

BOARD OF DIRECTORS

SHRI ATMARAM JATIA
SHRI ANUP JATIA EXECUTIVE DIRECTOR
SHRI BASANT TODI
SHRI SHIVHARI HALAN
SHRI BASANT KUMAR GOENKA

REGISTERED OFFICE

145 – A, MITTAL TOWER,
NARIMAN POINT,
MUMBAI – 400 021.
FAX – 22873022, 43110114
EMAIL – mail@texbrex.com
WEBSITE – www.blackrosechemicals.com

WORKS

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

REGISTRAR & SHARE TRANSFER AGENT

SATELLITE CORPORATE SERVICES PVT. LTD.
B – 302, SONY APARTMENT,
OFF. ANDHERI KURLA ROAD,
JARIMARI, SAKINAKA,
MUMBAI – 400 072.
TEL – 28520461, 28520462.
FAX – 28511809
EMAIL – service@satellitecorporate.com

BANKERS

ING VYSYABANK LIMITED
YES BANK LIMITED

AUDITORS

KARNAVAT & CO.,
KITAB MAHAL,
192, DR. D.N. ROAD,
MUMBAI – 400 001.

COMPANY SECRETARY

MR. C. P. VYAS
E-MAIL - vyas@texbrex.com

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of BLACK ROSE INDUSTRIES LIMITED will be held on Monday, July 12, 2010 at 11.30 a.m. at Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai – 400 020 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, 2010 and Balance Sheet as on that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shivhari Halan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that the money to be borrowed together with money already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that amount upto which money may be borrowed by the Board of Directors shall not at any time, exceed the sum Rs.50,00,00,000/- (Rupees Fifty Crores only) exclusive of interest and other costs, expenses and charges.”

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

“RESOLVED THAT in accordance with the provisions of Section 198, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded for increase in remuneration of Mr. Anup Jatia, Executive Director of the Company from existing Rs. 125,000 per month to Rs. 250,000 per month effective from 1st April, 2010 on the terms and conditions approved by the remuneration committee and as set out in the explanatory statement to resolution with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said remuneration in such manner as may be agreed between the Board and Mr. Anup Jatia.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Mr. Anup Jatia's term of office as Executive Director, the remuneration payable to him shall be as minimum remuneration prescribed in Schedule XIII of the Act, and that he shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolution.”

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

Place: Mumbai
Dated: May 11, 2010

**ANUP JATIA
EXECUTIVE DIRECTOR**

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 and 5 of the notice is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain close from 9th July, 2010 to 12th July, 2010 (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.

ANNEXURE TO THE NOTICE

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

Item No. 4

At the Annual General Meeting held on December 26th, 1995 the members had accorded their consent pursuant to Section 293(1)(d) of Companies Act, 1956, to the Board of Directors of your Company for borrowing moneys upto the limit of Rs.10 Crores. In view of the planned activities and operations of the Company, it is thought fit to increase the limit to Rs.50 Crores. The resolution at item no.4 is therefore, placed for the approval of the Members pursuant to Section 293(1)(d) of the Companies Act, 1956.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No.5

Mr. Anup Jatia was appointed as Executive Director of the Company for a period of five years with effect from May 1, 2008. Since with the increase in volume of business the workload of Mr. Anup Jatia has considerably increased, the Remuneration Committee reviewed his remuneration and has recommended to the Board of Directors the increase in remuneration from Rs. 125,000 per month to Rs. 250,000 per month with effect from 1st April, 2010. The Board has accordingly decided to increase the remuneration of Mr. Anup Jatia as recommended by the Remuneration Committee subject to approval of the members of the Company.

The Executive Director shall also be entitled to following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax, Act 1961.

Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

Earned privilege leave at the rate of one month's leave for every eleven months of service. The Executive Director shall be entitled to encash leave at the end of his tenure as Executive Director.

Provision of car and telephone at the residence of the Executive Director shall not be treated as perquisites.

Where in any financial year during the currency of the tenure of the Executive Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Executive Director, the above salary and perquisites not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as minimum remuneration.

The above resolution is recommended for your approval.

Mr. Anup Jatia is concerned or interested in the said resolution of the accompanying notice as it relates to his own remuneration. Mr. Atmaram Jatia , Director of the Company is also interested being his relative.

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

Place: Mumbai
Dated: May 11, 2010

**ANUP JATIA
EXECUTIVE DIRECTOR**

Additional Information regarding the retiring director

Name	:	Mr. Shivhari Halan
Qualification	:	B.Com.
Expertise in functional area	:	Manufacture of Industrial Products.
Other Directorships	:	Halan Paper Converter (I) Private Limited Ramganj Mandi Investments Limited
Membership of other Board Committees	:	Remuneration Committe Share Transfer Committee
Number of Equity Shares held in the Company	:	135,900

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the Annual Report on the operations of the company, together with the audited financial accounts for the year ended March 31, 2010.

Financial Results

Particulars	Year ended 31.3.2010	Rs. In Lacs Year ended 31.3.2009
Sales, Exports entitlements and other Income	5314.00	4,113.28
Profit before Depreciation and Tax (PBDT)	501.96	64.80
Less: Depreciation	30.35	20.58
Profit before Tax	471.56	44.17
Less: Provision for Tax		
- Current	83.25	4.62
- Deferred	95.66	(6.13)
- Wealth Tax	0.15	0.05
- MAT Credit	(33.79)	-
- Fringe Benefit Tax	-	3.18
Profit after Tax	326.29	42.45
Add: Profit Brought forward	182.51	140.06
Balance carried to Balance Sheet	508.80	182.51

Operations:

The performance of your company during the year was remarkable due to substantial improvement in chemical segment.

Also you will be pleased to note that the renewable energy segment has started its contribution to the overall performance of the company, as both the wind mills, one situated in Rajasthan and the other in Gujarat are operating at optimum capacity.

You will be pleased to note that the total turnover of the company for the year ended March 31, 2010 amounted to Rs. 5314 lacs as against Rs. 4,113.28 lacs in the previous year. Net profit before tax for the financial year has increased substantially from Rs. 44.17 lacs to Rs. 471.56 lacs .

Your directors are optimistic about significant improvement in Company's operations in the current year.

Dividend:

In order to preserve funds for the business operations, your Directors do not recommend any dividend for the financial year 2009 – 2010.

Corporate Governance

In view of the fact that the total paid up equity share capital of the Company is below the threshold limits, the provisions of Clause 49 of the listing agreement with respect to Corporate Governance are not applicable. However, your company believes in transparency and continues to follow the best of the corporate governance standards in the industry.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Shivhari Halan shall retire by rotation at the forthcoming Annual General Meeting and is eligible for re – appointment.

Directors' Responsibility Statement:

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

- 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, 2010 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, 2010 on a going concern basis.

Fixed Deposits

During the year under review, the company had neither accepted nor renewed any deposit from public within the meaning of Section 58A of the Companies Act, 1956.

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.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo:

Particulars 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.

Particulars of Employees

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

Acknowledgement

Your Directors greatly value the support and co – operation 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.

For and on behalf of the Board

Place: Mumbai
Dated: May 11, 2010

BASANT TODI
Director

ANUP JATIA
Executive Director

ANNEXURE TO DIRECTORS' REPORT**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:****A) Conservation of Energy:****a) Energy conservation measures taken**

Review of the energy consumed is done on frequent intervals and suitable measures are taken to ensure conservation of energy to the extent possible.

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

NIL

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 31.03.2010	Year Ended 31.03.2009
A. Power and Fuel Consumption			
1.	Electricity		
	a) Purchase Units	54,314	66,620
	Total Amount (Rs. In Lacs)	2.80	3.16
	Rate / Unit	5.15	4.75
	b) Own generation	NIL	NIL
2.	Coal (<i>specify quality and where used</i>)	NIL	NIL
3.	Furnace Oil	NIL	NIL
4.	Others / Internal Generation	NIL	NIL

Technology Absorption:

Efforts made in technology Absorption is given as per Form B thereout:

Form B**RESEARCH & DEVELOPMENT**

Development activities of the Company are directed towards energy conservation, waste recycling, pollution control and quality improvement.

1.	Areas in which R&D carried out by the Company	Not Applicable
2.	Benefits derived as a result of the above R&D	Not Applicable
3.	Future plan of action	Not Applicable

-
4. Expenditure on R&D
- | | | |
|--|---|----------------|
| (a) Capital | } | |
| (b) Recurring | } | |
| (c) Total | } | Not Applicable |
| (d) Total R&D expenditure as a percentage
of total turnover | } | |

B) Technology absorption and innovation

1. Efforts, in brief, made towards technology absorption and innovation and benefits derived:
Our technical people have been attending various seminars and workshops being organized by various institutions. As a result of the efforts taken, the Company has derived following benefits:
- (a) Productivity improvement due to process improvement.
 - (b) Cost reduction and competitive pricing
 - (c) Increased market share.
2. Information regarding technology imported during last 5 years – Not Applicable

C) Foreign Exchange Earnings and Outgo:

- | | | |
|-----------------------------|---|-------------------|
| (a) Foreign exchange out go | : | Rs. 389,400,624/- |
| (b) Foreign exchange earned | : | Rs. 48,639,747/- |

For and on behalf of the Board

Place: Mumbai
Dated: May 11, 2010

BASANT TODI
Director

ANUP JATIA
Executive Director

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 2010** and also the Profit and Loss Account 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 Profit and Loss account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and the Profit and Loss account 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, 2010 and

taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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 2010;

(b) in the case of the Profit and Loss Account, 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.

For and on behalf of
KARNAVAT & CO
Chartered Accountants
Firm Regn No. 104863W
192, Dr. D.N. Road
(SHASHIKANT GUPTA)
Partner
Membership No. 45629

Mumbai-400001
Dated: 11th May, 2010

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 or taken any loans secured or unsecured to or from Companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, in our opinion, the provisions of clauses iii(b), iii(c), iii(d), iii(f) & iii(g) of Paragraph 4 of the Order are not applicable to the Company.
- 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.
- (a) 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 not accepted deposits from the public to which provisions of Sections 58 A and 58 AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 are applicable. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 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 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, 2010 for a period of more than six months from the date they became payable except for the following arrears of sales tax dues.

Nature of dues	Financial year	Amount (Rs)
Maharashtra Value -Added tax	2006-07	23,790/-
Central Sales- tax	2007-08	68,690/-
Central Sales- tax	2008-09	1,71,681/-

- (c) According to the records of the Company, sales tax, income tax, customs tax/wealth-tax excise duty/cess that have not been deposited on account of any dispute are given below.

Name of the Statute	Nature of the dues	Year	Amount (Net of Deposit)	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax Demand	2005-2006	Rs. 1,54,218/-	C.I.T. (Appeals)

- 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 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) 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

(SHASHIKANT GUPTA)

Partner

Membership No. 45629

Mumbai-400001

Dated: 11th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS			
Share Capital	1	19,360,000	19,360,000
Reserves & Surplus	2	74,479,725	41,850,747
LOAN FUNDS:			
Secured Loans	3	77,813,792	37,063,265
Unsecured Loans	4	21,104,445	6,104,445
DEFERRED TAX LIABILITY		11,425,639	1,859,444
		204,183,601	106,237,901
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	129,137,305	39,204,935
Less : Depreciation		23,769,695	20,734,591
Net Block		105,367,610	18,470,344
INVESTMENTS	6	4,500,000	-
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	120,661,842	79,361,731
Sundry Debtors		96,308,686	57,532,777
Cash and Bank Balances		20,234,845	3,423,856
Other Current Assets		3,558,229	744,927
Loans and Advances		42,446,329	51,462,392
		283,209,931	192,525,683
Less : Current Liabilities and Provisions	8	188,893,940	104,758,126
Net Current Assets		94,315,991	87,767,558
		204,183,601	106,237,901

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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As per our report of even date
For KARNAVAT & CO.
Chartered Accountants

For and on behalf of the Board

SHASHIKANT GUPTA
Partner
Membership No.45629

BASANT TODI
DIRECTOR

ANUP JATIA
EXECUTIVE DIRECTOR

Place: Mumbai
Date: 11th May,2010

C.P. VYAS
COMPANY SECRETARY

Place: Mumbai
Date: 11th May,2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	YEAR ENDED 31.3.2010 Rs.	YEAR ENDED 31.3.2009 Rs.
INCOME			
Sales		513,377,989	402,124,646
Export Incentives and Benefits		1,469,757	2,324,656
Other Income	9	9,576,683	6,878,397
Exchange Fluctuation Gain		6,975,329	-
TOTAL		531,399,757	411,327,699
EXPENDITURE			
Raw Material Consumed	10	11,077,302	33,084,613
Purchase of Traded Goods		470,331,518	295,055,595
Decrease / (Increase) in Stocks	11	(41,482,404)	13,052,000
Exchange Fluctuation Loss		-	27,335,949
Employees' Cost	12	8,427,810	6,913,756
Manufacturing Expenses	13	4,486,743	6,137,967
Administrative and Other Expenses	14	25,240,258	19,701,632
Finance Cost	15	3,122,046	3,566,320
TOTAL		481,203,273	404,847,832
Profit before depreciation and non cash charges		50,196,485	6,479,867
Leasehold Land written off		5,264	5,264
Profit before depreciation and tax		50,191,221	6,474,603
Depreciation		3,035,104	2,057,863
Profit before taxation		47,156,117	4,416,740
Less: Provision for Tax			
Current Tax		8,325,000	461,835
MAT Credit		(3,379,000)	-
Defferred Tax		9,566,195	(612,846)
(refer to note No. 10 of Notes on Accounts of Schedule 16)			
Wealth Tax		14,944	5,426
Income Tax for earlier years		-	(334)
Fringe Benefit Tax		-	318,041
Profit for the year after tax		32,628,978	4,244,618
Profit brought forward from previous year		18,250,747	14,006,130
Balance Carried to Balance Sheet		50,879,725	18,250,747
Outstanding number of equity shares of Re. 1/- each		19,360,000	19,360,000
Basic and diluted earning per share		1.69	0.22

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
16

As per our report of even date
For KARNAVAT & CO.
Chartered Accountants

For and on behalf of the Board

SHASHIKANT GUPTA
Partner
Membership No.45629

BASANT TODI
DIRECTOR
ANUP JATIA
EXECUTIVE DIRECTOR

Place: Mumbai
Date: 11th May,2010

C.P. VYAS
COMPANY SECRETARY
Place: Mumbai
Date: 11th May,2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010

	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
SCHEDULE – 1		
SHARE CAPITAL		
AUTHORISED		
80,000,000 Equity Shares of Re.1/- each	80,000,000	80,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
19,360,000 Equity Shares of Re.1/- each fully paid up	19,360,000	19,360,000
	19,360,000	19,360,000
SCHEDULE – 2		
RESERVES & SURPLUS		
Capital Reserve	3,000,000	3,000,000
General Reserve	20,600,000	20,600,000
	<u>23,600,000</u>	<u>23,600,000</u>
Add : Credit Balance in Profit and Loss account	50,879,725	18,250,747
	74,479,725	41,850,747
SCHEDULE – 3		
SECURED LOANS		
Cash Credit From Banks	64,573,680	26,382,297
Short Term Working Capital Demand Loan from Bank	10,000,000	
Packing Credit Facility	1,007,781	7,137,414
Loans For Vehicles	2,232,331	3,543,554
	<u>77,813,792</u>	<u>37,063,265</u>
Cash Credit, Packing Credit and working capital demand loan from banks are secured by hypothecation of stocks and book debts of the company, present and future, and pledge of office premises and corporate guarantee of Black Rose Trading Pvt Ltd. The above charges rank <i>pari passu for all intents and purposes</i> .		
Loans for vehicles are secured by hypothecation of vehicles		
Amount repayable within one year :		
Short Term loan Rs.10,000,000/-, Previous year - NIL.		
Vehicle Loan Rs.1,950,158/-, Previous Year Rs.1,759,687/-		
SCHEDULE – 4		
UNSECURED LOANS		
Inter-Corporate Deposits	19,604,445	4,640,445
Other Deposit	1,500,000	1,500,000
	<u>21,104,445</u>	<u>6,140,445</u>

SCHEDULE "5"

FIXED ASSETS

(Amt. in Rupees)

ITEM NO.	COST				DEPRECIATION				NET BLOCK	
	As at 31.03.2009	Additions	Deductions	As at 31.03.2010	Up to 31.03.2009	For the year	Written Back	Total upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold land	427,628	-	5,264	422,364	-	-	-	-	422,364	427,628
Factory Building	20,990,123	-	-	20,990,123	11,456,803	701,070	-	12,157,873	8,832,250	9,533,320
Office Equipments	291,840	57,831	-	349,671	127,908	14,690	-	142,598	207,073	163,932
Electric Installations	4,885,344	56,250	-	4,941,594	3,966,151	232,230	-	4,198,381	743,213	919,193
Factory Equipments	305,388	-	-	305,388	231,318	14,506	-	245,824	59,564	74,070
Plant & Machinery	2,476,503	8,200	-	2,484,703	2,164,252	94,479	-	2,258,731	225,972	312,251
Furniture & fittings	1,431,467	727,172	-	2,158,639	1,412,182	6,498	-	1,418,680	739,959	19,285
Computers	1,004,718	1,051,801	-	2,056,519	522,022	159,424	-	681,446	1,375,073	482,696
Vehicles	7,391,924	684,646	-	8,076,570	853,955	730,744	-	1,584,699	6,491,871	6,537,969
Wind Mills	-	87,351,734	-	87,351,734	-	1,081,463	-	1,081,463	86,270,271	
Total	39,204,935	89,937,634	5,264	129,137,305	20,734,591	3,035,104	-	23,769,695	105,367,610	18,470,344
Previous Year	44,091,339	334,898	5,221,302	39,204,935	23,559,751	2,057,863	4,883,023	20,734,591	18,470,344	

Note : Depreciation on Wind Mills is provided on Triple Shift Basis.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010

	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
SCHEDULE – 6		
INVESTMENTS		
LONG TERM (AT COST)		
UNQUOTED, NON TRADE		
In Partly Paid up preference Shares Yarntex Exports Ltd. 60,000 (P.Y. - NIL) Preference Shares of Rs. 100/- each (Rs. 75/- Paid up)	4,500,000	-
	<u>4,500,000</u>	<u>-</u>
SCHEDULE – 7		
CURRENT ASSETS, LOANS AND ADVANCES		
A) INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials	60,069	139,654
Finished goods	448,253	5,179,672
Semi Finished goods	743,685	8,754,753
Store, Spares and Packing Materials	89,132	191,842
Traded Goods	119,320,702	65,095,811
	<u>120,661,841</u>	<u>79,361,731</u>
B) SUNDRY DEBTORS		
Unsecured, considered doubtful		
Debts outstanding for a period of more than six months	862,139	1,384,713
Less : Provision for Doubtful Debts	862,139	1,384,713
	-	-
Unsecured, considered good		
Debts outstanding for a period of more than six months	2,366,588	2,296,059
Other Debts	93,942,099	55,236,718
	<u>96,308,687</u>	<u>57,532,777</u>
C) CASH AND BANK BALANCES		
Cash in Hand	158,500	121,559
Balance with Scheduled Banks:		
In Current Accounts	1,651,943	2,047,380
In Fixed Deposit Accounts	3,050,919	1,033,035
Balance with Other Banks:		
In Current Accounts		
Ichalkaranji Janata Shahakari Bank Ltd.-Mumbai (Maximum Balance during the year - Rs.201,738/- P.Y.-Rs.198,055/-)	92,579	189,667
Ichalkaranji Janata Shahakari Bank Ltd.-Ichalkaranji (Maximum Balance during the year - Rs.250,431/- P.Y.-Rs.315,145/-)	196,082	32,216
Cheques in Hand	15,084,822	-
	<u>20,234,845</u>	<u>3,423,857</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010

	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
D) OTHER CURRENT ASSETS		
Export Entitlements/Benefits	1,491,087	662,674
Import Entitlements Licences	2,051,914	69,167
Interest Accrued on other deposit	15,228	13,086
	<u>3,558,229</u>	<u>744,927</u>
E) LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	13,739,824	26,772,358
Central Excise Deposits	302,124	440,692
MAT Credit Entitlement	3,379,000	-
Income Tax Deposits	10,617,477	5,802,340
Other Deposits	2,140,050	379,450
Loan to Companies	9,857,008	10,387,460
Loan to Others	2,410,846	7,680,090
	<u>42,446,329</u>	<u>51,462,391</u>
SCHEDULE – 8		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
a) Total outstanding dues of Micro, Small and Medium enterprises	-	-
b) Total outstanding dues of other enterprises	163,338,068	74,634,893
Other Liabilities	3,076,197	3,476,814
Advance from Parties	9,029,886	21,739,956
	<u>175,444,151</u>	<u>99,851,663</u>
PROVISIONS		
Provision for Gratuity	517,874	326,805
Provision for Leave Encashment	44,009	16,753
Provision for Income Tax	12,346,835	4,021,835
Provision for Fringe Benefit Tax	541,071	541,071
	<u>13,449,789</u>	<u>4,906,464</u>
	<u>188,893,940</u>	<u>104,758,126</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31st MARCH, 2010**

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
SCHEDULE –9		
OTHER INCOME		
Operating Income		
Commission (TDS Rs. 3,765/- P.Y. - Rs. 4,305/-)	6,215,346	3,545,133
	6,215,346	3,545,133
Other Income		
Interest - Gross (TDS Rs. 168,777/- P.Y. - Rs. 166,465/-)	1,948,817	1,815,400
Rent - Gross (TDS Rs. 66,000/- P.Y. - Rs. 190,344/-)	660,000	840,000
Excess provision for expenses written back	489,417	464,334
Miscellaneous Income	18,223	13,866
Prior Period Adjustment (Net)	111,459	199,664
Dividend	133,421	-
	3,361,336	3,333,264
	9,576,683	6,878,397
SCHEDULE – 10		
RAW MATERIALS CONSUMED		
Opening Stock	139,654	2,287,886
Add : Purchases	10,997,717	30,936,381
	11,137,371	33,224,267
Less :Closing Stock	60,069	139,654
	11,077,302	33,084,613
SCHEDULE – 11		
DECREASE / (INCREASE) IN STOCKS		
Opening Stock :		
Finished goods:	5,179,672	3,200,215
Semi finished Goods	8,754,753	-
Traded Goods:	65,095,811	88,882,021
	79,030,236	92,082,236
Less :		
Closing Stock :		
Finished goods	448,253	5,179,672
Semi finished Goods	743,685	8,754,753
Traded Goods	119,320,702	65,095,811
	120,512,640	79,030,236
	(41,482,404)	13,052,000

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31st MARCH, 2010**

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
SCHEDULE – 12		
EMPLOYEES COST		
Salaries, Wages and Allowances	6,131,753	4,864,352
Contribution to Provident and Other Funds	449,550	353,612
Staff Welfare Expenses	155,438	149,644
Directors Remuneration	1,500,000	1,375,000
Gratuity	191,069	171,148
	8,427,810	6,913,756
SCHEDULE – 13		
MANUFACTURING EXPENSES		
Power and Fuel	279,873	316,128
Labour charges	273,339	327,048
Job work charges	2,448,259	4,014,212
Repairs and Maintenance - Plant and Machinery	8,342	81,173
- Building / Others	200,091	239,192
Packing Material Consumed	343,737	505,107
Packing Expenses	328,762	153,075
Freight and Octroi Duty	604,340	502,032
	4,486,743	6,137,967
SCHEDULE - 14		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	1,335,000	456,000
Rates and Taxes	98,293	21,025
Insurance	352,457	467,071
Postage and Telecommunication Expenses	989,994	821,841
Travelling and Conveyance	2,442,955	2,142,765
Legal and Professional Fees	3,978,995	2,066,384
Export Expenses	1,064,385	1,568,310
Brokerage and Commission	3,429,290	4,217,719
Security Service Charges	66,396	195,518
Directors Sitting fees	-	500

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31st MARCH, 2010**

	Year Ended 31.3.2010 Rs.	Year Ended 31.3.2009 Rs.
Corporate Office Expenses	441,149	435,428
Office Repairs and Maintenance	841,802	141,510
Payment to Auditors(Inclusive of service tax)		
- Audit fees	55,150	55,150
- Tax audit fees	22,060	22,060
- Vat Audit Fees	13,787	28,090
- For Other Services	73,145	75,838
- Reimbursement of expenses	2,060	2,140
Selling Expenses	3,446,179	1,809,722
Other Administrative Expenses	1,012,101	655,605
Prior Period Expenses	-	562
Warehousing Charges	777,405	942,492
Bank Charges	1,792,620	1,494,592
Vehicle Expenses	890,803	626,242
Loss on sale of Mutual Fund-Long Term	-	264,679
Loss on Sale of Machinery	-	63,689
Sundry Balances written off	574,878	178,410
Share Expenses	25,586	-
Donation	70,500	61,000
Sales Tax	240,717	75,173
Bad Debts	409,716	-
Logistics Services Expenses	792,835	499,625
Provision for Doubtful Debt	-	312,492
	<u>25,240,258</u>	<u>19,701,632</u>
SCHEDULE – 15		
FINANCE COST		
Interest - Cash Credit	2,534,130	2,466,899
- Bank Interest-Other	157,033	445,862
- Vehicles Loans	236,144	316,472
- Others	45,158	-
Bill Discounting	149,582	337,087
	<u>3,122,046</u>	<u>3,566,320</u>

SCHEDULE – 16**A. SIGNIFICANT ACCOUNTING POLICIES****1. NATURE OF OPERATION:**

The company is engaged in manufacturing of cotton yarn , gloves, fabrics, trading in major chemicals like Resorcinol, Polyacrylamide etc. The company has recently started power generation by setting up Windmills at Rajasthan and at Gujarat States.

2. BASIS OF PREPARATION:

- a) The financial statements have been prepared in compliance with all material aspects of the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.
- b) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made.
- c) Accounting polices have been consistently applied by the company and are consistent with those used in the previous year.

3. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period . Although these estimates are based upon management's best knowledge of current events and action, actual results could differ from these estimates.

4. REVENUE RECOGNITION:

- (a) Revenue is recognised on completion of sale of goods, rendering of services and/or use of Company's resources by third parties.
- (b) Benefits on account of entitlement to import duty-free materials under the "Duty Exemption Pass Book Scheme" and other Export benefit entitlements are accounted in the year of export.

5. FIXED ASSETS AND DEPRECIATION:

- (a) Fixed assets are stated at cost of acquisition less accumulated depreciation.
- (b) Depreciation on fixed assets has been provided on Straight Line Method at the Rates specified in Schedule XIV of the Companies Act,1956.
- (c) Premium on leasehold land is amortised over the life span of the lease.

6. IMPAIRMENT OF ASSETS:

The company identifies impairable assets at the year-end in terms of para-5 to 13 of AS -28 issued by ICAI for the purpose of arriving at impairment loss thereon; being the difference between the book value and recoverable value and impairment loss is recognised.

7. INVESTMENTS:

Long term investments are carried at cost after providing for any diminution in value, if such diminution is of permanent nature.

8. INVENTORIES:

Inventories are valued at cost or estimated net realisable value, whichever is lower, cost of finished goods, work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location. Cost is determined using first in first out (FIFO) method.

9. FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are normally recorded at the exchange rate prevailing on the date of transaction. The difference between the amount realized /paid and the amount booked is accounted for as "Difference in Exchange rate" in the year of realisation / payment. Current Assets and Current Liabilities are translated at forward cover rate, if applicable or at the year-end exchange rate. Exchange gains and losses are fully recognised in the profit & loss account. In the case of Forward exchange contracts, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contracts. Gains/losses on settlement of transactions arising on cancellation/ renewal of forward exchange contracts are recognized as income or expense.

10. RETIREMENT BENEFITS:

Contributions to the provident fund are made at a pre-determined rate and charged to the Profit and Loss Account. Provision for gratuity is made on actuarial valuation basis as per Accounting Standard 15 (Revised) issued by Institute of Chartered Accountants of India.

11. LEAVE ENCASHMENT:

Provision for leave encashment is made on actuarial basis as at the year-end and is charged to the Profit and Loss Account.

12. PROVISION FOR CURRENT AND DEFERRED TAX:

Provision for current tax and fringe benefit 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. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

13. PROVISIONS AND CONTINGENT LIABILITIES:

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

B. NOTES ON ACCOUNTS:**1. Contingent liabilities not provided for in respect of :-**

- (a) Custom duty demand of Rs1,488,943/- for which the company has preferred appeal (Previous Year Rs.1,488,943/-)
- (b) Income Tax demand of Rs 308,436/- relating to Assessment Year 2005-06 for which the company has preferred appeal with the higher authorities. (Previous Year Rs. 308,436/-)

- (c) Bank Guarantee given to Government authorities- Rs. 15,000/- (Previous Year- Rs.15, 000/-)
- (d) Uncalled amount of Rs.25/- per preference share in respect of 60,000 partly paid up non-cumulative redeemable preference shares of Yarmtex Exports Ltd.
2. The balances of debtors, creditors and deposits are subject to confirmation and reconciliation.
 3. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet and adequate provision for all known liabilities of the Company has been made.
 4. Based on exercise of impairment of assets undertaken by the management in due cognizance of paragraphs 5 to 13 of AS 28 issued by the ICAI, the Company has concluded that no impaired loss is required to be booked.
 5. 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.
 6. The amount of Deferred Premium on Foreign Exchange Forward Contract to be recognized in Profit & Loss Account in the subsequent year is Rs. 67,368/- (Previous Year-Rs 219,925/-)
 7. (a) The gratuity charged to the profit and loss account for the year includes provision as per the actuarial valuation as per the requirement of Revised Accounting Standard 15 issued by the Institute of Chartered Accountants of India 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 set out the status of the gratuity plan as required under AS 15 (Revised) (As certified by actuary)

Particulars	2009-10	2008-09
(i) Obligation at beginning of the year	326,805	206,516
Service cost	92,563	56,134
Interest cost	32,501	17,719
Liability transfer in	—	31,471
Benefit settled	—	(82,330)
Actuarial (gain)/ loss	66,005	97,295
Obligation at end of the year	517,874	326,805
(ii) Expenses recognised in Profit & Loss Account		
Service cost	92,563	56,134
Interest cost	32,501	17,719
Actuarial (gain)/ loss	66,005	97,295
Net gratuity cost	191,069	171,148
(iii) Amount recognised in Balance Sheet		
Liability at the end of the period	517,874	326,805
Difference	(517,874)	(326,805)
Net amount recognised in Balance Sheet	(517,874)	(326,805)

(iv) Assumptions

Interest cost	8.00%	7.75%
Salary increase	5.00%	5.00%
Attrition rate	2.00%	2.00%
Retirement age	60	60

(b) Provision for leave salary has been made on actuarial valuation as per the requirement of Revised Accounting Standard 15 issued by the Institute of Chartered Accountants of India.

8. Segment Accounting (AS –17)

The company's segmental reporting is as follows:

	Rs. in Lacs	
	FOR YEAR ENDED 31-03-2010	FOR YEAR ENDED 31-03-2009
SEGMENT REVENUE		
Sales/Income		
Textiles	454.55	550.83
Chemicals	4,744.30	3,474.49
Renewable energy	11.15	—
Others Segment	1.96	54.63
Total Segment Revenue	5,211.96	4,079.95
SEGMENT RESULTS		
Profit/(Loss) before interest and tax		
Textiles	149.44	136.25
Chemicals	485.59	13.69
Renewable energy	(0.40)	—
Others Segment	—	22.85
Total Segment Results	634.63	172.79
Less -Finance Cost	31.22	35.66
Less –Other unallocable expenses net off unallocable income	132.00	93.01
Total Profit before tax	471.41	44.12
CAPITAL EMPLOYED		
Segment Assets less Segment Liabilities		
Textiles	68.57	152.59
Chemicals	433.46	453.78
Renewable energy	839.31	—
Add – Unallocable corporate assets net off unallocable corporate liabilities	365.12	376.37
Total Capital Employed	1,706.46	982.74

8 (A) Reconciliation of Reportable Segments with Financial Statements

	Revenues	Revenues
Total Segments	5,211.96	4,079.95
Corporate Unallocated (Net)	102.04	33.33
As per Financial Statements	5,314.00	4,113.28

9. Disclosure of Related Party Transactions (AS – 18) (As certified by the Management)

(a) Information about related parties:

SR. NO	PARTICULARS	NAME OF RELATED PARTY
1	Key Management Personnel	Executive Director Shri Anup Jatia Non-Executive Directors Shri Atmaram Jatia Shri Basant Todi Shri Shivhari Halan Shri Basant Kumar Goenka
2	Enterprises owned or significantly influenced by any management personnel or their relatives.	Black Rose Trading Pvt. Ltd. Tozai Safety Pvt. Ltd. Tozai Enterprise Pvt. Ltd. Accent Industries Ltd. Fukui Accent Trading (India) Pvt.Ltd

(b) Information about related parties' transactions:

	Amount in Rupees.	
	2009-10	2008-09
(i) Key Management Personnel:		
Directors Sitting Fees	—	500
Anup Jatia (Rent - Godown)	36,000	36,000
Anup Jatia (Directors Remuneration)	1,500,000	1,375,000
(ii) Enterprises owned or significantly influenced by any management personnel or their relatives:		
Interest Received		
Maido Enterprises Pvt. Ltd.	—	135,453
Sales / Job Charges		
Tozai Safety Pvt. Ltd .	6,571,203	505,181
Black Rose Trading Pvt. Ltd.	30,971,950	36,465,413
Accent Industries Ltd.	253,766	804,343
Maido Enterprises Pvt. Ltd.	—	3,949,896
Purchases		
Tozai Safety Pvt. Ltd.	—	792,460
Black Rose Trading Pvt. Ltd.	—	10,264,005
Accent Industries Ltd.	192,392	754,841
Fukui Accent Trading (I) Pvt. Ltd.	35,891	—

Services / Reimbursement of expenses- paid

Accent Industries Ltd.	44,714	67,567
Black Rose Trading Pvt. Ltd.	824,453	386,004
Tozai Safety Pvt. Ltd.	46,393	22,740
Tozai Enterprises Pvt. Ltd.	167,593	268,078
Maido Enterprises Pvt. Ltd.	—	3,500

Reimbursement of expenses received

Tozai Safety Pvt. Ltd.	18,77,953	2,062,619
Black Rose Trading Pvt. Ltd.	16,504	3,625
Tozai Enterprises Pvt. Ltd.	11,502	35,128
Accent Industries Ltd.	70,506	24,114
Maido Enterprises Pvt. Ltd.	—	19,717
Fukui Accent Trading (I) Pvt. Ltd.	3,000	6,078

Loan Taken and repaid during the year

Tozai Enterprises Pvt. Ltd.	—	1,313,923
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Receipts/ (Payments) during the year

Black Rose Trading Pvt. Ltd. - Net Receipt	31,269,237	24,178,811
Tozai Safety Pvt. Ltd. - Net Receipt	8,139,394	1,221,285
Accent Industries Ltd. - Net Receipt/(paid)	71,667	(21,643)
Tozai Enterprises Pvt. Ltd. - Net Receipt/(paid)	13,959,625	(18,240,813)
Maido Enterprises Pvt. Ltd. - Net Receipt	—	6,660,843
Fukui Accent Trading (I) Pvt. Ltd. Net Receipt / (Paid)	(32,891)	6,078

(c) Outstanding balances pertaining to related parties

	<u>31-3-2010</u>	<u>31-3-2009</u>
(i) Key Management Personnel		
Anup Jatia – Receivable/(payable)	40,128	(36,000)
(ii) Enterprises owned or significantly influenced by any management personnel or their relatives:		
Accent Industries Ltd. - Receivable / (Payable)	9,870	(5,629)
Tozai Safety Pvt. Ltd. - Receivable	1,142,142	944,773
Black Rose Trading Pvt. Ltd.- Receivable	7,179,811	8,239,492
Tozai Enterprises Pvt. Ltd. - Receivable	1,565,574	15,661,640

10. Accounting for taxes on income (AS – 22)

The break up of net deferred tax Asset /(liability) as at 31st March, 2010 is as under:
The amount of deferred tax liability charged to profit & loss Account is Rs.9,566,195/-
Previous Year Rs. (612,846/-)

	<u>31.03.2010</u>	<u>31.03.2009</u>
		(Rs. in lacs)
Timing difference on account of :		
Deferred Tax Assets		
Expenditure U/s 43B of Income Tax Act	3.74	2.79
Provision for Doubtful Debts	<u>2.86</u>	<u>4.28</u>
Total Deferred Tax Assets	6.60	7.07

Less: Deferred Tax Liability

Depreciation	120.86	25.67
Net Deferred Tax (Liability)/Assets	(114.26)	(18.60)

11. Additional information pursuant to Part II of the Schedule VI to the Companies Act, 1956.

a) CAPACITIES	2009-2010	2008-2009
Licensed Capacity:	N.A.	N.A.
Installed Capacity: (as certified by the management)		
i) Yarn (in Metric Tons)	600	600
ii) Fabrics (in Meters)	30 Lacs	30 Lacs
iii) Gloves	N.A.	N.A.
(Manufactured by third Parties)		
iv) Renewable Energy (windmills)		
Rajasthan Unit		
Annual capacity in KWH	7008000	—
Gujarat Unit		
Annual capacity in KWH	7008000	—

b) OPENING, CLOSING STOCK, TURNOVER AND PRODUCTION:-
i) MANUFACTURED GOODS:
(a) GLOVES:

PARTICULARS	UNIT	2009-2010		2008-2009	
		QUANTITY	VALUE (Rs.)	QUANTITY	VALUE (Rs.)
PRODUCTION:					
Opening Stock	DP	—	—	—	—
Production	DP	40,165	—	—	—
Turnover	DP	31,620	1,783,059	—	—
Closing Stock	DP	8,545	420,078	—	—
Scrap	Kg.	2,817	28,175	—	—

(b) FABRICS:

PARTICULARS	UNIT	2009-2010		2008-2009	
		QUANTITY	VALUE (Rs.)	QUANTITY	VALUE (Rs.)
PRODUCTION:					
Opening Stock	Mtr.	—	—	11,685	112,737
	Kg.	—	—	—	—
Production	Mtr.	—	—	16,569	—
	Kg.	14,304	—	—	—
Turnover/Consumption	Mtr.	—	—	28,254	323,495
	Kg.	14,304	2,725,883	—	—
Closing Stock	Mtr.	—	—	—	—
	Kg.	—	—	—	—

(c) COTTON YARN:

PARTICULARS	UNIT	2009-2010		2008-2009	
		QUANTITY	VALUE (Rs.)	QUANTITY	VALUE (Rs)
PRODUCTION:					
Opening Stock	Kgs.	98,041	5,179,672	66,608	3,087,478
Production	Kgs.	232,020	—	345,078	—
Turnover	Kgs.	330,061	40,792,147	313,645	45,836,217
Closing Stock	Kgs.	—	—	98,041	5,179,672

(ii) RENEWABLE ENERGY (WIND MILLS)

PARTICULARS	UNIT	2009-2010		2008-2009	
		QUANTITY	VALUE (Rs.)	QUANTITY	VALUE (Rs)
Production	KW	261,009	—	—	—
Turnover	KW	261,009	1,114,828	—	—

iii) TRADED GOODS:-

ITEMS	UNITS	2009-2010		2008-2009	
		QTY	AMOUNT (Rs.)	QTY	AMOUNT (Rs.)
Opening Stock					
1) Fabrics	Mtrs.	8,281	204,155	13,593	227,330
2) Yarn and Fiber	Kgs.	4,539	203,813	30	1,866
3) Chemicals	Kgs.	406,551	64,570,466	608,588	88,280,892
4) Others		—	117,376	—	371,932
Purchases					
1) Fabrics	Mtrs.	—	—	—	—
2) Yarn and Fiber	Kgs.	25,744	930,934	53,789	3,682,818
3) Chemicals	Kgs.	2,540,154	457,028,710	1,506,356	286,313,608
4) Shares		—	16,004,805	—	—
5) Others		—	399,017	—	5,256,085
Turnover					
1) Fabrics	Mtrs.	4,674	—	5,312	15,936
2) Yarn and Fiber	Kgs.	30,238	1,170,420	49,280	4,215,133
3) Chemicals	Kgs.	2,259,886	468,215,239	1,708,393	343,902,534
4) Others		—	302,296	—	7,831,331
Closing Stock					
1) Fabrics	Mtrs.	3,607	183,766	8,281	204,155
2) Yarn and Fiber	Kgs.	45	2,012	4,539	203,813
3) Chemicals	Kgs.	686,819	103,218,233	406,551	64,570,466
4) Shares		—	15,885,052	—	—
5) Others		—	31,639	—	117,376

Detail of Closing stock of Shares (Quoted)

ITEMS	FACE VALUE	UNITS	2009-2010		2008-2009	
			QTY	AMOUNT Rs.	QTY	AMOUNT Rs.
Emami Ltd.	Rs. 2/-	Nos.	7649	4,747,352	—	—
Emami Infrastructure Ltd.	Rs. 2/-	Nos.	2549	—	—	—
Satyam Computer Services Ltd.	Rs. 2/-	Nos.	56000	5,185,600	—	—
Garware Offshore Services Ltd.	Rs. 10/-	Nos.	10000	1,641,000	—	—
Hardcastle & Waud Ltd.	Rs. 10/-	Nos.	1000	684,450	—	—
Riga Sugar Co.Ltd.	Rs. 10/-	Nos.	91000	2,652,650	—	—
Ruchi Soya Ind.Ltd.	Rs. 2/-	Nos.	10000	974,000	—	—

 c) **DETAILS OF RAW MATERIALS CONSUMED :**

ITEMS	2009-2010		2008-2009	
	QUANTITY (Kgs)	VALUE (Rs.)	QUANTITY (Kgs)	VALUE (Rs.)
Yarn	9,041	1,432,060	9,763	873,739
Raw Cotton	118,194	9,645,242	457,245	32,210,874
Total	127,235	11,077,302	467,008	33,084,613

 d) **VALUE OF INDIGENOUS & IMPORTED RAW MATERIALS CONSUMED**

ITEMS	2009-2010		2008-2009	
	%	VALUE (Rs.)	%	VALUE (Rs.)
Indigenous Raw Cotton	—	—	12.34	4,081,666
Indigenous Yarn	12.93	1,432,060	2.64	873,739
Imported Raw Cotton	87.07	9,645,242	85.02	28,129,208
Total	100	11,077,302	100	33,084,613

	2009-2010 (Rs.)	2008-2009 (Rs.)
e) Value of Imports on CIF basis :		
Traded Goods	389,131,028	265,063,894
f) Expenditure in foreign currency:		
Travelling	99,249	257,300
Interest on Imports	170,347	1774,764
g) Earnings in foreign currency:		
Export of goods on FOB basis	42,630,388	60,396,112
Commission	6,009,359	3,508,133

12. Details of dues recoverable from Companies under the same management.

	Current Year		Previous Year	
	Balance As on 31.03.10	Maximum outstanding during the year	Balance As on 31.03.09	Maximum outstanding during the year
<u>Advances</u>				
Black Rose Trading Pvt. Ltd. (For purchase of Assets)	3,000,000	8,000,000	8,000,000	8,000,000
Tozai Enterprises Pvt. Ltd. (For Purchase of Assets)	1,500,000	16,000,000	16,000,000	16,000,000
<u>Sundry Debtors</u>				
Tozai Safety Pvt. Ltd.	1,142,142	5,238,879	955,071	955,071
Black Rose Trading Pvt. Ltd.	4,054,861	5,567,975	239,491	2,570,895
Accent Industries Ltd.	22,721	251,737	17,153	791,466

- 13. (i)** Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.
- (ii)** Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 To 16

AS PER OUR REPORT OF EVEN DATE ATTACHED

For and on behalf of KARNAVAT & CO.

Chartered Accountants

(SHASHIKANT GUPTA)**Partner**

Membership No. 45629

For and on behalf of the Board

BASANT TODI**Director****ANUP JATIA****Executive Director****C.P. VYAS****Company Secretary****Place: Mumbai****Date: 11th May, 2010****Place: Mumbai****Date: 11th May, 2010**

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details:		
	Registration No.	:	L17120MH1990PLC054828
	State Code	:	11
	Balance Sheet Date	:	31-03-2010
II	Capital raised during the year: (Amount in Rs. Thousands)		
	Public Issue	:	Nil
	Rights Issue	:	Nil
	Bonus Issue	:	Nil
	Private Placement	:	Nil
III	Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousands)		
	Total Liabilities	:	393,078
	Total Assets	:	393,078
	Sources of Funds:		
	Paid-up Capital	:	19,360
	Reserve & Surplus	:	74,480
	Secured Loans	:	77,814
	Unsecured Loans	:	21,104
	Deferred Tax Liability	:	11,426
	Application of Funds :		
	Net Fixed Assets	:	105,368
	Investments	:	4,500
	Net Current Assets	:	94,316
IV	<u>Performance of Company:</u> (Amount in Rs. Thousands)		
	Turnover/other Income	:	531,400
	Total Expenditure	:	484,244
	Profit before tax	:	47,156
	Profit after tax	:	32,629
	Earning per Share (Rs.)	:	1.69
	Dividend	:	—
V	Generic names of three principal products/services of Company:		
	Item Code No. (ITC No.)	:	520500
	Product Description	:	Cotton Yarn
	Item Code No. (ITC No.)	:	520800
	Product Description	:	Fabrics
	Item Code No.(ITC No.)	:	290000
	Product Description	:	Organic Chemicals

For and on behalf of the Board

BASANT TODI
Director**ANUP JATIA**
Executive Director**C.P. VYAS**
Company SecretaryPlace: Mumbai
Date: 11th May,2010

Cash Flow Statement for the year ended March 31, 2010

	2009-10 (Rs.)	2008-09 (Rs.)
A. Cash Flow From Operating Activities:		
Net Profit before tax and extraordinary items	47,156,117	4,416,739
Adjustments for:		
Depreciation	3,035,104	2,057,863
Excess provision for Depreciation written back	-	(88,008)
Leasehold Land Written off	5,264	5,264
Loss on sale of Fixed Assets	-	63,689
Loss on sale of Investments	-	264,679
Interest Expenses	3,106,977	3,507,722
Interest Income	(269,755)	(569,524)
Unrealised Foreign Exchange (Gain)/Loss	(2,368,026)	4,873,090
Provision for Export entitlement	(824,459)	-
Provision for expenses, gratuity & leave encashment	1,493,205	1,007,552
Provision for Doubtful Debts	(522,574)	312,495
Excess provisions written back	(489,414)	(274,510)
Rental income	(660,000)	(840,000)
Lease rental paid	5,000	-
Prior Period Items (net)	(111,459)	(199,102)
Sundry Balance written off	244,913	178,410
Bad debts	409,716	-
Foreign exchange forward contracts payments (net of receipts)	1,688,232	2,431,737
Operating Profit before working capital changes	<u>51,898,843</u>	<u>17,148,096</u>
Adjustments for:		
(Increase)/Decrease in Trade and Other Receivables	(33,826,192)	(2,879,545)
(Increase)/Decrease in Inventories	(41,300,110)	15,228,250
Increase/(Decrease) in Trade and Other Payables	77,231,385	(27,035,035)
Cash Generated from Operating Activities	54,003,925	2,461,766
Less : Direct Taxes(Net of refund) and Fringe Benefit Tax paid	4,764,081	1,543,717
Total Cash Generated from Operating Activities	<u>49,239,844</u>	<u>918,049</u>
Cash Generated from Prior Period items (net)	111,459	199,102
Net Cash flow from Operating activities	<u>49,351,303</u>	<u>1,117,151</u>
B. Cash Flow From Investing Activities		
Sale of Fixed Assets	-	357,334
Purchase of Fixed Assets	(89,937,634)	(334,898)
Advance Against Property	(3,000,000)	(8,000,000)
Lease rental	(5,000)	-
Interest Income	269,755	569,524
Sale of investments	-	1,235,320
Investment in Shares	(4,500,000)	-
Advance for Preference Shares	(2,000,000)	-
Rental income	660,000	840,000
Foreign exchange forward contracts payments (net of receipts)	(1,688,232)	(2,431,737)
Cash Generated from investing Activities	<u>(100,201,111)</u>	<u>(7,764,457)</u>
Less : Income-tax paid at source	66,000	190,344
Net Cash (used in) investing activities	<u>(100,267,111)</u>	<u>(7,954,801)</u>

C. Cash Flow from Financing activities

Proceeds from borrowings	55,750,527	12,329,218
Interest Expenses	(3,106,977)	(3,507,722)
Net cash flow from Financing Activities	<u>52,643,549</u>	<u>8,821,495</u>
Net increase in cash and cash equivalents (A+B+C)	1,727,743	1,983,848
Cash and cash equivalent as on 1.4.2009 (Opening Balance)	3,423,856	1,440,010
Cash and cash equivalent as at 31.3.2010 (Closing Balance)	<u>5,151,600</u>	<u>3,423,856</u>

Notes:
1) Reconciliation of cash and cash equivalents

As per Balance Sheet- schedule 7	20,234,845	3,423,856
Add:- Foreign exchange loss on revaluation of foreign currency	1,578	-
Less:-Cheque in Hand	<u>(15,084,822)</u>	-
As per Cash Flow statement	<u>5,151,600</u>	<u>3,423,856</u>

2) Cash and Cash equivalents comprises of

a) Cash in hand	160,078	121,559
b) Bank balance in current accounts	1,940,603	2,269,262
c) In fixed deposit account	3,050,919	1,033,035
	<u>5,151,600</u>	<u>3,423,856</u>

3) Direct Tax paid are treated as arising from operating activity and not bifurcated 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) Figures in brackets represent outflows.

As per our report of even date
For KARNAVAT & CO.
Chartered Accountants

SHASHIKANT GUPTA
Partner
Membership No.45629

Place: Mumbai
Date: 11th May,2010

For and on behalf of the Board

BASANT TODI
DIRECTOR

ANUP JATIA
EXECUTIVE DIRECTOR

C.P. VYAS
COMPANY SECRETARY

Place: Mumbai
Date: 11th May,2010

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 20th Annual General Meeting to be held
on Monday, July 12, 2010 at 11.30 a.m. and any adjournment thereof.

Signed on this _____ day of _____ 2010

Affix
Re. 1.00
Revenue
Stamp

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 20th Annual General Meeting of the Company at Kilachand
Conference Room, IMC Building, 2nd Floor, IMC Marg, Churchgate, Mumbai-400020, Monday, July 12,
2010 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 _____