Person includes payment of Rs 31.66 Lacs ( Previous Year 87.14 Lacs) to Mr Anand Arya
- 5 Interest received from Associates includes Rs 13.07 Lacs ( previous Year nil) from Premier Synthetics Limited .
- 6 Loans & Advances ( Net)- Payments/(Receipts) Includes :
  - a) Repayment of loans of Rs 459.48 Lacs ( previous year Rs 336.36 Lacs) to Mr Anand Arya
  - b) Repayment of advances of Rs 157.04 Lacs ( Previous year - Receipt of Rs 10.47 Lacs ) to Silvassa span yarn industries
  - c) Receipt of Advances of Rs 10.38 lacs ( pervious year Rs 1.60 Lacs ) from Blue Blends Finance Ltd.
  - d) Receipt of advances Rs 150.51 lacs ( pervious year Nil) from Mahaveer Yarn Private limited .

**"28" Segment Reporting**

Textile business is the Company's only business segment, hence the disclosure of segment wise information as required by Accounting Standard (AS) 17 on "Segment Reporting" is not applicable .

**"29" Consolidated Financial Statements**

As per Accounting Standard (AS) 21 on "Consolidated Financial Statement", in the absence of any business activity carried out by the only subsidiary company, consolidated financial statement have not been prepared.

**"30" Contingent Liabilities and Commitments**

- i) Guarantees given by the Company's bankers and counter guaranteed by the Company-Rs. 55.72 lakhs (Previous Year Rs.55.72 lakhs)
- ii) Claims against the Company /disputed liabilities not acknowledged as debts:
  - a) Disputed Sales Tax Liabilities under Gujrat Value Added Tax Act, 2003 Rs. 11.69 lakhs (Previous Year Rs. 11.69 lakhs)  
The Company has deposited the disputed liabilities of Rs 11.69 lakh (Previous Year Rs.11.69 lakhs) with the Sales Tax Authorities under protest.
  - b) Disputed Central Excise Duty Rs.5.25 lakhs (Previous Year Rs. 5.25 lakh)  
Disputed amount of Rs. 5.25 lakh (Previous Year Rs. 5.25 lakh) deposited by the Company under protest.
  - c) Claims of Rs. 1007.10 Crores (net of payment of Rs. 15.98 Crores upto 31/03/2012) in respect of Company's dues to the Financial Institutions i.e. IFCI, SASF and IIBI (since assigned to Edelweiss Assets Reconstruction Company Ltd. (EARCL) as per Assignee's notice dated 08/08/2011 under section 13 of Securitisation and Reconstruction of the Financial Assets And Enforcement of Security Interest Act, 2002, which are subject to materilisation of negotiation for settlement with EARCL.

**"31"** Figures of the previous year have been regrouped/recast or reclassified wherever considered necessary.

**Signatures to Schedule 1 to 31**

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 : 13<sup>th</sup> August,2012

**for & on behalf of the Board**

**Anand Arya**

Chairman & Managing Director

**Suraj Dugar**  
Director

**S. K. Tambawalla**  
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<sup>st</sup> March,2012
2. Date from which it became subsidiary : 11<sup>th</sup> 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. : 37,49,994 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<sup>st</sup> March,2012. : Rs. (7,823)
    - ii. For the previous financial years of the subsidiary since it became the holding company's subsidiary. : Rs. (64,77,065)
  - b. Dealt with the holding company's accounts. :
    - i. For the financial year ended 31<sup>st</sup> March,2012. : 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

**S. K. Tambawalla**  
Director

Place : Mumbai.  
Dated : 13<sup>th</sup> August, 2012

# BLUE BLENDS EQUITY LIMITED

## NOTICE TO MEMBERS

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of **Blue Blends Equity Limited**, will be held on Thursday the 30<sup>th</sup> day of August, 2012 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 31<sup>st</sup> March, 2012, Profit and 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.
- To appoint a Director in place of Shri Bajrang Bardia, 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  
For Blue Blends Equity Limited

Suresh John  
Director

### Registered Office

JBF House, 13, Old Post Office Lane,  
Kalbadevi Road, Mumbai - 400 002  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2012

### NOTE:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

## DIRECTORS' REPORT

To  
The Members,

Your Directors present herewith the 16<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended on 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

Particulars	(Amount in Rupees)	
	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Gross Income		
Total Expenditure	7,823	9,231
Profit / (Loss) for the year before tax	(7,823)	(9,231)
Less: Provision for taxation		
Profit/(Loss) for the year after tax	(7,823)	(9,231)
Add: Profit/(Loss) brought forward from previous year	(64,77,065)	(64,67,834)
Balance Carried to the Balance Sheet	(64,84,888)	(64,77,065)

### DIVIDEND

Your Directors have not recommended any dividend on Equity Shares for the year under review.

### 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.

### DIRECTORS

Shri Bajrang Bardia, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

### PERSONNEL

The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of employees) Rules 1975 read with the section 217 (2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

### 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 31<sup>st</sup> March, 2012 the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31<sup>st</sup> March, 2012 and of the loss of the company for the year ended that date;

- 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 and
- the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2012 on a 'going concern' basis.

### AUDITORS & AUDITORS REPORT

M/s P.C.Surana & Co., Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s. P.C.Surana & Co., to the effect that their appointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified from such appointment within the meaning of section 226 of the Companies Act, 1956.

The observations & comments given by Auditors in their report read together with notes to accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- Information in accordance with the provisions of Section 217(1) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of energy & technology absorption, being not applicable, are not given.
- Foreign Exchange earnings & Outgo :  
Earnings : Nil  
Outgo : Nil

### SECRETARIAL COMPLIANCE CERTIFICATE

A Copy of Secretarial Compliance Certificate as required under Section 383A of the Companies Act, 1956 is attached to this report.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their immense appreciation for the continued support & co-operation of the shareholders.

For and on behalf of the Board of Directors

Suresh John  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2012

## 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 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss and Cash Flow Statement 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:

- 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 account as required by law have been kept by the Company, so far as appears from our examination of the books of account.
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- In our opinion the Balance Sheet, Statement of Profit and Loss 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.
- 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 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012 and
  - In the case of the Profit & Loss Account, of the loss of the Company for the year ended on the date.
  - In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of

# BLUE BLENDS EQUITY LIMITED

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:  
The Company did not own any fixed assets. Therefore, the requirements of Clauses (i)(a) to Clauses (i) (c) of paragraph 4 of the Order are not applicable.
- ii) In respect of its inventories:  
The Company did not carry out any operations during the year. Therefore, the requirements of Clauses (ii)(a) to Clauses (ii) (c) of paragraph 4 of the Order are not applicable.
- 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:
- The Company has given loans or advances to one such party. In respect of such loans or advances the maximum amount outstanding at any time during the year was Rs. 55.82 Lacs and year-end balance is Rs. 55.72 Lacs.
  - In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions of the loans or advances given by the Company, are *prima facie* not prejudicial to the interest of the Company.
  - The loans or advances given by the Company to such party are repayable on demand.
  - In respect of the said loans or advances and interest thereon, there are no overdue amounts.
  - The Company has not taken any loans or advances from companies, firms or other parties listed in the register maintained U/s 301 of the Companies act 1956 during the year. Therefore, the requirements of Clauses (iii)(e) to Clauses (iii) (g) of paragraph 4 of the Order are not applicable.
- 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) Company has not entered into any transactions with firm, companies and other parties covered under section 301 of the Companies Act, 1956. Therefore, the requirements of Clause (v) of paragraph 4 of the Order are not applicable.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
- viii) 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.
- ix) 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 31<sup>st</sup> March, 2012 for a period of more than six months from the date of becoming payable.
- x) The Company has accumulated losses of Rs. 64.85 lakhs and has incurred cash losses of Rs. 0.08 lakhs during the financial year covered by our audit and of Rs. 0.09 lakhs in the immediately preceding financial year.
- xi) According to the explanations and information given to us that the Company has no borrowings from Financial Institutions, Banks and debenture-holders. Therefore, clause 4 (xi) of the Order is not applicable.
- 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. Therefore clause 4 (xii) of the Order is not applicable.
- xiii) In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the requirements of clause 4(xiii) of the Order are not applicable.
- 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. All shares, debentures and other investments have been held by the Company in its own name.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the requirements of clause 4(xv) of the Order are not applicable.
- xvi) The Company has not raised any term loans during the year. There is no outstanding term loan at the beginning of the year. Therefore, the requirements of clause 4(xvi) of the Order are not applicable.
- xvii) 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.
- 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 has not issued any Debentures during the year. Therefore, the requirements of clause 4(xx) of the Order are not applicable.
- xx) The Company has not raised any money by way 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.  
Date : 31<sup>st</sup> July, 2012

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

	Note No.	As at		As at	
		31.03.2012	31.03.2011	Rs.	Rs.
<b>I EQUITY &amp; LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
a) Share Capital	2	37,500,000	37,500,000		
b) Reserves & Surplus	3	(6,484,888)	(6,477,065)		
			31,015,112		31,022,935
<b>2 Share application money pending allotment</b>					
			-		-
<b>3 Non-Current Liabilities</b>					
			-		-
<b>4 Current Liabilities</b>					
a) Short-term borrowings		-	-		-
b) Trade payables		-	-		-
c) Other current liabilities	4	2,000	2,000		
d) Short-term provisions		-	-		-
			2,000		2,000
<b>TOTAL</b>			<b>31,017,112</b>		<b>31,024,935</b>
<b>II ASSETS</b>					
<b>1 Non-current Assets</b>					
<b>a) Fixed Assets</b>					
i) Tangible Assets		-	-		-
ii) Intangible Assets		-	-		-
iii) Capital Work-in-Progress		-	-		-
iv) Intangible Assets under development		-	-		-
b) Non-current Investments	5	25,427,000	25,427,000		
			25,427,000		25,427,000
<b>2 Current Assets</b>					
<b>(a) Current Investments</b>					
(b) Inventories		-	-		-
(c) Trade Receivables		-	-		-
(d) Cash and Cash equivalents		17,612	15,435		
(e) Short-term loans and advances		5,572,500	5,582,500		
(f) Other current assets		-	-		-
			5,590,112		5,597,935
<b>TOTAL</b>			<b>31,017,112</b>		<b>31,024,935</b>
<b>Significant Accounting Policies 1</b>					
<b>Other Notes on Accounts 9 to 15</b>					

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  
Date : 31<sup>st</sup> July, 2012

# BLUE BLENDS EQUITY LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

	Note No.	2011-12		2010-11	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
(I) Revenue from Operations		-	-	-	-
(II) Other Income		-	-	-	-
(III) Total Revenue (I) + (II)		-	-	-	-
<b>(IV) EXPENSES</b>					
Other expense	7	7,823		9,231	
<b>Total Expense</b>		<b>7,823</b>		<b>9,231</b>	
(V) Profit/(Loss) before					
Exceptional Items & Taxes		(7,823)		(9,231)	
(VI) Exceptional Items		-		-	
(VII) Profit/(Loss) before tax		(7,823)		(9,231)	
<b>(VIII) Tax Expense :</b>					
(1) Current tax		-		-	
(2) Deferred tax		-		-	
(X) Profit / (Loss) for the Year		(7,823)		(9,231)	
(X) Earning Per equity Share	8				
1. Basic		-		-	
2. Diluted		-		-	

Significant Accounting Policies 1  
Other Notes on Accounts 9 to 15

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  
Date : 31<sup>st</sup> July, 2012

## CASH FLOW STATEMENT AS AT 31<sup>ST</sup> MARCH, 2012

	As at		As at	
	31.03.2012	Rs.	31.03.2011	Rs.
<b>A. Cash Flow from Operating Activities</b>				
Net profit/ (loss) before tax	(7,823)		(9,231)	
Loss/(Profit) on sale of investments	-		-	
<b>Operating Profit/ (Loss) before</b>				
<b>Working Capital Changes</b>	<b>(7,823)</b>		<b>(9,231)</b>	
(Increase)/ Decrease in Receivables	10,000		10,000	
Increase/(Decrease) in Current Liabilities	-		(206)	
<b>Cash Generated From Operations</b>	<b>2,177</b>		<b>563</b>	
Interest Paid	-		-	
<b>Net cash from Operative Activities</b>	<b>2,177</b>		<b>563</b>	
<b>B. Cash Flow from Investing Activities</b>				
(Purchase)/ Sale of investments	-		-	
<b>Net Cash Generated from Investing Activities</b>	<b>-</b>		<b>-</b>	
<b>C. Cash Flow from Financing Activities:</b>				
Loans Received/(Paid) - Net	-		-	
<b>Net Cash from Financing Activities</b>	<b>-</b>		<b>-</b>	
<b>Net Increase/(Decrease) in Cash</b>	<b>2,177</b>		<b>563</b>	
<b>Opening Balance of Cash &amp; Cash equivalents</b>	<b>15,435</b>		<b>14,872</b>	
<b>Closing Balance of Cash &amp; Cash equivalents</b>	<b>17,612</b>		<b>15,435</b>	

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  
Date : 31<sup>st</sup> July, 2012

## SIGNIFICANT ACCOUNTING POLICIES

Note No. 1

### General

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

### Sales

Sales are accounted when the sale of goods is completed on accrual basis.

### Valuation of Inventories

Inventories are valued at cost except finished goods, which are valued at lower of cost or net realizable value.

### Fixed Assets & Depreciation

- Fixed assets are capitalized at cost inclusive of freight, duties, taxes and all incidental expenses related thereto, less accumulated depreciation thereon.
- Depreciation on assets is provided on straight-line method at the rates prescribed by schedule XIV to the Companies Act, 1956. Depreciation in respect of additions to/and deletions from assets has been charged on pro-rata basis with reference to the month of addition or deletion.

### 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.

### Contingent Liabilities

No provision is made for liabilities which are contingent in nature but if material, the same are disclosed by way of notes to the accounts.

### Taxes on Income

#### Current Tax

Provision for Income Tax is determined in accordance with the provisions of income tax Act, 1961.

#### Deferred Tax Provision

Deferred Tax is recognized, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## Schedules forming part of the Balance Sheet

	As at		As at	
	31.03.2012	Rs.	31.03.2011	Rs.
<b>"2" Share Capital</b>				
<b>Authorised</b>				
50,00,000 (Previous Year-50,00,000)				
Equity Shares of Rs.10 each.		50,00,000		50,00,000
		<u>50,00,000</u>		<u>50,00,000</u>
<b>Issued,Subscribed &amp; Fully paid up</b>				
37,50,000 (Previous Year-37,50,000)				
Equity Shares of Rs.10 each.		37,50,000		37,50,000
		<u>37,50,000</u>		<u>37,50,000</u>
<b>Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.</b>				
<b>Equity Shares</b>				
No. of the Equity Shares at the beginning of the year		3,750,000		3,750,000
Addition/(Reduction) during the year		-		-
Total No. of Equity Shares at the end of the year		<u>3,750,000</u>		<u>3,750,000</u>
<b>Share Capital held by Holding Company</b>				
Blue Blends (India) Limited		3,750,000		3,750,000
<b>Details of shareholders holding more than 5% shares :</b>				
<b>Equity Shares</b>	<b>No. of shares</b>	<b>% held</b>	<b>No. of shares</b>	<b>% held</b>
Blue Blends (India) Limited	3,750,000	100.00	3,750,000	100.00

# BLUE BLENDS EQUITY LIMITED

<b>"3" Reserves &amp; Surplus</b>		
<b>Profit and Loss Account</b>		
Balance as per last Balance Sheet	(6,477,065)	(6,467,834)
Add : Profit/(Loss) for the year	(7,823)	(9,231)
	<u>(6,484,888)</u>	<u>(6,477,065)</u>
<b>"4" Other Current Liabilities</b>		
Other Payables	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
<b>"5" Non-Current Investments</b>		
<b>Other Investments (At Cost)</b>		
<b>In Preference Shares of Associate Company-</b>		
<b>Quoted, fully paid up</b>		
2,00,000 (Previous Year - 2,00,000)		
Redeemable Cumulative	20,000,000	20,000,000
Preferential Shares of Rs.100/- each of Premier Synthetics Limited	<u>20,000,000</u>	<u>20,000,000</u>
<b>In Equity Shares of Associate Companies</b>		
<b>Unquoted, fully paid up</b>		
5,40,000 (Prev. Year 5,40,000)		
Equity Shares of Rs. 10/- each in Blue Blends Holdings Limited	5,427,000	5,427,000
	<u>5,427,000</u>	<u>5,427,000</u>
<b>Total Non-current Investment</b>	<u>25,427,000</u>	<u>25,427,000</u>
Aggregate amount of Quoted investments*	20,000,000	20,000,000
Aggregate amount of Unquoted investment	5,427,000	5,427,000
* Market Value of Quoted Investment is not available		
<b>"6" Current Assets</b>		
<b>Current Investments</b>		
<b>Cash and Cash Equivalents</b>		
i) Balances with Bank	15,591	11,913
in Current Accounts		
ii) Cash on hand	2,021	3,522
	<u>17,612</u>	<u>15,435</u>
<b>Short-Term Loans and Advances</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind for value to be received		
Loans and advances to Related Parties	5,572,500	5,582,500
	<u>5,590,112</u>	<u>5,597,935</u>
<b>"7" Other Expenses</b>		
<b>Establishment Expenses</b>		
Audit Fees	2,758	5,515
Bank Charges	65	216
Filing Fees	1,500	1,500
Professional Charges	1,500	-
Secretarial Audit	2,000	2,000
	<u>7,823</u>	<u>9,231</u>
<b>"8" Earning Per Equity Share</b>		
1. Net Profit/(Loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders	(7,823)	(9,231)
2. Weighted Average number of equit shares used as denominator for calculuating EPS	3,750,000	3,750,000
3. Basic and Diluted Earning per Share	-	-
4. Face Value per equity share ( in Rs)	10.00	10.00

"9" Foreign Exchange earning/ outgo : Nil

"10" Value of Imports on CIF Basis - Nil (Previous Year - Nil)

"11" Expenditure in foreign currency - Nil (Previous Year - Nil)

"12" Earning in foreign exchange - Nil (Previous Year - Nil)

	2011-12	2010-11
"13" Payments to Auditors- Audit Fees	2,758	5,515

## "14" Related party Disclosures

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

### Related parties/Nature of Relationship :

#### Key Managerial Persons

Mr. Suresh John  
Mr. Bajrang Bardia  
Mr. Shabbir K. Tambawalla

#### Associates

Premier Synthetics Limited  
Bindal Synthetics Private Limited  
Blue Blends Leasing Private Limited  
Agrawal Synthetics  
Silvassa Span Yarn Industries  
Blue Blends Stocks & Securities Limited  
Blue Blends Petrochemicals Limited  
Blue Blends Finance Ltd.  
Cressida Traders Private Limited  
Murbad Syntex Private Limited  
Premier Equity Limited  
Blue Blends Holdings Limited  
Mahaveer Yarns Private Limited

#### Holding Company

Blue Blends (India) Ltd

### Transactions during the year with related parties : (Rs. In Lacs)

Nature of Transaction	Key Managerial Persons	Associates	Subsidiaries	Total
Loans and advances (net) - Payments/(Receipts)		(0.10)		(0.10)
		(0.10)		(0.10)
<b>Balances as at 31st March, 2012</b>				
Investments	254.27		254.27	
	254.27		254.27	
Loans & Advances ( Net)	55.72		55.72	
	55.82		55.82	

Note : Figures in Italic represent Previous Year's amount

### Disclosure in Respect of Material Related Party Transaction during the year

1 Loans & Advances ( Net)- Payments/(Receipts) Includes :

a) Receipt of Advances of Rs 0.10 lacs ( pervious year Rs 0.10 Lacs ) from Blue Blends (India) Limited

"15" Figures of the prvious year have been regrouped/recast or reclassified wherever considered necessary.

### Signatures to Schedule 1 to 15

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** } Directors  
Partner }  
M. No. 39761 }  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2012



# BLUE BLENDS (INDIA) LIMITED

Registered Office: JBF House, 2<sup>nd</sup> 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 Friday, 28th September, 2012 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) LIMITED

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

## PROXY

Member's Folio Number	
No. of Shares	

I/We \_\_\_\_\_

of \_\_\_\_\_

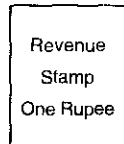
being a member/members of the above named Company, hereby appoint \_\_\_\_\_

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 Friday, 28th September, 2012 at 11.30 a.m. at Tarabai Hall, 97, Marine Drive, 'Shivprasad', Near Marine Lines Station, Mumbai 400 002.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2012.



### 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, 2<sup>nd</sup> Floor, Old Post Office Lane,  
Kalbadevi Road, Mumbai - 400002