

# 35<sup>TH</sup> ANNUAL REPORT 2010 - 2011

## BLUE CIRCLE SERVICES LIMITED



# BLUE CIRCLE SERVICES LIMITED

## BOARD OF DIRECTORS

Anil Purohit	Chairman & Managing Director
Ashok Bothra	Wholetime Director
Dhruva Narayan Jha	Wholetime Director
Raj Kumar Mall	Independent Director
Chandresh N Shah	Independent Director
Pawan Kr. Borad	Independent Director

## COMPLIANCE OFFICER

Mr. Pravin Sawant

## AUDITORS

M/s. Pradeep Gupta  
Chartered Accountant

## BANKERS

Axis Bank Ltd

## REGISTERED OFFICE

106, Sagar Shopping Centre,  
J. P. Road, Andheri (W),  
Mumbai - 400 058.

## REGISTRAR & SHARE TRANSFER AGENT

### Purva Shareregistry (India) Pvt. Ltd.

No. 9, Shiv Shakti Ind. Estate,  
Gr. Floor, J. R. Boricha Marg,  
Lower Parel, Mumbai - 400 011.

## ANNUAL GENERAL MEETING

Date : 21st September, 2011  
Time : 2.30 P.M.  
Venue : 106, Sagar Shopping Centre,  
J. P. Road, Andheri (W)  
Mumbai - 400 058.



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Members are requested to bring their copy of Annual Report at the time of Meeting

## NOTICE

Notice is hereby given that the 35th Annual General Meeting of the members of **BLUE CIRCLE SERVICES LIMITED** will be held on Wednesday, 21st September, 2011 at 2.30 P.M. at 106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058 to transact following business as:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2011.
2. To appoint Director in place of Mr. Dhruva Narayan Jha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Chandresh N Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :

"**RESOLVED THAT** Pursuant to the provisions of Section 260 and all other applicable provisions of the Companies Act, 1956 (the Act) and in terms of Article 87 of the Articles of Association of the Company, Mr. Pawan Kr. Borad, who was appointed as an Additional Director of the Company at the Board meeting held on 18th May 2011 and who holds the office up to the date of this Annual General Meeting in terms of provision of section 260 of the Act, and in whose respect the Company has received a notice from a member under Section 257 of the Act, together with necessary deposit as mentioned in the said section, proposing the candidature of Mr. Pawan Kr. Borad for the office of Director of the Company be and is hereby appointed as Director of the Company."

### Notes :

1. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 14th September 2011 to 21st September 2011 (both days inclusive).
3. A copy of all the documents referred to in the accompanying explanatory statement are open to inspection at the Registered Office of the Company on all working days except holidays up to the date of AGM and at AGM .
4. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.

5. The Book Closure/Record Date for the purpose of declaration of Dividend shall be fixed in due course of time and shall be published in the newspapers pursuant to Section 154 of the Companies Act, 1956. The said information will also be intimated to the Stock Exchanges and Stock Exchanges will upload the same to their website and will also be uploaded to the Company's website. The Dividend as recommended by the Board of Directors, if declared at the time of Annual General Meeting, will be paid on or before 20th October 2011.
6. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the Depository Participant to the Annual General Meeting.
7. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
8. Members are requested to intimate change in their address immediately to M/s Purva Sharegistry (India) Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their office at 9, Shiv Shakti Ind. Estate, Ground Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011.
9. Members holding shares in physical form in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above.
10. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.
11. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above or to the Compliance Officer at the Registered Office of the Company.
12. Members are requested to bring copies of Annual Report to the Annual General Meeting.
13. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
14. Members are requested to quote Folio Number/DP ID & Client ID in their correspondence.
15. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Ahmedabad Stock Exchange and Listing Fees for the financial year 2011-2012 have been paid to Bombay Stock Exchange Ltd.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

The Board of Directors of your Company appointed Mr. Pawan Kr. Borad as s Additional Director of your Company at the Board meeting held on 18th May 2011 to broad base the Board.

Mr. Pawan Kr. Borad, Age 36, B.Com, has vast knowledge and rich experience in Financial & Income Tax related activities as well as expertise in Accounting, Taxation and secretarial Matters. It will be advantageous for the Company to avail his valuable services and rich experience. Your Company has received notices from members pursuant to section 257 of the Act, 1956 together with necessary deposit proposing the candidature of Mr. Pawan Kr. Borad for the office of Director of the Company.

Mr. Pawan Kr. Borad does not hold any shares in his own name or in the name of his relatives.

Mr. Pawan Kr. Borad is not having Directorship and Committee Chairmanship in any of the Listed and Public Limited Cos.

Except Mr. Pawan Kr. Borad in his respective appointment, no other Director is concerned or interested in his appointment as Directors of the Company.

Mumbai, June 30, 2011

By order of the Board  
For **BLUE CIRCLE SERVICES LIMITED**

**Registered Office :**

106, Sagar Shopping Centre,  
J. P. Road, Andheri (W),  
Mumbai-400 058.

**ANIL PUROHIT**  
Chairman & Managing Director

## DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS & ANALYSIS

To The Members,

Your Directors have pleasure in presenting the 35th Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2011.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2011	Year Ended 31.03.2010
Income	189.40	16.77
Profit before Tax & extraordinary item	142.23	13.80
Less : Provision for Taxation	34.24	4.26
Profit after Tax	107.99	9.54
Less : Provision for Payment of Dividend	81.39	3.74
Less : Provision for Tax on Distribution of Dividend	13.20	0.63
Net Profit after Distribution of Dividend & Dividend Tax	13.40	5.17
Add : Profit brought forward from Previous Year	31.84	26.68
Balance carried forward	45.24	31.84

### DIVIDEND

Your Directors are pleased to recommend the payment of Dividend for the year ended 31st March 2011 at 40 Paise (Forty Paise) per share or (4 percent) on face value of Equity Shares of Rs. 10/- each, subject to approval of Members at the ensuing Annual General Meeting.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian economy has emerged rapidly from the slowdown caused by the global financial crisis of 2007-09 and remains one of the fastest growing economies of the world. After dipping to 6.8% in 2008-09, GDP growth had recovered sharply to 8% and is projected to remain above this level in 2010-11. Economic and financial events over the year, however, have increased concerns about the sustainability of the growth momentum.

The global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualize strong economic growth in the advanced economies in 2010 and to a large extent in 2011. The implications of this, for India's strategy to return to the 9.0 per cent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

Apart from above, high current account deficit, particularly in the context of weakening capital inflows, was also a cause of concern, which has hitherto managed to compensate the rising trade deficit. The current account deficit was a manifestation of strong domestic demand and global weakness. This pressure has abated somewhat during the past few months, with rise in exports and slowing (non-oil) imports. However, a strong rebound in India's exports over the

past couple of months has considerably reduced the pressure, but India's overall balance of payments remains weaker than expected, putting pressure on the Rupee.

#### **OPPORTUNITIES & THREATS**

The Fundamental drives of India's medium term growth prospects remain intact. However, global developments, in conjunction with Indian Policy responses to the concerns noted above, are likely to make 2011-12 a challenging year.

Global economic and financial conditions can be expected to remain adverse for some time, particularly in the aftermath of Japan's natural disaster. Once the current financial year and commodity volatility subsides, deeper structural factors are likely to slow down economic growth, particularly in developed economics. Fiscal consolidation in Europe and an excess supply overhang in the US will probably moderate growth in the second half, together with increasing expectations of policy rate rise to quell rising inflation.

In India, inflationary pressure are likely to persist and hence result in a further, though moderate, monetary policy tightening the impact of which will be increasingly visible, through rising borrowing costs, in fiscal 2012. Increasing savings, high interest rates, an expected lower rise in currency driven by lower food prices, are likely to help deposits to grow stronger in fiscal 2012. However, in light of inflationary pressures and rising interest rates, there is a likelihood that the credit growth momentum might slow in 2011-12.

#### **OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE**

During 2010-11, the Company continued to grow its business and revenues. Having laid down its key business objectives and a common vision for its employees, it took several steps in fulfilling these goals. The Company focused on strengthening its retail risk appetite in the SME business and filling product gaps in its business.

Your Company is providing Advisory Services to clients and also investing its surplus fund in Capital, Securities and Commodities Market as well as doing financing for Corporate Clients and HNIs. Looking to what happened in Capital Market; your Company has done well during the year under review and has recommended Dividend for the 2nd year in row @ 40 Paise per Share of Rs. 10/- each to its Members. We, as a team, have worked hard to find new Clients and to satisfy them with its integrated and personalized services. More important is that the Company has created faith among its Clients which is really a good sign and hoping for a bright future.

During the year under review, your Company has made a turnaround in its performance. The PBT of the Company stood at Rs. 142.23 Lac which is highest since inception and is tenfold in comparison to the previous years' figure. The Company has worked hard to find new Clients and to satisfy them with the quality of services and continuous support in order to meet their requirements. Even Company has temporarily started to invest in funds in Securities and Commodities Market and major portion of Income was from this activities.

#### **RISK MANAGEMENT & CONCERNS**

The objective of risk management is to balance the trade-off between risk and returns and ensure optimum risk adjusted return on capital. It entails the identification, measurement and management of risks across the various businesses of the Company. Risk is managed through

a framework of policies and principles approved by the Board of Directors and supported by an Independent risk function that ensures that the Company operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative or qualitative examination of the embedded risks. The Company continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Company had developed internal systems for assessing capital requirements keeping in view the business objectives.

The Company has identified following main risks for its business, which needs to be addressed at this point of time :-

1. Credit Risk
2. Market Risk
3. Liquidity Risk
4. Operational Risk

The Company has framed the appropriate business policies to tackle the challenges of above risks and is continually reviewing and modifying these policies in order to face the challenges and come out with the help of Company's business policies.

#### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

BCSL has developed adequate Internal Control Systems in place to ensure a smooth functioning of its business. The Control System provides a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ICS and their adequacy are frequently reviewed and improved and are documented.

#### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

The Company was having staff strength of 5 people during the year under review however the Company is recruiting more experienced employees during financial year 2010-11. Once the process of new recruitment will be over, the Company will be able to comment on this.

#### **PUBLIC DEPOSITS**

During the year under review, your Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act 1956 and the rules there under.

#### **CAUTIONARY STATEMENT**

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's performance include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government Regulations, tax laws, statutes and other incidental factors.

#### **MANAGEMENT**

There is no Change in Management of the Company during the year under review.



**DIRECTORS**

Mr. Pawan Board has joined Board of Directors w.e.f. 18th May 2011 to broad base the Board.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. Dhruva Narayan Jha and Mr. Chandresh N Shah are liable to retire after conclusion of forthcoming Annual General Meeting and are eligible, offers themselves for re-appointments in the forthcoming Annual General Meeting.

Except Mr. Dhruva Narayan Jha and Mr. Chandresh N Shah themselves, none other Directors are interested in their respective re-appointments.

Further, non of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act 1956.

**INFORMATION TECHNOLOGY**

The Company aims to maintain a scalable computing infrastructure that delivers efficient and seamless services across multiple channels for customer convenience. In order to retain competitive edge, technology infrastructure has been implemented wherever necessary, in alignment with business requirements.

**COMPLIANCE**

The Compliance function of the Company is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines. The Compliance Department of the Company is continued to play a pivotal role in ensuring implementation of compliance functions in accordance with the directives issued by regulators, the Company's Board of Directors and the Company's Compliance Policy. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory/internal guidelines on a periodic basis.

New Instructions/guidelines issued by the regulatory authorities were disseminated across the Company to ensure that the business and functional units operate within the boundaries set by regulators and that compliance risks are suitably monitored and mitigated in course of their activities and processes. New products and process launched during the year were subjected to scrutiny from the Compliance Standpoint and proposals of financial services were screened from risk control prospective.

**HUMAN RESOURCES**

The Company recognizes that its success is deeply embedded in the success of its human capital. During 2011-12, the Company continued to strengthen its HR processes in line with its objective of creating an inspired workforce. The employee engagement initiatives included placing greater emphasis on learning and development, launching leadership development programme, introducing internal communication, providing opportunities to staff to seek inspirational roles through internal job postings, streamlining the Performance Management System, making the compensation structure more competitive and streamlining the performance-link rewards and incentives.

The Company believes that learning is an ongoing process. Towards this end, the Company has built a training infrastructure which seeks to upgrade skill levels across grades and functions through a combination of in-house and external programme.

**STATUTORY INFORMATION**

The Company being basically in the media sector, requirement, regarding and disclosures of Particulars of conservation of energy and technology absorption prescribed by the rule is not applicable to us.

**AUDITORS**

The Auditors M/s Pradeep Gupta, Chartered Accountants, Mumbai hold the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors u/s 224(1B) of the Companies Act, 1956 to the effect that their reappointment if made, will be within the limit prescribed.

The shareholders are requested to appoint Auditors and fix their remuneration.

**COMMENTS ON AUDITOR'S REPORT :**

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

There were no employees in Company during the year under review.

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1988 is reported to be NIL.

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

The Company is having business of financing, advisory and investment activities during the year under review and hence the information regarding conservation of energy, Technology Absorption, Adoption and innovation, the information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is reported to be NIL.

The Company has not earned or used foreign exchange earnings/outgoings during the year under review.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annuals accounts, for the year ended 31st March 2011, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;
2. The Directors had adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The Directors had prepared the annual accounts on a going concern basis.

**REPORT ON CORPORATE GOVERNANCE**

The Company is committed to good Corporate Governance. The Company respects the rights of its Shareholders to inform on the performance of the Company and its endeavor to maximize the long-term value to the Shareholders of the Company. As per Clause 49 of the listing Agreement of the Stock Exchange, a report on Corporate Governance is set out separately, which forms part of this report.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Corporate Social Responsibility (CSR) is commitment of the Company to improve the quality and living standard of the employees and their families and also to the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stake holders and Society.

**APPRECIATION**

The Board of Directors wishes to convey their appreciation to all the Company's managing body for their performance and continued support. The Directors would also like to thank all the Shareholders, Consultants, Customers, Vendors, Bankers, Service Providers, and Governmental and Statutory Authorities for their continued support.

Mumbai, June 30, 2011

By order of the Board  
For **BLUE CIRCLE SERVICES LIMITED**

**Registered Office :**

106, Sagar Shopping Centre,  
J. P. Road, Andheri (W),  
Mumbai-400 058.

**ANIL PUROHIT**  
Chairman & Managing Director

## ANNEXURE TO THE DIRECTOR'S REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's policy on Corporate Governance has been framed -

1. To enhance the long term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques and compliance with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as lenders, creditors, customers, suppliers and employees.
2. To identify and recognize the Board of Directors and the Management of the Company as the principal instruments through which good corporate governance principles are articulated and implemented. Further, to identify and recognize accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.
3. BCSL has during its way towards growth, adopted the BCSL Code of Conduct and BCSL Prevention of Insider Trading Program. The Company has in place an Information Security Policy that ensures proper utilization of the IT Resources.

### BOARD OF DIRECTORS

#### Composition of Directors

The Constitution of Board of Directors of the Company is governed by the Company's Act 1956 and the Clause 49 of listing agreement. The Company's Board comprises a combination of executives and non-executive Directors. The Board presently consists of 6 Directors and its mix provides a combination of professionalism, knowledge and experience required in the line of Business of the Company. The Board is responsible to manage business of the Company. The functions, responsibilities, role and accountability of the Board are well defined.

The Board of Directors met 9 times on 31st May, 31st July, 10th August, 13th August, 14th September and 12th November in year 2010, on 8th February, 16th February and 24th March in the year 2011 during the financial year 2010-2011.

Details of Composition of Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting, number of other directorship are given below :-

Name	Designation	Board Meetings Attended	Whether Attended AGM	Committee Membership	Committee Chairmanship	No. of Directorship in other Public Ltd. Co.
Anil Purohit*	Managing Director	9	Yes	4	Nil	1
Darshan Bhagat#	Independent Director	1	Yes	Nil	Nil	Nil
Ashok Bothra	Whole time Director	9	Yes	6	2	5
Dhruva Narayan Jha	Whole time Director	9	Yes	6	5	5
Raj Kumar Mall	Independent Director	9	Yes	1	1	Nil
Chandresh N. Shah	Independent Director	9	Yes	1	2	1
Pawan Borad@	Independent Director	Nil	No	Nil	Nil	Nil

\*Chairman of the Board

#Resigned w.e.f. 30th July 2010

@Appointed w.e.f. 18th May 2011

**AUDIT COMMITTEE**

The Committee of the Board of Directors was reconstituted with effect from 17th March 2010.

The Audit Committee consists of two Independent Directors & the Managing Director. All members of the Audit Committee are financially literate and they have accounting or related financial management expertise.

The primary purpose of the Audit Committee is to assist the Board of Directors (the "Board") of Blue Circle Services Ltd., (the "Company") in fulfilling its oversight responsibilities with respect to (a) the accounting and financial reporting processes of the Company, including the integrity of the audited financial results and other financial information provided by the Company to its stockholders, the public, stock exchanges and others, (b) the Company's compliances with legal and regulatory requirements, (c) the Company's independent auditors' qualification and independence, (d) the audit of the Company's Financial statements, and the performance of the Company's internal audit function and its Independent Auditors.

**Authority and Responsibilities**

The Audit Committee reviews the Company's financial reporting process, disclosure of accounting treatment, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, Compliance with listing and other legal requirements relating to financial statements, disclosure norms, internal control systems, risk management policies, accounting policies and practices, ensuring the quality and appropriateness of the Company's accounting and financial disclosures as well as quarterly/half yearly financial statements. It recommends appointment of Statutory Auditors fixes audit fees and reviews internal control systems, Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, scope for observations of the auditors and adequacy of the internal audit function, discussion with internal auditors any significant findings and follow up there on, To review the functioning of the Whistle Blower mechanism, Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate etc.

In addition to the above, Audit Committee reviews the followings :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors and qualification in draft audit report;
4. Internal audit reports relating to internal control weaknesses;
5. To review the annual financial statements and to recommend their adoption to the Board, with particular reference to disclosure of any related party transaction.
6. To review the Quarterly financial statements and recommend their adoption to the Board.
7. The appointment, removal and terms of remuneration of the Chief internal auditor;

As required under Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement, the new "Terms of Reference" of the Audit Committee were approved by the Board of Directors at its meeting held on 17th March 2010.

The members of Audit Committee met four times on 31st May, 13th August & 12th November in year 2010 and on 8th February in year 2011 during the financial year ended on 31st March 2011.

Name	Number of Meetings Held	Meetings Attended
Mr. Anil Purohit	4	4
Mr. Rajkumar Mall	4	4
Mr. Chandresh N Shah*	4	4

\*Chairman of Committee

#### REMUNERATION COMMITTEE

Since the Company does not have remuneration Committee (constitution of which is a non-mandatory requirement), the details pertaining to the same are not provided.

#### Details of Remuneration paid to Directors

Sum of Rs. 1,80,000/- have been paid to Mr. Anil Kumar Purohit, Managing Director, during the financial year 2010-2011. Also Directors sitting fees have been paid to Independent Directors to attend Board & Committee Meetings.

No Stock option has been allotted to any of the Directors during the financial year 2010-2011. None of the Independent Directors holds any shares in their name or in the name of their relatives.

#### SHARE TRANSFER COMMITTEE

The Board of Directors has constituted Share Transfer Committee under the Chairmanship of Mr. Chandresh N Shah; Independent Director with two other Directors namely Mr. Anil Purohit & Mr. Ashok Bothra.

The members of Share Transfer Committee met 7 times on 30th April, 19th June, 30th June, 20th July and 18th October in year 2010, on 14th January and 31st March in year 2011 during the financial year ended on 31st March 2011.

Name	Number of Meetings Held	Meetings Attended
Mr. Chandresh N Shah*	7	7
Mr. Anil Purohit	7	7
Mr. Ashok Bothra	7	7

\*Chairman of Committee

#### INVESTORS' GRIEVANCE COMMITTEE

The Board of BLUE CIRCLE SERVICES LIMITED has constituted a Committee of Directors, which inter-alia also functions as "Shareholders/Investors" Grievance Committee, consisting of three members, chaired by a Non-Executive, Independent Director. The Committee meets once a month and inter-alia, deals with various matter relating to:

- Transfer/transmission/transposition of shares;
- Consolidation/splitting of shares/folios;
- Issue of Share Certificates for lost, sub-divided, consolidated, rematerialize, defaced etc;
- Review of Shares dematerialized and all other related matters; and
- Investors' grievances and redressal mechanism and recommend measures to improve the level of Investor Services.

The Share Department of the Company and the Registrar and Share Transfer Agent, Purva Sharegistry India Pvt. Ltd. attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges and Registrar of Companies etc.

The Minutes of Shareholders'/Grievances Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

#### COMPLIANCE OFFICER

The Company has appointed Mr. Pravin Sawant as a Compliance Officer within the meaning of Listing Agreement.

#### COMPOSITION OF COMMITTEE AND MEETINGS ATTENDED

During the year, twelve meetings of the Committee of Directors were held on April 2, May 3, June 1, July 1, August 2, September 1, October 1, November 2, and December 1st in year 2010 and on January 3, February 1 and March 2 in year 2011.

Brief Details of Names, Position, Category and meeting attended by Members of Committee is as follows:

Name	Position	Category	Meetings Attended
Mr. Rajkumar Mall*	Chairman	Independent, Non-Executive	12
Mr. Chandresh N Shah	Member	Independent, Non-Executive	12
Mr. Ashok Bothra	Member	Executive - Wholetime	12

\*Chairman of Committee

#### DETAILS OF SHAREHOLDERS' COMPLAINTS

During the year the Company has received 2 complaints from its Members which were being resolved during the year and there were Nil Complaints at the end of Financial Year ending on 31st March 2011. Further, as required under Clause 47C of the Listing Agreement, a Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within stipulated time.

**GENERAL BODY MEETINGS**

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
34th Annual General Meeting	30th July 2010, 1.30 PM	106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058
33rd Annual General Meeting	28th September 2009, 10.00 AM	106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058
32nd Annual General Meeting	29th September 2008, 4.00 PM	The Nest, 6th Road, Santacruz (E), Mumbai-400 055

**LOCATION AND TIME OF LAST TWO EXTRA-ORDINARY GENERAL MEETINGS :**

Details of Extra-Ordinary General Meetings have been held during last three financial years are as under :-

During Financial Year 2010-11, Extra Ordinary General Meeting (EOGM) was held on 30th day of August 2010 at 10.30 AM at Registered Office of the Company for Issue and Allotment of 121,00,000 Equity Shares on preferential basis at a price of Rs. 15/- per Share to Promoters & Non-Promoters Group to meet the Working Capital requirements of the Company. Also the Authorized Capital of the Company was increased from Rs. 10.00 Crore to Rs. 15.00 Core to enable Company to issue and allot further shares as proposed in said EOGM.

Further, during Financial Year 2010-11, another Extra Ordinary General Meeting (EOGM) was held on 14th day of March 2011 at 10.30 AM at Registered Office of the Company for Issue and Allotment of 75,00,000 Equity Shares on preferential basis at a price of Rs. 10/- per Share to Non-Promoters Group to meet the Working Capital requirements of the Company. Also the Authorized Capital of the Company was increased from Rs. 15.00 Crore to Rs. 25.00 Core to enable Company to issue and allot further shares as proposed in said EOGM.

No Extra Ordinary General Meeting (EOGM) was held during financial year 2009-10 & 2008-09.

**POSTAL BALLOT**

No Resolution has been passed during last three financial years through Postal Ballot Rules.

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by Postal Ballot.

**SPECIAL RESOLUTION PASSED IN LAST THREE ANNUAL GENERAL MEETINGS:**

Special Resolution was passed in 34th Annual General Meeting held on 30th July 2010 for shareholders' approval for appointment of Mr. Anil Purohit, Mr. Chanresh N Shah, Mr. Rajkumar Mall and Mr. Dhruva Narayan Jha as Directors of the Company. The resolutions were passed unanimously and no voting was required to pass these resolutions.

Further, Special Resolution was passed in 33rd Annual General Meeting held on 28th September



2009 for shareholders' approval for appointment of Mr. Ashok Bothra as Director of the Company. The resolutions were passed unanimously and no voting was required to pass these resolutions.

No Special Resolutions have been passed during remaining financial year.

### BOARD DISCLOSURES

#### Risk Management

The Company has a Risk Management Policy which has been adopted by the Board of Directors, currently, the Company's risk management approach comprises of the following :-

- Governance of Risk
- Identification of Risk
- Assessment of Control of Risk

The risks have been prioritized through a companywide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company has appointed a Risk Officer and also put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

Risk Officer will make a presentation periodically on risk management to the Board of Directors and the Audit Committee. The Board and the Audit Committee provide oversight and review the risk management policy periodically.

### SUBSIDIARIES

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves exceeding 20% of the consolidated turnover or networth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

### INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the Insider Trading Regulations of 1992 which ordain new action steps by corporate and other market intermediaries for the purposes of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a `Code of Conduct` for Prevention of Insider Trading (The Code) with effect from October 1, 2002. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Compliance Officer has been appointed for monitoring adherence to the said Regulations.

### DISCLOSURES

- (a) There were no transactions with related parties i.e. with Promoters, Directors, Management, Subsidiaries or Relatives that may have potential conflict of interest with the Company at large. The details of the related Party transactions are disclosed under the notes on accounts, as required under the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

- (b) There has been no instance of non-compliance by the Company on any matter related to Capital Markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority does not arise.
- (c) In Compliance with the Securities & Exchange Board of India (Prohibition of Insider Trading Regulations, 1992) as amended till date, on Prohibition of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof.
- (d) Reconciliation of Share Capital : A qualified Practicing Company Secretary carried out Reconciliation of Share Capital on quarterly basis to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The "Reconciliation of Share Capital Audit Report" confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### DISCLOSURES ON NON-MANDATORY REQUIREMENTS

The Company has adopted/complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of Listing Agreement with the Stock Exchange :-

- a) None of the Independent Directors on the Board of the Company has served for the tenure of exceeding nine years. The Company has ensured that the person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- b) The Company has not setup Compensation and Remuneration Committee.
- c) There was no case of Non-Compliance during financial year 2010-11 in term of provisions of Listing Agreement entered into with BSE by the Company. Further, no penalties have been levied or actions have been taken by BSE or SEBI during last three years.
- d) The Company has complied with mandatory provisions of listing agreement.
- e) The financial statements of the Company are unqualified.
- f) The Board of Directors of the Company at its meeting held on 17th March 2010 have adopted the Whistle Blower Policy and appointed an ombudsperson. Employees can report to the Management concerned unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct Policy. No Employee has been denied access to the Audit Committee.

#### MEANS OF COMMUNICATIONS

- The Company regularly provides information to the Stock Exchanges as per the requirements of the listing Agreement.

- The Quarterly/Half Yearly/Nine Months & Annual Results have been submitted to Bombay Stock Exchange Ltd. and published in the leading English Newspapers and in vernacular language Newspaper.
- Company posts its Quarterly Results/Half Yearly/Nine Months & Annual Results on its website [www.bluecircleservices.com](http://www.bluecircleservices.com).
- Official News releases have been posted on its web portal [www.jmdmusic.com](http://www.jmdmusic.com).
- No formal representations were made to Institutional Investors or Analysts during the year under review.
- Management Discussion and Analysis forms part of the Annual Report will be posted to the shareholders of the Company.

#### GENERAL SHAREHOLDER INFORMATION

Detailed information in this regard is provided in section "Shareholders Information" which forms part of this Annual Report.

#### SHAREHOLDERS' INFORMATION

##### a. Next Annual General Meeting

The information regarding 35th Annual General Meeting for the financial year ended on 31st March 2011 is as follows :-

<b>Day &amp; Date</b>	: Wednesday, 21st September 2011
<b>Time</b>	: 2.30 P.M.
<b>Venue</b>	: 106, Sagar Slopping Centre, J. P. Road, Andheri (W), Mumbai-400 058

b. **Financial Year** : 1st April to 31st March.

c. **Future Calendar** :

Subject Matter	Date
Financial Reporting of 1st Quarter ended on 30th June 2011	12th August, 2011
Financial Reporting of 2nd Quarter ended on 30th September 2011	15th November, 2011
Financial Reporting of 3rd Quarter ended on 31st December 2011	15th February 2012
Financial Reporting of 4th Quarter ended on 31st March 2012	30th May 2012
Date of Annual General Meeting	During August 2012

d. **Date of Book Closure** : September 14 to September 21, 2011. (Both days inclusive)

e. **Dividend Payment Date** : The Board of Directors are pleased to recommend the payment of Dividend 40 Paise per Equity Share of Rs. 10/- each (i.e. 4 Percent of paid-up Capital) Subject to approval of Shareholders) to be paid within the prescribed time period. This Dividend, if approved at the Annual General Meeting, shall be paid on or before 20th October 2011.

- f. **Listing of Shares** : Bombay & Ahmedabad Stock Exchanges
- g. **Listing Fees** : Company has paid Annual listing Fees to BSE and Annual Custodial Fees to NSDL & CDSL for year 2011-12.
- h. **Stock Code & ISIN** : Scrip Code 508939 on BSE.  
ISIN INE526K01015 on NSDL & CDSL
- i. **Market Price Data** :

Month	Price on BSE (Rs.) & Volume			BSE Sensitive Index	
	High	Low	Volume	High	Low
July 2010	50.00	2.00	2550	18237.56	17395.58
August 2010	2.20	2.20	50	18475.27	17819.99
September 2010	N.A.	N.A.	0	20267.98	18027.12
October 2010	N.A.	N.A.	0	20854.55	19768.96
November 2010	2.31	2.54	150	21108.64	18954.82
December 2010	2.66	4.27	550	20552.03	19074.57
January 2011	4.48	6.26	400	20664.80	18038.48
February 2011	6.57	11.70	1150	18690.97	17295.62
March 2011	24.23	12.28	1300	19575.16	19071.47

**Note** : Shares of the Company were under suspension during the months April-June 2010 hence no trading in Equity Shares of the Company have taken place.

j. **Registrar & Share Transfer Agent.**

M/s. Purva Shareregistry (India) Pvt. Ltd. has been appointed as Registrar & Share Transfer Agent for all work relating to share registry in terms of physical. All transfer, transmission, request related to correspondence/queries, intimation of change of address etc. should be addressed to our RTA directly at the following Address:

**M/s. Purva Shareregistry (India) Pvt. Ltd.**

9, Shiv Shakti Ind. Estate, Ground Floor, J. R. Boricha Marg, Lower Parel, Mumbai - 400 011  
Tel : 022-23016761, URL : [www.purvashare.com](http://www.purvashare.com)

k. **Share Transfer Systems**

The Share transfer is processed by the Registrar & Share Transfer Agent, Purva Shareregistry (India) Pvt. Ltd. and approved by Share Transfer Committee, if the documents are complete in all respects, within 21 days from the date of lodgment.

## I. Distribution of Shareholding as on 31st March 2011

Category	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
1-5000	79	35.27	11300	0.06
5001-10000	3	1.34	2500	0.01
10001-20000	3	1.34	4250	0.02
20001-30000	3	1.34	7500	0.04
30001-40000	7	3.12	26250	0.13
40001-50000	1	0.44	4500	0.02
50001-100000	18	8.04	144300	0.71
100001 and Above	110	49.11	20146400	99.01
<b>Total .....</b>	<b>224</b>	<b>100.00</b>	<b>20347000</b>	<b>100.00</b>

## m. Shareholding Pattern as on 31st March 2011

Categories	No. of Shares	% of Shareholding
Promoters, Directors, Relatives & Person acting in concert	650000	3.19
Indian Bank	0	0.00
Others (NRI)	0	0.00
Private Corporate Bodies	636600	3.13
Indian Public	19060400	93.68
<b>Total .....</b>	<b>20347000</b>	<b>100.00</b>

## n. Categories of Shareholders as on 31st March 2011

Category	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
Individuals	205	91.52	17544850	86.23
Directors & Relatives	1	0.45	650000	3.19
Non-Resident Indians	Nil	Nil	Nil	Nil
Indian Bank	Nil	Nil	Nil	Nil
Body Corporate	7	3.12	636600	3.13
Trust & Hindu Undivided Families	11	4.91	1515550	7.45
Local Mutual Funds	Nil	Nil	Nil	Nil
<b>Total .....</b>	<b>224</b>	<b>100.00</b>	<b>20347000</b>	<b>100.00</b>

## o. Dematerialization of Equity Shares &amp; Liquidity

The Company's Equity Shares are in Demat trading segment and the Company had established connectivity with both NSDL & CDSL by signing the necessary agreements.

**Procedures for dematerialization / rematerialization of Equity Shares:-**

Shareholders seeking demat / remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to Registrar and Share

Transfer Agents of the Company. Upon receipt of the request and share certificates, the Registrar will verify the same. Upon verification, the Registrar will request NSDL/CDSL to confirm the demat request. The demat account of the respective share holder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In case of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then requests NSDL or CDSL to confirm the same. Approval of the Company is being sought and equivalent numbers of shares are issued in physical form to the shareholder. The share certificates are dispatched within one month from the date of issue of Shares.

The Shares of Company are yet to be admitted for trading on Bombay Stock Exchange Ltd. As on 31st March 2011, 33.62% Equity Shares of the Company are in dematerialized form.

**p. Nomination**

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

**q. Requirement of PAN Card in case of Transfer of Shares in Physical Form**

Pursuant to SEBI Circular, the shareholders holding shares in physical form are requested to submit self certified copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.

**r. For the Attention of Shareholders holding shares in electronic form**

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

**s. Brief Resume of the Directors Seeking Re-Appointment**

Mr. Dhruva Narayan Jha, Age 50, B.Com, has vast knowledge and rich experience in Financial & Income Tax related activities as well as expertise in Accounting & Taxation. It will be advantageous for the Company to avail his valuable services and rich experience. Your Company has received notices from members pursuant to section 257 of the Act, 1956 together with necessary deposit proposing the candidature of Mr. Dhruva Narayan Jha for the office of Director of the Company.

Mr. Dhruva Narayan Jha does not hold any shares in his own name or in the name of his relatives.

Mr. Dhruva Narayan Jha is having Directorship and Committee Chairmanship in following Listed and Public Limited Cos. :-

Sr. No.	Name of the Company	Position as Committee Chairmanship	Position as Committee Membership
1.	Prime Capital Markets Ltd.	3	Nil
2.	Warner Multimedia Limited	1	2
3.	Scan Infrastructure Limited	1	1
4.	Denim Developers Limited	Nil	3
5.	Universal Multimedia Ltd.	Not Applicable	Not Applicable
6.	Chefair Impex Ltd.	Not Applicable	Not Applicable
7.	Bull Power Vyapar Ltd.	Not Applicable	Not Applicable
8.	Sargam Trade Link. Ltd.	Not Applicable	Not Applicable
9.	Celesst Mercandise Ltd.	Not Applicable	Not Applicable
10.	Thunder Traders Ltd.	Not Applicable	Not Applicable

Mr. Chandresh N Shah, Age 51, B.Sc. has vast knowledge and rich experience in Capital Market related activities. It will be advantageous for the Company to avail his valuable services and rich experience. Your Company has received notices from members pursuant to section 257 of the Act, 1956 together with necessary deposit proposing the candidature of Mr. Chandresh N Shah for the office of Director of the Company.

Mr. Chandresh N Shah does not hold any shares in his own name or in the name of his relatives.

Mr. Chandresh N Shah is a Non-Executive (Independent) Director in M/s. Prime Capital Market Ltd a Listed Company. Further he is not having position of chairmanship or Membership of Committees in any of Listed Companies.

**t. Details on use of Public Funds Obtained in the last three years :**

Particulars of Utilization	Amount (Rs. in Lac)
Share Investments	832.02
Inter Corporate Deposit	1367.51
Advance against properties	400.00
Total .....	2599.51

**u. Outstanding GDRs./ADRs/Warrants or any convertible instruments, conversion data likely impact on Equity :**

Not Applicable.

**v. Investors' Correspondence**

Shareholders can contact the following Officials for secretarial matters of the Company :-  
Mr. Pravin Sawant - blue.circl@gmail.com

**w. Code of Conduct**

The Board of Directors of the Company has laid down Code of Conduct for Directors and for Senior Management & Employees. All Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Managing Director & Chief Executive Officer is annexed to this report.

**x. Address for Correspondence**

BLUE CIRCLE SERVICES LIMITED

106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai - 400 058.

URL : [www.bluecircleservices.com](http://www.bluecircleservices.com)



## CHAIRMAN & MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of Listing Agreement, the Managing Director and CEO's Declaration for Code of Conduct is given below:

To  
The Members of  
BLUE CIRCLE SERVICES LIMITED

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements 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) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **BLUE CIRCLE SERVICES LIMITED**

**Anil Purohit**  
Chairman & Managing Director

**SECRETARIAL COMPLIANCE REPORT FOR THE YEAR  
ENDED 31ST MARCH 2011**

The Board of Directors,  
M/s. BLUE CIRCLE SERVICES LIMITED

We have examined the registers, records and papers of M/s. BLUE CIRCLE SERVICES LIMITED as required to be maintained under the Companies Act, 1956, (hereinafter referred to as "The Act"), the rules made thereunder and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the year ended 31st March 2011.

On the basis of our examination as well as information and explanations furnished by the Company and the records made available to us, we report that:

1. The Company has kept and maintained all registers and records as per the provisions of the Companies Act 1956 (the Act) and the rules made there under and all entries therein have been duly recorded during the year.
2. The Company has duly filed the forms and return with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company has given proper notice along with the agenda for convening of Board Meeting, Committee Meetings and Annual General Meetings during the year.
4. The proceedings of the Meetings were properly recorded in the Minutes Books during the year.
5. The Board of Directors of the Company is duly constituted during the year.
6. The Company has obtained all the necessary approvals from the Board and Shareholders as required by the Act during the year.
7. The Company has not accepted any Deposit in terms of Section 58A of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the year.
8. The Company has complied with the provisions of section 154 of the Act during the year.
9. The Company has delivered all the certificates on lodgments thereof for transfer or any other purpose in accordance with the provisions of the Act during the year.
10. The Company has declared dividend and paid to the eligible shareholders in compliance with the provisions of section 205 of the Act during the year.
11. The Company has paid remuneration to the Managing Director and sitting fees to the Directors of the Company during the year in terms of section 198, 269, 309 read with Schedule XIII of the Act.
12. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
13. The Company has not given any loan in terms of section 295 of the Act during the year.
14. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
15. The Directors have disclosed their interest in terms of section 299 of the Act.
16. The Company has not appointed any person as a place of profit in terms of section 314 of the Act during the year.

17. The Company has complied with the provisions of section 372A of the Act.
18. The Company has complied with the applicable provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, SEBI (Prohibition of Insider Trading ) Regulations, 1992 during the year.
19. The Company has issued 121,00,000 Equity Share @ Rs. 15/- and 75,00,000 Equity Shares @ Rs. 10/- per Share on Preferential basis and has raised fund of Rs. 25.65 Crore during the financial year 2010-11.
20. The Company has altered its Memorandum of Association and Articles of Association with respect to the Share Capital of the Company during the year under scrutiny at its Extra-Ordinary General Meetings held on 30th August 2010 and 14th March 2011 and has complied with the provisions of the Act. Further, the amendments to the Articles have been registered with Registrar of Companies.
21. There was no prosecution initiated against the Company, or Show Cause Notices received by the Company, for offences under the Act.

**For VKM & Associates**  
Company Secretaries

Place : Mumbai  
Date : June 30, 2011

**VIJAY KUMAR MISHRA**  
Partner

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****To the Members of BLUE CIRCLE SERVICES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Blue Circle Services Ltd. (The Company) for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

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

For **Pradeep Gupta**  
Chartered Accountants

Place : Mumbai  
Date : June 30, 2011

Proprietor

## AUDIT REPORT

### To the Members of BLUE CIRCLE SERVICES LIMITED

We have audited the attached Balance Sheet of BLUE CIRCLE SERVICES LIMITED as at 31st March 2011 and also the Profit & Loss Account for the year ended on that day annexed hereto. 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also included 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.

- a. As required by the Companies (Auditors' Report) Order, 2003 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act 1956, we enclose in the Annexure, a statement on the matter specified in the said Order to the extent applicable;
- b. Further to our comments in the annexure referred to in paragraph 1 above -
  - i. 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;
  - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts'
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement together with notes of accounts dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956.
  - v. On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India :-
    1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
    2. in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
    3. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Pradeep Gupta**  
Chartered Accountants

Place : Mumbai  
Date : June 30, 2011

Proprietor

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 1 of our report of even date)

1. (a) The Company has maintained memorandum of Fixed Assets Register showing full particulars including quantitative details and situations of fixed assets.
  - (b) As per the information and explanations given to us, the Company has carried out physical verification of fixed assets during the year. In our opinion, the frequency of such verification is reasonable.
  - (c) Any substantial part of fixed assets has not been disposed off during the year, which will affect its status as a going concern.
2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. (a) According to the information and explanation given to us and on the basis of records furnished before us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) In view of above, Clause 4(iii)(a),(b),(c) and (d) of Companies (Auditors' Report) Order, 2003 are not applicable.
  - (c) According to the information and explanation given to us and on the basis of records furnished before us for the verification, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - (d) In view of above, clause 4(iii)(e), (f) and (g) of Companies (Auditors' Report) Order, 2003 are not applicable.
4. In our opinion and according the information & explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and nature of business for the purchase of fixed assets and for the sale of services. During the course of our Audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. (a) In our opinion and according the information & explanations provided by the management, the particulars of contract or arrangements that were required to be entered in the register maintained under Section 301 of the Companies Act 1956 have been so entered in the said register.

- (b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rs. five lac have been entered into during the financial year at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public hence Clause 4(vi) of Companies (Auditors' Report) Order 2003 is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We are informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act 1956 in respect of products dealt with by the Company.
9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investors' Education & Protection Fund, Employees State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, CESS and any other statutory dues have been regularly deposited in time during the year with appropriate authorities and there are no undisputed statutory dues payable for a period of six months from the date they became payable as at 31st March 2011.
- (b) According to the information and explanation given to us there are no disputes pending before the authorities in respect of Sales Tax, Income Tax, Custom Duty and CESS.
10. The Company does not have accumulated losses as at the end of financial year and has not incurred cash losses in the current financial year and in the immediate preceding financial year.
11. According to the records made available to us and information and explanation given to us by the management, the Company has not defaulted in repayment of any dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not chit fund, nidhi, mutual fund and societies and accordingly clause 4(xiii) of Companies (Auditors' Report) Order, 2003 is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts relating to dealing in shares, securities and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted section 49 of the Act.

15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from Banks & Financial Institutions. Accordingly Clause 4(xv) of Companies (Auditors' Report) Order, 2003 is not applicable.
16. In our opinion and according to the information and explanations given to us, the Company has not obtained any Term Loan. Accordingly Clause 4(xvi) of Companies (Auditors' Report) Order, 2003 is not applicable.
17. According to the information and explanations given to us and on the basis of and overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been utilized for long term investment and vice versa.
18. The company has not made preferential allotment of shares to parties and/or to the companies covered in the register maintained under section 301 of the Companies Act 1956. Therefore, the provisions of clause 4(xviii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
19. During the period, the Company has not issued unsecured debentures on private placement basis and therefore, the provisions of clause 4(xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
20. The Company has not raised any money through public issue during the year and therefore, the provisions of clause 4(xx) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
21. During the course of examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the period nor we have been informed of such instances by the management.

For **Pradeep Gupta**  
Chartered Accountants

Place : Mumbai

Date : June 30, 2011

Proprietor



## BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	31.3.2011 Rupees	31.3.2010 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	203,470,000	7,470,000
Profit & Loss A/c	2	65,024,059	3,184,190
<b>TOTAL</b>		<b>268,494,059</b>	<b>10,654,190</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	3	36,800	—
Investments	4	83,201,681	3,490,699
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank Balances	5	17,071,110	1,141,754
Sundry Debtors		—	1,156,710
Deposits & Advances		200,201,271	25,814,310
		<b>217,272,381</b>	<b>28,112,774</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Sundry Creditors	6	20,647,988	20,080,152
Liabilities & Provisions		12,882,807	869,131
		<b>33,530,795</b>	<b>20,949,283</b>
Net Current Assets		<b>183,741,586</b>	<b>7,163,491</b>
<b>Add: MISCELLANIOUS EXPENDITURE</b>			
(To the extent not written of or adjusted)			
Deferred Revenue Expenditure		1,513,992	—
<b>TOTAL</b>		<b>268,494,059</b>	<b>10,654,190</b>
Notes forming part of the accounts & Significant Accounting Policies	10		

As per our report of even date

For **Pradeep Gupta**  
Chartered Accountants**Anil Kr. Purohit**  
DirectorProprietor  
Membership No. 048979**Dhruva Narayan Jha**  
DirectorPlace : Mumbai  
Date : June 30, 2011**Ashok Bothra**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	31.3.2011 Rupees	31.3.2010 Rupees
<b>INCOME</b>			
Short Term Capital Gain		8,263,465	-
Professional Fee		228,395	-
Interest Received		4,382,061	-
Income from Business Activities		6,066,500	1,676,710
		<b>18,940,421</b>	<b>1,676,710</b>
<b>EXPENDITURE</b>			
Payment & Provision to Employees	7	1,283,425	150,000
Administrative Expenses	8	3,256,899	146,662
Deferred Revenue expenditure w/off		168,221	-
Depreciation		9,200	-
		<b>4,717,745</b>	<b>296,662</b>
Profit before Tax		14,222,676	1,380,048
Less:Provision for Taxation		3,423,690	426,434
Profit after Tax		10,798,986	953,614
Less : Proposed Dividend		8,138,800	373,500
Less : Tax On Dividend		1,320,317	63,495
Profit after Dividend & Tax on Dividend		1,339,869	516,619
Profit brought forward from previous year		3,184,190	2,667,571
Profit carried to Balance Sheet		<b>4,524,059</b>	<b>3,184,190</b>
Earnings Per Share (Basic & Diluted) (Face Value Rs. 10/- per share)	9	0.53	1.28
Notes forming part of the accounts & Significant Accounting Policies	10		

As per our report of even date

For **Pradeep Gupta**  
Chartered Accountants**Anil Kr. Purohit**  
DirectorProprietor  
Membership No. 048979**Dhruva Narayan Jha**  
DirectorPlace : Mumbai  
Date : June 30, 2011**Ashok Bothra**  
Director

SCHEDULES TO ACCOUNTS	31.03.2011 Rupees	31.03.2010 Rupees
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
250,00,000 Equity Shares of Rs.10/- each (Previous year 100,00,000 Equity Shares of Rs. 10/- each)	250,000,000	100,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
2,03,47,000 Equity Shares of Rs. 10/- each (Previous year 7,47,000 Equity Shares of Rs. 10/- each)	203,470,000	7,470,000
	<u>203,470,000</u>	<u>7,470,000</u>
<b>SCHEDULE 2</b>		
<b>Reserve &amp; Surplus</b>		
Share Premium A/c	60,500,000	-
Profit & Loss A/c	4,524,059	3,184,190
	<u>65,024,059</u>	<u>3,184,190</u>
<b>SCHEDULE 3</b>		
<b>Fixed Assets</b>		
Computer	46,000	-
Less: Depreciation	9,200	-
	<u>36,800</u>	<u>-</u>
<b>SCHEDULE 4</b>		
<b>In Equity Shares, Quoted (Valued at Cost)</b>		
200000 Shares of Arrow Macco India Ltd.	-	2,600,000
7600 Shares of Dipti Alloys Ltd.	-	95,760
6100 Shares of Indo Credit Capital Ltd.	-	103,405
31000 Shares of Kanchi Kapuram Ltd.	-	483,600
200 Shares of Reliance Industries Ltd.	-	9,000
4000 Shares of Sunfeam Lease Ltd.	-	98,100
50 Shares of Uniworth International Ltd.	-	834
2,83,210 Shares of D B International Ltd.	19,293,408	-
14,850 Shares of Chesel Ltd.	2,706,527	-
10,000 Shares of Comfort Finvest Ltd.	1,593,000	-
59,096 Shares of RPP Infra Projects Ltd.	3,403,451	-
8,00,000 Shares of Splash Media Ltd.	30,455,295	-
<b>Total .....</b>	<u>57,451,681</u>	<u>3,390,699</u>

SCHEDULES TO ACCOUNTS	31.03.2011 Rupees	31.03.2010 Rupees
<b>Unquoted</b>		
127500 Shares Suvidha Vanijya Pvt Ltd	12,750,000	-
31250 Shares Vision Steels Ltd	12,500,000	-
1000 Shares of Octopus Infotel Pvt Ltd	-	100,000
<b>Mutual Fund</b>		
Axis Bank Mutual Fund	500,000	-
	<b>83,201,681</b>	<b>3,490,699</b>
(Market value of quoted Investments as on 31st March, 2011 is Rs. 2,27,50,000/-)		
<b>SCHEDULE 5</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Sundry Debtors	-	1,156,710
	-	1,156,710
<b>Cash &amp; Bank Balances</b>		
Cash Balance	1,809	967,764
Balance with Scheduled Bank in Current A/c	17,069,301	173,990
	<b>17,071,110</b>	<b>1,141,754</b>
<b>Deposit And Advances</b> (Unsecured, Considered Good)		
Inter Corporate Deposit	136,750,786	-
Tax Deducted at Source	1,050,485	8,000
Advance Tax	2,400,000	300,000
Other Advances	60,000,000	25,506,310
	<b>200,201,271</b>	<b>25,814,310</b>
<b>Total .....</b>	<b>217,272,381</b>	<b>26,956,064</b>
<b>SCHEDULE 6</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Advances Received	20,000,000	20,000,000
Sundry Creditors for Expenses	647,988	80,152
	<b>20,647,988</b>	<b>20,080,152</b>
<b>Liabilities &amp; Provisions</b>		
Provision For Taxation	3,423,690	432,136
Proposed Dividend	8,138,800	373,500
Provision for Dividend Tax	1,320,317	63,495
	<b>12,882,807</b>	<b>869,131</b>
<b>Total .....</b>	<b>33,530,795</b>	<b>20,949,283</b>

<b>SCHEDULES TO ACCOUNTS</b>	<b>31.03.2011 Rupees</b>	<b>31.03.2010 Rupees</b>
<b>SCHEDULE 7</b>		
<b>PERSONNEL EXPENSES</b>		
Salary	1,160,000	150,000
Staff welfare Expenses	123,425	-
	<u>1,283,425</u>	<u>150,000</u>
<b>SCHEDULE 8</b>		
<b>ADMINISTRATION EXPENSES</b>		
Advertisement	25,600	14,566
RTA Fees	40,600	20,168
Travelling & Conveyance Expenses	298,796	16,580
Printing & Stationery	82,560	17,007
Listing & Depository Fees	226,115	22,341
Audit Fees	25,000	5,000
Legal & Professional Fees	39,000	24,000
Misc Expenses	164,810	21,500
ROC Filling fee	4,000	5,500
Bank Charges	44,451	-
Books & Periodicals	12,000	-
Data Processing Charges	20,000	-
Directors Remuneration	180,000	-
Director Sitting Fees	100,000	-
Accounting Charges	30,000	-
Finance Brokerage	1,775,000	-
Meeting Expenses	18,730	-
Office Rent	60,000	-
Telephone Charges	110,237	-
	<u>3,256,899</u>	<u>146,662</u>
<b>SCHEDULE 9</b>		
<b>EARNING PER EQUITY SHARE</b>		
Net Profit after tax available for Equity Shareholders	10,798,986	953,614
No. of Equity Shares	20,347,000	747,000
Basic and Diluted Earning per Share (Rs.)	0.53	1.28

**SCHEDULE 10****ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS****Significant Accounting Policies General**

1. The Financial Statements are prepared on mercantile basis under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified under section 211(3C) of the Companies Act 1956, read with the Companies (Accounting Standard) Rules, 2006 and the other relevant provisions of the Companies Act, 1956.

**Revenue Recognition**

2. All revenue and expenses are accounted on accrual basis.

**Fixed Assets**

3. All Fixed Assets are stated at cost. Costs include purchase price and all other attributable costs of bringing the assets to working condition for intended use. Turnover
4. Turnover is stated after adjusting rebates and discounts and excluding Sales tax

**Depreciation**

5. Depreciation on all assets is charged proportionately from the date of acquisition/installation on straight line method at rates prescribed in Schedule XIV of the Companies Act, 1956. Assets costing less than Rs. 5000/- individually have been fully depreciated in the year of purchase.

**Investments**

6. Investments are valued at cost.

**Retirement Benefit**

7. None of the Employee has completed the service period to become eligible for payment of gratuity.

**Income Tax**

8. Provision for taxes comprising of current tax is measured in accordance with Accounting Standard 22- "Accounting For Taxes On Income" issued by the Institute of Chartered Accountants of India :
9. Tax expenses comprises of current and deferred tax.
10. Provision for current income tax and fringe benefit tax is made on the basis of relevant provisions of Income Tax Act, 1961 as applicable to the financial year.
11. Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

**Provisions, Contingent Liabilities & Contingent Assets**

Disclosures in terms of Accounting Standards (AS 29) Provisions, Contingent Liabilities and Contingent Assets issued by the Institute of Chartered Accountants of India :

12. The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

13. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.
14. Contingent Assets are neither recognized nor disclosed.

**Others**

15. None of the Finished Products or Raw Materials, Stores, Spares and Components consumed or purchased during the year have been imported.
16. None of the Earnings / Expenditures is in Foreign Currency.
17. Balance of Debtors, Creditors, Deposits, Loans and Advances are subject to confirmation.
18. In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of business. The provision for depreciation and all known liabilities are adequate and not in excess of the amounts reasonably necessary.
19. Investments of the Company have been considered by the management to be of a long term nature and hence they are long term investments and are valued at cost of acquisitions.

**Segment Report**

20. Based on the Similarity of activities, risks and reward structure, organization structure and internal reporting systems, the Company has structured its operations into the following Segment :-
  - a. Short-term funding to its Clients as well as Deposits with Banks
  - b. Investments in Capital Market & Mutual Fund related activities

**Notes to Accounts**

21. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value state, if realized in the ordinary course of business. Provisions for all known liabilities are adequate and not in excess of the amount considered necessary for the same.

**Contingent Liabilities**

22. Contingent Liabilities not provided for - Rs. Nil

**Particulars of Director's Remuneration (In Rupees)**

23. Rs. 1,80,000 has been paid to Mr. Anil Kumar Purohit, Managing Director towards Directors' Remuneration for the Year (P.Y. Rs. Nil)

**Related Party Transactions**

2. Key Management Personnel -
  1. Mr. Ashok Bothra
  2. Mr. Dhruva Narayan Jha
  3. Mr. Anil Purohit

**Subsidiary & Group Companies or Companies under same management -**

25. M/s. Prime Capital Market Ltd. - Company under same Management

**Details of transactions with related parties -**

Transaction with related parties	Subsidiary Companies	Key Management Personnel & Relatives
Remuneration	Nil	Rs. 1,80,000/-
<b>Investments:</b>		
Investment in Subsidiary	Nil	Nil
Investment in Group Cos.	Nil	Nil

**Remuneration to Auditors**

26. Particulars	31.03.2011	31.03.2010
Remuneration to Auditors for Audit Purpose	25000	5000

**Differed Tax**

27. The differed tax has not been recognized in financial statement during the year under review.

**Earning per Equity Share**

28.	Unit	31.03.2011	31.03.2010
Net Profit after Tax available for Share holders	Rs.	1,07,98,986	9,53,614
No. of Equity Shares	No.	2,03,47,000	7,47,000
Basis & Diluted Earning Per Share (Rs.)*	Rs.	0.53	1.28

\*The Company does not have any outstanding dilutive potential equity shares.

29. Sundry Debtors and creditors are subject to confirmation and reconciliation.

30. There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

31. Previous years' figures have been regrouped, rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

For **Pradeep Gupta**  
Chartered Accountants**Anil Kr. Purohit**  
DirectorProprietor  
Membership No. 048979**Dhruva Narayan Jha**  
DirectorPlace : Mumbai  
Date : June 30, 2011**Ashok Bothra**  
Director



**Statement of Cash Flow Annexed to the Balance Sheet as  
at 31st March, 2011**

	Rs. in Lacs	
	31.03.2011	31.03.2010
	Rs.	Rs.
<b>A. Cash Flow from Operating Activities</b>		
<i>Net Profit before tax and extraordinary Items</i>	<b>14,222,676</b>	1,380,048
<i>Adjustments for</i>		
Interest Received	4,382,061	-
Depreciation	9,200	-
<i>Operating profit before working capital changes</i>	<b>18,613,937</b>	1,380,048
<i>Adjustments for Capital Changes</i>		
Inventories	-	-
Decrease (Increase) in Trade and other Receivables	1,156,710	268,847
Decrease (Increase) Loan & Advances	(174,386,961)	(20,308,000)
Trade Payable and Provisions	12,581,512	20,403,505
<i>Cash Generated from operations</i>	<b>(160,648,739)</b>	364,352
Income Tax For The Year	(3,423,690)	(426,434)
Extraordinary Items	-	-
<b>Net Cash From Operating Activities</b>	<b>(145,458,492)</b>	1,317,966
<b>B. Cash Flow From Investing Activities</b>		
Decrease (Increase) in Fixed Assets	(36,800)	-
Decrease (Increase) in Investments	(79,710,982)	(100,000)
Interest Received	(4,382,061)	-
Adjustments for Depreciation	(9,200)	-
<i>Net Cash from Investing Activities</i>	<b>(84,139,043)</b>	(100,000)
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Preferential Issue of Shares	256,500,000	-
Proposed Dividend	(8,138,800)	(373,500)
Dividend Tax	(1,320,317)	(63,495)
Extraordinary Items	(1,513,992)	-
<b>Net Cash used in Financing Activities</b>	<b>245,526,891</b>	(436,995)
<i>Net Increase in Cash &amp; Cash Equivalents</i>	<b>15,929,356</b>	780,970
<i>Opening Balance of Cash &amp; Cash Equivalents</i>	<b>1,141,754</b>	360,784
<i>Closing Balance of Cash &amp; Cash Equivalents</i>	<b>17,071,110</b>	1,141,754

**For and on behalf of the Board**

Mumbai, June 30, 2011

**Anil Kr. Purohit**  
Chairman & Managing Director

We have verified the attached Cash Flow Statement of Blue Circle Services Limited, derived from Audited Financial Statements and the books and records maintained by the Company for the year ended on 31st March 2011 and found the same in agreement therewith.

For **Pradeep Gupta**  
Chartered Accountants

Mumbai, June 30, 2011

Proprietor  
Membership No. 048979

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI  
TO THE COMPANIES ACT, 1956**

**Balance Sheet Abstract and Company's General Business Profile**

<b>I</b>	<b>Registration Details</b>		
	Registration No.	:	29378
	State Code No.	:	11
	Balance Sheet Date	:	31.03.2011
<b>II</b>	<b>Capital raised during the year</b>		
	Public Issue	:	Nil
	Right Issue	:	Nil
	Bonus Issue	:	Nil
	Private Placement	:	1960000
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds (Amount in Rs. in Thousands)</b>		
	Total Liabilities	:	268494
	Total Assets	:	268494
	<b>Sources of funds</b>		
	Paid-up Capital	:	203470
	Reserves & Surplus	:	65024
	Secured Loans	:	Nil
	Unsecured Loans	:	Nil
	<b>Application of funds</b>	:	
	Net Fixed Assets	:	36.8
	Investments	:	83202
	Net Current Assets	:	183742
	Miscellaneous Expenditures	:	1513.992
	Accumulated losses	:	Nil
<b>IV</b>	<b>Performance of Company (Amount in Rs. in Thousands)</b>		
	Turnover	:	18940
	Total Expenditure	:	4718
	Profit before taxes	:	14223
	Profit after taxes	:	10799
	Earning Per Share	:	0.53
	Dividend rate	:	4%
<b>V</b>	<b>Generic Names of Three Principal Products/Services of the Company</b>		
	<u>Product Description</u>		<u>Item Code No.</u>
	Advisory Services		N.A.
	Investment in Shares		N.A.

# Blue Circle Services Limited

106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058

## PROXY FORM

I/We \_\_\_\_\_ resident of \_\_\_\_\_  
in the district of \_\_\_\_\_ being member/members of the above  
named Company, hereby appoint \_\_\_\_\_  
resident of \_\_\_\_\_ in the district of \_\_\_\_\_ or  
failing him \_\_\_\_\_ resident of  
\_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf  
at the 35th Annual General Meeting of the Company to be held on Wednesday, the 21st day  
of September 2011 at 2.30 P.M., at 106, Sagar Shopping Centre, J. P. Road, Andheri (W),  
Mumbai-400 058 and any adjournment thereof.

Registered Folio No./DP-Client ID \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signed by the said \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

Attested by Shareholder \_\_\_\_\_

Affix  
Revenue  
Stamp



# Blue Circle Services Limited

106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058

## ATTENDANCE SLIP

I hereby record my presence at the 35th Annual General Meeting of the Company held on  
Wednesday, the 21st day of September 2011 at 2.30 P.M., at Registered Office of the Company  
at 106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058.

Name of Shareholder/s \_\_\_\_\_

Father/Husband's Name \_\_\_\_\_

Name of Proxy or Company Representative \_\_\_\_\_

Registered Folio No./DP-Client ID \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Signature of the Shareholder(s) or Proxy or Company Representative \_\_\_\_\_

## BOOK-POST

*If undelivered, please return to :*

**Blue Circle Services Limited**

106, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai - 400 058.