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Company Information

BOARD OF DIRECTORS	Nitin Sontakke David Kunder Satish Bhagwat Santosh Dhankude Anil Agashe Nandkishor Lahoti Niranjan Phadke	Chairman and Managing Director Director Finance Director Technical Director Production Independent Director Independent Director Independent Director
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AUDITORS	M/s.Khandelwal Gandhi & Asso. 1273, Sadashiv Peth, Bajirao Road Pune-411 030
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BANKERS	Indian Bank IDBI Bank Limited Indian Overseas Bank State Bank of Travancore Andhra Bank HDFC Bank The Hongkong and Shanghai Banking Corporation Limited	The Federal Bank Limited Canara Bank Axis Bank United Bank of India UCO Bank Export Import Bank of India IndusInd Bank Barclays Bank
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REGISTERED OFFICE	759/74, Prabhat Road, Deccan Gymkhana, Pune – 411004. Phone: +91 20 25676163 Fax: +91 20 25676164 Website: www.bluebirdpune.com
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FACTORY LOCATIONS	Gat No. 277, 278, 287 Pune- Panshet Road, Gorhe Khurd, Zalanwadi, Pune - 411 042. Maharashtra.	Plot No. 22-24, Sr No 17-18 Antharasanahalli, 1st Phase, Antharasanahalli Village, KIADB Industrial Area, Tumkur - 572 106, Karnataka.
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REGISTRAR AND SHARE TRANSFER AGENT	Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune- 411001.
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Notice

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of Blue Bird (India) Limited will be held on Friday, 30th day of September 2011, at 9.30 a.m. at 759/74 Prabhat Road Deccan Gymkhana , Pune – 411 004, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at March 31, 2011 and the Audited Profit and Loss Account and Cash Flow Statement, for the year ended March 31, 2011 together with the Directors' Report and Auditors' Report thereon.
2. To appoint Mr. Satish Bhagwat, Director who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Mr. Niranjan Phadke, Director who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s Khandelwal Gandhi & Asso., Chartered Accountants, as the Statutory Auditors of the Company, to hold the office of the Auditors, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration, as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of service tax, travelling and out of pocket expenses.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution:

Erosion of Net Worth and Reference to BIFR under SICA.

RESOLVED THAT as per the Audited Accounts for the year ended 31st March 2011, the entire Net Worth of the Company as defined under section 3(ga) of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) has been eroded by accumulation of losses, and the Company has become a Sick Industrial Company within the meaning of Section 3(1)(o) of SICA, be and is hereby noted and approved.

RESOLVED further that the reference be made in Form –A to the Board for Industrial and Financial Reconstruction (BIFR) under the first proviso to section 15 (1) of Sick Industrial Companies (Special Provisions Act 1985) 'SICA' be and is hereby approved.

RESOLVED further that the Board of Directors be and are hereby authorized to do all such acts, deeds and things as required for revival / rehabilitation of the Company and also to take all steps in furtherance thereof including raising funds, taking fresh loans etc. as may be deemed fit and proper for implementation of the revival scheme, if any as may be approved by BIFR.

RESOLVED further that the Board of Directors be and are hereby authorized to do all such acts, sign, verify pleading(s)/ affidavit(s)/ submissions / proposal(s) and to appoint consultants, legal practitioner(s), Attorney(s), chartered Accountants to appear, plead, represent, prosecute the case for the company for revival before the BIFR, AAIFR and other judicial / Quasi-judicial authorities as deemed fit and proper.

RESOLVED further that the Board of Directors of the Company be and are hereby severally authorized to accept such other alterations and modifications in the scheme, if any, as may be stipulated or required by BIFR, operating agency, state or central government authorities, sanctioning or participating in the said scheme as they deem fit in the interest of the company.

**By Order of the Board of Directors
For Blue Bird (India) Limited**

Place: Pune
Date: June 30, 2011.

**Nitin P Sontakke
Chairman & Managing Director**

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the Meeting) may appoint a proxy to attend and vote on a poll on behalf of him. A proxy need not be a member of the Company.

Proxies, in order to be effective, must be received at the Registered Office of the company not less than forty-eight hours before the commencement of the Meeting.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Meeting.
3. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Member who hold shares in the dematerialised form are requested to write their Client ID and DIP ID Numbers and those who hold share in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Sundays, between 10:00 a.m. and 6:00 p.m. upto the date of the Meeting.
7. The Register of members and the Share Transfer Books of the Company shall remain closed from Wednesday, September 21, 2011 to Friday, September 30, 2011 (both days inclusive) for the purpose of Annual General Meeting.
8. Member whose shareholding is in the dematerialized form are requested to intimate their change of address, ECS mandate, Bank accounts details to their respective depository participants. Members holding physical shares may kindly send the details to the Registrar and Transfer Agent of the Company.
9. Any member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting so that the required information can be made available at the meeting.
10. Members who wish to claim Dividend which remain unclaimed, are requested to correspond with the Secretarial Department of the Company at the Registered Office or the Company's Registrar and Transfer Agent, Link Intime India Private Limited. (Previously known as Intime Spectrum Registry Limited).
11. The Register of Directors Shareholding under Section 307 and Register of Contract under Section 301 maintained under the Companies Act, 1956 are available for inspection at the Registered Office of the Company during business hours between 10:00 a.m. to 6:00 p.m. except on Holidays and Sundays and will be made available at the venue of the meeting.

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SEC. 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 2 & 3

Brief profile of the appointees

Mr. Satish Bhagwat, aged 47 years, a Printing Technologist by profession. He is an expert in the field of Production and have an over two decade experience in the Production and Planning department of the Company. At present he is Director-Technical of the Company.

He holds 709637 equity shares in the Company.

None of the other Directors of the Company is, in any way, concerned or interested in the said resolution except Mr. Satish Bhagwat himself, being the appointee.

Mr. Niranján Phadke, an IT expert by profession, presently working as Project Co-ordinator with Software Company. He has worked with Companies in India and overseas. He is having wide range of experience in the field of Software.

He does not hold any equity shares in the Company

None of the other Directors of the Company is, in any way, concerned or interested in the said resolution except Mr. Niranján Phadke himself, being the appointee.

The Board recommends these Resolutions for your approval.

ITEM NO. 5

On the Basis of the reports of the Technical and Production Director the Company has reduced realisable value of the finished goods at 40% of net realisable value and Raw material, component, stores and spares are valued at 60% of purchase price. The Company has also based on the case to case appraisal, written off debtors worth Rs.142.89 cr. in addition to the provisions as made in the previous year. Due to the above the accumulated loss of the company is now Rs.38311.21 lakhs resulting in the erosion of the entire net worth of the Company of Rs.11944.89 lakhs. As per the provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions)Act 1985, the Company has to report the said erosion of the net worth to the authorities as stated in the said Act.

As per definition provided under section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) , the company has become Sick Industrial company. The Board of Directors in their meeting held on June 30, 2011; formed an opinion that the company has become sick industrial company and have to make a reference in Form-A with the Board of Industrial and Financial Restructuring (BIFR) for its revival under the provisions of SICA. The revival scheme would be subject to the approval of the BIFR, New Delhi and subject to completion of restructuring as per BIFR orders.

The Board recommends the resolution for the shareholder approval.

None of the Directors of the company are concerned or interested in the said Resolution.

**By Order of the Board of Directors
For Blue Bird (India) Limited**

Place: Pune
Date: June 30, 2011

Nitin P Sontakke
Chairman & Managing Director

DIRECTORS' REPORT

**TO,
THE MEMBERS OF
BLUE BIRD (INDIA) LIMITED**

Your Directors have pleasure in presenting the 12th Annual Report of the Company together with the Audited Statements of Account for the year ended March 31, 2011.

FINANCIAL RESULTS

The Financial position of the Company as on the date of the Balance Sheet is as follows:

(Rs. in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Sales & Operating Income	1080.83	43,059.71
Operating Profits (PBDIT)	31969.14	489.13
Less: Depreciation	751.77	747.39
Less: Interest	8816.75	7,782.12
Profit / (Loss) before Tax	(41537.66)	(8,040.38)
Less: Income Tax (Including Deferred Tax and Fringe Benefit Tax)	--	(2,741.67)
Net Profit / (Loss) for the year	(41537.66)	(5,298.71)
Balance brought forward from previous year	3226.45	8,477.89
Less / Add: Prior Period Adjustments	-	47.27
Distributable Profits	(38311.21)	3,226.45
Appropriated as under:		
Balance carried forward	(38311.21)	3,226.45

The management in order to depict the factual position of the company and on the basis of the reports of the Technical and Production Director has reduced realizable value of the finished goods at 40% of net realizable value and raw materials, components, stores and spares are valued at 60 % of purchase price and based on the case to case appraisal, written off debtors worth Rs.142.89 Crores in addition to the provisions as made in the previous year. Due to the above the accumulated loss of the company is now Rs. 38311.21 Lacs resulting in the erosion of the entire net worth of the company of Rs. 11944.89 Lacs. As per the provisions of Section 3(1) (ga) of the Sick Industrial Companies (Special Provisions) Act 1985, the company has to report the said erosion of the net worth to the authorities as stated in said act. The Company has proposed the resolution for the approval of the members, for making the reference to the Board under the provisions of the Sick Industrial Companies (Special Provisions) Act 1985 for the approval of a revival scheme of the company, under the said act.

DIVIDEND AND BOOK CLOSURE

In view of the loss for the current year, the Board does not recommend any dividend for the year under review. The Register of members and the Share Transfer Books of the Company shall remain closed from Wednesday, September 21st, 2011 to Friday, September 30th, 2011 (both days inclusive) as per the requirements of Clause 16 of the Listing Agreements with Stock Exchanges.

EXTERNAL RATINGS

There are no ratings assigned as on the date of the report.

MATERIAL CHANGES AND EVENTS AFTER BALANCE SHEET DATE.

As mentioned in Note No.11 of Schedule 21 (B) due to cash loss and delay in recovery of dues from the customers, the Company faced a cash crunch resulting into default in payment to lenders and other creditors. The Company had submitted a Corporate Debt Restructuring (CDR) proposal to CDR Cell of Reserve Bank of India, seeking extension of time for repayment & seeking certain other concessions. The proposal was admitted by CDR cell on March 30, 2010. The said CDR proposal was approved by the CDR cell of RBI as on January 28, 2011. The implementation of the CDR cell is not yet been done, pending sanction of few banks to be received for the said CDR proposal.

As stated in Financial review, the company is now a sick company and its net worth has been totally eroded.

BOARD OF DIRECTORS

The Board of Directors at its meeting held on 30th June 2011 recommended the reappointment of Mr. Niranjana Phadke and Mr. Satish Bhagwat, Directors of the Company who are liable to retire by rotation during the year and being eligible have offered themselves for reappointment. The Board seek your approval for their re-appointments.

Brief particulars & expertise of the directors to be appointed/re-appointed and their other directorship and committee membership have been given in the Corporate Governance report.

STATUTORY DISCLOSURES

None of the Directors of the Company is disqualified to be appointed as Director under the provisions of Section 274(1)(g) of the Companies Act, 1956. The Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement with Stock Exchange/s.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956 in relation to the Financial Statements for the year ended March 31, 2011, the Board of Directors state that:

- a) the applicable Accounting Standards have been followed in the preparation of the financial statements and there are no material departures from the said standards;
- b) reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied, so as to give true and fair view of the state of affairs of the Company as at March 31, 2011 and of the loss for the year ended on that date;
- c) 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.
- d) the financial statements have been prepared on a going concern basis since they are confident of successful implementation of approved CDR proposal and successful settlement with the parties issuing notices under section 433 & 434 of the Companies Act, 1956.

AUDITORS

M/s. Shashank Patki & Associates, Chartered Accountants, were appointed as the Auditors of the Company at the previous Annual General Meeting. However, M/s Shashank Patki & Associates, Chartered Accountants resigned from the post of the Auditors as on 12th February 2011. The Company has now appointed M/s. Khandelwal Gandhi & Associates as Chartered Accountants in the meeting of the Board of Directors held on 9th June 2011. M/s. Khandelwal Gandhi & Associates Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors. The Audit Committee at its meeting held on 9th June 2011 has recommended their re-appointment.

In terms of the provisions of section 224 (1B) of the Companies Act, 1956 M/s. Khandelwal Gandhi & Associates, Chartered Accountants have furnished a certificate that their appointment, if made, will be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT (QUALIFICATIONS/ COMMENTS)

Management perception of Audit Qualifications.

1. Regarding verification and valuation of Inventories.
The Company has incurred cash Loss during the year and is facing shortage of manpower in the company, as all the qualified staff has left the company. The management will take the necessary steps to improve the internal control system / internal audit after the implementation of the CDR proposal.
2. Regarding Credit Assessment of Debtors and recovery of Debtors.
As stated above the Company is facing acute shortage of recovery staff and due to the peculiar nature of note book and book publishers, the previous debts are recovered when new goods are supplied. Since the Company is not able to manufacture and supply fresh stock, debtors are not paying old dues. In order to arrive at correct picture the Company has written off Debts worth Rs. 142.89 crores in addition to the provisions as made in the Previous Year and have initiated legal action against them.
3. Regarding Reasonableness of Internal Audit System.
As stated above the Company is facing shortage of qualified staff and after implementation of CDR, the Company will take corrective steps.
4. Regards to Accounts preparation on a going concern basis.
The Management feels that after implementation of CDR, infusion of fresh capital and proposed BIFR rehabilitation scheme, the Company will turn round the corner and become viable once again. Therefore, as per the Management view the Company is still a going concern. Also the Company is in negotiations with creditors for extension of time and reduction of payables and cases filed against the Company u/s.433 and 434 of the Companies Act 1956 will be withdrawn.
5. Writing off of Debtors.
Please refer Note.2 above.
6. Significant Accounting Policies regarding Inventories.
The Company's Technical and Production Directors conducted physical stock verification and valuation of inventories in the form of Raw material, Components, Stores and Spares, WIP and Finished Goods. Based on form, status and realisability of inventory, price of these are reduced
 - a. as regards to Raw material by 40%
 - b. as regards to Finished Goods by 60%

AUDIT COMMITTEE

The details of the Audit Committee are given separately in the Corporate Governance Report.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits under Section 58A of the Companies Act, 1956.

EMPLOYEES STOCK OPTIONS

The Company has not issued / granted any Employees stock options to its employees.

PARTICULARS OF EMPLOYEES

Since there are no employees drawing remuneration in excess of the limits as stated in under the provisions of Section 217(2A) of the Companies Act, 1956, no information is given relating to the same.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

A statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report as Annexure I.

BUY BACK OF SHARES:

The Company has not done any Buy Back of Shares during the year under review.

APPRECIATION

Your Directors appreciate the trust reposed by various stakeholders of the Company. The Directors are also grateful and pleased to place on record their appreciation for the continuous and excellent support, guidance and cooperation extended by the Company's Business Associates, Registrar & Transfer Agent, Bankers, Financial Institutions, various Government Regulatory Bodies, Stock Exchanges, Depositories, and Employees.

For & On Behalf of the Board of Directors

Place: Pune
Date: June 30, 2011

Nitin Sontakke
Chairman & Managing Director

ANNEXURE I

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY:

- (a) Energy conservation measures taken during the year
The manufacturing facilities of the Company located at Pune and Bangalore are designed in such a way to cater to the conservation of energy (light, ventilation) at its best. Since there are no sewage effluents the water discharged from the units are used for landscaping and gardening.
- (b) Additional investments and proposals, if any, being implemented for cost reduction of consumption of energy - NIL
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
Energy conservation measures continue to reduce the production cost per unit with reference to energy consumption.
Reduction in input power requirement.
- (d) Total energy consumption and energy consumption per unit as per Form A of Annexure to the rules: NOT APPLICABLE

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules – NOT APPLICABLE

- 1. Research and Development (R&D)
 - a. Specific areas in which R&D is carried out by the Company - NA
 - b. Benefits derived as a result of the above R&D - NA
 - c. Future plan of action - NA
 - d. Expenditure on R & D - Nil
- 2. Technology Absorption, Adaptation & Innovation
 - a. Efforts, in brief, made towards technology absorption, adaptation and innovation- NA
 - b. Benefits derived as a result of the above efforts - NA
 - c. Information in case of imported technology (imported during the last five years reckoned from the beginning of the financial year) - NA

III. FOREIGN EXCHANGE EARNING AND OUTGO

The information on Foreign Exchange earnings and outgo is contained in note nos. '21, 22, 23 and 24 of Schedule 21(B) – Notes to Accounts' forming part of the Accounts

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Blue Bird (India) Limited is a Note Books manufacturing company. The Company's revenues are from manufacture and sale of branded Note Books, Drawing Books, Publication, Trading in Stationery Items, construction business. The Construction business has been stopped by the company and only the project on hand is being completed

INDUSTRY ANALYSIS

The Printing Industry has been growing at a CAGR 11% during the previous years. The demand for Stationery and books are seasonal in nature, so activities in printing industry vary accordingly. The presence of unorganized sector in printing Industry in the market has made the business activity very challenging and there is cut throat competition.

MARKET SCENARIO

The study Products, Books and Stationeries, are exclusively used by students and office. Due to higher allocation of budget provision towards education by the Union Government and adoption of 'The Right to Education Act, 2009 there is more focus on education by the state governments.

MARKET FORECAST

Printing and stationery industry will grow rapidly based on past trends

SCHOOL BOOKS AND STATIONERY MARKET

- Students irrespective of their age extensively consume books and stationery items. The demand for books and stationery items hence will largely depend on expenditure by house hold in education. Urban areas are expected to have more number of Middle and High Income Group households as there are better employment opportunities and there is good earning But due to inflation the cost are also risen which may dampen the industry.

GOVERNMENT EXPENDITURE ON EDUCATION

There has been a consistent increase in government spending towards social sector which also includes education. Expenditure on social services as a percentage of total expenditure has increased from 19.9% in 2004-05 to 23.8% in 2009-10.

RIGHT TO EDUCATION ACT, 2009

Government of India, in an attempt to facilitate percolation of education to every strata of society, has mulled an act called Right to Education Act which endeavors to provide free and compulsory education to all children in the age group between 6-14 years. This new law makes it a duty for all state governments and local bodies to see to it that every child gets education in a school in his/her neighborhood. The implementation is likely to benefit a huge number of children across the country. The implementation of this act is bound to increase the need for education related items particularly books and stationery.

DEMAND SUPPLY FORECAST

Demand Forecast – School Books and Stationery

The demand for school books and stationery items is expected to remain strong during next 10 years. The organized players will be able to witness growth than unorganised players but the said unorganized players are also going to give tough competition in the organized sector as the cost will be higher for the organized sector due to inflationary pressures.

FINANCIAL REVIEW:

During the year, the Company could not recover the dues from its customers in time despite all efforts by the management. The Company is facing severe cash crunch due to which the company has not been able to pay its dues to the banks. The Company had submitted a Corporate debt restructuring programme to the Bank and the management is happy to inform that the same was approved by the Corporate Debt restructuring cell of the Reserve Bank of India. The said CDR package will be implemented after the compliance and necessary sanction which are awaited from the bank and is in process. In the meanwhile the production process in the company has come to a grinding halt and the company has lost huge market due to non production, as there was no finance available for doing the production of goods. The Company will also be filing an application with Board of Industrial and Financial Reconstruction under Sick Industries Regulations Act, as the net worth of the company is completely eroded and management is hopeful that the company will be revived. There are various petitions as filed by creditors and lenders for winding up and the Hon. High court has passed the order for the winding up of the company. The company is working to prefer appeals to Hon. Division Bench / Hon. Supreme Court. Also after registering with the BIFR the order from BIFR will be served on the Court, wherein the winding up proceedings will stop.

RISK AND CONCERNS

The Company is facing the most important risk of financial crunch and the management is taking all the efforts to get the investors to pump money in the company in order to come out of the tight situation.

INTERNAL CONTROL

The Company has internal control systems since its inception. Management has realized a need to review and reorganize the entire internal control procedures and has initiated efforts in that direction.

HUMAN RESOURCES

Due to cash-crunch the Company was not in a position to pay salaries in time, resulting into substantial employees leaving the job. Company is in the process of restructuring its manpower at all the levels in such a manner that it can achieve the best results at the optimum costs.

ENVIRONMENT, OCCUPATIONAL HEALTH & SAFETY

The Company has taken all measures for Non-Pollution of environment. The Company is using Papers manufactured from Non-wood products. Water Based Inks are used for Printing. It is Company's endeavour to protect environment and propagate health & safety measure amongst its employees.

CAUTIONARY STATEMENT

The statement made in this report describing the Company's projections, expectations and estimations may be a forward looking statement within the meaning of applicable securities laws and regulations. Actual results may differ from those expressed or implied in this report due to the influence of external and internal factors which are beyond the control of the Company.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that the Code prescribes only a minimum framework for governance of a business in Corporate framework. The Company's philosophy is to develop this desired minimum framework in its true spirit. This will lay the foundation for further development of superior governance practices, which are vital for growing a successful business. The Company believes that transparency, disclosure, financial controls and accountability are the pillars of any good system of Corporate Governance.

BOARD OF DIRECTORS

As on March 31, 2011 the composition of the Board is not in conformity with Clause 49 of the Listing Agreement, which stipulates that at least 50 percent of the Board should consist of Independent Directors, if the Chairman is an Executive Director. The Company has Executive Chairman. Mr. Vitthal Bachal, Independent Director resigned on April 18, 2010 and the Company has not appointed any other Independent Director in his place. The Company has submitted a CDR proposal to the Corporate Debt Restructuring Cell of the Reserve Bank of India (the CDR Cell) which is proposing to nominate at least two persons on the Board of Directors of the Company by the lenders.

As on March 31, 2011, the Board consist of seven members of which four are Executive Directors including the Chairman & Managing Director, who is a Executive Director. All other Directors are Independent Directors.

The Board of Directors of the Company met seven (7) times during the year on May 15, 2010, 9th June 2010, 14th August 2010, 31st August 2010, 15th November 2010, 14th Feb. 2011 and 22nd Feb 2011. The Directors attendance record, directorships and committee positions is noted below:

Name of the Director	Director Identification Number (DIN)	Category	Attendance at Meetings during the year 2010-11		Number of Directorships held in other Public Limited Cos. as on March 31, 2011		Number of committee Chairmanship /membership held in other Public Limited Cos. as on March 31, 2011	
			Board Meeting	11th AGM Sep. 30, 2010	Chairman	Director	Chairman	Director
Mr. Nitin Sontakke	00124619	CMD	7	YES	-	-	-	-
Mr. David Kunder	00002529	ED	7	YES	-	-	-	-
Mr. Satish Bhagwat	00124517	ED	7	YES	-	-	-	-
Mr. Santosh Dhankude	01726682	ED	7	YES	-	-	-	-
Mr. Anil Agashe	00395239	NED (I)	7	NO	-	-	-	-
Mr. Nandkishor Lahoti	01976036	NED (I)	7	YES	-	-	-	-
Mr. Niranjan Phadke	02533631	NED (I)	7	YES	-	-	-	-

NOTES:

- The above number excludes the directorships / committee memberships held in Private Companies, Companies registered under section 25 of the Companies Act, 1956. Also it includes the chairmanship/membership only in the Audit Committee and Shareholders' Grievance Committee.
- CMD – Chairman and Managing Director.
- NED (I) – Non-Executive & Independent Director.
- ED – Executive Director.
- During 2010-11, the Company did not advance any loans to any of its Directors.

Mr. Satish Bhagwat and Mr. Niranjan Phadke Directors are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. Relevant details pertaining to them are provided in the Notice of the Annual General Meeting and Explanatory Statement attached thereto.

Code of Conduct /Ethics

The Company has prescribed a Code of Conduct for its directors and senior management. The directors and senior management of the Company have submitted their affirmation on compliance with the Code of Conduct for the effective period. The declaration by the Managing Director to that effect forms part of this report. The information as required under Annexure 1A to Clause 49 was made available to all Directors.

AUDIT COMMITTEE

Constitution of Audit Committee

The Composition of the Committee as well as the particulars of attendance at the Committee during the year are given in the table below. The Audit Committee met five (5) times during the year on 15th May 2010, 9th June 2010, 14th August 2010, 15th November 2010, and 14th February 2011.

Name of Member	Position	Category	Meetings Attended
Mr. Niranjan Phadke	Chairman	Independent	5
Mr. Anil Agashe	Member	Independent	5
Mr. David Kunder	Member	Executive Director	5

The previous Annual General Meeting was held on September 30, 2010. Mr. Niranjan Phadke, Chairman of the Audit Committee attended the meeting. The composition of the Committee complied with the requirements of Clause 49 of Listing Agreement and section 292A of the Companies Act, 1956. The Company Secretary of the Company resigned on 29th October 2010 and there is no Company Secretary for the Audit Committee thereafter.

The Committee Meetings were also attended by the General Manager (Accounts), Statutory Auditors and Internal Auditors. Other executives of the Company also attended the meeting as and when required.

Terms of Reference

The broad terms of reference of the Committee are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function. The powers and detailed terms of reference of the Committee as approved by the Board are given below:

I Powers

- a) To investigate any activity within its terms of reference;
- b) To seek information from any employee;
- c) To obtain outside legal or other professional advice;
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

II Terms of Reference

The Audit Committee to review the Reports of the Internal Auditors with the Statutory Auditors periodically and discuss their findings. The role of the Audit Committee to be as follows:-

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient & credible.
- b) Recommending the appointment and removal of Statutory Auditors, fixation of remuneration etc.
- c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in accounting policies and practices;
 - Major accounting entries based on exercise of judgments by management;
 - Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - The going concern assumption;
 - Compliance with accounting standards;
 - Compliance with stock exchange and legal requirements concerning financial statements;
 - Any related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives etc, that may have potential conflict with the interests of Company at large;
- d) Reviewing with the management, Statutory and Internal Auditors, the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f) Discussing with internal auditors any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussing with statutory auditors before the commencement of audit, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.

- j) Looking into the reasons for substantial defaults in the payment to the creditors.
- k) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right's issue, preferential issue etc.) the statement of funds utilized for the purpose other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency of monitoring the utilization of proceeds of a public or right issue and making appropriate recommendation to the Board to take up steps in this matter.

In addition to the above, the Committee shall have such functions / role / powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable law. The audit committee is furnished with all the required information for review.

REMUNERATION COMMITTEE

Constitution of Remuneration Committee

The composition of the Committee as well as the particulars of attendance at the Committee during the year are given in the table below. The remuneration committee met one (1) time during the year on 15th May 2010.

Name of the Members	Position	Category	Meetings Attended
Mr. Niranjan Phadke	Chairman	Independent	1
Mr. Anil Agashe	Member	Independent	1
Mr. Nandkishor Lahoti	Member	Independent	1

Terms of Reference

The following are the terms of reference of the Remuneration Committee:

- a. To determine the remuneration, review performance and decide on variable pay of executive Directors;
- b. Establishment and administration of employee compensation and benefit plans;
- c. Such other matters as related to employee benefits.

Remuneration Policy

All Executive Directors including Chairman and Managing Director and Whole Time Directors receive Salary & Perquisites. Details of the remuneration of Directors for the year 2010-11 are as under. (Rs. in Lacs)

Name of the Director	*Salary & Perquisites	Commission	Sitting Fees	Total
Mr.Nitin Sontakke	12.00	Nil	Nil	12.00
Mr.David Kunder	6.00	Nil	Nil	6.00
Mr.Satish Bhagwat	6.00	Nil	Nil	6.00
Mr.Santosh Dhankude	6.00	Nil	Nil	6.00
Mr.Anil Agashe	Nil	Nil	Nil	Nil
Mr.Nandkishor Lahoti	Nil	Nil	Nil	Nil
Mr.Nirajan Phadke	Nil	Nil	Nil	Nil
Total	30.00	Nil	Nil	30.00

*The Company has only provided for the remuneration and no remuneration has been paid in view of the losses as incurred by the Company.

SHAREHOLDERS/ INVESTOR GRIEVANCE COMMITTEE

Constitution

The constitution and functioning of the Committee is given below:

Name of the Member	Position	Category	Meetings Held	Meetings Attended
Mr. Niranjan Phadke	Chairman	Independent	4	4
Mr. Anil Agashe	Member	Independent	4	4
Mr. David Kunder	Member	Executive Director	4	4

Terms of Reference

The broad terms of reference includes the following:

1. Redressal of shareholder and investors' complaints including but not limited to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividend, etc and
2. Monitoring transfer, transmissions, dematerialization, re-materialization, splitting and consolidation of shares issued by the Company.

The Committee met four times during the year on 15th May 2010, 14th August 2010, 15th November 2010 and 14th February 2011. Mr.David Kunder , Director –Finance is the Compliance Officer of the Company. The Compliance Officer can be contacted at the Registered Office of the Company as given in General Shareholders Information.

As per clause 47(f) of the listing agreement with stock exchanges, the Company has informed the e-mail-id cs@bluebirdindia.net for redressal of investors' complaints. The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges therefore there has not been any instance or request for physical transfer of shares. As on March 31, 2011 there are only 3 equity shares held in physical form.

A total of 12- queries /complaints were received by the Company from shareholders/investors. All the complaints were resolved by the Company to the satisfaction of the investors and as on March 31, 2011, there were no pending letters of complaints.

FINANCE COMMITTEE

Constitution of Finance Committee

The committee members met 3 times during the year under review on 22nd June 2010, 22nd October 2010, and 9th December 2010. The constitution and functioning of the Committee is given below:

Name of Member	Position	Category	Meetings attended
Mr. Nitin Sontakke	Chairman	Executive Director	3
Mr. Satish Bhagwat	Member	Executive Director	3
Mr. David Kunder	Member	Executive Director	3

Terms of Reference :

- Opening of bank accounts, specifying signatories to operate bank accounts and closing of bank accounts;
- Review and approve applications for financing of new proposals and/or revision of existing proposals for financing for the purpose of the business of the Company,
- Receive, analyze, compare the proposals/sanctions from various banking and financial institutions,
- Authorize fresh borrowings together with the moneys already borrowed by the Company, not to exceed a sum of Rs. 500 Crores from Banking, Non-Banking and any other Financial Institutions,
- Authorize lease, mortgage or otherwise dispose off the undertaking of the Company with the Banking and/or Financial Institutions for the purpose of borrowing moneys,
- Authorize short term investments upto Rs. 100 Crores with Financial Institutions or Banks,
- Lay down the risk management policy for the Company and to set limits of liquidity and interest rate risks,
- To delegate any of its powers to any of its member or officer of the Company or to its sub-committee, if any formed for the purpose,
- Any other matter that the Board may consider from time to time,
- To obtain legal or other professional advice,
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

GENERAL BODY MEETINGS

Venue, date and time of the Annual General Meetings (AGM) during last three years are as under:

Financial Year	Meeting	Date & Time	Venue	Special Resolutions passed
2007-08	9th Annual General Meeting	September 26, 2008 at 11.00 AM	The President Hotel, 34/11, Erandawane, Prabhat Road, Pune - 411 004	1. Maintenance of Register of Members in electronic form with Registrar & Transfer Agent, Intime Sprectrum Registry Limited, Pune.
2008-09	10th Annual General Meeting	September 30, 2009 at 11.30 AM	The President Hotel, 34/11, Erandawane, Prabhat Road, Pune - 411 004	None
2009-10	11th Annual General Meeting	September 30, 2010 at 9:30 AM	The President Hotel, 34/11, Erandawane, Prabhat Road, Pune - 411 004	None

Special Resolution passed through Postal Ballot

No special resolution was passed during the last year through Postal Ballot

The Company has passed Ordinary Resolution as following in the previous Annual General Meeting.

1. Re-appointment of Managing Director for a period of 5 years
2. Re-appointment of Director Technical for a period of 5 years
3. Re-appointment of Director -Finance for a period of 5 years
4. Revision in salary payable to Director-Production for the un-expired period of his tenure till September 30, 2012.

DISCLOSURES

i. Related Party Transactions

Materially significant related party transactions are disclosed in detail in note no. 13 of the Schedule 21(B) forming part of the Annual Accounts for the year 2010-11. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

ii. Legal Compliances

The Company follows a formal management policy and system of legal compliance & reporting to facilitate periodical review by the Board of Directors, of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any.

During the year NSE has suspended the trading of its shares from its Bourses from 3rd September 2010.

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the previous year.

The Company did not enter into any transaction of material nature with any of its promoters, Directors or management or their relatives that may have potential conflict with the interest of the Company.

iii. Mandatory and Non-mandatory requirements

The Company has not complied with all mandatory requirements laid down by the Clause 49. The non-mandatory requirements complied with, have been disclosed at the relevant places.

iv. CEO /CFO Certification

The CEO and CFO certification of the Financial Statements for the year 2010-2011 is forming part of the report.

COMMUNICATION TO SHAREHOLDERS

The Company has been sending Annual Reports, notices and other communication to household of each shareholders through post.

The quarterly, half-yearly and audited annual financial results of the Company were submitted to the stock exchanges soon after the Board meeting approval. The Company also published the quarterly, half-yearly and audited annual financial results in at least two leading newspapers - Financial Express (English) & Loksatta (Marathi). These are also promptly put on the Company's website www.bluebirdpune.com

The Company also informs Stock Exchanges in a prompt manner, all price sensitive or such other matter, which in its opinion are material and relevant for the shareholders. Further the Company has also been complying with the listing requirements for filing of its financial results under Corporate filing and dissemination system and these are available on the website www.corpfilings.in

GENERAL SHAREHOLDERS INFORMATION

a. 12th Annual General Meeting

Date & Time	Friday, September 30, 2011 at 9.30 AM
Venue	Blue Bird (India)Limited, 759/74 Prabhat Road, Pune – 411 004

b. Tentative Financial Calendar

First Quarter results	Second week of August 2011
Half Yearly results	Second week of November 2011
Third Quarter results	Second week of February 2012
Results for the year-end	August 2012

c. Date of Book Closure

Wednesday, September 21, 2011 till Friday, September 30, 2011 (both days inclusive)

d. Listing on Stock Exchanges and Security Code

At present, the equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Security codes of the same are as below:

Name of Stock Exchange	Security Code
Bombay Stock Exchange Limited (BSE)	532781
National Stock Exchange of India Limited (NSE)	BLUEBIRD
ISIN (Equity Shares)	INE475H01011.

The company is yet to pay the annual listing fees for the year 2011-12 to both of the above stock exchanges.

e. Market Price Data

The closing market price of equity share on March 31, 2011 (last trading day of the year) was Rs. 5.13 on BSE and Rs. 10.13 on NSE on 2nd September 2010.

Monthly Equity Share Price movement during 2010-11 at BSE & NSE						
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2010	17.80	14.00	4102879	17.90	13.60	6175719
May 2010	15.90	12.30	1134348	16.00	12.80	1747658
June 2010	16.38	13.25	1407252	16.30	13.55	1936739
July 2010	17.10	13.90	1868786	17.40	14.00	3137539
August 2010	15.25	11.60	1220857	15.25	11.65	1532598
September 2010	12.60	9.51	2744050	12.15	9.50	1789250
October 2010	10.45	9.21	717794	-	-	-
November 2010	10.78	7.31	572041	-	-	-
December 2010	8.40	6.80	646707	-	-	-
January 2011	7.70	5.60	314334	-	-	-
February 2011	7.60	4.51	537801	-	-	-
March 2011	5.95	4.75	436702	-	-	-

f. Distribution of shareholding as at March 31, 2011

By size of shareholding

Shareholding of Nominal Shares (of Rs. 10 each)	Shareholders Number	Percentage of Total	Share Amount Rs.	Percentage Of Total
1 - 5000	19034	82.0997	31390510	8.9687
5001 - 10000	2012	8.6784	16826060	4.8074
10001 - 20000	1101	4.7490	17142950	4.8980
20001 - 30000	359	1.5485	9179890	2.6228
30001 - 40000	174	0.7505	6239960	1.7828
40001 - 50000	121	0.5219	5691160	1.6260
50001 - 100000	204	0.8799	14871240	4.2489
100001 - 999999999	179	0.7721	248658230	71.0452
Total	23184	100.00	350000000	100.00

By category of shareholders

Category	No. of Shares		Total Shares	Percentage
	Electronic	Physical		
Promoter & Promoters' Group (including person acting in concert)	15700000	--	15700000	44.8571
Banks, Financial Institutions and Mutual Fund	1199224	--	1199224	3.4264
Foreign Institutional Investors/ NRIs / OCB/ Foreign Companies	2809746	--	2809746	8.0279
Bodies Corporate	1777769	--	1777769	5.0793
Clearing Member	277950	--	277950	0.7941
Public	13235308	3	13235311	37.8152
TOTAL	34999997	3	35000000	100.00

g. Dematerialisation of Securities

The equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges. Except for 3 equity shares, which are in physical form, all other equity shares are in dematerialized form.

h. Company has not issued any GDRs/ADRs/Share warrants or any convertible instruments

i. Registered Office

Blue Bird (India) Limited,
759/74, Prabhat Road, Deccan Gymkhana,
Pune 411 004

j. Plant location

Maharashtra : Gat no. 277,278,287 Zalanwadi,
Gorhe Khurd, Pune- Panshet Road,
Pune-411042.

Karnataka : Plot No. 22-24, Sr No 17-18
Antharasanahalli, 1st Phase,
Antharasanahalli Village,
KIADB Industrial Area, Tumkur- 572106

k. Compliance Officer

Mr. David PKunder
Blue Bird (India) Limited, 759/74, Prabhat Road,
Deccan Gymkhana, Pune – 411 004
Phone: +91 20 25676163
Fax: +91 20 25676164
E-Mail -Id:david@bluebirdindia.net

l. Investor Services

E-Mail-Id : cs@bluebirdindia.net

m. Registrar & Transfer Agent

Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Limited)
Block No. 202, 2nd Floor, Akshay Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune- 411001.
Phone: +91 20 26160084
Fax: +91 20 26163503

For and on behalf of the Board of Directors

Place: Pune
Date: June 30, 2011

Nitin Sontakke
Chairman & Managing Director

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

I hereby declare that all the designated personnel in the Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the financial year ended March 31, 2011.

**Place: Pune,
Date: June 30, 2011**

For Blue Bird (India) Limited

**Nitin Sontakke
Chairman and Managing Director**

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Blue Bird (India) Limited

We have examined the compliance of conditions of Corporate Governance by Blue Bird (India) Limited for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of an opinion on the financial statements of the company.

In our opinion and to best of our information and according to the explanations given to us, we certify that the Company, has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements except composition of Board of Directors and non appointment of full time Company Secretary.

We state that no Investor Grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For M/s Khandelwal Gandhi & Asso.
Firm Regn. No.113047W
Chartered Accountants,

CA Rajendra P.Gujarathi
Partner
Membership No.048337

Place: Pune
Date: June 30, 2011

**CHIEF EXECUTIVE OFFICER (CEO) AND
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To
The Board of Directors
Blue Bird (India) Limited

We, the undersigned, in our respective capacities as Managing Director and Director Finance of Blue Bird (India) Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2011 and based on our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) 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.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and 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 we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place : Pune
Date : June 30, 2011

Nitin Sontakke
Chairman and Managing Director

David Kunder
Director Finance

AUDITORS' REPORT

TO THE MEMBERS OF BLUE BIRD (INDIA) LIMITED,

We have audited the attached Balance Sheet of Blue Bird (India) Limited, as at March 31, 2011 and the Profit and Loss Account for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. 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 have 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting, the amounts 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.

- 1) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we annex hereto, a statement on the matters specified in paragraph 4 of the said order,
- 2) Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) 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 those books;
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account of the Company;
 - d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report are in compliance with accounting standards referred to in section 211(3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us,

Subject to Annexure Auditor's Report

a) note no.2 regarding verification and valuation of inventories,

b) note no. 4 regarding credit assessment of Debtors and recovery of debtors,

c) note no 7 regarding reasonableness of internal Audit system,

d) note no. 11 regarding accounts prepared on going concern basis, since the company is confident of revival after implementation of CDR proposal despite cash loss and notices received from a lender and a few creditors u/s 433 and 434 of the Companies Act,1956

e) note no. 16 regarding estimated written off debtors, and

f) note no.5 of Significant Accounting Policies regarding Inventories

the said accounts read with Notes to accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011.
- (ii) In the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.
- (iii) In the case of the Cash flow statement of the cash flows of the company for the year ended on that date.

**For M/s Khandelwal Gandhi & Asso.
Firm Regn. No. 113047W
Chartered Accountants**

**CA Rajendra P Gujarathi
Partner
Membership No. 048337**

**Place: - Pune
Date: June 30, 2011**

ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in paragraph 1 of our report of even date on the accounts
for the year ended March 31, 2011 of Blue Bird (India) Limited)

- 1) a) The Company has maintained proper computerised records showing full particulars, including quantitative details and situation of its fixed assets.
b) As informed to us, major fixed assets (Land, Buildings and Plant & Machinery) of the Company have only been physically verified by the Management during the year. The company has formulated a policy of verification of land, Buildings and Plant and Machinery once in a year and of other assets once in two years. No material discrepancies were reportedly noticed by the management on such verification.
c) The company has not disposed off any part of fixed assets during the year.
- 2) a) As informed to us, the inventory of the company has once been physically verified by the management during the year.
b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management **are not reasonable and adequate in relation to the size of the company and nature of its business.**
c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and discrepancies noticed on physical verification between stock and the book records **are material** and have been properly dealt with in the accounts.
- 3) The Company has taken unsecured interest free loan from directors. As per information and explanation given to us, the terms and conditions thereof are prima- facie, not prejudicial to the interests of the company. Except this, according to the information and explanations given to us, the company has not granted/ taken any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, the company has an internal control system for the purchase of inventory and fixed assets and for the sale of goods and services. **However, the same (including for credit assessment of debtors and recovery from Debtors) needs to be strengthened so as to be commensurate with the size of the company and nature of its business.** Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any other instance of continuing failure to correct major weaknesses in internal control.
- 5) a) In our opinion and to the best of our knowledge and belief, and according to the information and explanations given to us, the transactions that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956, have been so entered.
b) According to the information and explanation given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, exceeding the value of Rs. Five Lacs in respect of any party during the year.
- 6) As per the information and explanations given to us, there are no deposits accepted from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- 7) **In our opinion, the Company's internal audit system needs to be strengthened commensurate with its size and nature of its business.**
- 8) According to the information and explanations, given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) Section 209 of the Companies Act, 1956 for the industry in which the company operates.
- 9) a) **According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company is irregular in depositing undisputed amounts outstanding including Provident fund, Employees State Insurance, Sales tax and other material statutory dues with the appropriate authorities. TDS of Rs. 66.15 Lacs and Income Tax of Rs. 521.41 lacs was outstanding on 31st March 2011 for more than six months.**

- b) Disputed Income Tax & Sales Tax demands have not been deposited with the respective Tax Authorities.
- 10) The Company has accumulated losses as at 31.03.2011, & it has incurred cash losses during the financial year ended on that date, resulting in to negative net worth.
- 11) According to the information and explanations given to us, **the company defaulted in the payment of its dues to financial institutions, banks during the year.** As mentioned in Note No. 11, the Company had submitted a CDR proposal & it has been approved by CDR cell of Reserve Bank of India.
- 12) According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The company is not a chit or a nidhi /mutual benefit fund/society, therefore, the clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- 14) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4 (xiv) are not applicable to the company.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 16) The Company has not during the year, availed any term loans from Bank. **Term loans availed in earlier years have not been utilized for the purpose for which they were sanctioned.**
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow of the Company, we report that no funds raised on Short Term Basis have been used for Long Term Investment.
- 18) 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 during the year.
- 19) During the year, the company has not issued Non Convertible debentures. As informed to us, no security has been created for the Non Convertible Debentures issued for the earlier years.
- 20) The Company has not raised any money by public issue of shares during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For M/s Khandelwal Gandhi & Asso.
Firm Regn. No. 113047W
Chartered Accountants**

**CA Rajendra P Gujarathi
Partner
Membership No. 048337**

**Place: - Pune
Date: June 30, 2011**

BLUE BIRD (INDIA) LIMITED
BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	As at March 31, 2011 Rs. in Lacs	As at March 31, 2010 Rs. in Lacs
Sources of Funds			
Share Capital	1	3,500.00	3,500.00
Reserves and Surplus	2	8,444.89	11,671.34
		11,944.89	15,171.34
Loan Funds			
Secured Loans	3	54,642.91	47,703.18
Unsecured Loans	4	17,322.87	15,355.11
		71,965.78	63,058.29
TOTAL		83,910.67	78,229.63
Application of Funds			
Fixed Assets			
Gross Block	5	11,172.41	11,153.27
Less : Accumulated Depreciation		3,645.02	2,882.47
Net Block		7,527.39	8,270.80
Capital Work in Progress (incl. Advances)		1,885.39	1,874.61
		9,412.78	10,145.41
Deferred Tax Asset		2,167.30	2,167.30
Current Assets, Loans and Advances			
Inventories	6	13,215.84	26,948.18
Sundry Debtors	7	28,674.33	44,058.36
Cash and Bank balances	8	193.83	178.83
Loans and Advances	9	742.36	800.87
		42,826.36	71,986.24
Less : Current Liabilities and Provisions			
Current Liabilities	10	8,289.89	5,552.23
Provisions	11	517.09	517.09
		8,806.98	6,069.32
Net Current Assets		34,019.38	65,916.92
Profit & Loss Account	12	38,311.21	-
TOTAL		83,910.67	78,229.63
Significant Accounting Policies and Notes forming part of the Accounts	21		

As per our Report of even date.

For M/s khandelwal Gandhi & Asso.
Firm Regn No : 113047W
Chartered Accountants,

For and on behalf of the Board

CA Rajendra P Gujarathi
Partner
Membership No. - 048337

Nitin Sontakke
Chairman & Managing Director

David Kunder
Director Finance

Place : Pune
Date : June 30, 2011

BLUE BIRD (INDIA) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	For the Year Ended March 31, 2011 Rs. in Lacs	For the Year Ended March 31, 2010 Rs. in Lacs
Income			
Sales - Domestic		490.28	38,038.64
- Export		-	1,977.89
- Trading		66.12	471.13
- Construction Division		515.00	2,315.00
		1,071.40	42,802.66
Other Income	13	9.43	257.05
Total Income		1,080.83	43,059.71
Expenditure			
Material Consumption	14	5,090.24	33,449.36
(Increase)/Decrease in Inventory	15	8,711.75	3,623.16
Other Manufacturing Expenses	16	38.27	592.26
Employee Cost	17	290.17	816.56
Administrative and Selling Expenses	18	217.79	4,089.24
Depreciation		751.77	747.39
Interest & Finance Charges	19	8,816.75	7,782.12
Extra Ordinary Expenses	20	18,701.75	-
Total Expenditure		42,618.49	51,100.09
Profit before Tax		(41,537.66)	(8,040.38)
Less : Provision for Taxation			
- Current Tax		-	1.50
- Deferred Tax		-	(2,743.17)
- Fringe Benefit Tax		-	-
		-	(2,741.67)
Profit after Tax		(41,537.66)	(5,298.71)
Less : Tax provision for earlier years		-	47.27
Add : Balance of profit brought Forward		3,226.45	8,477.89
Profit available for Appropriation		(38,311.21)	3,226.45
Appropriation			
Proposed Dividend		-	-
Tax on Dividend		-	-
Transfer to General Reserve		-	-
Balance carried to Balance Sheet		(38,311.21)	3,226.45
Total Appropriation		(38,311.21)	3,226.45
Basic/Diluted Earnings per Share		(118.68)	(15.14)
Significant Accounting Policies and Notes forming part of the Accounts	21		

As per our Report of even date.

For M/s khandelwal Gandhi & Asso.
Firm Regn No : 113047W
Chartered Accountants,

For and on behalf of the Board

CA Rajendra P Gujarathi
Partner
Membership No. - 048337

Nitin Sontakke
Chairman & Managing Director

David Kunder
Director Finance

Place : Pune
Date : June 30, 2011

Schedules forming part of Balance Sheet as at March 31, 2011

Particulars	As at March 31, 2011 Rs. in Lacs	As at March 31, 2010 Rs. in Lacs
Schedule 1 - Share Capital		
Authorised Share Capital 45,000,000 Equity Shares of Rs.10/- each (Previous year 45,000,000 Equity Shares of Rs.10/- each)	4,500.00	4,500.00
Issued, Subscribed and paid-up 35,000,000 Equity Shares of Rs.10/- each fully paid-up (Previous year 35,000,000 Equity Shares of Rs.10/- each fully paid-up)	3,500.00	3,500.00
TOTAL	3,500.00	3,500.00
Schedule 2 - Reserves and Surplus		
General Reserve :		
Opening Balance	423.78	423.78
Add: Transferred from Profit & Loss Account	-	-
	423.78	423.78
Share Premium	8,021.11	8,021.11
As per last Balance sheet	-	-
Receipt on Share Issue	-	-
Less: Share Issue Expenses	-	-
	8,021.11	8,021.11
Profit and Loss Account (as per account annexed)	-	3,226.45
TOTAL	8,444.89	11,671.34
Schedule 3 - Secured Loans		
Term Loans (Secured by way of hypothecation & mortgage of Fixed Assets of the company and charged by way of hypothication of Inventories & Book Debts and personal gurantee of a Director and his relatives)	9,502.45	8,508.61
Working Capital Borrowings (Secured by way of hypothecation of Inventories and Book Debts and charge on Fixed Assets of the company and personal guarantee of a Director and his relatives and pledge of shares of promotors)	45,140.46	39,194.57
	-	-
TOTAL	54,642.91	47,703.18
Schedule 4 - Unsecured Loans		
(Repayable within One year)		
From Banks	4,700.24	4,062.23
From others	1,348.57	1,188.12
Non Convertible Debentures	11,274.06	10,104.76
TOTAL	17,322.87	15,355.11

Schedule 5 : Fixed Assets (At Cost) Schedules forming part of Balance Sheet as at March 31, 2011 (Rs. in Lacs)

Assets	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 1, 2010	Additions During the year	Deletions During the year	As at April 1, 2010	For the year	Deletions During the year	As at March 31, 2011	As at March 31, 2010
Land - Freehold	732.84	11.09	-	-	-	-	743.93	732.84
Land - Leasehold	370.34	-	-	47.83	10.78	-	311.73	322.51
Building	3,548.57	8.05	-	352.60	118.79	-	3,085.23	3,195.97
Office Premises	440.25	-	-	45.96	14.70	-	379.59	394.29
Plant & Machinery	5,104.12	-	-	2,098.76	527.77	-	2,477.59	3,005.36
Furniture & Fixture	285.79	-	-	73.60	18.09	-	194.10	212.20
Vehicles	276.47	-	-	119.11	26.27	-	131.09	157.36
Computer	177.59	-	-	89.04	28.79	-	59.76	88.55
Other Assets	217.30	-	-	55.57	17.36	-	144.37	161.73
	11,153.27	19.14	-	2,882.47	762.55	-	7,527.39	8,270.81
Transfer to WIP / Advance	-	-	-	-	<u>10.78</u>	-	-	-
					<u>751.77</u>			
Previous Year	11,045.52	126.61	18.86	2,130.96	747.39	6.66	8,270.80	8,914.56

Note : 1) Leasehold Land includes an amount of Rs 17.24 lacs (previous year Rs. 17.24 lacs) representing deposit paid to Landlords for land taken on leave & licence / Lease. The Lease deeds have expired pending renewal.

2) Movable assets at the regional offices closed during the year are in the process of transfer.

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd...)

Particulars	As at March 31, 2011 Rs. in Lacs	As at March 31, 2010 Rs. in Lacs
Schedule 6 - Inventories		
(At lower of cost or net realisable value) (Taken, Certified and Valued by the Management)		
Raw Material	6,420.00	11,195.29
Land (Stock in trade)	858.50	1,103.80
Finished Goods	5,720.00	14,334.80
Stock in Trade / transit	-	3.39
WIP- Construction	217.34	310.90
TOTAL	13,215.84	26,948.18
Schedule 7 - Sundry Debtors		
(Unsecured, Considered Good)		
Over six months	28,674.33	39,292.99
Others	-	4,765.37
Considered Doubtful	10.20	2,510.20
Less : Provision for Doubtful Debts	(10.20)	(2,510.20)
TOTAL	28,674.33	44,058.36
Schedule 8 - Cash and Bank Balances		
Cash in hand	12.38	26.90
Balance with Banks		
- In Current Accounts	53.23	24.74
- In Fixed Deposits (including interest accrued of Rs. 14.18 lacs (Previous year Rs. 16.71 lacs)	128.22	127.19
	181.45	151.93
TOTAL	193.83	178.83
Schedule 9 - Loans and Advances		
(Unsecured, Considered Good)		
Advance recoverable in cash or in kind or for value to be received	742.36	800.87
TOTAL	742.36	800.87
Schedule 10 - Current Liabilities		
Sundry Creditors	2,594.07	4,337.22
Other Current Liabilities	5,680.70	1,199.89
Interest accrued but not due	15.12	15.12
	-	-
TOTAL	8,289.89	5,552.23
Schedule 11 - Provisions		
Provision for Tax	517.09	517.09
Proposed Dividend	-	-
Provision for Tax on Dividend	-	-
TOTAL	517.09	517.09
Schedule 12 - Profit & Loss Account		
Balance as per last year	3,226.45	-
Add : Profit / (Loss) for the year	(41,537.66)	-
	(38,311.21)	
Schedule 13 - Other Income		
Interest (Gross)	8.78	8.94
(Tax deducted at Source Rs.0.63 lacs, Previous year Rs 0.96 lacs)		
Interest on Income tax Refund	-	2.70
Other Income	0.65	245.41
TOTAL	9.43	257.05

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd...)

Particulars	As at March 31, 2011 Rs. in Lacs	As at March 31, 2010 Rs. in Lacs
Schedule 14 - Material Consumption		
Opening Stock	12,299.09	18,300.08
Add : Purchases	69.65	27,448.37
	12,368.74	45,748.45
Less : Closing Stock	7,278.50	12,299.09
TOTAL	5,090.24	33,449.36
Schedule 15 - Change in Inventory		
Opening Stock - Finished Goods	14,338.19	18,017.80
Opening Stock - WIP (Construction Activity)	310.90	254.45
Closing Stock - Finished Goods	5,720.00	14,338.19
Closing Stock - WIP (Construction Activity)	217.34	310.90
(Increase)/Decrease in Inventory	8,711.75	3,623.16
Schedule 16 - Other Manufacturing Expenses		
DTP Charges	-	0.32
Labour Charges	2.78	209.86
Freight and Octroi	9.45	128.73
Processing Charges	0.35	120.51
Power & Fuel	24.77	96.51
Subcontract - Constuction Activity	-	-
Repairs and Maintenance - Plant & Machinery	0.92	36.33
	-	-
TOTAL	38.27	592.26
Schedule 17 - Employee Cost		
Salaries & Wages	271.32	743.69
Contribution to Provident Fund & Other Funds	16.26	49.76
Staff Welfare	2.59	23.11
TOTAL	290.17	816.56
Schedule 18 - Administration and Selling Expenses		
Rent	37.01	131.42
Insurance	26.39	54.86
Postage and Telephone	14.85	42.50
Printing and Stationery	1.87	11.32
Travelling and Conveyance	20.07	145.74
Legal and Professional Fees	21.91	49.05
Bank Charges & Commission	10.44	376.60
Repairs and Maintenance		
- Buildings	0.00	4.46
- Others	25.37	24.13
	25.37	28.59
Bad Debts	-	24.89
Advertisement	1.95	37.80
Commission on Sales	0.92	33.46
Business Promotion	-	-
Exchange rate variation	9.98	152.73
Loss on sale of assets	-	6.81
Provision for Doubtful Debts	-	2,500.00
Other Miscellaneous Expenses	47.03	493.47
TOTAL	217.79	4,089.24

Schedules forming part of Balance Sheet as at March 31, 2011 (Contd...)

Particulars	As at March 31, 2011 Rs. in Lacs	As at March 31, 2010 Rs. in Lacs
Schedule 19 - Interest and Finance Charges		
Term Loans	1,072.29	952.89
Other Loans	7,744.46	6,829.23
TOTAL	8,816.75	7,782.12
Sheduel 20 - Extra Ordinary Expenses		
Sales Tax dues 2005 to 2010	4,359.64	-
Late filing of Vat Audit Report 2008-09	52.93	-
Sundry Debtors Written off	14,289.18	-
TOTAL	18,701.75	-

Schedule 21 – Significant Accounting Policies and Notes to Accounts

Nature of Operations

Blue Bird (India) Limited [“The Company”] is engaged in the manufacturing of Student Books / Exercise Books, Printing and Publication of books, trading of paper and Commercial Printing etc. The Company is also engaged in construction activity.

A) Significant Accounting Policies

1. Basis of Accounting

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

2. Use of Estimates

The preparation of financial statements requires making certain estimates and assumptions necessary for reporting of amounts in the financial statements and notes thereto. Differences, if any, between actual and estimates are recognized in the period in which they materialize.

3. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs related to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

4. Depreciation/Amortisation

- a. Depreciation is provided on fixed assets, under Straight Line Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions during the year is provided on pro-rata basis.
- b. Premium & other expenditure on leasehold land is amortized over the period of lease.

5. Inventories

- a. Raw Material, components, stores and spares are valued at 60 % of purchase price due to deteriorations as certified by Technical & Production Director and land (stock in trade) are valued at lower of cost or net realizable value. Cost is determined on First in First out (FIFO) basis.
- b. Work-in-progress in respect of construction activity is valued at cost. Cost includes land cost, direct materials and labour and a proportion of operating overheads including borrowing costs. In case work is completed for more than 25% of the total work in each case, work-in-progress is valued inclusive of estimated profit on percentage completion basis.
- c. Finished goods are valued at 40 % of net realizable value as taken in declared results of the company for the 3rd quarter of the year due to deteriorations as certified by Technical & Production Director. Cost includes direct materials and labour and proportion of manufacturing overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business.
- d. Stock in Trade / transit is valued at cost.

6. Revenue Recognition

- a. Sales are excluding duties and taxes, net of usual trade discounts. Revenue from sale of goods is recognized on the basis of dispatch of goods when ownership, risk & reward is transferred to the customers.
- b. Sales of construction activity are excluding duties and taxes. Revenue from sale of property is recognized on transfer of ownership to the customers. Revenue from construction contracts is recognized on the basis of bills submitted on certification of work carried out.
- c. Revenue from interest is recognized on time proportion basis.

7. Foreign Currency Transactions

- a. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.
- b. Monetary assets and liabilities denominated in foreign currencies are translated into rupee currency at the year end. Non-monetary foreign currency assets are carried at cost.
- c. Any gains or losses on account of exchange differences either on settlement or on transaction are recognized in the profit and loss account.

8. Retirement benefits and other employee benefits (AS – 15)

Retirement benefits and other employee benefits in the form of Provident Fund and Gratuity are charged to Profit & Loss account of the year when the contribution to the respective fund is due.

9. Taxation

Tax expense comprises of both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred income taxes reflect the combined impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

10. Impairment Loss

As per Accounting Standard AS-28 'Impairment of Assets' effective from April 01, 2004, the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired and if such indication exists, the carrying value of such asset is reduced to its recoverable amount and a provision is made for such impairment loss in the Profit and Loss Account.

11. Borrowing Costs

Borrowing Costs attributable to the acquisition and construction of the qualifying assets are capitalized as part of the cost of respective assets up to the date when such asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are charged to Profit & Loss Account.

12. Earning Per Share

Basic Earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The

Company has not issued any dilutive potential equity shares and accordingly, the basic earning per share and diluted earning per share are the same.

13. Provisions, Contingent Liabilities and Contingent Assets

A Provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities if material are disclosed by way of notes to accounts. Contingent assets are not recognized.

B) NOTES TO ACCOUNTS

1. Contracts remaining to be executed on capital account and not provided for Rs.196.00 Lacs (Previous Year Rs. 196.00 Lacs)
2. Contingent Liability not provided for-
 - a) Bank Guarantees issued by banks on behalf of the Company Rs. 153.88 Lacs (Previous year Rs.163.15 lacs) for import of Plant & Machinery against licenses granted under EPCG Scheme for payment of Customs Duty.
 - b) Other Bank Guarantees – Rs. 46.00 Lacs (Previous Year Rs.46.90 Lacs)
 - c) Guarantee Bonds issued in favour of the Customs Authorities amounting to Rs. 1524.00 lacs (Previous year Rs. 1,524.00 Lacs) for fulfillment of export obligations of USD 134.15 Lacs equivalent to Rs.6,123.13 Lacs for import of machinery against licenses granted under EPCG Scheme. The Company has to fulfill the said export obligation by August 06, 2016. The Company has fulfilled export obligations of USD 106.93 lacs up to March 31, 2010, however, the cancellation of the guarantee bonds made is of Rs 87.05 Lacs and balance is in process.
 - d) Fines/Penalties for default in payment of statutory dues (Amount not ascertainable).
 - e) Disputed Income Tax demands in respect of earlier years Rs. 924.93 Lacs (Previous Year Rs.22.06 lacs, the same has been paid under protest against these demands.)
 - f) Amount of Interest on dues claimed by various creditors not considered.
3. Non convertible Debentures were to be redeemed in full latest by August 31, 2009. The debentures have not been redeemed.

4. Employee Cost includes Managing and Whole Time Directors' Remuneration under section 198 of the Companies Act, 1956 as under : (Rs. in Lacs)

Particulars	March 31, 2011	March 31, 2010
i) Salary and Allowances	30.00	54.75
ii) Contribution to Provident Fund and Other Funds	0.00	0.00
TOTAL	30.00	54.75

No commission has been paid to the directors.

5. Computation of Managerial Remuneration as per Section 198 & 349 of the Companies Act, 1956 :
Rs.in Lacs

	Particulars	March 31, 2011	March 31, 2010
1.	Profit before tax as per Profit and Loss Account	(41,537.66)	(8,040.38)
2.	Add : Expenses not to be considered as per Section 349-Directors' Remuneration	30.00	54.75
3.	Add: Provision for Doubtful debts	0.00	2500.00
4.	Less: Fringe Benefit Tax	0.00	0.00
5.	Net Profit Computed as per Section 349 of the Companies Act, 1956	(41,507.66)	(5,485.63)
6.	10% of the above	-	-

Managerial Remuneration for the year & previous year is excess of the above limits.

6. Auditors Remuneration

Rs. in Lacs

	Particulars	March 31, 2011	March 31, 2010
i)	Audit Fees	1.00	4.41
ii)	Tax Audit Fees	0.00	0.00
iii)	Taxation and Other Matters	0.00	2.21
	TOTAL	1.00	6.62

7. Earnings per Share [EPS] -

Rs. in Lacs

	Particulars	March 31, 2011	March 31, 2010
1.	Net Profit after Tax [Rs. Lacs]	(41,537.66)	(5,298.71)
2.	No. of Weighted Average Equity Shares	35,000,000	35,000,000
3.	Face Value of each Equity Share	Rs.10.00	Rs.10.00
4.	Basic/Diluted Earnings per Share [EPS]	(118.68)	(15.14)

8. Deferred tax Liabilities /Asset consist of the following:

Rs. in Lacs

	Particulars	March 31, 2011	March 31, 2010
	Deferred tax Liabilities/(Assets) on account of timing difference of depreciation on Fixed Assets.	(2,167.30)	576.00
	Deferred Tax Asset on account of timing difference of provision for doubtful debts and unabsorbed losses	0.00	(2,743.30)
	Deferred Tax Liabilities / (Assets)(Net)	(2,167.30)	(2,167.30)
	Charge for the year	0.00	(2,743.17)

In view of AS 22 the Deferred Tax Assts / Liabilities has not considered.

The Company is confident of earning future profits (sufficient to recover Deferred Tax Assets) after CDR package becomes effective.

9. Material Consumption is net of sale of raw material of Rs. Nil (Previous Year Rs. 192.66 Lacs)

Rs. in Lacs

Material Consumption	2010-11	2009-10
Sales	1,071.40	42,802.66
Less : Movement in Stock as per P & L	8,711.76	3,623.16
: Deterioration of Stock (F G)	(8,574.00)	-
Production	933.64	39,179.50
Material Consumption		
Consumption as per P & L	5,090.24	33,449.36
Less : Deterioration of Stock	4,296.00	-
Actual Material Consumption	794.24	33,449.36
Material Consumption % to Production	85.07	85.37

10. Other liabilities include Rs.2.01 Lacs (Previous year Rs.2.01 Lacs) being amounts refundable to unsuccessful share applicants in the public issue and Rs. 3.49 Lacs (previous year Rs. 3.50 Lacs) being dividend warrants not encashed by shareholders. These amounts are lying in separate bank accounts.
11. The Company, during the year, incurred cash loss. Also it could not recover its dues from the customers in time. This has resulted into a cash crunch faced by the Company. Consequently, the Company defaulted in repayment of interest and principal amounts to its lenders. The Company has also received notices under Section 433 and 434 of the Companies Act, 1956 from a lender and a few suppliers for non payment of their dues. The Company is in negotiations with these parties for reschedulement / extension of time. The Company is confident of settling the matter amicably.

The Corporate Debt Restructuring (CDR) proposal has been approved by CDR cell of Reserve Bank of India on 28.01.2011. In the said proposal, payment of all Secured loans has been considered to be made in a phased manner. The proposal has been admitted by the CDR cell subject to fulfillment of certain conditions. The Company is confident of compliance of all the requisite formalities. The viability of CDR proposal is assessed by an independent agency appointed by the lead bank of consortium.

No effect of the approval has been given in the accounts, pending sanction by CDR lenders and completion of requisite formalities.

In view of the foregoing, the accounts have been prepared on going concern basis.

12. Segment Reporting

The Company operates mainly in five business segments namely Student Books/Exercise Books, Publication/Commercial Printing, Exports, Trading and Construction Activity. The segment wise reports are as follows:

Particulars	Year ended March 31,2011	Year ended March 31,2010
1 . Segment Revenue		
Note Books	453.82	23,672.15
Publication	9.93	13,545.84
Printing	26.54	820.65
Exports	0.00	1,977.89
Construction Activity	515.00	2,315.00
Trading	66.11	471.13
Total	1,071.40	42,802.66
Less : Inter Segment Revenue		
Net Sales/Income from Operations	1,071.40	42,802.66
Total	1,071.40	42,802.66
2. Segment Results (Profit)(+) / Loss (-) before tax and interest from each segment	Fixed Assets and Manpower of the Company's business or liabilities contracted can not be identified to any business and geographical segment as the Fixed Assets and Manpower are used interchangeably between business and geographical segments and a meaningful segregation is not possible.	
Less :		
i) Interest	8,816.74	7,782.11
ii) Other Un-allocable Expenditure		
Net off Un- allocable income	33,792.32	43,060.93
Profit before Tax	(41,537.66)	(8,040.38)

13. Statement of Related Parties Disclosure

A. List of Related parties

Associate Companies

Bhoomiputra Infrastructure Private Limited

Key Management Personnel

Nitin Sontakke, Chairman & Managing Director

David Kunder, Director Finance

Satish Bhagwat, Director Technical

Santosh Dhankude, Director Production

Relatives of Directors

Vidya Sontakke

B. Transactions with Related parties

Rs.in Lacs

Particulars	March 31, 2011	March 31, 2010
Remuneration to Key Management Personnel		
- Nitin Sontakke	12.00	24.00
- Apoorv Sontakke	0.00	3.75
- David Kunder	6.00	9.00
- Satish Bhagwat	6.00	9.00
- Santosh Dhankude	6.00	9.00
Rent paid to Key Management Personnel		
- Apoorv Sontakke	0.00	3.00
Deposit for Land on Lease (Outstanding)		
- Nitin Sontakke	10.60	10.60
- Vidya Sontakke	6.64	6.64
Unsecured Loan taken (Outstanding)		
- Nitin Sontakke	914.58	822.13
- David Kunder	169.04	101.04
- Santosh Dhankude	64.95	64.95

14. The Company has not given or taken any asset on financial lease as on Balance Sheet date. The Company has taken two manufacturing premises and commercial premises under cancelable operating leases. The lease agreements are usually renewable by mutual consent on mutually agreeable terms. The expenses in respect of operating leases have been accounted as Administrative Expenses.
15. In the opinion of the management, all the Current Assets, Loans and Advances are good, recoverable and approximately of the value stated, if realized in the ordinary course of the business.
16. Debtors and Creditors are subject to confirmation, reconciliation and consequential adjustments, if any. On assessment of debtors, the management is of the opinion that it may be able to recover only some partial dues or no dues from some of its customers. Considering this eventuality, a Bad Debts written off has been made on estimated basis.
Bad debts written off are net of the Provision for doubtful Debts made in earlier year.
17. Land (Stock in Trade) includes –
(i) Advances paid for purchase of land - Nil (Previous year Nil)
(ii) Right to purchase of land acquired under a memorandum of understanding – Nil (Previous Year - Nil)
18. Extra ordinary expenses for the year represent debtors written off, amount payable as per Sales Tax / VAT demands in respect of earlier years and amount written off of land sale as per confirmation deed of rectification. The company is in the process of getting the Sales Tax/ VAT liabilities reduced by submitting relevant documents / informations to the respective Authorities.
19. Licenced Capacity, Installed Capacity and Production

	Student Books/Exercise Books	March 31, 2011		March 31, 2010	
	Particulars	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
1	Licensed Capacity	NA	NA	NA	NA
2	Installed Capacity [MT]	71,000		71,000	
3	Opening Stock	23,882	12,240.48	23,682	14,967.86
4	Production	562	383.15	29,019	20,472.91
5	Deterioration of stock value	-	(7,349.73)	-	-
6	Closing Stock	23,830	4,872.27	23,882	12,240.48
7	Sales	614	453.82	28,819	25,650.04

	Printing and Publication	March 31, 2011		March 31, 2010	
	Particulars	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
1	Installed Capacity [MT]	23,000		23,000	
2	Opening Stock	4,201	2,094.32	3,895	2,920.64
3	Production	4	3.46	12,491	11,437.62
4	Deterioration of stock value	-	(1,224.27)	-	-
5	Outsourced	0.00	0.00	1,475	1,106.25
6	Total (4+6)	4	3.46	13,966	12,543.87
7	Closing Stock	4,163	847.73	4,201	2,094.32
8	Sales	42	36.47	13,660	14,366.49

	Trading (Paper)	March 31, 2011		March 31, 2010	
	Particulars	Qty.(MT)	Rs. in Lacs	Qty.(MT)	Rs. in Lacs
1	Opening Stock	0	3.39	288	129.30
2	Purchases		45.00	686	320.67
3	Closing Stock	0	0.00	0	3.39
4	Sales	0.00	66.11	974	471.13

20.	Particulars	March 31, 2011		March 31, 2010	
	Major Raw Material Consumed	Qty. (MT)	Rs. in Lacs	Qty. (MT)	Rs. in Lacs
	Paper	47	20.33	42,357	20,821.74

21.	Value of imported & indigenous raw materials consumed.	March 31, 2011		March 31, 2010	
		%	Rs. in Lacs	%	Rs. in Lacs
	Imported	0.00	0.00	0.00	0.00
	Others	100.00	794.24	100.00	33,449.36
	Total	100.00	100.00	100.00	33,449.36

22.		March 31, 2011	March 31, 2010
	FOB Value of Exports	0.00	1904.28

23.	CIF value of Imports	March 31, 2011	March 31, 2010
	- Raw material	0.00	0.00
	- Fixed Assets	0.00	0.00
	- Spares	0.00	0.00

24.	Expenditure in Foreign Currency	March 31, 2011	March 31, 2010
	- Traveling Expenses	0.00	1.21
	- Royalty	0.00	0.12

25. Disclosure as per AS 15 (As per report received from LIC of India)
The Principal assumption in actuarial valuation of Gratuity (Funded) is as under
- | | |
|---|-------|
| Discount Rate | 8.00% |
| Expected rate of return on assets | 7.50% |
| Expected rate of future salary increase | 5.00% |

	Rs. in Lacs
	March 31, 2011
Change in present value of obligation	
Present value of obligations as at 01.04.2010	26.87
Interest cost	2.15
Current service cost	8.29
Benefits paid	(16.45)
Actuarial Gain on obligations	(9.34)
Present value of obligations as at 31.03.2011	11.52
Change, in fair value of plan assets	
Present value of obligations as at 31.03.2011	11.52
Fair value of plan assets as at the end of the year	23.32
Unfunded status	-
Unrecognised Actuarial (Gain)/Loss	-
Net (Assets)/Liability recognized in Balance Sheet	11.80

Rs. in Lacs

	March 31, 2011
Expenses recognized in Profit and Loss account	
Current service cost	8.29
Past service cost	-
Interest Cost	2.15
Expected return on plan assets	(2.51)
Net Actuarial (Gain)/Loss recognized during the year	(9.34)
Total expenses recognized in Profit and Loss Account	(1.41)

26 Provisions

Rs. in Lacs

Sr. No.	Particulars	Opening Balance As on April 01, 2010	Additional provision during the year	Amount paid/ utilized/ reversed during the year	Closing Balance As on March 31, 2011
1	Provision for Current Tax	517.09	0.00	0.00	517.09
2	Provision for Deferred Tax	00	0.00	0.00	0.00

27. Previous year's figures are regrouped / rearranged wherever necessary to conform with the current year's presentation.

Signatures to Schedules 1 to 21

As per our report of even date,

**For M/s khandelwal Gandhi & Asso.
Firm Regn No : 113047W
Chartered Accountants,**

For and on behalf of the Board

**CA Rajendra P Gujarathi
Partner
Membership No. - 048337**

**Nitin Sontakke
Chairman & Managing Director**

**David Kunder
Director Finance**

**Place : Pune
Date : June 30, 2011**

BLUE BIRD (INDIA) LIMITED
BALANCE SHEET ABSTRACT
(Statement pursuant to Part IV of Schedule VI of the Companies Act, 1956)

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No.	25-13842
State Code	11
Balance Sheet Date	31.03.2011

II CAPITAL RAISED DURING THE YEAR

(Rs.' 000)

Public Issue	Nil	Bonus Issue	Nil
Right Issue	Nil	Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Rs.' 000)

Total Liabilities	8,391,067	Total Assets	8,391,067
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SOURCES OF FUNDS

(Rs.' 000)

Paid up Capital	350,000	Reserves and Surplus	844,489
Share Application Money	-	Unsecured Loans	1,732,287
Secured Loans	5,464,291	Deferred tax Liability	-

APPLICATION OF FUNDS

Net Fixed Assets	941,278	Investments	-
Net Current Assets	3,401,938	Misc. Expenses not w/off	216,730

IV PERFORMANCE OF THE COMPANY

(Rs.' 000)

Total Turnover	108,084	Total Expenditure	4,261,849
Profit before Tax	(4,153,766)	Profit after Tax	(4,153,766)
Earning per Share (Rs.)	(118.68)	Dividend Rate	0%

V GENERAL NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No. 482020 490199	Product Description Notebooks/Student Books/Exercise Books Printing and Publication of Guides and other Books
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As per our Report of even date.

For M/s khandelwal Gandhi & Asso.
Firm Regn No : 113047W
Chartered Accountants,

For and on behalf of the Board

CA Rajendra P Gujarathi
Partner
Membership No. - 048337

Nitin Sontakke
Chairman & Managing Director

David Kunder
Director Finance

Place : Pune
Date : June 30, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 , 2011

Particulars	For the Year Ended March 31, 2011 Rs. in Lacs	For the Year Ended March 31, 2010 Rs. in Lacs
A. Cash Flow from Operating Activities :		
Net profit before Tax	(41,537.66)	(8,040.38)
Adjusted for :		
Depreciation (Charged to P&L)	751.77	747.39
Provisions / Write Offs	18,701.75	2,531.70
Finance Charges	8,807.96	7,773.18
Operating Profit before working capital changes	(13,276.18)	3,011.89
Adjustments for		
(Increase)/Decrease in Inventories	13,732.34	9,624.15
(Increase)/Decrease in Trade Receivables	1,094.85	(12,424.44)
(Increase)/Decrease in Loans & Advances	58.51	345.39
(Increase)/Decrease in Other Current Assets		
Increase/(Decrease) in Trade Payables	(1,674.92)	(6,369.62)
Cash Generated from Operations	(65.40)	(5,812.63)
Direct Taxes paid	-	37.85
Cash Generated from Operating Activities	(65.40)	(5,774.78)
B. Cash Flow from Investing Activities :		
Purchases of Fixed Assets	(19.14)	(121.22)
Cash used in Investing Activities	(19.14)	(121.22)
C. Cash Flow from Financing Activities		
Share Application Money Received/(Repaid)		
Proceeds from issue of Share Capital	-	
Proceeds from/(Repayment of) Long Term Borrowings	993.84	215.07
Proceeds from/(Repayment of) Short Term Borrowings	7,913.66	12,291.83
Finance Charges	(8,807.96)	(7,773.18)
Dividend Paid	-	-
Provision for Tax on Dividend	-	-
Cash generated in Financing Activities	99.54	4,733.72
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	15.00	(1,162.28)
Opening Balance of Cash & Cash Equivalents	178.83	1,341.11
Closing Balance of Cash & Cash Equivalents	193.83	178.83
	15.00	(1,162.28)

As per our Report of even date.

**For M/s khandelwal Gandhi & Asso.
Firm Regn No : 113047W
Chartered Accountants,**

For and on behalf of the Board

**CA Rajendra P Gujarathi
Partner
Membership No. - 048337**

**Nitin Sontakke
Chairman & Managing Director**

**David Kunder
Director Finance**

**Place : Pune
Date : June 30, 2011**

Notice to Members

The Ministry of Corporate Affairs ("MCA") has now expressly permitted companies to effect service of documents on shareholders through the electronic mode by giving each shareholder an opportunity to register with the Company his/her e-mail address.

We, therefore, plan to send documents such as the Annual Report, Notices of General Meetings, Circulars and other Notices by e-mail to those shareholders whose e-mail ids are available with us.

The MCA has clarified that service of documents on shareholders through e-mail will constitute sufficient compliance with Section 53 of the Companies Act, 1956.

In view of the above, should you desire to receive documents from the Company through the post, please send us a letter stating your Folio number.

You may, however, change your instructions at any time and request us to send you documents in the soft copy by e-mail.

The documents that we propose e-mailing you will also be available for ready access on our website www.bluebirdpune.com

Kindly update your e-mail id with the Depositories with intimation to our Registrar & Transfer Agents on their e-mail id at pune@linkintime.co.in giving reference of your Folio No/Client ID No.

We trust as a responsible citizen you will join us in our initiative to conserve the environment through the curtailment of consumption of paper.

BLUE BIRD (INDIA) LIMITED

Regd. Office: 759/74 , Prabhat Road , Deccan Gymkhana, Pune 411004.

PROXY FORM

Folio No: _____

No of Shares: _____

DP ID NO: _____

Client ID No: _____

I/ We _____ of _____
_____ being member/s of the Company, do hereby appoint
_____ of _____ or failing him _____ of
_____ as my/our proxy to vote for me/us on my/our behalf at the 12th Annual
General Meeting of Blue Bird (India) Limited ,to be held on Friday, September 30th,2011 at 9.30 A.M at
Blue Bird (India)Limited, 759/74, Prabhat Road, Deccan Gymkhana, Pune-411 004 and at any
adjournment thereof.

At witness my/our hand(s) this -----day of-----, 2011.

Affix Re.1/-
Revenue Stamp
& sign across
the stamp

NOTE: The proxy form duly completed must be returned so as to reach the Registered Office of the Company not less than 48 hours, before the commencement of the Annual General Meting.

BLUE BIRD (INDIA) LIMITED

Regd. Office: 759/74 , Prabhat Road , Deccan Gymkhana, Pune 411004.

ATTENDANCE SLIP

Folio No: _____

DP ID No: _____

Client ID No: _____

No of Shares: _____

Members Name: _____

Proxy Name: _____

I hereby record my presence at the 12th Annual General Meeting of the Company to be held on Friday,
September 30, 2010 at 9.30 A.M at Blue Bird(India)Limited, 759/74, Prabhat Road, Deccan
Guymkhana, Pune-411 004

Members/ Proxy Signature

Note:

1. Please complete this attendance slip and hand it over at the entrance of the Hall.
2. No Duplicate attendance slips will be issued at the meeting venue.

Book - Post

To,

If undelivered please return to :
BLUE BIRD (INDIA) LIMITED
Head Office : 759/74, Prabhat Road, Deccan Gymkhana, Pune - 411 004, Maharashtra (India)

BLUE BIRD (INDIA) LIMITED

Head Office : 759/74, Prabhat Road, Deccan Gymkhana, Pune - 411 004. Maharashtra (India)

Tel : +91 20 25676163, Fax : +91 20 25676164

Factory : Gat No. 277, 278, 287, Zalanwadi, Gorhe Khurd, Panshet Road, Pune - 411 042. Maharashtra (India)

www.bluebirdpune.com