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CORPORATE INFORMATION**BOARD OF DIRECTORS**

MR. BASANT TODI	:	DIRECTOR
MR. SHIVHARI HALAN	:	DIRECTOR
MR. ANUP JATIA	:	EXECUTIVE DIRECTOR
MR. BASANT KUMAR GOENKA	:	DIRECTOR

COMPOSITION OF AUDIT COMMITTEE

MR. BASANT TODI	:	CHAIRMAN
MR. ANUP JATIA	:	MEMBER
MR. BASANT KUMAR GOENKA	:	MEMBER

COMPOSITION OF SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

MR. BASANT TODI	:	CHAIRMAN
MR. SHIVHARI HALAN	:	MEMBER
MR. ANUP JATIA	:	MEMBER
MR. BASANT KUMAR GOENKA	:	MEMBER

COMPOSITION OF REMUNERATION COMMITTEE

MR. BASANT TODI	:	CHAIRMAN
MR. SHIVHARI HALAN	:	MEMBER
MR. BASANT KUMAR GOENKA	:	MEMBER

BANKERS

ING VYSYA BANK LIMITED
YES BANK LIMITED

REGISTERED OFFICE

145/A, MITTAL TOWER,
NARIMAN POINT, MUMBAI – 400021,
MAHARASHTRA.
TEL: 022 43337200 / 43110100
FAX: 022 22873022 / 43110114

AUDITORS

KARNAVAT & CO.,
CHARTERED ACCOUNTANTS
KITAB MAHAL,
192, DR. D.N. ROAD,
MUMBAI – 400001.

PLANT

SHREE LAXMI CO-OP INDUSTRIAL ESTATE LTD.,
PLOT NO. 11 TO 18,
HATKANANGALE,
DIST. KOLHAPUR,
MAHARASHTRA

COMPANY SECRETARY

MR. C.P. VYAS

REGISTRAR & SHARE TRANSFER AGENTS

SATELLITE CORPORATE SERVICES PRIVATE LIMITED
B - 302, SONY APARTMENT,
OPP. ST. JUDE'S HIGH SCHOOL,
OFF. ANDHERI KURLA ROAD,
JARIMARI, SAKINAKA,
MUMBAI – 400072
TEL: 022 28520461 / 62
FAX: 022 28511809
E-MAIL ID: service@satellitecorporate.com

CONTACT DETAILS

TELEPHONE: 022 – 43337200 / 43110100
FAX: 022 – 22873022 / 43110114
E-MAIL ID: vyas@texbrex.com

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs ("MCA"), Government of India has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies. MCA has issued a circular on 29th April, 2011 stating that the service of notice/document by a company to its Members may now be made through electronic mode, after giving an advance opportunity to the Member to register his e-mail address and changes therein from time to time with the Company or with the concerned depository. Keeping this in view, your Company proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Balance Sheet, Profit & Loss Account, Notes, etc. to such Members in electronic mode, who opt for the same. Below is a form for you to exercise your option by submitting the same to us after your signature. In this behalf, we are confident that you would appreciate the "Green Initiative" taken by MCA. We solicit your cooperation in helping the Company to implement the e-governance initiatives of the Government.

CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

1. Name of Shareholder(s) (including joint holders, if any)	
2. Registered address of the sole / first named shareholder	
3. Registered folio No./DP ID No./ Client ID No.	
4. No. of Shares held	
5. E-mail id is	

I / We hereby exercise my / our option to receive the documents such as Notice of Annual General Meeting, Audited Financial Statements, Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report, Notes, etc. in electronic mode pursuant to the 'Green Initiative' taken by the Ministry of Corporate Affairs vide Circular dated 29th April, 2011.

Place :

Date :

(Name and Signature of the Member)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Second Annual General Meeting of the members of the Company will be held on Friday, September 28, 2012, at 11:30 a.m. at Walchand Centre for Business Training, 3rd Floor, Indian Merchant Chambers, IMC Bldg., IMC Marg, Churchgate, Mumbai - 400020 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and Balance Sheet as on that date together with the Report of Directors and Auditors thereon.
2. To consider and if thought fit, to pass, with or without modification(s), the following resolution, in respect of the vacancy caused by the retirement of Mr. Basant Todi, who retires by rotation and has expressed his inability for re-appointment, which is not proposed to be filled up, as an Ordinary Resolution:

“Resolved that Mr. Basant Todi, who retires by rotation and has expressed his inability for re-appointment, be not re-appointed and that the vacancy caused thereby be not filled up.”

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution there at:

“Resolved that M/s. Karnavat & Co. Chartered Accountants, (Firm Registration No. 104863W) be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to examine and audit the accounts of the Company for the financial year 2012 – 2013, at such remuneration as may be determined by the Board of Directors in consultation with the Auditors.”

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution.

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) and subject to the approvals of the Members of the Company, and such other approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), the provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI (ICDR) Regulations, 2009) and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and Ministry of Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India, Securities and Exchange Board of India (SEBI) and / or any other authorities, institutions or bodies as may be relevant (hereinafter collectively referred to as “the appropriate authorities”), and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchange where the Company’s shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and any competent authorities and clarifications issued

thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board) consent of the Shareholders of the Company be and is hereby accorded to create, offer, issue and allot in one or more tranches whether rupee denominated or denominated in foreign currency, in the course of domestic / international offerings to any persons including, but not limited to, Domestic / Foreign Institutions, Promoters, Employees of the Company, Non-Resident Indians, Indian Public Companies, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not (collectively called the "Investors"), through public issue(s) and / or on a private placement basis, or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions as may be decided by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment to be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the lead managers or any other advisors, as the Board in its absolute discretion may deem fit and appropriate, equity shares, debentures or bonds whether partly / optionally / fully convertible and / or securities linked to ordinary shares including but not limited to Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Participatory Notes (PNs) and / or foreign currency convertible bonds and / or any other financial instruments (OFIs) convertible into or linked to Equity Shares or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form (hereinafter referred to as "Securities"), or any combination of securities secured or unsecured such that the total amount raised through the aforesaid securities should not exceed Rs. 50 Crores (Rupees Fifty Crores), including Greenshoe Option, if any, or its equivalent, of incremental funds for the Company.

RESOLVED FURTHER THAT all such equity shares issued shall rank pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and in the offering documents.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid and to settle any question, difficulty or doubt that may arise in this regard including the power to allot under-subscribed portion, if any, in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company."

**By order of the Board
For Black Rose Industries Limited**

**C.P.Vyas
Company Secretary**

**Place: Mumbai
Date: August 10, 2012**

REGISTERED OFFICE:
145/A, Mittal Tower,
Nariman Point, Mumbai – 400021

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty – eight hours) before the time fixed for holding the meeting.
3. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business at item no. 4 of the notice is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain close from 26th September, 2012 to 28th September, 2012 (both days inclusive).
5. The Annual Reports and Attendance Slips will not be distributed at the Annual General Meeting. Shareholders are requested to bring the same along with them.
6. Corporate Members are requested to send a duly certified copy of the Board / Governing Body Resolution authorising their representative to attend at the Annual General Meeting.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

The company is setting up a manufacturing plant in the state of Gujarat for the manufacture of speciality monomers. The proposed plant shall have a capacity of 10,000 MT of the product in the first phase, and substantial expansion to increase the installed capacity to 40,000 MT is planned in phases thereafter. The acrylamide plant is expected to generate annual sales of ₹ 200 crores in the years ahead. The initial project cost together with the cost of substantial expansion in the remaining phases is approximately ₹ 50 crores, which shall be funded through a combination of internal accruals, term loan and other debt and equity instruments.

Consent of the shareholders is sought for issuing Securities as stated in the Resolution, which would result in issuance of further Equity Shares of the Company in accordance with the terms and nature of the Securities. The Board, in consulting with its Lead Managers, Merchant Bankers and other Advisors, will finalise detailed terms of the issue including the pricing of the issue which will be fixed keeping in view the capital market conditions / practices and guidelines, if any, issued by the Securities and Exchange Board of India (SEBI). The proposed Resolution is an enabling resolutions to authorise the Board of Directors to mobilise adequate

resources to meet the growing needs of the Company by way of further issue of shares including warrants convertible into underlying Equity Shares or Equity Shares through Public Issue(s), Private Placement(s) or a combination thereof.

Under the proposed Special Resolution, consent of the shareholders is sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Bombay Stock Exchange Limited where the Company's Securities are listed.

Section 81 of the Companies Act, 1956 and clause 23 of the Listing Agreement provide, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders decide otherwise.

Since the Special Resolutions proposed may result in issue of Equity Shares of the Company otherwise than to the members of the Company consent of the Shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Resolution at item no. 4 is therefore, placed for approval of the members.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution except to the extent of further shares that may be offered to them.

**By order of the Board
For Black Rose Industries Limited**

**C.P.Vyas
Company Secretary**

**Place: Mumbai
Date: August 10, 2012**

REGISTERED OFFICE:

145/A, Mittal Tower,
Nariman Point, Mumbai – 400021

DIRECTORS' REPORT
(Including Management Discussion and Analysis Report)

Dear Members,

Your Directors are pleased to present this Twenty Second Annual Report, together with the Audited Financial Accounts of the company, for the year ended 31st March, 2012.

Financial Results (Consolidated)

	₹ In Lacs	
	Year ended 31.3.2012	Year ended 31.3.2011
Sales, Exports Entitlements, and Other Income	9,373.41	8,801.14
Earnings Before Interest Depreciation Tax and Amortisation (EBIDTA)	313.75	644.19
Less: Finance Costs	181.34	116.36
Profit before Depreciation and Tax (PBDT)	132.41	527.83
Less: Depreciation	113.30	111.85
Profit before Tax	19.11	415.98
Less: Provision for Tax	(0.20)	141.40
Profit after Tax	19.31	274.58

Operational Performance

The year started off well and the company performed with strong results in the first half. The second half of the year, however, was different. Starting with the crisis in Greece, the Indian rupee depreciated steeply and strongly till the end of the 3rd quarter and into the starting of the 4th quarter. The slowdown in global exports led to a reduction in demand from domestic end users for the company's products, due to which the company's turnover was adversely affected in the 3rd quarter. Despite all this, the company grew by approximately 7%, mostly from the operations of the company's subsidiary in Japan formed in April 2011.

While turnover was restricted by the general economic slowdown, profitability was hit by the depreciation in the Indian rupee. Almost all the products sold by the company's chemical division are imported by the company. Due to the unexpected speed and extent of the Indian rupee's depreciation against the US Dollar, remittances for these goods were made at exchange rates largely varying from the initial estimates used when selling the goods. In essence, the company's hedging strategies at the time had not considered the possibility of the Indian rupee depreciating by more than 20% in only 5 months.

A detailed analysis of the company's operations is provided later in the *Management Discussion and Analysis Report*.

Dividend

In view of the company's performance during the year under review, and in order to preserve funds, your Directors have decided not to recommend payment of a dividend for the financial year 2011 – 2012.

Business Scenario

The difficult business scenario during the year in review was triggered by the panic created by the Greek crisis, and it continued without respite because of the lack of political and economic clarity in our nation. Government policies shunning foreign and domestic investment, delays in rolling out of the GST, and a lack

of resolve to tackle the crashing Indian rupee all have adversely affected the business scenario.

Internationally, the negative sentiments from Europe served to pull down prices of a wide range of chemicals and other commodities. Falling markets scare buyers, and this is what was witnessed during the year.

The business scenario is discussed later in more detail in the *Management Discussion and Analysis Report*.

Manufacturing Facility at Jhagadia, Gujarat

The company is setting up a plant in Jhagadia, Gujarat, to produce acrylamide monomer under an exclusive technical license from Mitsui Chemicals, Inc., of Japan. All major equipment has been ordered but work on plant establishment could not be carried due to delay in receipt of environmental clearance from government authorities. The environmental clearance is expected very soon and plant construction will start in full swing.

An in-depth explanation about the plant and its product is given in the *Management Discussion and Analysis Report*.

Wholly Owned Subsidiary in Japan – BR Chemicals Co., Ltd.

The company's wholly owned Japanese subsidiary was formed in April 2011 and began operation from May 2011. Being the first year of operation, business development was given priority. The company declared a small loss of Japanese Yen 0.78 million (₹ 4.76 lacs) against a turnover of Japanese Yen 204.39 million (₹ 12.42 crores). The operations of the subsidiary have since improved, and your Directors expect the subsidiary to contribute for around 30% of the company's turnover during FY2013.

Corporate Governance

Your Directors believe firmly in the principle of transparency in governance. Further, in view of the fact that the paid up equity share capital of the company now exceeds ₹ 30,000,000/- after the issue of 19,360,000 equity shares of ₹ 1 each as bonus shares, the provisions of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE) became applicable to the company.

As required under the said Clause 49, a *Report on Corporate Governance* forms a part of this Annual Report. Your Directors recommend that all members read the report as it contains important information on the company's governance philosophy.

Awards and Recognitions

The company received the **Best SME for Corporate Governance** award at the 3rd **Business Today Yes Bank SME Awards 2011** event held in New Delhi.

Directors

Mr. Atmaram Jatia resigned from the Board and from the Chairmanship of the company on September 30, 2011. A non-resident Indian, Mr. Atmaram Jatia had cited difficulties in continuing with his involvement as a Board Member considered his domicile overseas.

The Board of Directors places on record its utmost appreciation to Mr. Atmaram Jatia who was the longest member on the Board until his resignation. He has seen the company battle its downs, and with his vision has thereafter brought it up from one high to another. The company will follow the path created under his leadership and foresight for successfully creating shareholder value in the years to come.

At the upcoming Annual General Meeting, Mr. Basant Todi retires by rotation and has expressed his desire not to seek re-appointment. The company intends to fill the vacancy caused by the retirement of Mr. Basant Todi in due course.

The Board of Directors would like to thank Mr. Basant Todi for his valuable contributions to the company during his many years on the Board. His insight and guidance has helped the company grow from a turnover of less than ₹ 5 crores to almost ₹ 100 crores. His active participation and presence at the Board meetings will be missed by all his colleagues.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief confirm the following:

- i) in preparation of annual accounts the applicable standards have been followed.
- ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2012 and the profit of the company for the year ended on that date.
- iii) they have taken appropriate and sufficient care for the maintenance and adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
- iv) they have prepared the attached Statement of Accounts for the year ended March 31, 2012 on a going concern basis.

Fixed Deposits

During the year under review, your company has accepted ₹ 26,450,000 as Fixed Deposits in accordance with the provisions of Section 58A of the Companies Act, 1956, and Rule 4A of Companies (Acceptance of Deposits) Rules, 1975, without inviting or allowing or causing any person to invite deposits.

Consolidated Financial Statements

Pursuant to Clause 32 of the Listing Agreement, your company has prepared Consolidated Financial Statements in accordance with Accounting Standards 21 issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements forms part of this Annual Report.

The financial statements have been prepared as per Revised Schedule VI prescribed by Ministry of Corporate Affairs. The previous year figures have been regrouped in accordance with the Revised Schedule VI of the Companies Act, 1956.

Committees of Board of Directors

Pursuant to Clause 49 of the listing agreement, your company has constituted three committees of Board of Directors - Audit Committee, Shareholders / Investors Grievance Committee, and Remuneration Committee.

Particulars of Employees

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not applicable as none of the employees of the Company are covered under the provisions of the said section.

Auditors

M/s. Karnavat & Company, the statutory auditors of the company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956, and have indicated their willingness to continue in the said office.

Auditors' Comments

The observation made by the auditors in their report read with relevant notes as given in the *Notes on Accounts* annexed to the accounts are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

Listing

Your company's shares are listed on the Bombay Stock Exchange Limited and the applicable listing fees have been paid.

Other Particulars

Particulars relating to conservation of energy, research and development, technology absorption, and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in the Annexure to this report.

Acknowledgement

Your Directors greatly value the support and cooperation received during the year from the company's bankers, statutory authorities, and all organisations connected with its business. Your Directors also take pleasure in commending the valuable contributions made by the company's employees at all levels during the year under review.

Cautionary Statement

Certain statements in this *Directors' Report* and in the *Management Discussion and Analysis Report* describing the company's objectives, estimates, and projections may be forward-looking statements and are based on certain expectations. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference in the company's operations include the availability of raw material / product, cost of raw material / product, changes in demand from customers, fluctuations in exchange rates, changes in government policies and regulations, changes in tax structure, economic developments within India and the countries in which business is conducted, and various other incidental factors.

We cannot guarantee that these forward - looking statements will be realised, although we believe we have been prudent in making any assumptions.

We undertake no obligation to publicly update any forward - looking statements, whether as a result of new information, future events, or otherwise.

For and on behalf of the Board

Place: Mumbai
Dated: May 25, 2012

BASANT TODI
Director

ANUP JATIA
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS**A. The Economy**

The financial year 2011 - 2012 was a disappointing year for our nation's economic growth. Our economy slowed down to a growth rate of 6.5%, the lowest annual growth since 2003 barring the period from 2008 - 2009. All major sectors of the economy saw a slowing of growth - the service sector by 8.9%, industry by 3.4%, and agriculture by 2.8%, as compared to 9.3%, 7.2%, and 7% respectively in the previous year.

The Indian economy was impacted by global uncertainties, and faced significant domestic challenges including high inflation, tight monetary conditions, low investment, and a paralysis in policy making. However, our government expects growth to pick up in small measures from the second quarter of 2012 – 2013, and expects the economy to grow by 7.6% in the next fiscal year.

The Indian rupee weakened against the US dollar to a historically low level of ₹ 54, a crash of more than 20% during the year under review. The uncertainties in the foreign exchange markets continue into the current year, with rates moving between ₹ 51 and ₹ 57 to the US Dollar.

After hiking key policy rates 13 times in the past two years, the Reserve Bank of India has cut the cash reserve ratio by 125 basis points and the repo rate by 50 basis points during the past five months. Despite of this, interest rates remain high and new investments in plant and machinery are scarce.

Although inflation and interest rates are anticipated to ease from the current levels, slowing investments and declining capital formation may have a greater bearing on the prospective growth of Indian economy.

B. The Industry**Chemical**

The chemical industry during the year 2011 – 2012 went through a rough time. The crisis in Europe led to a slowdown of export industries in China, India, and many parts of the world. This in turn caused a reduction in demand for a wide range of petrochemicals, sending feedstock prices down. High inflation ensured that interest costs remained high, causing a slowdown in new investments.

The main activity of the company is the sales and distribution of speciality, performance, and pharmaceutical chemicals. The company also exports to and sources chemicals for its foreign principals. The chemicals sold domestically by the company are mostly imported from Japan, Germany, Korea, and China, while some are procured from domestic manufacture. The company works closely with all its principals and customers and strives to function as a reliable partner and supplier to them.

Textile

The textile industry during the year 2011 – 2012 witnessed poor growth. Again, due to the crisis in Europe, other world economies also saw poor demand for textiles.

The company's area of operation in this sector is in the manufacture of fabrics, yarn, and made ups. While most of the fabric produced is used for the manufacture of made-ups by the company, the yarn is exported.

Renewable Energy

The Indian wind power industry has commissioned 3,200 MW of additional wind power generation capacity despite the general economic slowdown during 2011 – 2012.

The company has two windmills, one in Rajasthan and the other in Gujarat, totalling 1.6MW. The company has entered into Power Purchase Agreements with the respective State Electricity Boards and all power generated is sold accordingly.

C. Opportunities, Threats, and the Company's Response**Chemical**

The volatility in currency rates is an opportunity as well as a threat. Imports give rise to foreign exchange risks, and many end users have been showing a preference to procure products domestically in rupee pricing from stockists or manufacturers instead of directly importing them. Falling prices and demand in international markets also create opportunities in procurement, such as freer availability and reasonable prices. But this can be considered a threat too, especially when unsold stocks have to be repriced based on availability of cheaper replacements.

The opportunities that the company has been focusing on are more long term. By leveraging the company's expertise in the sale of speciality and performance chemicals, new relationships are being formed with principals who have good product offerings for the Indian market. The company is constantly strengthening its sales and technical support teams to make the most of these opportunities.

Textile

The opportunities in this sector are plenty. For example, the *Comprehensive Economic Partnership Agreement* signed between Indian and Japan has brought down duties on cotton textiles from close to 7% to 0% for Japanese importers of Indian textiles and made ups. The increase in labor costs in China and the weakening of the Indian rupee are also factors which have made Indian textiles more attractive for exports.

However, we are affected and threatened most by frequent changes in government policy and worldwide economic slowdown. A lack of confidence towards procuring products from India was triggered in the financial year 2010 – 2011 when the government suddenly imposed a ban on the export of cotton yarn. Despite the subsequent lifting of this ban, customers who at the time were forced to find alternative sources have decided against procuring products from India and being a labor intensive industry, the industry is also heavily affected by the government's labor policies and rural employment schemes.

We are actively working with our overseas customers to develop products which are in demand despite the general slowdown. Predominantly, these are products which customers are currently procuring from China. We expect breakthroughs in the latter half of the current year.

Renewable Energy

India has the fifth largest installed wind power capacity in the world. Wind power accounts for 6% of India's total power capacity, and comprises 1.6% of the country's power. The short generation period for installing wind turbines and the increasing reliability and performance of wind energy machines have made wind power a favoured choice for capacity addition in India.

The main disadvantage regarding wind power is the wind's unreliability factor. The company has set up its wind mills in Rajasthan and Gujarat after careful study of the wind trajectories and projections.

D. Analysis of Performance**Speciality Chemicals**

The turnover from the speciality chemicals business was ₹ 58.8 crores in the year under review, as compared to ₹ 63.1 crores in the previous year (figures have been calculated based on product classifications of the year under review). Sales of key products were hit mainly in 3Q FY 2012, during the time of severe and sudden Indian rupee depreciation. Although overall quantity increased during the year under review, the turnover reduced because of a change in the product mix. Pricing problems caused by the crashing Indian rupee, combined with a steep price fall in the overseas markets, created a situation where end users preferred to adopt a wait and watch attitude towards much of their procurement. In addition to this, the sales of one of our key products, resorcinol, came down during the year under review. During the current year, these issues have been resolved and the company has returned to its position of market leadership.

Performance Chemicals

The turnover from the performance chemicals business was ₹ 11.6 crores in the year under review, as compared to ₹ 10.3 crores in the previous year. Strong efforts were made for the promotion of cyanoacrylate adhesives, and these efforts brought positive results. The overall quantity of performance chemical sales reduced because of the discontinuation of low priced speciality resins, but turnover increased as sales of high performance adhesives increased.

Pharmaceutical Bulk Drugs

The bulk drug business was consciously reduced after the first quarter of the year under review because of the generally poor financial health of companies (customers) in this industry vertical. The turnover, which was expected to cross an annual ₹ 30 crores from this business, was ₹ 8.0 crores in the year under review, as compared to ₹ 7.6 crores in the previous year. Long credit cycles, high working capital requirements, and low margins make this an unattractive area of business for the company. The company intends to limit its focus in this field rather than creating a wide basket of offerings as initially envisaged.

Textiles

The textile division's sales, which was ₹ 3.7 crores in the previous year, fell to ₹ 1.1 crores during the year under review. The export sales of cotton yarn fell drastically due to customers' loss of confidence in procuring material from India, which was triggered by the sudden ban imposed by the government toward export of this commodity for a period of time during the previous year. Sales of other products remained stable.

Renewable Energy

During the year under review, both the company's windmills have performed well. They generated a total of 3,013,250 units of power valued at ₹ 11,727,984/- as compared to 2,597,610 units valued at ₹ 10,107,959/- in the year 2010 – 2011. Wind power generation is dependent mainly on wind conditions, which in turn are determined by nature. As such, the company is unable to significantly influence the results in this business.

E. Outlook

The outlook for the future is promising. The company is in the process of establishing India's first and only acrylamide plant in Jhagadia. This is a speciality monomer with growing needs and application in India. The chemical sales and distribution business is being strengthened through new product additions, supported by a dynamic technical team. The textile business is slated to grow with the acceptance of new products developed for clients.

The company expects a minimum consolidated turnover of ₹ 120 crores for the current year.

F. Risk and Concern**Risk**

The Company consistently insures its assets and operations against a wide range of risks.

Risks relating to exchange rates risks, interest rates risks, credit risks and operating risks arising out of changes in the global scenario, customer preferences, increasing size and complexity of contracts and competitive pressures are the major risks which impact the Company.

To address these risks, the company is continuously improving its efficiencies and is hopeful of maintaining healthy margins and return on capital employed. The company will not compromise on the objective of growth and improving market share for the sake of short – term profits.

These risks are also periodically reviewed by the senior management and the Board to ensure their effectiveness.

Concern

The possibility of a slowdown in economic growth due to the need to bring inflation under control is a cause of concern. The Company will, however, continue to remain vigilant and will proactively take steps to mitigate the adverse impact, if any, arising out of such concern.

G. Risk Management

The company has a risk identification and management frame work appropriate to its and the business environment under which it operates. Risks are being identified at regularly intervals by the company's Board of Directors and top management and the identification is in relation to business strategy, foreign exchange movements, operations, statutory legal compliances, information technology, and financial reporting.

As mentioned earlier, foreign exchange risk is arguably the single argest area of risk for the company. The company lost heavily in terms of purchase costs and finance costs during the year under review due to the unforeseeable fall in the Indian rupee against the US Dollar. Frameworks that were in place to manage this risk have been strengthened and realigned to take on larger than anticipated movements in currency markets.

H. Internal Control Systems

The company has in place adequate internal control systems and procedures covering all the operational, financial, legal and compliance functions. The company constantly monitors and improves its internal control systems to ensure that all company policies, procedures and guidelines are in place and also to make certain that all transactions are authorised, recorded and reported correctly.

The company uses an ERP package with an approval-based work flow system. Access to data is strictly controlled on a departmental and hiarchical basis, and on a need-to-know basis.

I. Development in Human Resourcess / Industrial Relations

The company continues to believe that human resources are a critical factor for its growth. The company continues to invest in its employees for the growth of their skills and talents so as to meet the growth aspirations of the business. The emphasis is on grooming in-house talent enabling them to take larger responsibilities.

The senior management team spends considerable time in reviewing the existing talent base and processes used for honing the skills of the members in the talent pool and assessing their preparedness for taking on new assignments.

No man days were lost on account of strike or dispute during the year. The relations with the employees and workers remained cordial and harmonious throughout the year.

J. Capital Expenditure and Expansion Plans

The company is setting up an acrylamide monomer plant under technical collaboration with Mitsui Chemicals, Inc., of Japan. The plant will have an initial installed capacity of 10,000MT. Regular press releases have been issued in connection with this plant, and can be seen on the web site of the Bombay Stock Exchange at www.bseindia.com.

The basic and detailed engineering has already been completed and orders for plant equipment, PEB structures, and key instrumentation have been placed during the year under review. The company has also recruited plant staff who will be deputed for operational training at the foreign technology licensor's (Mitsui Chemical) production site in Japan in the coming months. Despite best efforts of the team, the company was unable to obtain the Environmental Clearance from the Ministry of Environment and Forest, Gujarat, during the year under review. Due to this, the work on the site in Jhagadia could not be completed as earlier scheduled.

The Environmental Clearance has now been obtained and the company has applied for requisite approvals from the Gujarat Pollution Control Board for establishment of the plant. Full-fledged plant construction activities will begin immediately after the receipt of this "No Objection Certificate" from the Gujarat Pollution Control Board.

The company plans to start commercial production at the plant by the end of March, 2013.

The company has invested ₹ 11.04 crores in the project till the end of the year under review. The total project cost is estimated at ₹ 28 crores.

ANNEXURE TO DIRECTORS' REPORT

Statement pursuant to 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 and forming part of the Directors' Report for the year ended March 31, 2012.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**Conservation of Energy****a) Energy conservation measures taken**

Furthering our commitment to growing responsibility, we are working on reducing the ecological impact of our operations. We are committed to minimising the consumption of energy and fresh water, preserving natural habitat and reducing waste.

b) Additional investment and proposals for reduction of consumption of energy

At the upcoming plant for manufacture of acrylamide, the company will make adequate investment towards energy conservation.

c) Impact of the measure at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods

Overall savings in cost of synergies, thereby saving in cost of production.

d) Total energy consumption and energy consumption per unit of production as per Form A given below:**Form A**

	Year Ended 31.3.2012	Year Ended 31.3.2011
Power and Fuel Consumption		
1. Electricity		
a) Purchase Units	58,829	49,877
Total Amount (₹ In Lacs)	4.01	2.83
Rate / Unit (₹)	6.82	5.68
b) Own generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Others / Internal Generation	NIL	NIL

Form B**Research and Development**

The company assists its principals and customers in the research and development of products and product application. The company has spent a sum of ₹ 5 lacs during the year towards the development of high performance adhesives.

Technology absorption

The Company makes a constant endeavor to use the latest and most efficient and up-to-date technology in its activities.

Foreign Exchange Earnings and Outgo

1.	Foreign exchange out go	:	₹ 410,989,854/-
2.	Foreign exchange earned	:	₹ 19,125,564/-

For and on behalf of the Board

Place: Mumbai
Dated: May 25, 2012

BASANT TODI
Director

ANUP JATIA
Executive Director

REPORT ON CORPORATE GOVERNANCE

A. Company's philosophy on the Code of Governance

Black Rose believes that Good Corporate Governance creates goodwill amongst stakeholders, thus, helps the company to achieve its long term corporate goals, brings consistent sustainable growth and generates competitive return for the investors.

Black Rose also believes that Transparency, Accountability and Compliance of various laws are the key elements for achieving Good Corporate Governance.

B. Board of Directors

The Board of Directors comprises of four members as at 31st March, 2012, of whom one is Executive Director and remaining three are Non – Executive Directors.

In view of the above 75% of the Board of Directors of the Company comprises of Independent Non – Executive Director.

Director	Executive / Independent/ Non-executive	Board Meeting attended / held	Attendance at the AGM	Sitting Fee Paid	Directorship in other Companies Incorporated in India(*)	Number of Committees (other than Black Rose Industries Limited) in which Chairman / Member (**)	No. of shares held in the company
Mr. Atmaram Jatia [#]	Non-executive	2/5	Yes	No	Nil	Nil	Nil
Mr. Basant Todi	Independent, Non-executive	7/7	Yes	No	Nil	Nil	Nil
Mr. Anup Jatia	Executive	7/7	Yes	No	1	Nil	Nil
Mr. Shivhari Halan	Independent, Non-executive	0/7	No	No	Nil	Nil	471800
Mr. Basant Kumar Goenka	Independent, Non-executive	6/7	Yes	No	1	Nil	Nil

(*) Excludes Directorships in Indian Private Limited Companies, Foreign Companies, Companies u/s. 25 of the Companies Act, 1956 and Indian LLPs.

(**) Includes only Audit Committee and Shareholders'/Investors' Grievance Redressal Committee.

(#) Resigned from the Board with effect from September 30, 2011

During the financial year 2011 – 2012 seven Meetings of the Board of Directors were held on May 11, 2011, June 23, 2011, July 5, 2011, August 3, 2011, September 30, 2011, November 8, 2011 and February 14, 2012.

C. COMMITTEES

Currently Black Rose has three Committees of the Board viz. Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee. The terms of reference of these committees is decided by the Board of Directors of the Company. Signed minutes of the Committee Meetings are placed at the meeting of the Board.

The role and composition including the number of meetings and related attendance are given below.

1. AUDIT COMMITTEE**Composition**

The Audit Committee of Black Rose comprises of three directors as members viz. Mr. Anup Jatia, Executive Director, Mr. Basant Todi and Mr. Basant Kumar Goenka, both Non – Executive Independent Directors. The Chairman of the Committee is Mr. Basant Todi. All the members have requisite accounting, financial and management expertise.

Terms of Reference

The terms of reference of Audit Committee are in accordance with the guidelines stipulated under Clause 49 of the Listing Agreement and are in accordance with Section 292A of the Companies Act, 1956. The Committee is entrusted with the following responsibilities:

- 1) To oversee the company's financial reporting process and disclosures of financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) To recommend Board of Directors of the Company for appointment, re-appointment and removal of statutory auditors and to fix their audit fees and approve payment for any other services rendered by the statutory auditors.
- 3) To review with the management, quarterly as well as annual financial statements including of subsidiaries / associates, before submission to the board for approval.
- 4) To review with the management performance of statutory and internal auditors and adequacy of internal control system.
- 5) To review 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.
- 6) To discuss with internal auditors any significant findings and also reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularities or failure of internal control systems of material nature and reporting the matter to the board.
- 7) To discuss 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.
- 8) To review Management Discussion and Analysis of financial condition and results of operations, Statement of significant related party transactions, Management letters / letters of internal control weaknesses issued by the statutory auditors and Internal Audit Reports relating to internal control weaknesses.
- 9) To review the Company's financial and risk management policies.
- 10) To perform such other functions as may be delegated by the Board of Directors of the Company.

Meeting and Attendance

During the year 2011 – 2012, two meetings of the Audit Committee were held.

Members	No. of Meeting held	No. of Meeting attended
Mr. Basant Todi	2	2
Mr. Basant Kumar Goenka	2	2
Mr. Anup Jatia	2	2

Minutes of the meetings of the Audit Committee are approved and signed by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

Mr. C. P. Vyas, Company Secretary of the Company act as Secretary to the Committee.

2. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**Composition**

The Shareholders' / Investors' Grievance Committee comprises of four directors and is headed by Mr. Basant Todi as Chairman. The other members of the Committee are Mr. Shivhari Halan, Mr. Anup Jatia and Mr. Basant Kumar Goenka.

Terms of Reference

1. The Committee looks into the redressal of Shareholders' / Investors' Complaints / Grievances pertaining to transfer or credit of shares, non receipt of annual reports, dividend payments, bonus shares and any other miscellaneous complaints.
2. The Committee oversees and reviews all matters connected with transfer and transmission of securities, dematerialisation and rematerialisation of securities and also inter-alia approves issue of duplicate, split of share certificates, allotment letters and certificates, etc.
3. The Committee reviews performance of the Registrar and Share Transfer Agents of the company periodically and recommends measures for overall improvements in the quality of investors / shareholders related services.

Meeting and Attendance

During the year 2011 – 2012, sixteen meetings of the Shareholders' / Investors' Grievance Committee were held.

Members	No. of Meeting held	No. of Meeting attended
Mr. Basant Todi	16	16
Mr. Shivhari Halan	16	16
Mr. Anup Jatia	16	14
Mr. Basant Kumar Goenka	16	10

Minutes of the meetings of the Shareholders' / Investors' Grievance Committee are approved and signed by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

Mr. C.P.Vyas, Company Secretary of the Company act as Secretary to the Committee.

M/s. Satellite Corporate Services Private Limited are the Registrar and Share Transfer Agents both for physical as well as electronic mode. The said Mr. C. P. Vyas act as Compliance Officer.

The table below gives the number of complaints received, resolved and pending during the year 2011 – 2012.

Number of Complaints		
Received	Resolved	Pending
6	6	NIL

3. REMUNERATION COMMITTEE**Composition**

The remuneration committee comprises of three directors as members viz. Mr. Basant Todi, Mr. Shivhari Halan and Mr. Basant Kumar Goenka. The Chairman of the Committee is Mr. Basant Todi.

Terms of Reference

1. Appointment / Re – appointment of Executive Director / Managing Director.
2. To review the performance of the Executive Director / Managing Director.
3. To recommend the Board of Directors of the Company regarding Salary, Perquisites, Bonus and Commission to be paid to the Company's Executive Director / Managing Director after considering the Company's performance.
4. To review and approve the remuneration of Top Management Executives of the Company.

Meeting and Attendance

Members	No. of Meeting held	No. of Meeting attended
Mr. Basant Todi	1	1
Mr. Shivhari Halan	1	0
Mr. Basant Kumar Goenka	1	1

Minutes of the meetings of the Remuneration Committee are approved and signed by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

Mr. C. P. Vyas, Company Secretary of the Company act as Secretary to the Committee.

D. GENERAL BODY MEETING

YEAR	VENUE	DAY AND DATE	TIME	NUMBER OF SPECIAL RESOLUTIONS
2010 - 2011	Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020	Thursday, 7 th July, 2011	11:30 a.m.	2
2009-2010	Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020	Monday, 12 th July, 2010	11:30 a.m.	2
2008-2009	Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020	Friday, 28 th August, 2009	11:30 a.m.	1

E. RESOLUTION PASSED THROUGH POSTAL BALLOT

A Postal Ballot Notice dated May 11, 2011 containing draft of the resolutions to be passed through postal ballot was dispatched to Shareholders under certificate of posting. The postal ballot process was conducted in accordance with the procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Mumbai, Maharashtra. The Board appointed Mr. Sunil Bohra, Practicing Chartered Accountant, as scrutiniser to conduct the Postal Ballot process in a fair and transparent manner. The result of the postal ballot was announced at the Registered Office at the meeting of the Board of Directors held on June 23, 2011.

A summary of the postal ballot forms received for issue of Bonus Shares in the ratio of 1 (one) equity share for every 1 (one) equity share held is given below:

Particulars	No. of Postal Ballot Forms	No. of Shares (Face Value of ₹ 1/- each)	% of total paid-up equity capital
Total Postal Ballot Forms received	54	14,811,744	76.51
Less: Invalid Postal Ballot Forms (as per register)	1	7,800	0.04
Net valid Postal Ballot Forms (as per register)	53	14,803,944	76.47
Postal Ballot Forms with assent for Resolution No. 1 as a percentage of net valid votes polled	53	14,803,944	100
Postal Ballot Forms with dissent for Resolution No. 1 as a percentage of net valid votes polled	0	0	0

A summary of the postal ballot forms received for increase in Borrowing limits from ₹ 50 Crores to ₹ 100 Crores under Section 293(1)(d) of the Companies Act, 1956 and creation of charge on the Company's property(ies) under Section 293(1)(a) of the Act is given below:

Particulars	No. of Postal Ballot Forms	No. of Shares (Face Value of ₹ 1/- each)	% of total paid-up equity capital
Total Postal Ballot Forms received	54	14,811,744	76.51
Less: Invalid Postal Ballot Forms (as per register)	2	7,900	0.04
Net valid Postal Ballot Forms (as per register)	52	14,803,844	76.47
Postal Ballot Forms with assent for Resolution No. 2 as a percentage of net valid votes polled	48	14,803,444	99.99
Postal Ballot Forms with dissent for Resolution No. 2 as a percentage of net valid votes polled	4	400	0.01

F. DISCLOSURES

There was no material transaction with any of the related parties. None of the transactions recorded were in conflict with the interests of the Company. All the related party transactions are negotiated at arms' length basis and are only intended to further the interest of the Company. The details of related party transactions are disclosed in Note No. 29 of Notes to financial statements of the Annual Report.

The Company has received sufficient disclosures from promoters, directors or the management wherever applicable.

The Company has complied with applicable statutory rules, regulations and guidelines notified by Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and the Stock Exchange. There was no default on any related issue during the last three years.

G. MEANS OF COMMUNICATION WITH SHAREHOLDERS

The quarterly / half yearly / annual un-audited / audited financial results of the Company are sent to the stock exchange immediately after they are approved by the Board of Directors. In addition, these results are simultaneously posted on the website of the Company at www.blackrosechemicals.com. The company has not made any presentations to institutional investors or to the analysts.

The results were published in the following newspapers:

1. Free Press Journal (English Language)
2. Navshakti (Vernacular Language)

Press reports are given on important occasions. They are also placed on the Company's website.

H. GENERAL SHAREHOLDERS' INFORMATION

1. **Financial Year:** April - March
2. **Dividend Payment Date**
Not Applicable
3. **Listing on Stock Exchange**

The equity shares of the company are listed on Bombay Stock Exchange Limited.

The company has paid annual listing fees for the financial year 2012 - 2013.

4. Stock Code: 514183**5. Market Price Data**

Month	High Price (₹)	Low Price (₹)
April, 2011	14.50	11.00
May, 2011	20.80	10.66
June, 2011	18.25 (Cum Bonus - 1:1)	8.05 (Ex - Bonus)
July, 2011	9.26	7.15
August, 2011	8.25	6.51
September, 2011	8.97	6.21
October, 2011	7.68	6.45
November, 2011	7.99	5.50
December, 2011	6.88	5.78
January, 2012	7.25	5.56
February, 2012	8.90	6.44
March, 2012	7.96	6.01

6. Black Rose Share Performance

Month	Sensex (Closing Points)	Price (Closing Price)
April, 2011	19,136	11.62
May, 2011	18,503	17.30
June, 2011	18,846	8.75 (Ex - Bonus)
July, 2011	18,197	7.83
August, 2011	16,677	7.06
September, 2011	16,454	6.56
October, 2011	17,705	6.85
November, 2011	16,123	6.50
December, 2011	15,455	5.78
January, 2012	17,194	6.91
February, 2012	17,753	7.10
March, 2012	17,404	6.01

7. Registrar and Share Transfer Agents

M/s. Satellite Corporate Services Private Limited
B-302, Sony Apartment, Off. Andheri Kurla Road,
Jarimari, Sakinaka, Mumbai-400072.
Tel: 022-28520461, 28520462. Fax: 022-28511809
E-mail: service@satellitecorporate.com

8. Share Transfer System

Share Transfers in physical form can be lodged with our Registrar and Share Transfer Agents M/s. Satellite Corporate Services Private Limited at the above mentioned address. The transfers are normally processed within 12 – 15 days from the date of receipt if the documents are complete in all respects. Certain Directors and Company Secretary are severally empowered to approve transfers.

9. Distribution of Shareholding as on 31st March, 2012

Particulars	Number of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 500	14290	2,945,578	7.61
501 – 1000	671	563,872	1.46
1,001 – 5,000	447	1,056,399	2.73
5,001-10,000	66	485,782	1.25
10,001-50,000	65	1,377,447	3.56
50,001-1,00,000	4	247,400	0.64
1,00,001 and above	9	3,2043,522	82.75
TOTAL	15552	38,720,000	100.00

10. Dematerialisation of Shares and liquidity

The Company's has availed demat facility with National Securities Depositories Limited (NSDL) and Central Depositories Securities Limited (CDSL) and the Company's ISIN is INE761G01016.

As on March 31, 2012, 91.55% of the total paid up equity share capital of the Company are in dematerialisation form.

11. Industry: Specialty Chemicals**12. Address for Correspondence**

145-A, Mittal Tower,
Nariman Point,
Mumbai-400021.
Tel: 022-43337200

13. E-mail ID of the grievance redressal division/compliance office exclusive for the purpose of registering complaints by investors

vyas@texbrex.com

14. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on equity

The company has not issued any ADRs / GDRs / Warrants or any Convertible Instruments.

15. Plant Locations

The company's upcoming monomer plant is located at Plot No. 675, GIDC, Jhagadia Industrial Estate, Jhagadia – 393110, Bharuch, Gujarat.

16. Contact person for clarification on financial statements

For clarification on financial statements please contact Mr. C. P. Vyas

E-mail: vyas@texbrex.com

Ph: 022 - 43110100

Address: 145/A, Mittal Tower, Nariman Point,
Mumbai – 400021

ANNEXURE TO CORPORATE GOVERNANCE REPORT**Declaration regarding affirmation of Code of Conduct**

Pursuant to Clause 49 (I) (D) of the listing agreement with Bombay Stock Exchange Limited, I, Anup Jatia, Executive Director of Black Rose Industries Limited hereby confirm and declare that all Board Members and Senior Management Executives have affirmed compliance with the "Code of Business Conduct for Directors and Senior Management Executives of the Company" for the year ended March 31, 2012.

Anup Jatia
Executive Director

Place : Mumbai

Date : May 25, 2012

May 25, 2012

The Board of Directors
Black Rose Industries Limited
145/A, Mittal Tower,
Nariman Point,
Mumbai – 400021.

We, the undersigned in our respective capacities as Executive Director and General Manager – Finance, certify to the Board in terms of requirement of Clause 49 (V) of the Listing Agreement with Bombay Stock Exchange Limited that:

- 1) We have reviewed the financial statements and the cash flow statements for the year ended March 31, 2012 and to the best of our 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.
- 2) 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.
- 3) For the purpose of financial reporting, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and also have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 4) We do further certify that there has been
 - i) No significant changes in internal control over financial reporting during the year;
 - ii) No significant changes in accounting policies during the year;
 - iii) No instances of significant fraud of which they we are aware during the year.

For **Black Rose Industries Limited**

Anup Jatia
Executive Director

Ratan Agrawala
General Manager - Finance

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
BLACK ROSE INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by BLACK ROSE INDUSTRIES LIMITED, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

192, Dr. D. N. Road
Mumbai - 400001
Dated: 25th May, 2012

(Viral Joshi)
Partner
Membership No. 137686

AUDITORS' REPORT**TO THE MEMBERS OF
BLACK ROSE INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **BLACK ROSE INDUSTRIES LIMITED** as at **31ST March 2012** and also the Statement of Profit and Loss of the Company for the year ended on that date annexed thereto and the 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'Order'), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We have to further report that:
 - 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and the Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- 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, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2012**;
- (b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- (c) in the case of Cash Flow statement, of the Cash flows for the year ended on that date.

192, Dr. D. N. Road
Mumbai - 400001
Dated: 25th May, 2012

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

(Viral Joshi)
Partner
Membership No. 137686

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of assets. No material discrepancies were noticed on such verification.
- ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) 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.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956 (the Act). Accordingly sub-clauses iii(b) to iii(d) of Paragraph 4 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
- ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, service tax, wealth tax, custom duty, excise-duty, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, customs duty and excise duty were outstanding, as at 31st March, 2012 for a period of more than six months from the date they became payable except for the followings:

Nature of dues	Financial year	Amount (₹)
Income tax (A.Y 2005-06)	2004-05	154,218/-
Central Sales- tax	2007-08	68,690/-
Central Sales- tax	2008-09	175,043/-
Central Sales- tax	2009-10	74.568/-
Labour Welfare Fund	2007-08	48/-

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and bank.
- xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- xiii) The Company is not a nidhi/mutual benefit/society therefore paragraph 4(xiii) of the said order is not applicable.
- xiv) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper of transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities

have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.

- xv) As per the information and explanations given to us by the management, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- xvi) Based on the information and explanations given to us by the management, term loans were *prima facie* applied for the purpose for which the loans were obtained.
- xvii) To the best of our knowledge and belief and according to the information and explanations given to us, and on the overall examination of the balance sheet of the Company, in our opinion, funds raised on short-term basis have, *prima facie*, not been used for long term investment.
- xviii) The Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) During the period covered by our audit report, the Company has not issued debentures and therefore paragraph 4 (xix) of the said order is not applicable.
- xx) During the period covered by our audit report, the Company has not raised money by Public Issues and therefore paragraph 4 (xx) of the said order is not applicable.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

192, Dr. D. N. Road
Mumbai - 400001
Dated: 25th May, 2012

(Viral Joshi)
Partner
Membership No. 137686

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	AS AT 31.3.2012 ₹	AS AT 31.3.2011 ₹
I EQUITY AND LIABILITIES			
1 Shareholders' Funds:			
Share Capital	2	38,720,000	19,360,000
Reserves and Surplus	3	82,733,381	99,687,031
		121,453,381	119,047,031
2 Non-Current Liabilities			
Long Term Borrowings	4	60,250,925	33,378,565
Deferred Tax Liabilities (Net)	5	20,997,708	15,743,976
Long Term Provisions	6	773,091	927,203
		82,021,724	50,049,744
3 Current Liabilities			
Short Term Borrowings	7	139,847,712	127,858,613
Trade Payables	8	182,035,772	232,517,371
Other Current Liabilities	9	32,908,086	32,683,861
Short Term Provisions	10	1,676,332	3,622,609
		356,467,902	396,682,454
Total		559,943,007	565,779,229
II ASSETS			
1 Non Current Assets			
Fixed Assets			
Tangible Assets	11	87,527,087	95,403,193
Intangible Assets		55,173	-
Capital Work-in-Progress		110,413,516	45,593,415
		197,995,776	140,996,608
Non Current Investments	12	1,620,600	-
Long Term Loans and Advances	13	13,440,283	2,223,677
Other Non-Current Assets	14	670,213	733,168
		15,731,096	2,956,845
2 Current Assets			
Inventories	15	129,266,964	171,258,940
Trade Receivables	16	169,684,888	212,882,143
Cash and Bank Balances	17	10,066,602	13,070,221
Short Term Loans and Advances	18	34,781,897	22,608,964
Other Current Assets	19	2,415,784	2,005,508
		346,216,135	421,825,776
Total		559,943,007	565,779,229

Significant Accounting Policies 1

Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

VIRAL JOSHI

Partner

Membership No. 137686

Place: Mumbai

Date: May 25, 2012

For and on behalf of the Board of Directors

BASANT TODI

Director

ANUP JATIA

Director

C.P.VYAS

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	For the Year Ended 31.3.2012 ₹	For the Year Ended 31.3.2011 ₹
INCOME			
Revenue from Operations	20	809,875,026	876,003,248
Other Income	21	3,273,604	4,111,202
Total Revenue		813,148,630	880,114,450
EXPENDITURE			
Cost of Materials consumed	22	1,995,057	24,256,477
Purchase of traded goods	23	682,552,536	791,750,518
Changes in inventories of finished goods, work- in- progress and traded goods	24	41,753,163	(50,273,600)
Employee Benefits Expense	25	10,208,252	11,736,365
Finance Cost	26	18,133,807	11,636,444
Depreciation and Amortisation Expenses	27	11,330,193	11,184,864
Other Expenses	28	44,789,572	38,225,760
Total Expenditure		810,762,580	838,516,828
Profit before Tax		2,386,050	41,597,622
Less: Tax Expenses			
Current Tax		1,460,000	9,809,314
MAT Credit Entitlement of earlier years [refer note no. 34(a)]		(7,065,917)	-
Deferred Tax		5,253,731	4,318,338
Wealth Tax		24,424	12,595
Earlier years adjustments		307,462	-
		(20,300)	14,140,247
Profit for the period		2,406,350	27,457,375
Earnings per Equity Share (Nominal Value of share ₹ 1/- each)	33		
Basic		0.06	0.71
Diluted		0.06	0.71

Significant Accounting Policies 1

Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of KARNAVAT & CO.

Chartered Accountants
Firm Regn. No. 104863W

VIRAL JOSHI
Partner
Membership No. 137686

Place: Mumbai
Date: May 25, 2012

For and on behalf of the Board of Directors

BASANT TODI
Director

ANUP JATIA
Director

C.P.VYAS
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011-12 ₹	2010-11 ₹
A. Cash Flow From Operating Activities		
Net profit before tax and extraordinary items	2,386,051	41,597,622
Adjustments for:		
Depreciation	11,330,193	11,179,600
Excess provision for depreciation written back	-	-
Leasehold land written off	-	5,264
(Profit)/Loss on sale of fixed assets	-	(877)
Loss on sale of investments	-	-
Interest expenses	9,019,001	10,851,054
Interest income	(1,078,634)	(221,758)
Unrealised foreign exchange (Gain)/Loss	(390,056)	(1,621,108)
Provision for export entitlement	-	-
Provision for expenses, gratuity & leave encashment	1,749,768	2,344,653
Excess provisions written back	(22,073)	(2,116,086)
Rental income	(738,000)	(666,500)
Lease rent paid	-	5,875
Prior period items (net)	-	28,315
Sundry balances written off	38,986	230,971
Bad debts	-	-
Operating profit before working capital changes	22,295,235	61,617,025
Adjustments for:		
(Increase)/Decrease in trade and other receivables	40,132,781	(112,399,097)
(Increase)/Decrease in inventories	41,991,976	(50,597,099)
Increase/(Decrease) in trade and other payables	(52,774,139)	126,369,267
Cash generated from operating activities	51,645,852	24,990,096
Less : Direct taxes(net of refund)	5,970,284	8,491,439
Total cash generated from operating activities	45,675,568	16,498,657
Cash generated from prior period items (net)	-	(28,315)
Net cash flow from operating activities	45,675,568	16,470,342
B. Cash Flow From Investing Activities		
Sale of fixed assets	-	9,999
Purchase of fixed assets/capital work in progress	(68,329,361)	(46,822,984)
Proceeds from loan given	53,708	-
Lease rental	-	(5,875)
Interest income	1,078,634	221,758
Sale of investments	-	4,500,000
Rental income	738,000	666,500
Cash generated from investing activities	(66,459,019)	(41,430,602)
Less : Income-tax paid at source	73,800	66,650.00
Net Cash (used in) investing activities	(66,532,819)	(41,497,252)

C. Cash Flow from Financing activities

Proceeds from borrowings	26,872,360	43,798,062
Interest expenses	(9,019,001)	(10,851,054)
Net cash flow from financing activities	17,853,359	32,947,008
Net increase in cash and cash equivalents (A+B+C)	(3,003,892)	7,920,098
Cash and cash equivalent as on 1.4.2011 (Opening Balance)	13,071,698	5,151,600
Cash and cash equivalent as at 31.3.2012 (Closing Balance)	10,067,807	13,071,698

Notes:

1) Reconciliation of cash and cash equivalents

As per Balance Sheet - Schedule 7	10,066,602	13,070,221
Add: Foreign exchange loss on revaluation of foreign currency	1,205	1,477
Less: Cheque in hand	-	-
As per Cash flow statement	10,067,807	13,071,698

2) Cash and cash equivalents comprises of

a) Cash in hand	407,949	143,940
b) Bank balance in current accounts	392,614	1,566,297
c) Unpaid dividend account	95,939	-
c) In fixed deposit account	9,171,305	11,361,461
	10,067,807	13,071,698

- Direct Tax paid are treated as arising from operating activity and not bifurcated in investment and financing activities
- Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statements.
- Figures in brackets represent outflows.

As per our report of even date attached

For and on behalf of KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

VIRAL JOSHI**Partner****Membership No. 137686**

Place: Mumbai

Date: May 25, 2012

For and on behalf of the Board of Directors**BASANT TODI****Director****ANUP JATIA****Director****C.P.VYAS****Company Secretary**

Notes to Financial Statements for the year ended 31st March, 2012**1 Significant Accounting Policies****a) Nature of Operations**

The Company is engaged in manufacturing of cotton yarn, gloves, fabrics, trading in major chemicals like resorcinol, polyacrylamide etc. The company is also in the business of power generation by setting up windmills in the State of Rajasthan and Gujarat.

b) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rule, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy as explained in para 1(c) below.

c) Change in Accounting Policy**Presentation and Disclosure of Financial Statement**

During the year ended 31-03-2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

d) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

e) Tangible Fixed Assets

- (i) All Fixed Assets are stated at cost less accumulated depreciation.
- (ii) Leasehold land is amortised equally on straight-line basis over the period of lease.
- (iii) All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs (issued by ICAI) including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalised.

f) Depreciation on Tangible Fixed Assets

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956. Fixed Assets except Plant & Machinery whose Written Down Value as at the beginning of the year is less than 5% of the cost are not depreciated.

g) Intangible Assets

- (i) All intangible fixed assets are stated at cost less amortisation cost.

All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs (issued by ICAI) including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalised.

- (ii) Licensed Software is amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 5 years.

h) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

i) Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

j) Impairment of Tangible and Intangible Assets

The carrying amount of cash generating unit/assets are reviewed at Balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds recoverable amount.

k) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long Term Investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

In accordance with the Note No. 1 of Revised Schedule VI to the Companies Act, 1956, the portion of the Long Term Investments classified above, and expected to be realised within 12 months of the reporting date, have been classified as current investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

l) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) method.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

m) **Research & Development Expenditure**

Expenditure on Research & Development is charged as expense in the year in which it is incurred.

n) **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognised:

(i) **Sale of goods**

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) **Export entitlement**

Export entitlement by the way of duty draw back/DEPB are recognised as income of the year on accrual basis. In case of utilisation for import purpose the same is recognised as raw material cost in the year of import.

(iii) **Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iv) **Dividends**

Dividend income is recognised when the company's right to receive dividend is established by the reporting date.

o) **Foreign Currency Transactions and Balances**

(i) **Initial recognition**

Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

In case of foreign subsidiary, being non integral foreign operations, the assets and liabilities are translated at the closing exchange rate. Income and Expense items are translated at average exchange rates and all resulting exchange differences are accumulated in foreign exchange fluctuation reserves on consolidation.

p) **Retirement and other employee benefits**

(i) **Retirement Benefits**

Contributions to the Provident Fund are made at a pre-determined rate and charged to the statement of Profit and Loss.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented substantially by creation of separate fund and is considered sufficient to meet the liability as and when it accrues for payment in future.

(ii) **Leave Encashment**

Provision for leave encashment is made as per actuarial valuation as at the year end and is charged to the statement of Profit and Loss.

q) **Income Taxes**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date or as on date of approval of Statement of Accounts whichever is later. The deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

r) **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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

Provision involving substantial degree of estimates in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

t) **Forward exchange contracts entered into hedge foreign currency risk of an existing asset/liability**

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange difference on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

u) **Cash and Cash Equivalents**

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Notes to Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
2 Share Capital		
Authorised Shares		
80,000,000 (31st March, 2011: 80,000,000) Equity Shares of ₹ 1/- each	80,000,000	80,000,000
	80,000,000	80,000,000
Issued, Subscribed and fully paid up Shares		
38,720,000 (31st March, 2011: 19,360,000) Equity Shares of ₹ 1/- each	38,720,000	19,360,000
	38,720,000	19,360,000

**a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period
Equity Shares**

	Nos.	₹	Nos.	₹
At the beginning of the period	19,360,000	19,360,000	19,360,000	19,360,000
Add: Bonus Shares issued during the year	19,360,000	19,360,000	-	-
Outstanding at the end of the period	38,720,000	38,720,000	19,360,000	19,360,000

b) Terms/Rights attached to equity shares

The company has only one class of equity share having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share and dividend per share on pari passu basis. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors except interim dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	31.3.2012 Nos.	31.03.2011 Nos.
Holding Company		
Name of the Company		
Wedgewood Holdings Limited, Mauritius.		
Equity Shares of ₹ 1/- each fully paid	28,800,000	14,400,000
	28,800,000	14,400,000

d) Details of shareholders holding more than 5% share in the company

	Nos.	31.3.2012 % of holding	Nos.	31.03.2011 % of holding
Equity shares of ₹ 1/ each fully paid				
Name of the shareholder				
Wedgewood Holdings Limited, Mauritius	28,800,000	74.38	14,400,000	74.38

Notes to Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
3 Reserve and Surplus		
a) Capital Reserve	3,000,000	3,000,000
b) General Reserve		
Balance as per the last financial statements	25,600,000	20,600,000
Add: Amount transferred from surplus balance in the statement of profit and loss	-	5,000,000
Less : Amount utilised for issue of bonus equity shares	19,360,000	-
Closing Balance	6,240,000	25,600,000
c) Surplus in the statement of profit and loss		
Balance as per the last financial statements	71,087,031	50,879,725
Profit for the year:	2,406,350	27,457,376
Less: Appropriations		
Proposed final equity dividend (Amount per share ₹ 0.10)	-	1,936,000
Tax on proposed equity dividend	-	314,070
Transfer to general reserve	-	5,000,000
Total appropriations	-	7,250,070
Net surplus in the statement of profit and loss	73,493,381	71,087,031
Total Reserves and Surplus	82,733,381	99,687,031
4. Long Term Borrowings		
Secured		
a) Term Loans		
Loan from bank [refer note no. 4(a)(i)]	98,715	282,173
Loan from other party [refer note no. 4(a)(ii)]	30,279,781	37,008,706
Total Secured	30,378,496	37,290,879
Unsecured		
b) Deposits		
Public Deposits [refer note no. 4(b)(i)]	26,450,000	-
c) Trade Deposit from related party		
Inter Body Corporate Deposit [refer note no. 4(c)(i)]	9,200,000	-
d) Other Loans and Advances		
Interest free Inter Body Corporate Loan [refer note no. 4(d)(i)]	1,500,000	1,500,000
Interest free Security Deposits [refer note no. 4(b)(ii)]	2,000,000	1,500,000
Total Unsecured	39,150,000	3,000,000
	69,528,496	40,290,879
Less: Current maturities of long term borrowings disclosed under the head "other current liabilities" (refer note no. 9)	(9,277,571)	(6,912,314)
	60,250,925	33,378,565

Notes to Financial Statements for the year ended 31st March, 2012
Note : 4 (a)
Secured Loan
Vehicle Loan

- (i) From HDFC Bank Limited

Nature of security

Secured by hypothecation of vehicles

Rate of Interest

The rate of interest is 9.87% p.a. (P.Y. 9.87% p.a.)

Terms of Repayment

Equated monthly installment of ₹ 16,929/- commencing from 8th October, 2009 and ending on 7th September, 2012.

- (ii) Loan from other party

From Tata Capital Financial Services Limited.

Nature of security

- a) First & exclusive Charge by way of hypothecation of the Windmills along with its accessories etc. installed at Tiwri, Location No. 38, Village - Indroka, Dist - Jodhpur, Rajasthan and Location No. 311, Samana Site, Village Paddaval, Taluka - Upleta, Dist - Rajkot, Gujrat- 360 007 by mortgage of the land.
 b) First & exclusive charge by way of hypothecation on all trade receivables.
 c) Unconditional and irrevocable personal guarantee of a Executive Director, Mr.Anup Jatia.

Rate of Interest

The rate of interest varies from 13.25% p.a. to 14.75% p.a. (P.Y. 12.25% p.a. to 13.25% p.a.)

Terms of Repayment

Equated monthly installment of ₹ 560,738/- commencing from 10th October, 2010 and ending on 10th September, 2016

Note : 4 (b)

	31.3.2012 ₹	31.3.2011 ₹
(i) Unsecured Loan		
Public Deposits		
Received from related party.(refer note no. 31)	21,500,000	-
Received from other parties	4,950,000	-
	26,450,000	-
<u>Rate of Interest</u>		
The rate of interest is 12.50% p.a. (P.Y. NIL)		
<u>Terms of Repayment</u>		
Repayable after 1 year but before 2 years on maturity.	4,950,000	-
Repayable on or after 21.03.2015 on maturity.	21,500,000	-
	26,450,000	-

Note No. : 4(c)

- (i) **Trade Deposit from related party**

Inter Body Corporate Deposit

Black Rose Trading Private Limited

Rate of Interest

The rate of interest is Nil (P.Y. Nil)

Terms of Repayment

Repayable anytime on or after 16.2.2014 but before 16.2.2015

9,200,000

Notes to Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
Note No : 4(d)		
Other Loans and Advances		
(i) Interest free Inter Body Corporate Loan		
Dhanani International Private Limited	1,500,000	-
<u>Terms of Repayment</u>		
Repayable anytime on or after 6.4.2014		
(ii) Interest Free Security Deposits		
Received from related party. (refer note no. 31)	1,500,000	-
Received from other party	500,000	-
	2,000,000	-
5 Deferred Tax Liabilities (Net)		
(Disclosure as per AS-22)		
<u>Items leading to deferred tax liability</u>		
Difference in depreciation in block of fixed assets as per tax books and financials books	(21,823,432)	(16,572,456)
<u>Items leading to deferred tax assets</u>		
Disallowances u/s 43B and 40 A(7) of the Income-tax Act, 1961	825,724	828,480
Net (Deferred Tax Liability)	(20,997,708)	(15,743,976)
The amount of deffered tax liability charged to statement of profit and loss is ₹ 5,253,731 (P.Y. ₹ 4,318,338/-)		
6 Long Term Provisions		
Provisions for employees benefits		
Provision for gratuity (refer note no. 29)	656,393	844,653
Provisions for leave benefits (refer note no. 29)	116,698	82,550
	773,091	927,203
7. Short Term Borrowings		
a) Secured [refer note no. 7(a)(i)]		
<u>Repayable on demand</u>		
Cash Credit from banks	50,923,927	73,953,095
Short Term Working Capital Demand Loan from Bank	10,000,000	10,000,000
Trade Credit	78,923,785	43,905,518
	139,847,712	127,858,613
Note No : 7(a)(i)		
<u>Secured</u>		
Cash Credit from ING Vysya Bank Limited	20,800,186	-
Cash Credit from Yes Bank	30,123,742	-
	50,923,928	-

Notes to Financial Statements for the year ended 31st March, 2012
Nature of security

Hypothecation of stocks and book debts of the company, present and future, and pledge of office premises and corporate guarantee of Black Rose Trading Private Limited. The above charges rank pari passu for all intents and purposes.

Rate of Interest

The rate of interest for above loan is 12.25% to 14.45 % (P.Y. 11% to 13%)

	31.3.2012 ₹	31.3.2011 ₹
8 Trade payables		
Trade payables (Refer note no. 39)	182,035,772	232,517,371
	182,035,772	232,517,371
9 Other Current Liabilities		
Current maturities of long term borrowings (refer note no. 4)	9,277,571	6,912,314
Interest accrued but not due on borrowings	231,267	283,056
Interest accrued and due on borrowings (including deposits from public)	3,697,767	3,277,500
Unpaid Dividend *	95,939	-
Foreign Currency Forward Contract Payable (Net)	951,412	-
Payable for expenses	15,382,710	17,852,469
Other non-trade liabilities	81,007	823,863
Advance from Customers	406,936	389,204
VAT / CST Payable	1,992,527	2,141,331
TDS payable	782,072	992,942
Rates and Taxes payable	8,877	11,182
	32,908,086	32,683,861
* Amount due to be credited to Investor Education and Protection Fund is ₹ Nil		
10 Short Term Provisions		
Provisions for employee benefits		
Salary and Reimbursements	1,319,006	1,118,502
Contribution to Provident Fund	125,310	92,288
Gratuity	177,045	-
Leave encashment	54,971	6,500
Others		
Proposed equity dividend	-	1,936,000
Provision for tax on proposed equity dividend	-	314,070
Provision for taxes (net of advance tax paid and)		155,249
	1,676,332	3,622,609

Notes to Financial Statements for the year ended 31st March, 2012

11 Fixed Assets

(Amount in ₹)

Particular	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 01.04.2011	Additions / Disposals	Cost as at 31.03.2012	As at 01.04.2011	For the year	Adjustment on Disposals	Cost as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS									
Leasehold Land [refer note no. 11(a)]	417,100	-	417,100	-	5,264	-	5,264	411,836	417,100
Factory Building *	20,990,123	170,003	21,160,126	12,858,943	704,283	-	13,563,226	7,596,900	8,131,180
Office Equipments	488,373	429,649	918,022	164,364	33,786	-	198,150	719,872	324,009
Electric Installation	4,999,194	-	4,999,194	4,434,473	237,462	-	4,671,935	327,259	564,721
Factory Equipments	305,388	-	305,388	260,330	14,506	-	274,836	30,552	45,058
Plant & Machinery	3,217,903	1,230,206	4,448,109	2,274,652	91,101	-	2,365,753	2,082,356	943,251
Furniture & Fittings	2,173,083	1,456,119	3,629,202	1,467,802	102,932	-	1,570,734	2,058,468	705,281
Computers	2,303,142	148,698	2,451,840	993,248	322,003	-	1,315,251	1,136,589	1,309,894
Vehicles	8,076,570	-	8,076,570	2,351,971	767,275	-	3,119,246	4,957,324	5,724,599
Wind Mills [refer note no 11(b)]	87,351,734	-	87,351,734	10,113,634	9,032,169	-	19,145,803	68,205,931	77,238,100
Total (A)	130,322,610	3,434,675	133,757,285	34,919,417	11,310,781	-	46,230,198	87,527,087	95,403,193
INTANGIBLE ASSETS									
Software	-	74,585	74,585	-	19,412	-	19,412	55,173	-
Total (B)	-	74,585	74,585	-	19,412	-	19,412	55,173	-
Total (A+B)	130,322,610	3,509,260	133,831,870	34,919,417	11,330,193	-	46,249,610	87,582,260	95,403,193
Previous Year	129,137,305	1,185,305	130,322,610	23,769,695	11,179,600	29,878	34,919,417	95,403,193	-
CAPITAL WORK-IN-PROGRESS	-	-	-	-	-	-	-	110,413,516	45,593,415

Note No. 11(a)

Leasehold land cost is stated at balance of original cost less amount amortised upto 31.03.2011

Note No. 11(b)

Depreciation on Wind Mills is provided on Triple Shift Basis

* Including part of Factory Building given on lease.

Notes to Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
12 Non Current Investments		
Trade Investments (valued at cost unless stated otherwise) Unquoted.		
Investment in Wholly-owned foreign subsidiary 60 (P.Y. NIL) Capital Stock of JPY 50,000 each fully paid up in B.R.Chemicals Co., Ltd., Osaka Japan	1,620,600	-
	1,620,600	-
Aggregate amount of Unquoted Investments	1,620,600	-
13 Long Term Loans and Advances		
Other Loans and Advances		
(Unsecured, considered good)		
Advance Income Tax (Net of provision for taxation)	2,751,188	-
MAT Credit Entitlement [refer Note no. 34(a) & 34(b)]	8,362,380	-
Loans to Employee	880,000	-
Loans due by Officers of the company	250,000	-
Advances to other parties	1,196,715	2,223,677
	13,440,283	2,223,677
14 Other Non-Current Assets		
Fixed deposits with Bank [refer note no.17]	-	70,494
(Out of above ₹ 10,000/- deposit given against bank guarantee)		
Duty Drawback receivable	670,213	662,674
	670,213	733,168
15 Inventories		
(valued at lower of cost or net realisable value)		
(As certified by the management)		
Raw Materials and components (includes in transit ₹ Nil (31st March, 2011 - ₹ Nil) [refer note no. 22(a)(ii)]	156,280	395,094
Work-in-progress [refer note no. 24(a)(ii)]	1,524,202	3,640,306
Finished Goods [refer note no. 24(a)(iii)]	1,234,912	496,055
Traded Goods (includes in transit ₹ 34,836,198/- (31st March, 2011 - ₹ 46,566,408/-) [refer note no. 24(a)(i)]	126,273,965	166,649,879
Stores and spares	77,604	77,604
	129,266,964	171,258,940

Notes to Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
16 Trade receivable [refer note no. 16(a)]		
Unsecured, Considered good unless stated otherwise :		
Outstanding for a period exceeding six months from the date they are due for payment	6,828,651	2,698,413
Others	162,856,237	210,183,730
Doubtful	862,139	862,139
	<u>170,547,027</u>	<u>213,744,282</u>
Allowances for doubtful receivables	(862,139)	(862,139)
	<u>169,684,888</u>	<u>212,882,143</u>
 Note No : 16 (a)		
Of the above amount shown in others trade receivables includes, amount due from companies in which company's director is interested as director		
Black Rose Trading Private Limited	13,032,038	423,281
Tozai Safety Private Limited	2,150,170	1,295,075
Tozai Enterprises Private Limited	260,347	-
Accent Industries Limited	511,970	446,269
	<u>15,954,525</u>	<u>2,164,625</u>
 17 Cash and Bank Balances		
Cash and Cash equivalents		
Cash on hand	406,743	142,463
Other Bank Balances		
In Current Accounts	392,614	1,566,297
In Unpaid dividend account	95,939	-
In Fixed Deposits account		
Deposits with original maturity for more than 3 months but less than 12 months*	9,171,305	11,361,460
Deposits with original maturity for more than 12 months	-	70,494
	<u>10,066,602</u>	<u>13,140,715</u>
Less: Amount disclosed under non-current assets		
Deposit with original maturity of more than 12 months (refer note no. 14)	-	(70,494)
	<u>10,066,602</u>	<u>13,070,221</u>

* Out of the above Fixed Deposit amount of ₹ 9,171,305/ deposit of ₹ 7,910,993/- (31st March, 2011 - ₹ 4,390,552/-) are given as Margin money for Trade Credit and L/C facilities.

Notes to Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
18 Short Term Loans and Advances		
Unsecured, considered good unless otherwise stated		
Capital Advances	10,356,058	-
Security Deposit to Government authorities and others	1,553,121	495,350
Security Deposit to related parties	1,650,000	1,650,000
Advances recoverable in cash or kind or for value to be received	7,071,104	3,433,877
Other Loans and Advances		
Prepaid Expenses	2,421,628	1,724,203
Balances with Statutory Government authorities	4,400,579	5,818,228
Inter Body Corporate loan	4,804,358	4,400,000
Loans and advances to staff	92,050	979,000
Loans and advances to other parties	2,433,000	1,910,000
Advance for incorporation of a wholly owned subsidiary company *	-	1,620,600
Loans and Advances to a officer of the company	577,706	
	34,781,897	22,608,964
* Advance given converted into investments in subsidiary company on incorporation in current year		
19 Other Current Assets		
Unsecured, considered good unless otherwise stated		
Unamortised Expenditure		
Unamortized premium on forward contract in foreign currency	549,590	4,752
	549,590	4,752
Other Assets		
Interest accrued but not due on Bank Deposits	554,519	174,021
Interest accrued and due on Loans	828,275	727,546
Interest accrued on Security Deposits with MSEB	15,228	16,920
Import Entitlements	468,172	1,082,269
	1,866,194	2,000,756
	2,415,784	2,005,508

Notes to Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
20 Revenue from Operations		
a) Sale of products [refer note no. 20(a)(i)]		
Finished Goods	17,925,992	46,059,719
Traded Goods	789,810,524	826,338,227
	807,736,516	872,397,947
b) Other Operating Revenue		
Dividend on Traded Shares	8,600	60,509
Export Entitlement	181,416	40,569
Profit on derivative transactions in foreign currency	766,019	-
Exchange difference (net) - other than considered as finance cost [refer note no. 20(a)(ii)]	-	2,568,045
Commission	1,182,475	936,179
	2,138,510	3,605,302
Revenue from Operations	809,875,026	876,003,248
Note No. 20(a)(i)		
Details of Products sold		
Finished Goods Sold		-
Chemicals		-
Textiles	6,155,682	35,872,143
Wind Energy	11,753,910	10,145,999
Others	16,400	41,577
	17,925,992	46,059,719
Trade Goods Sold		
Chemicals	784,125,556	810,418,755
Textiles	3,891,009	792,419
Others	1,793,959	15,127,054
	789,810,524	826,338,228
	807,736,516	872,397,947

Note No. 20(a)(ii)

The company is of the view that exchange difference on realisation / translation of receivables and payables are integral part of the normal business activities and hence is shown under other operating income

Notes to Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
21 Other Income		
Interest income		
From Bank	964,795	440,313
From Others	1,548,736	855,316
	2,513,531	1,295,629
Prior Period income	-	4,340
Profit on sale of fixed assets	-	877
Other non-operating income (net of expenses directly attributable to such income ₹ Nil (31st March, 2011 - ₹ Nil)	760,073	2,810,356
	3,273,604	4,111,202
22 Cost of Materials Consumed [refer note no. 22(a)]		
Inventory at the beginning of the year	395,094	60,069
Less: Transfer to Purchase of Traded Goods (refer note no. 23)	53,028	-
	342,066	60,069
Add: Purchases	1,809,271	24,591,502
	2,151,337	24,651,571
Less: Inventory at the end of the year	156,280	395,094
	1,995,057	24,256,477
Note No. 22(a)		
(i) Details of Materials consumed		
Raw Cotton	-	17,550,741
Yarn	1,942,582	6,688,011
Fabrics	44,619	-
Others	7,856	17,725
	1,995,057	24,256,477
(ii) Details of Inventory of raw materials		
Yarn	1,874	159,499
Fabric	154,406	174,711
Chemical	-	60,884
	156,280	395,094
23 Purchase of Traded Goods		
Chemicals	675,829,038	787,642,547
Textiles	5,270,752	1,105,563
Others	1,399,718	3,002,408
	682,499,508	791,750,518
Add: Stock of chemical traded transferred from inventory of raw materials (refer note no. 22)	53,028	-
	682,552,536	791,750,518

Notes to Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
24 (Increase)/Decrease in Inventories		
Opening Traded Goods	166,649,880	119,320,703
Closing Traded Goods [refer note no. 24(a)(i)]	126,273,965	166,649,880
	<u>40,375,915</u>	<u>(47,329,177)</u>
Opening Work-in-progress	3,640,306	743,685
Closing Work-in-progress [refer note no. 24(a)(ii)]	1,524,202	3,640,306
	<u>2,116,104</u>	<u>(2,896,621)</u>
Opening Finished Goods	496,055	448,253
Closing Finished Goods [refer note no. 24(a)(iii)]	1,234,912	496,055
	<u>(738,857)</u>	<u>(47,802)</u>
Total (Increase)/Decrease in Inventories	<u>41,753,163</u>	<u>(50,273,600)</u>
Note No. 24(a)		
Details of inventories at the end of the year		
(i) Traded Goods		
Chemicals	120,228,896	161,181,837
Textiles	2,291,151	505,943
Others	3,753,918	4,962,100
	<u>126,273,965</u>	<u>166,649,880</u>
(ii) Work-in-progress		
Textiles	1,524,202	3,640,306
	<u>1,524,202</u>	<u>3,640,306</u>
(iii) Finished Goods		
Textiles	1,233,909	496,055
Others	1,003	-
	<u>1,234,912</u>	<u>496,055</u>
25 Employee Benefit expenses		
Salaries, Wages and Bonus	9,387,247	10,651,808
Contribution to Provident fund and other funds	566,981	522,454
Gratuity expenses (refer note no. 29)	-	378,702
Staff Welfare expenses	254,024	183,401
	<u>10,208,252</u>	<u>11,736,365</u>
26 Finance Costs		
Interest on borrowings	8,857,938	10,699,592
Bill Discounting Charges	358,552	259,065
Bank Charges on facilities	395,833	677,787
Applicable loss on foreign currency transactions and translation	8,521,484	-
	<u>18,133,807</u>	<u>11,636,444</u>

Notes to Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
27 Depreciation and Amortisation Expenses		
Depreciation of Tangible Assets	11,305,517	11,179,600
Amortisation of Tangible Assets	5,264	5,264
Amortisation of Intangible Assets	19,412	-
	11,330,193	11,184,864
28 Other Expenses		
Power and Fuel	401,180	283,204
Rent	1,993,815	1,541,375
Rates and Taxes	182,508	190,037
Insurance	821,225	703,595
Repairs and Maintenance		
Plant and Machinery	26,788	44,658
Buildings	235,851	234,733
Others	105,299	80,988
Legal and Professional fees	1,369,956	3,218,461
Payment to auditor [Note No. 28(a)]	232,751	196,899
Exchange difference (net) other than considered in finance cost	13,736,660	-
Sundry Balance written off	37,095	193,405
Prior Period items	-	32,655
Freight and forwarding charges	486,870	894,515
Selling & Distribution expenses	4,101,302	4,335,970
Brokerage expenses	4,128,448	5,926,083
Windmill Maintenance Charges	110,300	-
Travelling and Conveyance	2,798,458	3,034,980
Communication costs	1,171,700	1,122,683
Printing and Stationery	259,769	272,146
Product customisation research expenses	500,000	-
Labour and Jobwork Charges	1,846,027	5,070,239
Packing Material consumed	343,666	625,045
Export expenses	989,544	1,346,460
Security Charges	-	40,280
Corporate office expenses	719,439	361,532
Warehousing Charges	2,320,554	1,446,492

Notes to Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012	For the year ended 31.3.2011
	₹	₹
Vehicle expenses	826,463	1,010,895
Share Trading expenses	4,176	25,597
Bonus Share Issue expenses	472,386	-
Donation	61,000	93,500
Sales Tax	-	243,934
Bank Charges	2,146,812	2,234,142
Logistics expenses	758,834	1,920,582
Miscellaneous expenses	1,600,697	1,500,675
	<u>44,789,572</u>	<u>38,225,760</u>
Note No. : 28(a)		
Details of Payment to Auditor		
As Auditor		
Audit Fees	50,000	65,000
Tax Audit Fees	20,000	20,000
Limited Review	30,000	36,265
In Other capacity		
Certification Fees	72,396	30,546
Reimbursement of expenses including service tax	20,647	18,616
	<u>193,043</u>	<u>170,427</u>
Cost Auditor		
As Audit fees	36,000	24,000
Reimbursement of service tax	3,708	2,472
	<u>39,708</u>	<u>26,472</u>
	<u>232,751</u>	<u>196,899</u>

Notes to Financial Statements for the year ended 31st March, 2012
29 Disclosures as per AS - 15 (Revised) - Employee Benefits

	31st March, 2012	31st March, 2011
	₹	₹
Gratuity and other post employment benefit plans		
(a) The gratuity charged to the statement of profit and loss for the year includes provision as per the actuarial valuation as per the requirement of Accounting Standard 15 - (Revised) as notified under Companies (Accounting Standards) Rules, 2006 as well as payment made for the year towards gratuity.		
The actuarial valuation is done at the year end using 'Projected Cost Unit' method and it covers all regular employees.		
The following table sets out the status of the gratuity plan as required under AS - 15 (Revised) (As certified by actuary)		
(i) Obligation at beginning of the year	844,653	517,874
Service cost	163,621	99,711
Interest Cost	69,684	47,330
Benefits settled	-	(51,923)
Actuarial (gains)/losses	(244,520)	231,661
Obligation at end of the year	833,438	844,653
(ii) Expenses/(Income) recognised in Statement of Profit & Loss		
Service cost	163,621	99,711
Interest cost	69,684	47,330
Actuarial (gain) / loss	(244,520)	231,661
Net gratuity cost	(11,215)	378,702
(iii) Amount recognised in Balance Sheet		
Liability at the end of the period	833,438	844,653
Difference	(833,438)	(844,653)
Net amount recognised in Balance Sheet	(833,438)	(844,653)
(iv) Assumptions		
Interest Cost	8.75%	8.25%
Salary Increase	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Retirement age	58 years	60 years
(b) Provision for leave salary has been made on actuarial valuation as per the requirement of Revised Accounting Standard 15		

(c) The above actuarial valuation does not include gratuity and leave salary payable to executive director Mr. Anup Jatia.

(Amount in lacs)

30 Segment Accounting (AS - 17)

	31st March, 2012	31st March, 2011
The Company's segment reporting are as follows	₹	₹
SEGMENT REVENUE		
Sales/Income		
Textiles	109.71	366.65
Chemicals	7,862.90	8,114.36
Renewable Energy	117.53	101.46
Others	8.61	151.88
Total Segment Revenue	8,098.75	8,734.35
SEGMENT RESULTS		
Profit before interest and tax		
Textiles	0.02	80.30
Chemicals	327.44	604.52
Renewable Energy	22.35	(4.43)
Others	(4.73)	12.63
Total Segment Results	345.08	693.02
Less: Finance Cost	181.35	116.37
Other unallocable expenses net off unallocable income	139.87	160.68
Total Profit before Tax	23.86	415.98
CAPITAL EMPLOYED		
Segment Assets less Segment Liabilities		
Textiles	263.12	205.60
Chemicals	1,088.74	1,337.40
Renewable Energy	408.46	413.30
Add: Unallocable corporate assets net off unallocable corporate liabilities	64.44	99.02
Total Capital Employed	1,824.76	2,055.32

31 Disclosure of Related Party Transactions (In accordance with AS-18 and as required by clause 32 of listing agreement with the stock exchange)

(As certified by the Management and relied upon by the Auditors.)

a) Information about related parties :

List of related parties and relationships:

Holding company	Wedgewood Holdings Limited Mauritius
Wholly-owned foreign subsidiary company	B.R.Chemicals Co., Ltd., Osaka, Japan
Key Management Personnel	Shri Anup Jatia - Executive Director

- | | |
|---|--|
| iii) Enterprises owned or significantly influenced by any management personnel or their relatives | 1) Black Rose Trading Private Limited
2) Tozai Safety Private Limited
3) Tozai Enterprises Private Limited
4) Accent Industries Limited
5) Fukui Accent Trading (India) Private Limited
6) Wedgewood Holdings LLP (w.e.f. 13-04-2011) |
|---|--|

b) Related parties transactions

Nature of Transactions	Holding Co.	Subsidiary Co.	Key Management Personnel	Other related parties as in 31(a)(iii)
Sales	-	-	-	63,419,969
	-	-	-	(26,875,464)
Purchase	-	-	-	157,753
	-	-	-	(11,070,942)
Rent Paid	-	-	36,000	480,000
	-	-	(36,000)	(550,000)
Directors Remuneration	-	-	3,000,000	-
	-	-	(3,000,000)	-
Interest Paid	-	-	14,384	879,188
	-	-	-	-
Rent Received	-	-	-	738,000
	-	-	-	(666,500)
Unsecured Deposit Received	-	-	10,500,000	11,000,000
	-	-	-	-
Trade Deposit Received	-	-	-	9,200,000
	-	-	-	-
Reimbursement of Expenses Paid	-	-	-	1,118,768
	-	-	-	(204,345)
Reimbursement of Expenses Received	-	-	-	2,758,041
	-	-	-	(2,139,964)
Payment of dividend for F.Y.2010-11	1,440,000	-	-	-
	-	-	-	-
Advance given for incorporation, earlier converted into investment	-	1,620,600	-	-
Balance as at 31st March, 2012				
Security Deposit Payable	-	-	-	1,500,000
	-	-	-	(1,500,000)
Trade Receivables	-	-	-	17,540,238
	-	-	-	(2,198,249)
Trade Payables	-	-	8,456	272,540
	-	-	(36,000)	(9,446,394)
Unsecured Deposit Payable	-	-	10,500,000	11,000,000
	-	-	-	-
Trade Deposit Payable	-	-	-	9,200,000
	-	-	-	-
Interest Payable (Net of T.D.S.)	-	-	12,946	214,899

Note : Figures of previous year are given in brackets.

32 Leases (AS - 19)

(a) The company has given part of its lease hold factory building on operating lease basis for a period of 5 years. The lease agreement is of non-cancellable in nature and renewable at the end of the expiry period at the option of both the lessor and the lessee, and there are no exceptional/restrictive covenants in the lease agreements. There is no contingent rent.

(b) Particulars of Asset given on lease

	31st March, 2012 ₹	31st March, 2011 ₹
Assets - Factory Building		
Gross carrying amount at the end of the year	21,160,126	20,990,123
Accumulated depreciation at the end of the year	13,563,227	12,858,944
Depreciation charged to statement of profit and loss for the period	704,283	701,070

Note : The figures given above are for whole of the asset as per books of account and not for the part area of the asset given on lease.

(c) The lease rental recognised income in the statement of profit and loss during the current financial year is ₹ 732,000/-

(d) Future minimum rentals receivable under non-cancellable operating leases are as follows:

	31st March, 2012 ₹	31st March, 2011 ₹
Not later than one year	732,000	666,500
Later than one year and not later than five years	<u>3,690,000</u>	<u>-</u>
	4,422,000	666,500

33 Earnings per share (AS - 20)

	31st March, 2012 ₹	31st March, 2011 ₹
Details of the profit and No. of Equity Shares used in the basic and diluted EPS computations		
Total operation for the year		
Profit after tax	2,406,350	27,457,375
Weighted average number of shares outstanding at the year end.		
	Nos.	Nos.
Equity shares outstanding at the beginning of the year	19,360,000	19,360,000
Bonus Equity shares issued in the ratio of 1:1 during the current year	19,360,000	-
Total adjusted Weighted average Equity shares outstanding at the end of the previous year	-	38,720,000
Total Weighted average Equity shares outstanding at the end of the current year	38,720,000	-
Basic and diluted earnings per share		
(Refer Note No. 33 (a) below)	₹ 0.06	₹ 0.71
Face value per share	₹ 1	₹ 1

Note No. 33(a)

Pursuant to the issue of bonus equity shares during the current year, the earnings per share (EPS) for the previous year has been adjusted as per para 22 of the Accounting Standard - 20, Earning per Share as under:

- (a) In Numerator the amount is taken as profit for the previous year.
- (b) In Denominator the weighted average No. of equity shares outstanding at the end of the previous year has been adjusted by increasing the No. of equity shares by the No. of bonus shares issued as if the event had occurred at the beginning of the earliest period reported.
- 34** (a) During the year the company has in accordance with Guidance Note No. 22 on Accounting for Credit available in respect of Minimum Alternate Tax paid under section 115JB. The Income of the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India, has accounted for MAT Credit Entitlement available in respect of earlier years of ₹ 7,065,917/- on revision of computation of tax by crediting to the statement of Profit and Loss and adding to MAT Credit Entitlement appearing as an asset under the head other long term loans and advances (Note No. : 13)
- (b) During the year the company has in accordance with Guidance Note No. 22 on Accounting for Credit available in respect of Minimum Alternate Tax paid under section 115JB of the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India has made provision for Income-Tax after taking available MAT credit of ₹ 973,223/- paid u/s 115JB of the Income tax Act, 1961 in the earlier years and accordingly the availed amount had been deducted from openingn MAT Credit Entitlement of ₹ 8,362,380/- appearing as an asset under the head other long term loans and advances (Note No. 13)
- 35** Based on exercise of impairment of assets undertaken by the management in due cognisance of paragraphs 5 to 13 of AS 28. The Company has concluded that no impaired loss is required to be booked.
- 36** Contingent liabilities not provided for in respect of :
- (i) Custom duty demand of ₹ 1,488,943/- for which the company has preferred appeal (P.Y. ₹ 1,488,943/-)
- (ii) Income Tax demand relating to Assessment year 2005-06 for which the company has preferred appeal with the higher authorities C.Y. ₹ Nil (P.Y. ₹ 308,436/-)
- (iii) Bank Guarantee given to Government authorities ₹ 15,000/- (P.Y. ₹ 15,000/-)
- (iv) Central Sales Tax liability of ₹ 849,750/- in respect of financial year 2010-11 as per MVAT Audit completed in the current financial year, as the said liability is on account of non receipt of 'C' forms from various payable customers and the company is awaiting the receipt of said forms. The liabilities if any will be accounted in the books of account in the year in which the final liability is determined.

37 Capital and other commitments

	31st March, 2012	31st March, 2011
	₹	₹
Capital commitment not provided for (net of advances of ₹ 10,356,058/-)	<u>81,484,406</u>	<u>13,457,500</u>

38 Capitalisation of Expenditure

During the year, the company has capitalised the following revenue expenses and debited to profit and loss to capital work-in-progress (CWIP) account for its on going project at Jhagadia, Gujarat.

Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the company.

	31st March, 2012	31st March, 2011
	₹	₹
Interest	10,542,037	483,763
Project related Expenses	54,315,940	23,410,903
	64,857,977	23,894,666

39 The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act has not been given.

40 Value of Imports calculated on CIF basis

	31st March, 2012	31st March, 2011
	₹	₹
Raw Materials	-	17,014,751
Components and Spare parts	-	5,582
Capital Goods	772,455	733,200
	772,455	17,753,533

41 Expenditure in Foreign Currency

	31st March, 2012	31st March, 2011
	₹	₹
Interest on short term borrowings	1,285,050	413,322
Travelling and others	326,428	133,552

42 Imported and indigenous raw materials, components consumed:

	% of total consumption 31st March, 2012	Value 31st March, 2012 ₹	% of total consumption 31st March, 2011	Value 31st March, 2011 ₹
Raw Materials				
Imported	-	-	72	17,550,741
Indigenously obtained	100	1,995,057	28	6,705,736
	100	1,995,057	100	24,256,477
		31st March, 2012		31st March, 2011
		₹		₹

43 Net Dividend remitted in Foreign Exchange

Year of remittance (2011)	1,440,000	-
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Note :

- (i) Total No. of such Non Resident Shareholder - 1
- (ii) Total No. of shares held by such Shareholder eligible for dividend - 14,400,000
- (iii) Dividend related to the financial year - 2010-11

44 Earnings in foreign currency

	31st March, 2012 ₹	31st March, 2011 ₹
Exports at F.O.B. Value	17,966,856	40,340,168
Commission Income	1,158,708	936,178
	<u>19,125,564</u>	<u>41,276,346</u>

45. Details of Derivative instruments and unhedged foreign currency exposure**a) Derivatives outstanding as at the balance sheet date**

Particulars	Purpose
Forward contract to sell (In US\$)	
₹ 3,854,160/- (31st March, 2011: ₹ 9,446,280/-)	For Hedging of foreign currency sales
No.of contract - 3 (P.Y. 6 Nos.)	
Forward contract to buy (In US\$)	
₹ 54,111,948/- (31st March, 2011: ₹ 26,307,890/-)	For Hedging of foreign currency purchases
No.of contract - 24 (P.Y. 5 Nos.)	

b) Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	
Trade Payable (US\$)	₹ 129,032,647/- (31st March, 2011: ₹ 136,546,825/-)
Secured Trade Credit (US\$)	₹ 40,764,852/- (31st March, 2011: ₹ 9,009,869/-)
Trade receivable (US\$)	₹ 1,548,126/- (31st March, 2011: ₹ - NIL)

46 The amount of Deferred Premium/Discount on Foreign Exchange Forward Contract to be recognised in Statement of Profit & Loss in the subsequent year is ₹ 668,269/- (Previous Year - ₹ 20,882/-)

47 The balances of debtors, creditors and deposits are subject to confirmation and reconciliation.

48 Previous year figures

Till the year ended 31st March 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012 the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date attached

For and on behalf of KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

VIRAL JOSHI

Partner

Membership No. 137686

Place: Mumbai

Date: May 25, 2012

For and on behalf of the Board of Directors

BASANT TODI

Director

ANUP JATIA

Director

C.P.VYAS

Company Secretary

Information regarding Subsidiary Company for the Financial Year ended 31st March, 2012

Sr. No.	Particulars	Name of Subsidiary Company B.R. Chemicals Co., Ltd.	
1	Financial year ending on		31.3.2012
2	Currency		JPY (¥)
3	Exchange Rate on the last date of financial year	₹	0.6134
4	Extent of holdings in Subsidiary Company	%	100
5	No. of Shares		60
			₹ in lacs
6	Share Capital		16.21
7	Reserves		(2.68)
8	Liabilities		0.31
9	Total Liabilities		13.84
10	Total Assets		13.84
11	Investments		-
12	Turnover		1,241.92
13	Loss before Taxation		4.76
14	Provision for Taxation		-
15	Loss after Taxation		4.76
16	Interim Dividend		-
17	Proposed Dividend		-

As per our report of even date attached
For and on behalf of KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

VIRAL JOSHI
Partner
Membership No. 137686

Place: Mumbai
Date: May 25, 2012

For and on behalf of the Board of Directors

BASANT TODI
Director

ANUP JATIA
Director

C.P.VYAS
Company Secretary

AUDITORS' REPORT**TO THE MEMBERS OF****BLACK ROSE INDUSTRIES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **BLACK ROSE INDUSTRIES LIMITED** ('the Company') and its subsidiary (together referred to as "Group") as at **31st March, 2012** the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. The consolidated financial statements include financial statements of one foreign subsidiary Company. These Consolidated financial statements are the responsibility of Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statement of one foreign subsidiary Company, whose financial statements reflect total assets of ₹1,383,960/- as at 31st March, 2012, total revenue of ₹ 124,233,187/- and net loss amounting to ₹ 475,551/-. These financial statements have not been audited and our opinion in so far as it relates to the amounts included in respect of this subsidiary is based solely on the information and explanation provided by the management.
4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 - "Consolidated Financial Statements" as prescribed under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the auditors reports on separate financial statements, in our opinion and to the best of our information and according to the explanation given to us, the said Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs as at March 31, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the **profit** for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the Cash flows for the year ended on that date.

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

192, Dr. D. N. Road
Mumbai - 400001
Dated: 25th May, 2012

(Viral Joshi)
Partner
Membership No. 137686

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	AS AT 31.3.2012 ₹	AS AT 31.3.2011 ₹
I EQUITY AND LIABILITIES			
1 Shareholders' Fund			
Share Capital	2	38,720,000	19,360,000
Reserves and Surplus	3	82,465,483	99,687,031
		121,185,483	119,047,031
2 Non-Current Liabilities			
Long Term Borrowings	4	60,250,925	33,378,565
Deferred Tax Liabilities (Net)	5	20,997,708	15,743,976
Long Term Provisions	6	773,091	927,203
		82,021,724	50,049,744
3 Current Liabilities			
Short Term Borrowings	7	139,847,712	127,858,613
Trade Payables	8	182,035,772	232,517,371
Other Current Liabilities	9	32,939,344	32,683,861
Short Term Provisions	10	1,676,332	3,622,609
		356,499,160	396,682,454
Total		559,706,367	565,779,229
II ASSETS			
1 Non Current Assets			
Fixed Assets	11		
Tangible Assets		87,527,087	95,403,193
Intangible Assets		55,173	-
Capital Work-in-Progress		110,413,516	45,593,415
		197,995,776	140,996,608
Long Term Loans and Advances	12	13,440,283	2,223,677
Other Non-Current Assets	13	670,213	733,168
		14,110,496	2,956,845
2 Current Assets			
Inventories	14	129,266,964	171,258,940
Trade Receivables	15	169,684,888	212,882,143
Cash and Bank Balances	16	10,962,815	13,070,221
Short Term Loans and Advances	17	34,781,897	22,608,964
Other Current Assets	18	2,903,531	2,005,508
		347,600,095	421,825,776
Total		559,706,367	565,779,229

Significant Accounting Policies 1

Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

VIRAL JOSHI
Partner
Membership No. 137686

Place: Mumbai
Date: May 25, 2012

For and on behalf of the Board of Directors

BASANT TODI
Director

ANUP JATIA
Director

C.P.VYAS
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	For the Year Ended 31.3.2012 ₹	For the Year Ended 31.3.2011 ₹
INCOME			
Revenue from Operations	19	934,067,156	876,003,248
Other Income	20	3,273,827	4,111,202
Total Revenue		937,340,983	880,114,450
EXPENDITURE			
Cost of Materials consumed	21	1,995,057	24,256,477
Purchase of traded goods	22	801,159,308	791,750,518
Changes in inventories of finished goods, work- in- progress and traded goods	23	41,753,163	(50,273,600)
Employee Benefits Expense	24	12,942,614	11,736,365
Finance Cost	25	18,133,807	11,636,444
Depreciation and Amortization Expenses	26	11,330,193	11,184,864
Other Expenses	27	48,116,341	38,225,760
Total Expenditure		935,430,483	838,516,828
Profit before Tax		1,910,500	41,597,622
Less: Tax Expenses			
Current Tax		1,460,000	9,809,314
MAT Credit Entitlement of earlier years [refer note no. 33(a)]		(7,065,917)	-
Deferred Tax		5,253,731	4,318,338
Wealth Tax		24,424	12,595
Earlier years adjustments		307,462	-
		(20,300)	14,140,247
Profit for the period		1,930,800	27,457,375
Earnings per Equity Share (Nominal Value of share ₹ 1/- each fully paid up)	32		
Basic		0.05	0.71
Diluted		0.05	0.71

Significant Accounting Policies 1

Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

VIRAL JOSHI

Partner

Membership No. 137686

Place: Mumbai

Date: May 25, 2012

For and on behalf of the Board of Directors

BASANT TODI

Director

ANUP JATIA

Director

C.P.VYAS

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011-12 ₹	2010-11 ₹
A. Cash Flow From Operating Activities		
Net profit before tax and extraordinary items	1,910,500	41,597,622
Adjustments for:		
Depreciation	11,330,193	11,179,600
Excess provision for depreciation written back	-	-
Leasehold land written off	-	5,264
(Profit)/Loss on sale of fixed assets	-	(877)
Loss on sale of investments	-	-
Increase in foreign currency translation reserve	207,651	-
Interest expenses	9,019,001	10,851,054
Interest income	(1,078,634)	(221,758)
Unrealised foreign exchange (Gain)/Loss	(390,056)	(1,621,108)
Provision for export entitlement	-	-
Provision for expenses, gratuity & leave encashment	1,749,768	2,344,653
Excess provisions written back	(22,073)	(2,116,086)
Rental income	(738,000)	(666,500)
Lease rent paid	-	5,875
Prior period items (net)	-	28,315
Sundry balances written off	38,986	230,971
Bad debts	-	-
Operating profit before working capital changes	22,027,335	61,617,025
Adjustments for:		
(Increase)/Decrease in trade and other receivables	41,265,635	(112,399,097)
(Increase)/Decrease in inventories	41,991,976	(50,597,099)
Increase/(Decrease) in trade and other payables	<u>(52,742,880)</u>	<u>126,369,267</u>
Cash generated from operating activities	52,542,066	24,990,096
Less : Direct taxes(net of refund)	5,970,284	8,491,439
Total cash generated from operating activities	46,571,781	16,498,657
Cash generated from prior period items (net)	-	<u>(28,315)</u>
Net cash flow from operating activities	46,571,781	16,470,342
B. Cash Flow From Investing Activities		
Sale of fixed assets	-	9,999
Purchase of fixed assets/capital work in progress	(68,329,361)	(46,822,984)
Proceeds from loan given	53,708	-
Lease rental	-	(5,875)
Interest income	1,078,634	221,758
Sale of investments	-	4,500,000
Rental income	738,000	666,500
Cash generated from investing activities	(66,459,019)	(41,430,602)
Less : Income-tax paid at source	73,800	66,650.00
Net Cash (used in) investing activities	(66,532,819)	(41,497,252)

C. Cash Flow from Financing activities

Proceeds from borrowings	26,872,360	43,798,062
Interest expenses	(9,019,001)	(10,851,054)
Net cash flow from financing activities	<u>17,853,359</u>	<u>32,947,008</u>
Net increase in cash and cash equivalents (A+B+C)	(2,107,678)	7,920,098
Cash and cash equivalent as on 1.4.2011 (Opening Balance)	13,071,698	5,151,600
Cash and cash equivalent as at 31.3.2012 (Closing Balance)	<u>10,964,020</u>	<u>13,071,698</u>

Notes:

1) Reconciliation of cash and cash equivalents

As per Balance Sheet - Schedule 7	10,962,815	13,070,221
Add: Foreign exchange loss on revaluation of foreign currency	1,205	1,477
Less: Cheque in hand	-	-
As per Cash flow statement	<u>10,964,020</u>	<u>13,071,698</u>

2) Cash and cash equivalents comprises of

a) Cash in hand	435,543	143,940
b) Bank balance in current accounts	1,261,232	1,566,297
c) Unpaid dividend account	95,939	-
c) In fixed deposit account	9,171,305	11,361,461
	<u>10,964,020</u>	<u>13,071,698</u>

- 3) Direct Tax paid are treated as arising from operating activity and not bifurcated in investment and financing activities
- 4) Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.
- 5) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statements.
- 6) Figures in brackets represent outflows.

As per our report of even date attached
For and on behalf of KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

VIRAL JOSHI
Partner
Membership No. 137686

Place: Mumbai
Date: May 25, 2012

For and on behalf of the Board of Directors

BASANT TODI
Director

ANUP JATIA
Director

C.P.VYAS
Company Secretary

Notes on Consolidated Financial Statements for the year ended 31st March, 2012**1 Significant Accounting Policies on Consolidated Accounts****Principles of consolidation**

The consolidated financial statements relate to Black Rose Industries Limited (“the Company”) and its subsidiary company B.R.Chemicals Co., Limited (collectively referred to as ‘the Group’). The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statements”.
- b) In case of financial statements of non integral foreign operations, the assets and liabilities are translated at the closing exchange rate. Income and Expense items are translated at average exchange rates and all resulting exchange differences are accumulated in foreign exchange fluctuation reserves on consolidation until the disposal of the investment.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding company’s separate financial statements, as far as possible, except as specifically mentioned in the Notes to Accounts.
- d) The financial statements of the subsidiary company used into the consolidation are drawn upto the same reporting date as that of the company.

Other Significant Accounting Policies**a) Nature of Operations**

The Group is engaged in manufacturing of cotton yarn, gloves, fabrics, trading in major chemicals like resorcinol, polyacrylamide etc. The Group is also in the business of power generation by setting up windmills in the State of Rajasthan and Gujarat.

b) Basis of preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rule, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy as explained in para 1(c) below.

c) Change in Accounting Policy**Presentation and Disclosure of Financial Statement**

During the year ended March 31, 2012 the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

d) **Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

e) **Tangible Fixed Assets**

- (i) All Fixed Assets are stated at cost less accumulated depreciation.
- (ii) Leasehold Land is amortised equally on straight-line basis over the period of lease.
- (iii) All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs (issued by ICAI) including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalised.

f) **Depreciation on Tangible Fixed Assets**

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956. Fixed Assets except Plant & Machinery whose Written Down Value as at the beginning of the year is less than 5% of the cost are not depreciated.

g) **Intangible Assets**

- (i) All intangible fixed assets are stated at cost less amortisation cost.
All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs (issued by ICAI) including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalised.
- (ii) Licensed Software is amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 5 years.

h) **Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

i) **Borrowing Costs**

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

j) Impairment of Tangible and Intangible Assets

The carrying amount of cash generating unit/assets are reviewed at Balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds recoverable amount.

k) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long Term Investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

In accordance with the Note No. 1 of Revised Schedule VI to the Companies Act, 1956, the portion of the Long Term Investments classified above, and expected to be realised within 12 months of the reporting date, have been classified as current investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

l) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) method.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

m) Research & Development Expenditure

Expenditure on Research & Development is charged as expense in the year in which it is incurred.

n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognised:

(i) Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) **Export entitlement**

Export entitlement by the way of duty draw back/DEPB are recognised as income of the year on accrual basis. In case of utilisation for import purpose the same is recognised as raw material cost in the year of import.

(iii) **Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iv) **Dividends**

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

o) **Foreign Currency Transactions and Balances**

(i) **Initial recognition**

Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

In case of foreign subsidiary, being non integral foreign operations, the assets and liabilities are translated at the closing exchange rate. Income and Expense items are translated at average exchange rates and all resulting exchange differences are accumulated in foreign exchange fluctuation reserves on consolidation.

p) **Retirement and other employee benefits**

(i) **Retirement Benefits**

Contributions to the Provident Fund are made at a pre-determined rate and charged to the statement of Profit and Loss.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented substantially by creation of separate fund and is considered sufficient to meet the liability as and when it accrues for payment in future.

(ii) **Leave Encashment**

Provision for leave encashment is made as per actuarial valuation as at the year end and is charged to the statement of Profit and Loss.

q) **Income Taxes**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date or as on date of approval of Statement of Accounts whichever is later. The deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

r) **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimates in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

t) **Forward exchange contracts entered into hedge foreign currency risk of an existing asset/liability**

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract. Exchange difference on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.

u) **Cash and Cash Equivalents**

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
2 Share Capital		
Authorised Shares		
80,000,000 (31st March, 2011: 80,000,000) Equity Shares of ₹ 1/- each	80,000,000	80,000,000
	80,000,000	80,000,000
Issued, Subscribed and fully paid up Shares		
38,720,000 (31st March, 2011: 19,360,000) Equity Shares of ₹ 1/- each	38,720,000	19,360,000
	38,720,000	19,360,000

**a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period
Equity Shares**

	Nos.	₹	Nos.	₹
At the beginning of the period	19,360,000	19,360,000	19,360,000	19,360,000
Add: Bonus Shares issued during the year	19,360,000	19,360,000	-	-
Outstanding at the end of the period	38,720,000	38,720,000	19,360,000	19,360,000

b) Terms/Rights attached to equity shares

The company has only one class of equity share having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share and dividend per share on pari passu basis. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors except interim dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	31.3.2012 Nos.	31.03.2011 Nos.
Holding Company		
Name of the Company		
Wedgewood Holdings Limited, Mauritius.		
Equity Shares of ₹ 1/- each fully paid	28,800,000	14,400,000
	28,800,000	14,400,000

d) Details of shareholders holding more than 5% share in the company

	Nos.	31.3.2012 % of holding	Nos.	31.03.2011 % of holding
Equity shares of ₹ 1/ each fully paid				
Name of the shareholder				
Wedgewood Holdings Limited, Mauritius	28,800,000	74.38	14,400,000	74.38

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
3 Reserve and Surplus		
a) Capital Reserve	3,000,000	3,000,000
b) General Reserve		
Balance as per the last financial statements	25,600,000	20,600,000
Add: Amount transferred from surplus balance in the statement of profit and loss	-	5,000,000
Less: Amount utilised for issue of bonus equity shares	19,360,000	-
Closing Balance	6,240,000	25,600,000
c) Foreign exchange fluctuation reserves on consolidation		
Balance as per the last financial statements	-	-
Add: Exchange gain on translation during the year	207,652	-
Closing Balance	207,652	-
d) Surplus in the statement of profit and loss		
Balance as per the last financial statements	71,087,031	50,879,725
Profit for the year	1,930,800	27,457,376
Less: Appropriations		
Proposed final equity dividend (Amount per share ₹ 0.10)	-	1,936,000
Tax on proposed equity dividend	-	314,070
Transfer to general reserve	-	5,000,000
Total appropriations	-	7,250,070
Net surplus in the statement of profit and loss	73,017,831	71,087,031
Total Reserves and Surplus	82,465,483	99,687,031
4. Long Term Borrowings		
Secured		
a) Term Loans		
Loan from bank [refer note no. 4(a)(i)]	98,715	282,173
Loan from other party [refer note no. 4(a)(ii)]	30,279,781	37,008,706
Total Secured	30,378,496	37,290,879
Unsecured		
b) Deposits		
Public Deposits [refer note no. 4(b)(i)]	26,450,000	-
c) Term Deposit from related party		
Inter Body Corporate Deposit [refer note no. 4(c)(i)]	9,200,000	-
d) Other Loans and Advances		
Interest free Inter Body Corporate Loan [refer note no. 4(d)(i)]	1,500,000	1,500,000
Interest free Security Deposits [refer note no. 4(b)(ii)]	2,000,000	1,500,000
Total Unsecured	39,150,000	3,000,000
	69,528,496	40,290,879
Less: Current maturities of long term borrowings disclosed under the head "other current liabilities" (refer note no. 9)	(9,277,571)	(6,912,314)
	60,250,925	33,378,565

Notes on Consolidated Financial Statements for the year ended 31st March, 2012
Note : 4 (a)
Secured Loan
Vehicle Loan

(i) From HDFC Bank Limited

Nature of security

Secured by hypothecation of vehicles

Rate of Interest

The rate of interest is 9.87% p.a. (P.Y. 9.87% p.a.)

Terms of Repayment

Equated monthly installment of ₹ 16,929/- commencing from 8th October, 2009 and ending on 7th September, 2012.

(ii) Loan from other party

From Tata Capital Financial Services Limited.

Nature of security

a) First & exclusive Charge by way of hypothecation of the Windmills along with its accessories etc. installed at Tiwri, Location No. 38, Village - Indroka, Dist - Jodhpur, Rajasthan and Location No. 311, Samana Site, Village Paddaval, Taluka - Upleta, Dist - Rajkot, Gujrat- 360 007 by mortgage of the land.

b) First & exclusive charge by way of hypothecation on all trade receivables.

c) Unconditional and irrevocable personal guarantee of a Executive Director, Mr.Anup Jatia.

Rate of Interest

The rate of interest varies from 13.25% p.a. to 14.75% p.a. (P.Y. 12.25% p.a. to 13.25% p.a.)

Terms of Repayment

Equated monthly installment of ₹ 560,738/- commencing from 10th October, 2010 and ending on 10th September, 2016

Note : 4 (b)

(i) **Unsecured Loan**

Public Deposits

Received from related party (refer note no. 31)

Received from other parties

Rate of Interest

The rate of interest is 12.5% (P.Y. Nil)

Terms of Repayment

Repayable after 1 year but before 2 years on maturity.

Repayable on or after 21.3.2015 on maturity.

Note No. : 4(c)

(i) **Trade Deposit from related party**

Inter Body Corporate Deposit

Black Rose Trading Private Limited

Rate of Interest

The rate of interest is Nil (P.Y. Nil)

Terms of Repayment

Repayable anytime on or after 16.2.2014 but before 16.2.2015

	31.3.2012 ₹	31.3.2011 ₹
(i) Unsecured Loan		
Public Deposits		
Received from related party (refer note no. 31)	21,500,000	-
Received from other parties	4,950,000	-
	26,450,000	-
<u>Rate of Interest</u>		
The rate of interest is 12.5% (P.Y. Nil)		
<u>Terms of Repayment</u>		
Repayable after 1 year but before 2 years on maturity.	4,950,000	-
Repayable on or after 21.3.2015 on maturity.	21,500,000	-
	26,450,000	-
Note No. : 4(c)		
(i) Trade Deposit from related party		
Inter Body Corporate Deposit		
Black Rose Trading Private Limited	9,200,000	-

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
Note No : 4 (d)		
Other Loans and Advances		
(i) Interest free Inter Body Corporate Loan Dhanani International Private Limited <u>Terms of Repayment</u> Repayable anytime on or after 6.4.2014	1,500,000	-
(ii) Interest Free Security Deposits Received from related party. (refer note no. 31) Received from other party	1,500,000 500,000 2,000,000	- - -
5 Deferred Tax Liabilities (Net) (Disclosure as per AS-22)		
Items leading to deferred tax liability		
Difference in depreciation in block of fixed assets as per tax books and financials books	(21,823,432)	(16,572,456)
Items leading to deferred tax assets		
Disallowances u/s 43B and 40 A(7) of the Income-tax Act, 1961 Net (Deferred Tax Liability)	825,724 (20,997,708)	828,480 (15,743,976)
The amount of deffered tax liability charged to statement of profit and loss is ₹ 5,253,731 (P.Y. ₹ 4,318,338/-)		
6 Long Term Provisions		
Provisions for employees benefits		
Provision for gratuity (refer note no. 29)	656,393	844,653
Provisions for leave benefits (refer note no. 29)	116,698	82,550
	773,091	927,203
7. Short Term Borrowings		
a) Secured [refer note no. 7(a)(i)]		
<u>Repayable on demand</u>		
Cash Credit from banks	50,923,927	73,953,095
Short Term Working Capital Demand Loan from Bank	10,000,000	10,000,000
Trade Credit	78,923,785	43,905,518
	139,847,712	127,858,613
Note No : 7(a)(i)		
<u>Secured</u>		
Cash Credit from ING Vysya Bank Limited	20,800,186	-
Cash Credit from Yes Bank	30,123,742	-
	50,923,928	-

Nature of security

Hypothecation of stocks and book debts of the company, present and future, and pledge of office premises and corporate guarantee of Black Rose Trading Private Limited. The above charges rank pari passu for all intents and purposes.

Rate of Interest

The rate of interest for above loan is 12.25% to 14.45 % (P.Y. 11% to 13%)

	31.3.2012	31.3.2011
	₹	₹
8 Trade payables		
Trade payables (Refer note no. 38)	182,035,772	232,517,371
	<u>182,035,772</u>	<u>232,517,371</u>
9 Other Current Liabilities		
Current maturities of long term borrowings (refer note no. 4)	9,277,571	6,912,314
Interest accrued but not due on borrowings	231,267	283,056
Interest accrued and due on borrowings (including deposits from public)	3,697,767	3,277,500
Unpaid Dividend *	95,939	-
Foreign Currency Forward Contract Payable (Net)	951,412	-
Payable for expenses	15,382,710	17,852,469
Other non-trade liabilities	81,007	823,863
Advance from Customers	406,936	389,204
VAT / CST Payable	1,992,527	2,141,331
TDS payable	813,331	992,942
Rates and Taxes payable	8,877	11,182
	<u>32,939,344</u>	<u>32,683,861</u>
* Amount due to be credited to Investor Education and Protection Fund is ₹ Nil		
10 Short Term Provisions		
Provisions for employee benefits		
Salary and Reimbursements	1,319,006	1,118,502
Contribution to Provident Fund	125,310	92,288
Gratuity	177,045	-
Leave encashment	54,971	6,500
Others		
Proposed equity dividend	-	1,936,000
Provision for tax on proposed equity dividend	-	314,070
Provision for taxes (net of advance tax paid and)	-	155,249
	<u>1,676,332</u>	<u>3,622,609</u>

11 Fixed Assets

(Amt. in ₹)

Particular	GROSS BLOCK		DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2011	Additions / Disposals	Cost as at 31.03.2012	As at 01.04.2011	For the year	Adjustment on Disposals	Cost as at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS								
Leasehold Land [refer note no 11(a)]	417,100	-	417,100	-	5,264	-	5,264	417,100
Factory Building *	20,990,123	170,003	21,160,126	12,858,943	704,283	-	13,563,226	8,131,180
Office Equipments	488,373	429,649	918,022	164,364	33,786	-	198,150	324,009
Electric Installation	4,999,194	-	4,999,194	4,434,473	237,462	-	4,671,935	564,721
Factory Equipments	305,388	-	305,388	260,330	14,506	-	274,836	45,058
Plant & Machinery	3,217,903	1,230,206	4,448,109	2,274,652	91,101	-	2,365,753	943,251
Furniture & Fittings	2,173,083	1,456,119	3,629,202	1,467,802	102,932	-	1,570,734	705,281
Computers	2,303,142	148,698	2,451,840	993,248	322,003	-	1,315,251	1,309,894
Vehicles	8,076,570	-	8,076,570	2,351,971	767,275	-	3,119,246	5,724,599
Wind Mills [refer note no. 11(b)]	87,351,734	-	87,351,734	10,113,634	9,032,169	-	19,145,803	77,238,100
Total (A)	130,322,610	3,434,675	133,757,285	34,919,417	11,310,781	-	46,230,198	95,403,193
INTANGIBLE ASSETS								
Software	-	74,585	74,585	-	19,412	-	19,412	-
Total (B)	-	74,585	74,585	-	19,412	-	19,412	-
Total (A+B)	130,322,610	3,509,260	133,831,870	34,919,417	11,330,193	-	46,249,610	95,403,193
Previous Year	129,137,305	1,185,305	130,322,610	23,769,695	11,179,600	29,878	34,919,417	95,403,193
CAPITAL WORK-IN-PROGRESS	-	-	-	-	-	-	-	45,593,415

Note No. 11(a)

Leasehold land cost is stated at balance of original cost less amount amortised upto 31.3.2011

Note No. 11(b)

Depreciation on Wind Mills is provided on Triple Shift Basis

* Including part of Factory Building given on lease.

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
12 Long Term Loans and Advances		
Other Loans and Advances		
(Unsecured, considered good)		
Advance Income Tax (Net of provision for taxation)	2,751,188	-
MAT Credit Entitlement [refer Note no. 34(a) & 34(b)]	8,362,380	-
Loans to Employee	880,000	-
Loans due by Officers of the company	250,000	-
Advances to other parties	1,196,715	2,223,677
	13,440,283	2,223,677
13 Other Non-Current Assets		
Fixed deposits with Bank [refer note no.16]	-	70,494
(Out of above ₹ 10,000/- deposit given against bank guarantee)		
Duty Drawback receivable	670,213	662,674
	670,213	733,168
14 Inventories		
(valued at lower of cost or net realisable value)		
(As certified by the management)		
Raw Materials and components (includes in transit ₹ Nil		
(31st March, 2011 - ₹ Nil) [refer note no 22(a)(ii)]	156,280	395,094
Work-in-progress [refer note no. 24(a)(ii)]	1,524,202	3,640,306
Finished Goods [refer note no. 24(a)(iii)]	1,234,912	496,055
Traded Goods (includes in transit ₹ 34,836,198/-	126,273,965	166,649,879
(31st March, 2011-₹46,566,408/-) [refer note no. 24(a)(i)]		
Stores and spares	77,604	77,604
	129,266,964	171,258,940
15 Trade receivable [refer note no. 15(a)]		
Unsecured, Considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date		
they are due for payment	6,828,651	2,785,820
Others	162,856,237	210,096,323
Doubtful	862,139	862,139
	170,547,027	213,744,282
Allowances for doubtful receivables	(862,139)	(862,139)
	169,684,888	212,882,143

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
Note No : 15 (a)		
Of the above amount shown in others trade receivables includes, amount due from companies in which company's director is interested as director		
Black Rose Trading Private Limited	13,032,038	423,281
Tozai Safety Private Limited	2,150,170	1,295,075
Tozai Enterprises Private Limited	260,347	-
Accent Industries Limited	511,970	446,269
	<u>15,954,525</u>	<u>2,164,625</u>
16 Cash and Bank Balances		
Cash and Cash equivalents		
Cash on hand	434,338	142,463
Other Bank Balances		
In Current Accounts	1,261,232	1,566,297
In Unpaid dividend account	95,939	-
In Fixed Deposits account		
Deposits with original maturity for more than 3 months but less than 12 months*	9,171,305	11,361,460
Deposits with original maturity for more than 12 months	-	70,494
	<u>10,962,815</u>	<u>13,140,715</u>
Less:		
Amount disclosed under non-current assets		
Deposit with original maturity of more than 12 months. (refer note no. 13)	-	(70,494)
	<u>10,962,815</u>	<u>13,070,221</u>
* Out of the above Fixed Deposit amount of ₹ 9,171,305/ deposit of ₹ 7,910,993/- (31st March, 2011 - ₹ 4,390,552/-) are given as Margin money for Trade Credit and L/C facilities.		

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	31.3.2012 ₹	31.3.2011 ₹
17 Short Term Loans and Advances		
Unsecured, considered good unless otherwise stated		
Capital Advances	10,356,058	-
Security Deposit to Government authorities and others	1,553,121	495,350
Security Deposit to related parties	1,650,000	1,650,000
Advances recoverable in cash or kind or for value to be received	7,071,104	3,433,877
Other Loans and Advances		
Prepaid Expenses	2,421,628	1,724,203
Balances with Statutory Government authorities	4,400,579	5,818,228
Inter Body Corporate loan	4,804,358	4,400,000
Loans and advances to staff	92,050	979,000
Loans and advances to other parties	2,433,000	1,910,000
Advance for incorporation of a wholly owned Subsidiary company *	-	1,620,600
Loans and Advances to a Officer of the company.	-	577,706
	<u>34,781,897</u>	<u>22,608,964</u>
* Advance given converted into investments in subsidiary company on incorporation in current year.		
18 Other Current Assets		
Unsecured, considered good unless otherwise stated		
Unamortised Expenditure		
Unamortised premium on forward contract in foreign currency	549,590	4,752
Pre-operative Expenses of subsidiary company	487,747	-
	<u>1,037,337</u>	<u>4,752</u>
Other Assets		
Interest accrued but not due on Bank Deposits	554,519	174,021
Interest accrued and due on Loan	828,275	727,546
Interest accrued on Security Deposits with MSEB	15,228	16,920
Import Entitlements	468,172	1,082,269
	<u>1,866,194</u>	<u>2,000,756</u>
	<u>2,903,531</u>	<u>2,005,508</u>

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
19 Revenue from Operations		
a) Sale of products [refer note no. 20(a)(i)]		
Finished Goods	17,925,992	46,059,719
Traded Goods	914,002,654	826,338,227
	931,928,646	872,397,947
b) Other Operating Revenue		
Dividend on Traded Shares	8,600	60,509
Export Entitlement	181,416	40,569
Profit on derivative transactions in foreign currency	766,019	-
Exchange difference (net)- other than considered as finance cost [refer note no. 20(a)(ii)]	-	2,568,045
Commission	1,182,475	936,179
	2,138,510	3,605,302
Revenue from Operations	934,067,156	876,003,248
Note No. 19(a)(i)		
Details of Products sold		
Finished Goods Sold		-
Chemicals		-
Textiles	6,155,682	35,872,143
Wind Energy	11,753,910	10,145,999
Others	16,400	41,577
	17,925,992	46,059,719
Traded Goods Sold		
Chemicals	908,317,686	810,418,755
Textiles	3,891,009	792,419
Others	1,793,959	15,127,054
	914,002,654	826,338,228
	931,928,646	872,397,947

Note No. 19(a)(ii)

The company is of the view that exchange difference on realisation / translation of receivables and payables are integral part of the normal business activities and hence is shown under other operating income

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
20 Other Income		
Interest income		
From Bank	965,018	440,313
From Others	1,548,736	855,316
	2,513,754	1,295,629
Prior Period income	-	4,340
Profit on sale of fixed assets	-	877
Other non-operating income (net of expenses directly attributable to such income ₹ Nil (31st March, 2011 - ₹ Nil)	760,073	2,810,356
	3,273,827	4,111,202
21 Cost of Materials consumed [refer note no. 21(a)]		
Inventory at the beginning of the year	395,094	60,069
Less: Transfer to Purchase of Traded Goods (refer note no. 22)	53,028	-
	342,066	60,069
Add: Purchases	1,809,271	24,591,502
	2,151,337	24,651,571
Less: Inventory at the end of the year	156,280	395,094
	1,995,057	24,256,477
Note No. 21(a)		
(i) Details of Materials consumed		
Raw Cotton	-	17,550,741
Yarn	1,942,582	6,688,011
Fabrics	44,619	-
Others	7,856	17,725
	1,995,057	24,256,477
(ii) Details of Inventory of raw materials		
Yarn	1,874	159,499
Fabric	154,406	174,711
Chemical	-	60,884
	156,280	395,094
22 Purchase of Traded Goods		
Chemicals	794,435,810	787,642,547
Textiles	5,270,752	1,105,563
Others	1,399,718	3,002,408
	801,106,280	791,750,518
Add: Stock of chemical traded transferred from inventory of raw materials (refer note no. 21)	53,028	-
	801,159,308	791,750,518

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
23 (Increase)/Decrease in Inventories		
Opening Traded Goods	166,649,880	119,320,703
Closing Traded Goods [refer note no. 24(a)(i)]	126,273,965	166,649,880
	<u>40,375,915</u>	<u>(47,329,177)</u>
Opening Work-in-progress	3,640,306	743,685
Closing Work-in-progress [refer note no. 24(a)(ii)]	1,524,202	3,640,306
	<u>2,116,104</u>	<u>(2,896,621)</u>
Opening Finished Goods	496,055	448,253
Closing Finished Goods [refer note no. 24(a)(iii)]	1,234,912	496,055
	<u>(738,857)</u>	<u>(47,802)</u>
Total (Increase)/Decrease in Inventories	<u>41,753,163</u>	<u>(50,273,600)</u>
Note No. 23(a)		
Details of inventories at the end of the year		
(i) Traded Goods		
Chemicals	120,228,896	161,181,837
Textiles	2,291,151	505,943
Others	3,753,918	4,962,100
	<u>126,273,965</u>	<u>166,649,880</u>
(ii) Work-in-progress		
Textiles	1,524,202	3,640,306
	<u>1,524,202</u>	<u>3,640,306</u>
(iii) Finished Goods		
Textiles	1,233,909	496,055
Others	1,003	-
	<u>1,234,912</u>	<u>496,055</u>
24 Employee Benefit expenses		
Salaries, Wages, Bonus and Other Allowances	12,121,609	10,651,808
Contribution to Provident fund and other funds	566,981	522,454
Gratuity expenses (refer note no. 28)	-	378,702
Staff Welfare expenses	254,024	183,401
	<u>12,942,614</u>	<u>11,736,365</u>
25 Finance Costs		
Interest on borrowings	8,857,938	10,699,592
Bill Discounting Charges	358,552	259,065
Bank Charges on facilities	395,833	677,787
Applicable loss on foreign currency transactions and translation	8,521,484	-
	<u>18,133,807</u>	<u>11,636,444</u>

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
26 Depreciation and Amortisation Expenses		
Depreciation of Tangible Assets	11,305,517	11,179,600
Amortisation of Tangible Assets	5,264	5,264
Amortisation of Intangible Assets	19,412	-
	11,330,193	11,184,864
27 Other Expenses		
Power and Fuel	401,180	283,204
Rent	2,384,920	1,541,375
Rates and Taxes	182,508	190,037
Insurance	823,583	703,595
Repairs and Maintenance		
Plant and Machinery	26,788	44,658
Buildings	235,851	234,733
Others	105,299	80,988
Windmill Maintenance Charges	110,300	-
Legal and Professional fees	1,369,956	3,218,461
Payment to auditors [Note No. 27(a)]	232,751	196,899
Exchange difference (net) other than considered in finance cost	13,695,825	-
Sundry Balance written off	37,095	193,405
Prior Period items	-	32,655
Freight and forwarding charges	486,870	894,515
Selling & Distribution expenses	6,229,890	4,335,970
Brokerage expenses	4,128,448	5,926,083
Travelling and Conveyance	3,005,565	3,034,980
Communication costs	1,330,328	1,122,683
Entertainment Expenses	156,413	
Pre- Operative expenses written off	121,455	
Printing and Stationery	278,727	272,146
Research and development expenses	500,000	-
Labour and Jobwork Charges	1,846,027	5,070,239
Packing Material consumed	343,666	625,045
Export expenses	989,544	1,346,460
Security Charges	-	40,280

Notes on Consolidated Financial Statements for the year ended 31st March, 2012

	For the year ended 31.3.2012	For the year ended 31.3.2011
	₹	₹
Corporate office expenses	719,439	361,532
Warehousing Charges	2,320,554	1,446,492
Vehicle expenses	826,463	1,010,895
Share Trading expenses	4,176	25,597
Bonus Share Issue expenses	472,386	-
Donation	61,000	93,500
Sales Tax	-	243,934
Bank Charges	2,197,969	2,234,142
Logistics expenses	758,834	1,920,582
Miscellaneous expenses	1,732,532	1,500,675
Total	<u>48,116,341</u>	<u>38,225,760</u>

Note No. 27(a)**Details of Payment to Auditor****As Auditor**

Audit Fees	50,000	65,000
Tax Audit Fees	20,000	20,000
Limited Review	30,000	36,265

In Other capacity

Certification Fees	72,396	30,546
Reimbursement of expenses including service tax	20,647	18,616
	<u>193,043</u>	<u>170,427</u>

Cost Auditor

As Audit fees	36,000	24,000
Reimbursement of service tax	3,708	2,472
	<u>39,708</u>	<u>26,472</u>

Total Payment to Auditors	<u>232,751</u>	<u>196,899</u>
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Notes on Consolidated Financial Statements for the year ended 31st March, 2012
29 Disclosures as per AS - 15 (Revised) - Employee Benefits

	31st March, 2012	31st March, 2011
	₹	₹
Gratuity and other post employment benefit plans		
(a) The gratuity charged to the statement of profit and loss for the year includes provision as per the actuarial valuation as per the requirement of Accounting Standard 15 - (Revised) as notified under Companies (Accounting Standards) Rules, 2006 as well as payment made for the year towards gratuity.		
The actuarial valuation is done at the year end using 'Projected Cost Unit' method and it covers all regular employees.		
The following table sets out the status of the gratuity plan as required under AS-15 (Revised) (As certified by actuary)		
(i) Obligation at beginning of the year	844,653	517,874
Service cost	163,621	99,711
Interest Cost	69,684	47,330
Benefits settled	-	(51,923)
Actuarial (gains)/losses	(244,520)	231,661
Obligation at end of the year	833,438	844,653
(ii) Expenses/(Income) recognised in statement of Profit & Loss		
Service cost	163,621	99,711
Interest cost	69,684	47,330
Actuarial (gain)/loss	(244,520)	231,661
Net gratuity cost	(11,215)	378,702
(iii) Amount recognised in Balance Sheet		
Liability at the end of the period	833,438	844,653
Difference	(833,438)	(844,653)
Net amount recognised in Balance Sheet	(833,438)	(844,653)
(iv) Assumptions		
Interest Cost	8.75%	8.25%
Salary Increase	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Retirement age	58 years	60 years
(b) Provision for leave salary has been made on actuarial valuation as per the requirement of Revised Accounting Standard 15.		
(c) The above actuarial valuation does not include gratuity and leave salary payable to executive director Mr.Anup Jatia.		

(Amount in lacs)

30 Segment Accounting (AS - 17)

	31st March, 2012	31st March, 2011
The Company's segment reporting are as follows:	₹	₹
SEGMENT REVENUE		
Sales/Income		
Textiles	109.71	366.65
Chemicals	9,104.82	8,114.36
Renewable Energy	117.53	101.46
Others	8.61	151.88
Total Segment Revenue	9,340.67	8,734.35
SEGMENT RESULTS		
Profit before interest and tax		
Textiles	0.02	80.30
Chemicals	322.69	604.52
Renewable Energy	22.35	(4.43)
Others	(4.73)	12.63
Total Segment Results	340.33	693.02
Less: Finance Cost	181.35	116.37
Other unallocable expenses net off unallocable income	139.87	160.68
Total Profit before Tax	19.10	415.98
CAPITAL EMPLOYED		
Segment Assets less Segment Liabilities		
Textiles	263.12	205.60
Chemicals	1,086.06	1,337.40
Renewable Energy	408.46	413.30
Add: Unallocable corporate assets net off unallocable corporate liabilities	64.44	99.02
Total Capital Employed	1,822.08	2,055.32

30 Disclosure of Related Party Transactions (In accordance with AS-18 and as required by clause 32 of listing agreement with the stock exchange)

(As certified by the Management and relied upon by the Auditors.)

a) Information about related parties :

List of related parties and relationships:

Holding company	Wedgewood Holdings Limited Mauritius
Wholly-owned foreign subsidiary company	B.R.Chemicals Co., Ltd., Osaka, Japan
Key Management Personnel	Shri Anup Jatia - Executive Director

iii) Enterprises owned or significantly influenced by any management personnel or their relatives.

- 1) Black Rose Trading Private Limited
- 2) Tozai Safety Private Limited
- 3) Tozai Enterprises Private Limited
- 4) Accent Industries Limited
- 5) Fukui Accent Trading (India) Private Limited
- 6) Wedgewood Holdings LLP (w.e.f. 13-04-2011)

b) Related parties transactions

Nature of Transactions	Holding Co.	Subsidiary Co.	Key Management Personnel	Other related parties as in 31(a)(iii)
Sales	-	-	-	63,419,969
				(26,875,464)
Purchase	-	-	-	157,753
				(11,070,942)
Rent Paid	-	-	36,000	480,000
			(36,000)	(550,000)
Directors Remuneration	-	-	3,000,000	-
			(3,000,000)	-
Interest Paid	-	-	14,384	879,188
			-	-
Rent Received	-	-	-	738,000
				(666,500)
Unsecured Deposit Received	-	-	10,500,000	11,000,000
			-	-
Trade Deposit Received	-	-	-	9,200,000
				-
Reimbursement of Expenses Paid	-	-	-	1,118,768
				(204,345)
Reimbursement of Expenses Received	-	-	-	2,758,041
				(2,139,964)
Payment of dividend for F.Y.2010-11	1,440,000	-	-	-
	-	-	-	-
Advance given for incorporation earlier converted into investment	-	1,620,600	-	-
Balance as at 31st March, 2012				
Security Deposit Payable	-	-	-	1,500,000
				(1,500,000)
Trade Receivables	-	-	-	17,540,238
				(2,198,249)
Trade Payables	-	-	8,456	272,540
			(36,000)	(9,446,394)
Unsecured Deposit Payable	-	-	10,500,000	11,000,000
			-	-
Trade Deposit Payable	-	-	-	9,200,000
				-
Interest Payable (Net of T.D.S.)	-	-	12,946	214,899

Note : Figures of previous year are given in brackets.

31 Leases (AS - 19)

(a) The company has given part of its lease hold factory building on operating lease basis for a period of 5 years. The lease agreement is of non-cancellable in nature and renewable at the end of the expiry period at the option of both the lessor and the lessee, and there are no exceptional/restrictive covenants in the lease agreements. There is no contingent rent.

(b) Particulars of Asset given on lease

	31st March, 2012 ₹	31st March, 2011 ₹
Assets - Factory Building		
Gross carrying amount at the end of the year.	21,160,126	20,990,123
Accumulated depreciation at the end of the year.	13,563,227	12,858,944
Accumulated impairment loss at the end of the year.	Nil	Nil
Depreciation charged to statement of profit and loss for the period.	704,283	701,070

Note : The figures given above are for whole of the asset as per books of account and not for the part area of the asset given on lease.

(c) The lease rental recognised income in the statement of profit and loss during the current financial year is ₹ 732,000/-

(d) Future minimum rentals receivable under non-cancellable operating leases are as follows:

	31st March, 2012 ₹	31st March, 2011 ₹
Not later than one year	732,000	666,500
Later than one year and not later than five years.	3,690,000	-
	<u>4,422,000</u>	<u>666,500</u>

32 Earnings per share (AS - 20)

	31st March, 2012 ₹	31st March, 2011 ₹
Details of the profit and No. of Equity Shares used in the basic and diluted EPS computations :		
<u>Total operation for the year</u>		
Profit after tax	1,930,800	27,457,375
<u>Weighted average number of shares outstanding at the year end</u>		
	Nos.	Nos.
Equity shares outstanding at the beginning of the year	19,360,000	19,360,000
Bonus Equity shares issued in the ratio of 1:1 during the current year	19,360,000	-
Total adjusted Weighted average Equity shares outstanding at the end of the previous year	-	38,720,000
Total Weighted average Equity shares outstanding at the end of the current year	38,720,000	-
Basic and diluted earnings per share (Refer Note No. 32(a) below)	₹ 0.05	₹ 0.71
Face value per share	₹ 1	₹ 1

Note No. 32(a)

Pursuant to the issue of bonus equity shares during the current year, the earnings per share (EPS) for the previous year has been adjusted as per para 22 of the Accounting Standard-20, Earning per Share as under :

- (a) In Numerator the amount is taken as profit for the previous year.
 - (b) In Denominator the weighted average No. of equity shares outstanding at the end of the previous year has been adjusted by increasing the No. of equity shares by the No. of bonus shares issued as if the event had occurred at the beginning of the earliest period reported.
- 33** (a) During the year the company has in accordance with Guidance Note No. 22 on Accounting for Credit available in respect of Minimum Alternate Tax paid under section 115JB. The Income of the Income Tax Act,1961 issued by the Institute of Chartered Accountants of India, has accounted for MAT Credit Entitlement available in respect of earlier years of ₹ 7,065,917/- on revision of computation of tax by crediting to the statement of Profit and Loss and adding to MAT Credit Entitlement appearing as an asset under the head other long term loans and advances (Note No. 12)
- (b) During the year the company has in accordance with Guidance Note No. 22 on Accounting for Credit available in respect of Minimum Alternate Tax paid under section 115JB of the Income Tax Act,1961 issued by the Institute of Chartered Accountants of India has made provision for Income-Tax after taking available MAT credit of ₹ 973,223/- paid u/s 115JB of the Income tax Act, 1961 in the earlier years and accordingly the availed amount had been deducted from openingn MAT Credit Entitlement of ₹ 8,362,380/- appearing as an asset under the head other long term loans and advances (Note No: 12)
- 34** Based on exercise of impairment of assets undertaken by the management in due cognisance of paragraphs 5 to 13 of AS 28.The Company has concluded that no impaired loss is required to be booked.
- 35** Contingent liabilities not provided for in respect of :
- (i) Custom duty demand of ₹ 1,488,943/- for which the company has preferred appeal (P.Y. ₹ 1,488,943/-)
 - (ii) Income Tax demand relating to Assessment year 2005-06 for which the company has preferred appeal with the higher authorities C.Y. ₹ Nil (P.Y. ₹ 308,436/-)
 - (iii) Bank Guarantee given to Government authorities ₹ 15,000/- (P.Y. ₹ 15,000/-)
 - (iv) Central Sales Tax liability of ₹ 849,750/- in respect of financial year 2010-11 as per MVAT Audit completed in the current financial year, as the said liability is on account of non receipt of 'C' forms from various payable customers and the company is awaiting the receipt of said forms. The liabilities if any will be accounted in the books of account in the year in which the final liability is determined.

36 Capital and other commitments

	31st March, 2012	31st March, 2011
	₹	₹
Capital commitment not provided for (net of advances of ₹ 10,356,058/-)	81,484,406	13,457,500

37 Capitalisation of Expenditure

During the year, the company has capitalised the following revenue expenses and debited to profit and loss to capital work-in-progress (CWIP) account for its on going project at Jhagadia, Gujarat. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the company.

	31st March, 2012	31st March, 2011
	₹	₹
Interest	10,542,037	483,763
Project related Expenses	54,315,940	23,410,903
	64,857,977	23,894,666

38 The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act has not been given.

39 Value of Imports calculated on CIF basis

	31st March, 2012	31st March, 2011
	₹	₹
Raw Materials	-	17,014,751
Components and Spare parts	-	5,582
Capital Goods	772,455	733,200
	772,455	17,753,533

40 Expenditure in Foreign Currency

	31st March, 2012	31st March, 2011
	₹	₹
Interest on short term borrowings	1,285,050	413,322
Travelling and others	326,428	133,552

41 Imported and indigenous raw materials, components consumed

	% of total consumption 31st March, 2012	Value 31st March, 2012 ₹	% of total consumption 31st March, 2011	Value 31st March, 2011 ₹
Raw Materials				
Imported	-	-	72	17,550,741
Indigenously obtained	100	1,995,057	28	6,705,736
	100	1,995,057	100	24,256,477

	31st March, 2012	31st March, 2011
	₹	₹
42 Net Dividend remitted in Foreign Exchange		
Year of remittance (2011)	1,440,000	-

Note :

- (i) Total No. of such Non Resident Shareholder - 1
- (ii) Total No. of shares held by such Shareholder eligible for dividend - 14,400,000
- (iii) Dividend related to the financial year - 2010-11

43 Earnings in foreign currency

	31st March, 2012	31st March, 2011
	₹	₹
Exports at F.O.B. Value	17,966,856	40,340,168
Commission Income	1,158,708	936,178
	<u>19,125,564</u>	<u>41,276,346</u>

44 Details of Derivative instruments and unhedged foreign currency exposure**a) Derivatives outstanding as at the balance sheet date**

Particulars	Purpose
Forward contract to sell (In US\$)	
₹ 3,854,160/- (31st March, 2011: ₹ 9,446,280/-)	For Hedging of foreign currency sales
No.of contract - 3 (P.Y. 6 Nos.)	
Forward contract to buy (In US\$)	
₹ 54,111,948/- (31st March, 2011: ₹ 26,307,890/-)	For Hedging of foreign currency purchases
No.of contract - 24 (P.Y. 5 Nos.)	

b) Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	
Trade Payable (US\$)	₹ 129,032,647/- (31st March, 2011: ₹ 136,546,825/-)
Secured Trade Credit (US\$)	₹ 40,764,852/-(31st March, 2011: ₹ 9,009,869/-)
Trade receivable (US\$)	₹ 1,548,126/-(31st March, 2011: ₹ - NIL)

45 The amount of Deferred Premium/Discount on Foreign Exchange Forward Contract to be recognised in Statement of Profit & Loss in the subsequent year is ₹ 668,269/- (Previous Year - ₹ 20,882/-)

46 The balances of debtors, creditors and deposits are subject to confirmation and reconciliation.

47 Previous year's figures does not include figures of its subsidiary company B.R.Chemicals Co., Ltd., as the subsidiary company began operations during the current financial year and hence previous years figures are not strictly comparable with the current year consolidated figures.

48 The financial statements of the subsidiary company is unaudited figures and have been taken as approved by the Board of Directors of the subsidiary company.

49 The net loss for the period of the subsidiary company after considering all the income and expenses for the 12 months period 1st April, 2011 to 31st March, 2012 is ₹ 475,551/- (P.Y. ₹ Nil).

50 The unaudited financial statements of foreign subsidiary have been prepared in accordance with the Generally Accepted Accounting Principle of the County of Incorporation. The difference in accounting policies of the Company and its subsidiary is not material and there is no material transaction from 1st April, 2011 to 31st March, 2012 in respect of subsidiary having financial year ended 31st March, 2012.

- 51 The Consolidated Financial Statements comprises of the results of Black Rose Industries Limited (Holding Company) and Subsidiary Company viz.

Name of the subsidiary	Country of Incorporation	Proportion of ownership interest
B.R.Chemicals Co., Ltd.	Japan	100%

52 Previous year figures

Till the year ended 31st March, 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012 the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date attached

For and on behalf of KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

VIRAL JOSHI

Partner

Membership No. 137686

Place: Mumbai

Date: May 25, 2012

For and on behalf of the Board of Directors

BASANTTODI

Director

ANUP JATIA

Director

C.P.VYAS

Company Secretary

BLACK ROSE INDUSTRIES LIMITED

Registered Office: 145/A, Mittal Tower, Nariman Point, Mumbai - 400 021.

PROXY FORM

I / We _____
 _____ of _____
 _____ being a member/s of **BLACK ROSE INDUSTRIES LIMITED** hereby appoint _____
 _____ of _____
 _____ or failing him / her _____
 _____ of _____ as my / our
 proxy to attend and vote for me / us and on my / our behalf at the 22nd Annual General Meeting to be held on
 Friday, September 28, 2012 at 11.30 a.m. and any adjournment thereof.

Signed on this _____ day of _____ 2012



Signature of Shareholder _____

NOTE: The Proxy form must be returned so as to reach the Registered office of the Company not less than
 48 hours before the time for holding the aforesaid meeting.

----- Tear Here -----

BLACK ROSE INDUSTRIES LIMITED

Registered Office: 145/A, Mittal Tower, Nariman Point, Mumbai - 400 021.

ATTENDANCE SLIP

I/We hereby record my/our presence at the 22nd Annual General Meeting of the Company at Walchand
 Centre for Business Training, 3rd Floor, Indian Merchant Chambers, IMC Bldg., IMC Marg, Churchgate,
 Mumbai - 400020, on Friday, September 28, 2012 at 11.30 a.m

Name _____ Address _____

_____ Regd. Folio No. _____ No. of Shares held _____

Client ID. No. _____ DP ID. No. _____

Name of Proxy / Representative, if any _____

Signature of the Shareholder(s) / Proxy / Representative _____