

NOTICE

Notice is hereby given that Twenty Third Annual General Meeting of the members of the Company will be held on Friday, 12th July, 2013 at 11.30 a.m. at Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Chrchugate, 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, 2013 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. Basant Kumar Goenka who retires by rotation and being eligible, offers himself for re-appointment.
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 their 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 2013 – 2014, 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 Ordinary Resolution.
“**RESOLVED THAT** Mr. Sujay Sheth, who was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on February 2, 2013 and who holds office till the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company and liable to retire by rotation.”
5. To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution.
“**RESOLVED THAT** Mr. Atmaram Jatia, who was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on May 24, 2013 and who holds office till the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company and liable to retire by rotation.”
6. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution.
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956 (the “Act”), and subject to such other approvals as may be necessary, the Company hereby approves the re-appointment of Mr. Anup Jatia as an Executive Director of the Company for a period of three years with effect from May 1, 2013 on the terms and conditions including the terms as to remuneration approved by the remuneration committee and as set out in the explanatory statement which statement be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment in such manner as may be agreed between the Board and Mr. Jatia.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Mr. 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 be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

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

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force (the "Act"), and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the "SEBI (ICDR) Regulations"), the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000 including any amendments, modification, variations or re-enactment thereof, and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board, Securities and Exchange Board of India, the Stock Exchange where the shares of the Company are listed and any other appropriate authority (hereinafter collectively referred to as the "Appropriate Authorities"), enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to the Company obtaining all approvals from the Appropriate Authorities and subject to such conditions and modifications as may be prescribed by any one of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to offer, issue, and allot upto an aggregate of 12,280,000 equity shares of ₹ 1 each (collectively the "Issue Shares") at a premium of ₹ 5.25 per equity share aggregating to ₹ 76,750,000 to the investors named below (the "Investors") on preferential allotment basis, at such time or times and on such terms and conditions and in such manner as may be decided by the Board in this connection:

Name of the Investors	Equity Shares	Issue Size (₹)
Triumph Worldwide Limited	9,210,000	57,562,500
Shrawan Kumar Todi	3,070,000	19,187,500

RESOLVED FURTHER THAT the Issue Shares shall be issued and allotted by the Company to the above mentioned investors, inter-alia, subject to the following:

- The Issue Shares shall be allotted within a period of 15 days from the date of passing of this resolution provided that where the allotment of the said Issue Shares is pending on account of pendency of any approval of such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval; and

- The Issue Shares to be issued and allotted in the manner aforesaid shall rank pari passu with the existing equity shares of the Company in all respect.

RESOLVED FURTHER THAT the price of the Issue Shares has been calculated in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations. The “Relevant Date” for the purpose of calculating the price of the Issue Shares is the date 30 days prior to the date of this Annual General Meeting i.e. 12th June, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of the Issue Shares, the Board be and is hereby authorised to do all such acts, deed, matters and things as it may in its absolute discretion, deem necessary and desirable for such purpose, including without limitation, issuing clarifications on the issue and allotment of the Issue Shares, resolving any difficulties, effecting any modification to the foregoing (including any modifications to the terms of the issue), preparing, signing and filing applications with the appropriate authorities for obtaining requisite approvals, liaising with appropriate authorities to obtain the requisite approvals, entering into contracts, arrangements, agreements, memoranda, documents for appointing agencies for managing, listing, and trading of Issue Shares, to appoint such consultants, legal advisors, advisors and all such agencies as may be required for the issuance of the Issue Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) of the Company and to generally do all such acts, deeds and things as may be necessary or incidental to give effect to the aforesaid resolutions.

RESOLVED FURTHER THAT all actions taken by the Board or Committee duly constituted for this purpose in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.”

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act 1956, (including any statutory modifications or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered/amended by addition of the following new articles in the following manner:

- (i) Following Article 120A be inserted after Article 120.

Article 120A: Participation by Director in Board/Committee meeting through Electronic Mode:

Subject to provisions of the Companies Act, 1956 or any Notification, Circular issued by the Central Government or any other Government authority/department, and subject to the necessary arrangements made for such participation, the Directors of the Company may participate in the meetings of the Board/Committee through Electronic Mode/video conferencing or any other mode prescribed by law from time to time.

- (ii) Following Article 130A be inserted after Article 130.

Article 130A: Open to Members to waive/forgo his/their right to receive the Dividend.

Notwithstanding anything contained in the Articles 130 to 142 of the Articles of Association of the Company, but subject to the provisions of the Companies Act, 1956 and all other applicable

rules of the statutory authorities and the Rules framed by the Board of Directors of the Company in this behalf, as amended from time to time by the Board, it shall be open for the Members of the Company who hold the equity shares in the Company to waive/forgo his/their right to receive the dividend (interim or final) by him/them for any financial year which may be declared or recommended respectively by the Board of Directors of the Company. The waiver/forgoing by the Members, his/their right to receive the dividend (interim or final) by him/them under this Article shall be irrevocable immediately after the record date/book closure date fixed for determining the names of Members entitled for dividend. The Company shall not be entitled to declare or pay and shall not declare or pay dividend on equity shares to such Members who have waived/forgone his/their right to receive the dividend (interim or final) by him/them under this Article.”

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

**Place: Mumbai
Date: June 13, 2013**

**C.P.Vyas
Company Secretary**

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 to 8 of the notice is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain close from July 10, 2013 to July 12, 2013 (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.
7. Those members who have so far not encashed their Dividend Warrants for the financial year 2010 – 2011, may claim or approach the Company’s Share Transfer Agents for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on July 14, 2018.

Kindly note that after July 14, 2018, the members will not be entitled to claim such dividend.

8. **Information required under Clause 49 VI A of the Listing Agreement with the Bombay Stock Exchange Limited with respect to the Appointment of New Director and Directors seeking re-appointment:**

a) Mr. Basant Kumar Goenka

Mr. Basant Kumar Goenka retires by rotation and is eligible for re-appointment.

Mr. Basant Kumar Goenka is a commerce graduate with Honors, DSM, NIIT, LA (QMI-affiliated to IRCA, U.K.) having rich experience of more than 10 years in the field of finance and management.

As on March 31, 2013, other companies in which Mr. Goenka holds Directorship are Accent Industries Limited, Bharat Produce Company Limited and Hindustan Wire Products Limited.

He is currently a Member of Remuneration Committee and Shareholders'/Investors' Grievance Committee of the Company.

He does not hold any shares (either in own name or held by/for other persons on a beneficial basis) in the Company.

b) Mr. Sujay Sheth

Mr. Sujay Sheth was appointed as an additional director of the company at the meeting of the Board of Directors of the Company held on February 2, 2013 and holds office upto the date of forthcoming Annual General Meeting. A member of the Company has proposed his candidature for the office of Director liable to retire by rotation.

Mr. Sujay Sheth holds a Bachelor's degree in Commerce from the Bombay University. He is also a fellow member of the Institute of Chartered Accountants of India. Currently, Mr. Sheth is the Managing Partner of M/s. J. K. Doshi & Co., Chartered Accountants, a reputed firm of Chartered Accountants.

Mr. Sheth's areas of experience are finance and accounting, direct taxes, corporate laws and significant experience in the fields of transaction advisory, pre-acquisition studies, corporate governance, assurance and valuation. He is involved in audit, taxation, attestation and assurance functions of a wide selection of Indian and multi-national clients.

As on March 31, 2013, other company in which Mr. Sheth holds directorship is M/s. AGC Networks Limited.

Mr. Sheth is a member of Audit Committee and Remuneration Committee of the Company.

Mr. Sheth is the Chairman of Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee and is the member of Ethic and Compliance Committee and Executive Committee of M/s. AGC Networks Limited.

He does not hold any shares (either in own name or held by / for other persons on a beneficial basis) in the Company.

c) Mr. Atmaram Jatia

Mr. Atmaram Jatia was appointed as an additional director of the company at the meeting of the Board of Directors of the Company held on May 24, 2013 and holds office upto the date of

forthcoming Annual General Meeting. A member of the Company has proposed his candidature for the office of Director liable to retire by rotation.

Mr. Jatia is a qualified B.S. in chemical engineering from Wisconsin, U.S.A.

Mr. Jatia's areas of experience are technical and international trade & finance. Mr. Jatia does not hold any Directorships/Committee memberships in any Indian Company.

He does not hold any shares (either in own name or held by / for other persons on a beneficial basis) in the Company. However, Mr. Jatia holds substantial share capital in Wedgewood Holdings Limited, the holding company of the company.

d) Mr. Anup Jatia

Mr. Anup Jatia's five year term as Executive Director of the Company expired on April 30, 2013 and the Board of Directors of the Company at its meeting held on April 29, 2013 re-appointed Mr. Jatia as Executive Director of the Company for a further period of three years with effect from May 1, 2013, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Mr. Anup Jatia is Bachelor of Science in Chemical Engineering (B.Sc. – Chem. Eng. and Economics) from the California Institute of Technology, U.S.A. He has more than 15 years of experience and interest in the Industrial manufacturing, marketing, research and personal safety products. His knowledge about the industry, international market and global economy shall guide the company to grow further.

His expertise is in the fields of Manufacturing, Marketing and Management.

As on March 31, 2013, other companies in which Mr. Jatia holds Directorship are Accent Industries Limited, Tozai Safety Private Limited, Black Rose Trading Private Limited, Fukui Accent Trading (India) Private Limited and Tozai Enterprises Private Limited.

Mr. Jatia is a member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Company.

Mr. Jatia is not a member of any committee in any other companies in which he is a Director.

He does not hold any shares (either in own name or held by/for other persons on a beneficial basis) in the Company.

Statement as per proviso (iv) of Part (B) and (C) of Part II of Schedule XIII to the Companies Act, 1956.

1. General Information

The Company is engaged in the distribution of speciality, performance, and pharmaceutical chemicals. The Company works with reputed international principals for their products. The Company is also engaged in the manufacture of textiles and renewable energy. The Company is currently setting up India's first plant to manufacture acrylamide monomer, using technology licensed to it by Mitsui Chemicals, Inc., of Japan. The initial plant capacity is 10,000MT.

a) Nature of Industry

The Company is in the chemical, textile, and renewable energy industries. The chemical industry and textile industry are influenced largely by overseas economies and macroeconomic factors such as oil prices. The renewable energy industry (wind energy) is influenced mainly by weather conditions.

b) Date or expected date of Commercial Production

The expected date of commercial production of the acrylamide monomer plant is September 2013.

c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in this prospectus.

Not Applicable

d) Export performance and net foreign exchange outgo

The total export income during the year was ₹ 3.92 crores.

e) Foreign investments or collaborations

The Company has a Foreign Technology License Agreement with Mitsui Chemicals, Inc., of Japan, for the manufacture of acrylamide monomer in India.

II. Information about the appointee**1. Background Details**

Mr. Anup Jatia (aged 42 years) completed his B.Sc. Engineering and Applied Sciences (Chemical Engineering and Economics) from the California Institute of Technology, U.S.A. in 1993. He has 18 years of experience in the field of chemicals and textiles, with a deep understanding of international and local business.

Mr. Anup Jatia joined the Board of Directors of the Company in January 2007 and was appointed as Executive Director in May 2008.

Mr. Jatia's term of appointment as Executive Director expired in April 2013 and was subsequently reappointed as Executive Director in May 2013, subject to approval of shareholders at the ensuing Annual General Meeting of the Company.

2. Past Remuneration

Mr. Anup Jatia's remuneration as on 30th April, 2013 was ₹ 250,000 per month.

3. Recognition or awards

Anup Jatia has experience in the field of catalysis research and has authored a paper entitled "ZrO₂ promoted with sulfate, iron, and manganese: a solid superacid catalyst capable of low temperature n-butane isomerization" which was published in *Catalysis Letters* in March 1994.

4. Job profile and his suitability

Mr. Anup Jatia as Executive Director is involved in managing the growth of the company, the company's relationships with its overseas principals, foreign technology licensor, and customers. He is actively involved in the set up of the upcoming acrylamide plant, as well the techno-commercial aspects of product sales.

5. Remuneration proposed

₹ 250,000 per month effective 1st May, 2013.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and the person

The remuneration is comparable to the industry, size of the company, profile of the position, and the person.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel

The Company's largest shareholder and promoter, Wedgewood Holdings Ltd., is owned by a relative of Mr. Anup Jatia.

III. Other Information**1. Reasons for loss/inadequacy of profit**

The company is engaged in a competitive business environment that requires a wide product portfolio and strong service base. Increasing costs and reducing margins need to be offset by higher volumes, but need to be balanced with a proper understanding of client creditworthiness and the financial conditions of the markets we operate in.

2. Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms

The company has taken the initiative to increase consolidated turnover to ₹ 175 crores from ₹ 122 crores in the current financial year through the start of its acrylamide plant and through additions of new speciality and performance chemicals to its distribution business.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

Mr. Sujay Sheth was appointed as an additional director of the company at the meeting of the Board of Directors of the Company held on February 2, 2013. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Sheth holds office upto the date of forthcoming Annual General Meeting. The Company has received notice in writing under Section 257 of the Companies Act, 1956, along with requisite deposit, proposing his candidature for the office of Director liable to retire by rotation.

With the joining of Mr. Sheth as Director, the Company will be benefited from his experience and expertise in the area of accounts, finance, taxation, corporate laws and corporate governance.

None of the Directors of the Company except Mr. Sheth is in any way concerned or interested in proposed resolution.

The Board of Directors of your Company is of the opinion that his appointment will be beneficial to the Company and hence recommend the Resolution at item no. 4 for your approval.

Item No. 5

Mr. Atmaram Jatia was appointed as an additional director of the company at the meeting of the Board of Directors of the Company held on May 24, 2013. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Jatia holds office upto the date of forthcoming Annual General Meeting. The Company has received notice in writing under Section 257 of the Companies Act, 1956, along with requisite deposit, proposing his candidature for the office of Director liable to retire by rotation.

With the joining of Mr. Jatia as Director, the Company will be benefited from his experience and expertise in the area of technical and international Trade & Commerce.

None of the Directors of the Company except Mr. Jatia himself and his son Mr. Anup Jatia is in any way concerned or interested in proposed resolution.

The Board of Directors of your Company is of the opinion that his appointment will be beneficial to the Company and hence recommend the resolution at item no. 5 for your approval.

Item No. 6

The Board of Directors of the Company at its meeting held on 29th April, 2013 had re-appointed Mr. Anup Jatia as Executive Director of the Company for a period of three years with effect from May 1, 2013 on the terms and conditions including the terms as to remuneration approved by the remuneration committee.

The terms of his appointment as Executive Director are as under:

- a) Appointment of Mr. Anup Jatia as Executive Director of the Company for a period of three years with effect from May 1, 2013;
- b) Remuneration not exceeding ₹ 250,000/- per month.

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 for 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 Resolution at item no. 6 is therefore, placed for approval of the members.

None of the Directors of the Company except Mr. Jatia himself and his father Mr. Atmaram Jatia is in any way concerned or interested in the proposed resolution.

Item No. 7**MATERIAL FACTS RELATING TO THE PREFERENTIAL ISSUE**

The company is setting up a manufacturing plant in the state of Gujarat for the manufacture of acrylamide monomer. To support its growth plans, the Company proposes to increase its capital base by way of infusion of equity. The Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), has received an offer from M/s. Triumph Worldwide Limited and Mr. Shrawan Kumar Todi (the "Investors") to subscribe to 12,280,000 equity shares of the Company of ₹ 1 each at a premium of ₹ 5.25 per share for an aggregating issue size of ₹ 76,750,000 (collectively the "Issue Shares"). The Board has accepted this offer at its meeting held on May 24, 2013. The Issue Shares allotted to the investors shall rank pari passu with all other equity shares of the Company in respect of all rights including dividend and voting.

M/s. Triumph Worldwide Limited is a company incorporated in Hong Kong and is a promoter group company.

Mr. Shrawan Kumar Todi is an Industrialist having vast experience of business and management.

The Board has the necessary authority to issue, offer and allot 12,280,000 equity shares to the Investors. It may be noted those in terms of Chapter VII of the SEBI (ICDR) Regulations. It is necessary to disclose the details of investors and certain other terms to the shareholders while seeking their approval for issuing the equity shares on preferential basis. Hence, the requisite approval of the shareholders is being sought and terms of the provisions of the Companies Act, 1956, and the SEBI (ICDR), Regulations the relevant disclosures/details of which are given below:

Object of the Preferential Issue

Retirement of short term debt and financing of acrylamide monomer plant.

Type of Security offered and the number of security offered

The Company proposes to offer, issue and allot 12,280,000 equity shares of ₹ 1 each at a premium of ₹ 5.25 per share for an aggregating issue size of ₹ 76,750,000 to the Investors.

Important Terms and Conditions

The total subscription amount, payable by the Investors, shall be payable at the time of allotment of the Issue Shares.

The allotment of Issue Shares are subject to the Investors not having sold any equity shares of the company during the six months preceding the Relevant Date and the Investors not acquiring or selling any equity shares until completion of the allotment of the Issue Shares under the proposed Preferential Issue.

Under Chapter VII of the SEBI (ICDR) Regulations, issue of equity shares on a preferential basis shall be made at a price not less than higher of:

- the average of the weekly high and low of the closing prices of the equity shares quoted on a recognised stock exchange during the six months preceding the Relevant Date or
- the average of the weekly high and low of the closing prices of the equity shares quoted on a recognised during the two weeks preceding the Relevant Date.

The Relevant Date for the purpose of determining the Issue Price of the equity shares shall be June 12, 2013 being the date which is 30 days prior to the date of shareholders resolution i.e. July 12, 2013.

Proposal of promoters, directors or key management personnel to subscribe to the offer

The issue is being subscribed to the extent of 75% by the promoter of the company through Triumph Worldwide Limited, a promoter group company.

Pre-issue and Post-issue Shareholding Pattern of the Company

Shareholder Category	% of shareholding before the proposed preferential allotment (as on June 12, 2013)		% of shareholding after the proposed preferential allotment	
	No. of Shares	%	No. of Shares	%
Promoter and Promoter Group	29,039,850	75.00	38,249,850	75.00
Public	9,680,150	25.00	12,750,150	25.00
Total	38,720,000	100.00	51,000,000	100.00

Proposed time within which the allotment shall be completed

As required under SEBI (ICDR) Regulations, the allotment of the Issue Shares will be completed within 15 days from the date of the passing of the resolution. Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority, if applicable, the allotment would be completed with 15 days from the date of such approval.

Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them and change in control, if any, consequent to the preferential issue

Identity of proposed allottees	The maximum number of equity share proposed to be allotted	Post issue shareholding on a fully diluted basis
Triumph Worldwide Limited	9,210,000	18.06%
Shrawan Kumar Todi	3,070,000	6.02%

There will be no change in the control of the Company consequent to the preferential issue.

Undertaking

The company gives an undertaking that:

- the company shall re-compute the price of the Issue Shares in terms of the provisions stipulated under Chapter VII of SEBI (ICDR) Regulations, where it is required to do so;
- if the amount payable on account of the re-computation of price is not paid within the time stipulated under Chapter VII of SEBI (ICDR) Regulations, the Issue Shares shall continue to be locked-in till the time such amount is paid by the allottees.

Lock in

Pursuant to SEBI (ICDR) Regulation, the equity shares being allotted on preferential basis to M/s. Triumph Worldwide Limited shall be locked in for a period of 3 years from the date of allotment and the equity shares being allotted on preferential basis to Mr. Shrawan Kumar Todi shall be locked in for a period of 1 year from the date of allotment.

The entire pre preferential allotment shareholding of the allottees, if any, shall be locked in from the relevant date up to a period of six months from the date of preferential allotment.

Auditor's Certificate

The Company is in the process of obtaining a certificate from M/s. Karnavat & Co., Statutory Auditors of the Company, certifying that the issue of the Issue Shares is being made in accordance with requirements of SEBI (ICDR) Regulations. A copy of this certificate shall be placed before the shareholders' at the ensuing Annual General Meeting of the Company.

Further, under Section 81(1A) of the Companies Act, 1956, approval of the members is required for allotment of securities on preferential basis. Accordingly, the consent of the shareholders is being sought, pursuant to the applicable provisions of the Companies Act, 1956, and SEBI (ICDR) Regulations to issue and allot equity shares on preferential basis as stated in the resolutions.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot securities to the Investors who may not be an existing shareholder of the Company.

Mr. Atmaram Jatia and Mr. Anup Jatia may be considered as interested in the proposed resolution.

Item No. 8

In the recent past the Ministry of Corporate Affairs (MCA) has come out with certain circulars and notifications, wherein the Companies have been permitted to hold the Board Meeting through Video conferences. Besides this the companies have also been authorised to issue communication to its shareholders viz. Notice, Annual Reports, Annual Accounts/Auditors Report through electronic mode, instead in physical form. For the above purpose, the Articles of Association is required to be amended.

Also to facilitate members who wish to waive/forgo his/their right to receive dividend to help the company to conserve funds for its long term requirements, it is proposed to amend the Articles to incorporate the provision for the same.

Pursuant to provisions of Section 31 of the Companies Act, 1956 any amendment to the provisions of Articles Association of the Company requires the approval of the members by way of Special Resolution.

The Resolution at item no. 8 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 resolutions.

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

**Place: Mumbai
Date: June 13, 2013**

**C.P.Vyas
Company Secretary**

REGISTERED OFFICE:

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



**23rd Annual Report
2012-13**

**BLACK ROSE
INDUSTRIES LIMITED**

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CORPORATE INFORMATION**BOARD OF DIRECTORS**

MR. ATMARAM JATIA	:	DIRECTOR
MR. SHIVHARI HALAN	:	DIRECTOR
MR. ANUP JATIA	:	EXECUTIVE DIRECTOR
MR. SUJAY SHETH	:	DIRECTOR
MR. BASANT KUMAR GOENKA	:	DIRECTOR

COMPOSITION OF AUDIT COMMITTEE

MR. SHIVHARI HALAN
MR. ANUP JATIA
MR. SUJAY SHETH

COMPOSITION OF SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

MR. BASANT KUMAR GOENKA
MR. SHIVHARI HALAN
MR. ANUP JATIA

COMPOSITION OF REMUNERATION COMMITTEE

MR. SHIVHARI HALAN
MR. SUJAY SHETH
MR. BASANT KUMAR GOENKA

BANKERS

ING VYSYA BANK LIMITED
YES BANK LIMITED

REGISTERED OFFICE

145/A, MITTAL TOWER,
NARIMAN POINT, MUMBAI – 400021.
MAHARASHTRA.

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 - 416109
DIST. KOLHAPUR,
MAHARASHTRA

**COMPANY SECRETARY AND
COMPLIANCE OFFICER**

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 circulars 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.

Recognising the spirit of the circulars issued by MCA, we propose to send documents like the Notice convening the General Meeting, Financial Statements, Directors' Report, Auditors' Report and all other documents required by statute to be attached thereto etc., in electronic form.

This will be sent to your email address provided by you and made available to us by the Depositories through our Registrar and Share Transfer Agent. Please note that, unless we hear the contrary from your end, we shall continue using your e-mail ID registered with your Depository Participant for sending you the aforementioned documents. In the event you have changed your e-mail ID, you please re-register your new e-mail ID with your Depository Participant.

Please note that you will be entitled to be furnished free of cost, with a copy of the above mentioned documents, upon receipt of a requisition from you. In case you desire to receive the above referred documents in physical form, you are requested to send an e-mail to vyas@texbrex.com and/or nevil@texbrex.com with subject line as "Opting for Physical form", to enable us to deliver all such documents to you in physical form.

Following the government directive, the full text of these reports will also be made available on our website, www.blackrosechemicals.com.

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. My E-mail id is	

Place :

Date :

(Name and Signature of the Member)

DIRECTORS' REPORT
(Including Management Discussion and Analysis Report)

Dear Members,

Your Directors are pleased to present this Twenty Third Annual Report, together with the Audited Financial Accounts of the company, for the year ended 31st March, 2013.

Financial Results (Consolidated)

	<i>₹ in Lacs</i>	
	Year ended 31.3.2013	Year ended 31.3.2012
Sales, Exports Entitlements, and Other Income	12,237.43	9,373.41
Earnings Before Interest Depreciation Tax and Amortisation (EBIDTA)	551.08	313.74
Less: Finance Costs	152.84	181.34
Profit before Depreciation and Tax (PBDT)	398.24	132.40
Less: Depreciation	116.13	113.30
Profit before Tax	282.11	19.10
Less: Provision for Tax	116.38	(0.21)
Profit after Tax	165.73	19.31

Operational Performance

The year 2012 – 2013 started strong in terms of both turnover and profitability during the first two quarters. The third quarter saw a significant drop in sales due to a sudden slow down in the domestic market. The company recovered in the fourth quarter to close the year with a consolidated sales growth of 31%, net profit growth of 750%, and EBITDA growth of 76% compared to the previous year.

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

Dividend

In order to preserve funds for company's business expansion activities, your Directors have decided not to recommend payment of a dividend for the financial year 2012 – 2013.

Business Scenario

The global economic scenario in FY2012-13 continued to be fraught with challenges. Major economies witnessed slower growth and the Eurozone was and is even now full of uncertainty. The business environment in India remained subdued due to tight market liquidity, and a cautious approach to sales was required to protect the company from unwanted risks and losses.

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

Manufacturing Facility at Jhagadia, Gujarat

After the receipt of Environmental Clearance and approval from the Gujarat Pollution Control Board which took almost two years to obtain, work on site was restarted. However, the company could not meet its expected commissioning date of March 2013 because of slow civil work on site. The matters are now progressing well and we expect to commence commercial production during September 2013.

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

Wholly Owned Subsidiary in Japan – B.R. Chemicals Co., Ltd.

During the year under review, the turnover of the company's wholly owned subsidiary in Japan has increased by ₹ 25 crores to ₹ 37 crores. The subsidiary has broken even in its second year of operation, making a small positive contribution towards the company's profits.

Your Directors expect the subsidiary to continue contributing around 30% of the company's turnover and to provide a larger contribution towards the profits in FY2014.

Corporate Governance

Your Directors believe firmly in the principle of transparency in governance. The company received the **Best SME for Corporate Governance** award in the previous year.

A *Report on Corporate Governance* is presented as a separate section which forms a part of this Annual Report.

A certificate from the statutory auditors of your company regarding compliance with the corporate governance requirements as stipulated in Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited is annexed to the Directors' Report.

Directors

Mr. Sujay Sheth was appointed as an additional director of the company at the meeting of the Board of Directors of the company held on February 2, 2013.

Mr. Sujay Sheth holds a Bachelor's Degree in Commerce from Bombay University. He is also a Fellow Member of the Institute of Chartered Accountants of India. He is the Managing Partner of J. K. Doshi & Co., a reputed firm of Chartered Accountants based in Mumbai working with a wide selection of Indian and multinational companies.

Mr. Sheth's has wide exposure in the fields of finance and accounting with a deep knowledge of direct taxes and corporate laws, and significant experience in the fields of transaction advise, pre-acquisition studies, corporate governance, assurance, and valuation.

With the joining of Mr. Sheth on the Board, the Company will benefit from his extensive experience and expertise in the areas of accounts, finance, taxation, corporate law, and corporate governance. The Board of Directors would like to thank him for his acceptance to join the Board and for providing his valuable guidance.

Awards and Recognitions

The company was ranked number 165 among India's 500 fastest growing mid-sized companies and received the **Inc. India 500 Award** from The Growth Institute.

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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2013 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, 2013 on a going concern basis.

Deposits

Your Company has accepted fixed deposits during the year, and complied with all the statutory provisions. The Company has no overdue deposits as on March 31, 2013.

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 form 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 Board of Directors has constituted three committees- 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

The 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 24, 2013

SHIVHARI HALAN
Director

ANUP JATIA
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

A. *The Economy*

It was another year of disappointing growth for our nation's economy, with India's economic growth rate slowing to around 5.0% for the 2012 - 13 fiscal year compared with 6.2% in the FY 2011 - 2012.

The Economic Survey of India, presented by the Finance Minister P. Chidambaram on February 27, 2013, expects the GDP to grow by 6.1 - 6.7 % in the financial year beginning April 1, 2013.

Many efforts have been made by the government to restart India's engine, but the continuing graft and corruption scandals have taken the steam out of any meaningful recovery attempts. The delay in implementation of the GST due to political indecision, high bank interest rates despite RBI's lowering of rates, and continuing lack of basic infrastructural support in certain areas have all contributed to India's slowing down.

The Indian rupee depreciated from ₹ 51 to ₹ 54 against the dollar during FY2012 - 2013, hitting a low of ₹ 57 at one time. The high volatility of our currency is a sign of the continuing uncertainties in India and overseas, a phenomenon which is expected to continue during the current fiscal as well.

B. *The Industry*

Chemical

The main activity of the company is the sales and distribution of specialty and performance 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 manufacturers. The company works closely with all its principals and customers and strives to function as a reliable partner and supplier to them. The company is also setting up India's first acrylamide monomer plant in Gujarat, which will be operational during 1H FY2014.

The Indian chemical industry has a promising future and can become a \$150 billion market in terms of revenue by the end of 2013.

The growth of the Indian chemical industry, however, depends on various internal and external factors. A strong overseas market is needed for companies to expand their capacities, and unfortunately the current global situation does not support this. A robust domestic market can be fueled by fast infrastructural growth, and unfortunately this too has taken a beating due to graft.

Textile

The company's operations in this sector are the manufacture of fabrics, yarn, and textile made ups. The fabric produced is used for the manufacture of made-ups by the company, which are then sold domestically or exported.

India's textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a vital role through its contribution to employment generation and foreign exchange earnings. The sector contributes about 14% of industrial production, 4% to the GDP, and 17% to the country's export earnings. It provides direct employment to over 35 million people.

The textile industry has witnessed many challenges, including upgradation of pollution control systems, volatile raw material prices, and reduction in labor availability. Overcoming these factors, the country's textile industry continues to grow. The company's main focus on the textile business is with Japan, where an FTA with India provides us a strong competitive advantage over countries such as China.

Renewable Energy

The company has two windmills of 0.8MW each, one in Rajasthan and the other in Gujarat, totaling 1.6MW. Power Purchase Agreements have been entered into with the respective State Electricity Boards and all power generated is sold accordingly.

Despite poor pace of capacity addition in the states like Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra, India retained its position in top five world wind energy markets in 2012. India remained the third largest market for new turbines in 2012 with capacity addition of 2441 MW, according to the World Wind Energy Report 2012.

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

A significant portion of the company's revenue is attributable to its chemical business, the domestic prices of which are affected by global prices of feedstock and end products. Any slowdown in global economic growth, cyclical downturns in the industry, and major changes in the prices of feedstock and end products may adversely affect margins, business, financial condition and results of operations.

India imports a large volume of chemicals, starting from commodities to high performance chemicals. The company has identified opportunities in the field of performance chemicals such as adhesives, paper strengthening agents, water treatment chemicals, and rubber processing aids during the last fiscal year, and continues to work on developing the markets for these. The sale of performance chemicals involves extensive interaction with customers' R&D teams and requires specialised efforts. The company has taken concrete steps to strengthen its ability to deal in such products and expects good growth from this field of chemicals.

Chemical Manufacturing

Acrylamide is currently not produced in India and all demand is currently met through imports. The acrylamide consumption in India is estimated to exceed 5000 tons per year on 100% basis (10,000MT per year as 50% liquid). Chinese imports make up the majority of supplies to the country at this time. The market for acrylamide is likely to rapidly grow with new investments in the downstream sector and with the demand for acrylamide polymers from the oil-field and shale gas industries.

The company has been a distributor of acrylamide since long, and has a strong knowledge of this market. Seeing this situation as an opportunity, the company in 2010 decided to set up a manufacturing facility for acrylamide monomer at Jhagadia, Gujarat through a technological alliance with Mitsui Chemicals Inc., Japan. The construction of the plant is progressing steadily and the same will be ready for commercial production by September 2013.

Textiles

The opportunities in the textile industry are vast, with India still taking an important place as an international supplier of textile yarns, fabrics, and made ups. The company believes that the maximum opportunities are in the cotton textile field and with trade with Japan, mainly because of India's position as a large producer of raw cotton and because of India's existing Comprehensive Economic Partnership Agreement (CEPA) with Japan. However, countries such as Bangladesh and Myanmar where labour is available at low costs have also started increasing their volumes with Japan.

Renewable Energy

With the shortage of power in our nation, there are unlimited opportunities in the renewable energy. However, the high capital costs and interest rates, as well as the risk of nature, are important threats to be aware of. The company has not entered into any further renewable energy projects at this time in order to preserve capital for its acrylamide monomer plant.

General

Goodwill of the company amongst Japanese companies has been created out of our activities as a distributor for several Japanese chemical producers. These relationships also bring new opportunities. The company regularly assesses these new opportunities and chooses them after weighing the associated risks.

The threat to the company from volatile exchange rates is high, and as such the company has formulated a risk management policy to allow it to ensure that such risks are contained.

D. Analysis of Performance**Speciality Chemicals**

The turnover from the speciality chemicals business was ₹ 66 crores in the year under review, as compared to ₹ 58.8 crores in the previous year, an increase in turnover by 12.2%. This increase is mainly due to addition of new products and the company's ability to forecast demand, allowing the company to provide quality products to customers on time and competitively.

Performance Chemicals

The turnover from the performance chemicals business was ₹ 15.2 crores in the year under review, as compared to ₹ 11.6 crores in the previous year, an increase in turnover by 31%. Strong efforts were made for the promotion of cyanoacrylate adhesives and polyacrylamides, and these efforts brought positive results.

Pharmaceutical Bulk Drugs

The API business was consciously reduced after the first quarter of the year under review because of the generally poor financial health of customers in this industry vertical and because of long credit cycles, high working capital requirements, and low margins. The company intends to restrict its focus in the field of pharmaceuticals to the supply of pharmaceutical intermediates instead of APIs as initially envisaged.

Textiles

The textile division's sale, which was ₹ 1.2 crores in the previous year, remained unchanged during the year under review, due to high stock levels lying with the customers.

Renewable Energy

During the year under review, both the company's windmills have performed well. They generated a total of 3,116,849 units of power valued at ₹ 12,076,930/- as compared to 3,013,250 units valued at ₹ 11,727,984/- in the previous year. 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

With the establishment of the acrylamide plant in Jhagadia, Gujarat, and the strengthening of the chemical distribution business, the outlook of the company is promising. The company is supported by a dynamic team of professionals and businesses will grow with introduction of new products.

With the commencement of the acrylamide plant, the company expects a consolidated turnover of at least ₹ 175 crores for the current year.

F. Risk and Concerns

The economic environment, pricing pressure, high volatility in exchange rates and other unforeseen events could negatively impact our revenues and operating results. Also, any inability to manage our growth could disrupt our business and reduce our profitability.

Our success depends in large part on our management team and key personnel and our ability to attract and retain them.

G. Risk Management

The company has a risk identification and management frame work appropriate to it and to 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 largest area of risk for the company. Frameworks are in place to manage this risk and 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 hierarchical basis, and on a need-to-know basis.

I. Development in Human Resources/Industrial Relations

The company believes that human resources are a critical factor for its growth. The company invests 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 on 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.

The company obtained Environmental Clearance from the Ministry of Environment and Forest, Gujarat, followed by Consent to Establish from the Gujarat Pollution Control Board, during the year under review.

The company had planned to start commercial production by the end of March, 2013, but this was delayed due to slow progress of construction activities. The work on site is now progressing well and plant commissioning is planned for September 2013.

The company has invested ₹17 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, 2013

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo***I. 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. Our plant in Jhagadia is run on a very low energy consumption and will recycle water within the plant for minimum water consumption and has a zero water discharge policy.

- b) Additional investment/proposals for reduction of consumption of energy

The company has invested in an environmentally friendly process in the upcoming plant for manufacture of acrylamide monomer with minimal energy consumption.

- 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 31.3.2013	Year Ended 31.3.2012
Power and Fuel Consumption		
1. Electricity		
a) Purchase Units	50,147	58,829
Total Amount (₹ In Lacs)	3.63	4.01
Rate/Unit (₹)	7.23	6.82
b) Own generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
Others/Internal Generation	NIL	NIL

Form B**II. Research and Development**

The company assists its principals and customers in the research and development of products and product application.

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	:	₹ 1,404,582
2. Foreign exchange earned	:	₹ 39,173,239

For and on behalf of the Board

Place: Mumbai
Dated: May 24, 2013

SHIVHARI HALAN
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, 2013, 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. Basant Todi [#]	Independent, Non-executive	2/4	Yes	No	Nil	Nil	Nil
Mr. Shivhari Halan	Independent, Non-executive	2/4	No	No	Nil	Nil	Nil
Mr. Anup Jatia	Executive	4/4	Yes	No	1	Nil	Nil
Mr. Sujay Sheth ^{##}	Independent, Non-executive	0/4	N.A.	N.A.	1	5	Nil
Mr. Basant Kumar Goenka	Independent, Non-executive	4/4	No	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 28, 2012.

(##) Appointed on Board with effect from February 2, 2013.

During the financial year 2012 – 2013 Four Meetings of the Board of Directors were held on May 25, 2012, August 10, 2012, November 6, 2012 and February 2, 2013.

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**

As at March 31, 2013 the Audit Committee of the company comprises of three directors as members viz. Mr. Anup Jatia, Executive Director, Mr. Shivhari Halan and Mr. Shivhari Halan, both Non – Executive Independent Directors. The Chairman of the Committee was Mr. Basant Kumar Goenka.

All the members have requisite accounting, financial and management expertise.

Due to resignation of Mr. Basant Todi on September 28, 2012 from the Board of the Company, Mr. Shivhari Halan was appointed as member of the Audit Committee at the meeting of the Board of Directors of the Company held on August 10, 2012.

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 2012 – 2013, four meetings of the Audit Committee were held.

Members	No. of Meeting held	No. of Meeting attended
Mr. Basant Todi*	4	2
Mr. Basant Kumar Goenka	4	4
Mr. Anup Jatia	4	4
Mr. Shivhari Halan##	4	2

(#) Resigned from the membership of the Committee on September 28, 2012

(##) Appointed as member of the Committee on August 10, 2012.

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**

As on March 31, 2013, the Shareholders'/Investors' Grievance Committee comprises of three directors as member and is headed by Mr. Basant Kumar Goenka as Chairman. The other members of the Committee are Mr. Shivhari Halan and Mr. Anup Jatia.

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 2012 – 2013, twenty three meetings of the Shareholders'/Investors' Grievance Committee were held.

Members	No. of Meeting held	No. of Meeting attended
Mr. Basant Todi#	23	9
Mr. Shivhari Halan	23	23
Mr. Anup Jatia	23	19
Mr. Basant Kumar Goenka	23	14

(#) Resigned from the membership of the Committee on September 28, 2012

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 2012 – 2013

Number of Complaints		
Received	Resolved	Pending
NIL	NIL	NIL

3 REMUNERATION COMMITTEE

Composition

As at March 31, 2013, the remuneration committee comprises of two directors as members viz., Mr. Shivhari Halan and Mr. Basant Kumar Goenka. The Chairman of the Committee is Mr. Shivhari Halan.

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 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

During the year 2012 – 2013, NIL number of meeting of the Remuneration Committee was held.

D. GENERAL BODY MEETING

YEAR	VENUE	DAY AND DATE	TIME	NUMBER OF SPECIAL RESOLUTIONS
2011 - 2012	Walchand Centre for Business Training, 3rd Floor, Indian Merchant Chambers, IMC Bldg., IMC Marg, Churchgate, Mumbai-400020	Friday, 28 th September, 2012	11:30 a.m.	1
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

E RESOLUTION PASSED THROUGH POSTAL BALLOT

No Resolution was passed through postal ballot during the financial year 2012 – 2013.

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. 30 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**

Your Directors does not recommend any dividend for the financial year 2012 – 2013.

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 2013 – 2014.

4. **Stock Code:** 514183

5. **Market Price Data**

Month	High Price (₹)	Low Price (₹)
April, 2012	7.86	5.25
May, 2012	7.29	5.50
June, 2012	6.28	5.05
July, 2012	7.44	5.07
August, 2012	7.44	5.80
September, 2012	6.88	5.50
October, 2012	6.46	5.21
November, 2012	6.26	5.03
December, 2012	5.87	5.01
January, 2013	6.08	4.88
February, 2013	5.39	4.51
March, 2013	5.48	4.28

6. Black Rose Share Performance

Month	Sensex (Closing Points)	Price (Closing Price)
April, 2012	17319	6.75
May, 2012	16219	5.97
June, 2012	17430	5.32
July, 2012	17236	6.75
August, 2012	17430	5.85
September, 2012	18763	6.09
October, 2012	18505	5.98
November, 2012	19340	5.77
December, 2012	19427	5.20
January, 2013	19895	5.57
February, 2013	18862	5.00
March, 2013	18836	4.85

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, 2013

Particulars	Number of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 500	14192	2909471	7.51
501 – 1000	659	553301	1.43
1,001 – 5,000	417	989056	2.55
5,001-10,000	69	507679	1.31
10,001-50,000	66	1407248	3.63
50,001-1,00,000	5	341560	0.88
1,00,001 and above	9	32011685	82.67
TOTAL	15417	38720000	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, 2013, 91.65% 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.

May 24, 2013

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

Dear Sirs,

Sub: Declaration

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, 2013.

Thanking You,
For **Black Rose Industries Limited**

Anup Jatia
Executive Director

May 24, 2013

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, 2013 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, 2013, 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: 24th May, 2013

Viral Joshi
Partner
Membership No. 137686

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
BLACK ROSE INDUSTRIES LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **BLACK ROSE INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- 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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.

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

Sd/-
(Viral Joshi)
Partner
Membership No. 137686

192, Dr. D. N. Road
Mumbai – 400001
Dated: 24th May, 2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 4 of our report of even date)

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we further report that:-

- i. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (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.
 - (c) In our opinion during the year, the Company has not disposed off a substantial part of the fixed assets so as to affect the going concern status of the Company.
- ii. In respect of its inventories:
 - (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. In respect of Loans, secured or unsecured, granted or taken by the company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - (a-d) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence provisions of paragraph 4(iii)(b) to 4(iii)(d) of the aforesaid Order are not applicable to the Company.
 - (e-g) The Company has not taken loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence provisions of paragraph 4(iii)(f) to 4(iii)(g) of the aforesaid 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. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - (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 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and exceeding the value of five lakhs 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 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, sales tax, customs duty and excise duty were outstanding, as at 31-03-2013, for a period of more than six months from the date they became payable except for the followings:

Nature of dues	Financial year	Amount (₹)
Central Sales- tax	2007-08	68,690/-
Central Sales- tax	2008-09	84,138/-
Central Sales- tax	2009-10	74,568/-

- (c) As on 31-03-2013, according to the records of the Company, the following are the particulars of disputed dues on account of Income Tax and Central Excise Duty/cess that have not been deposited:

Name of the Statute	Nature of Dues	Amount of Demand net of deposits (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand of penalty raised u/s 271(1)(C)	231,686/-	A.Y. 2005-06	CIT (Appeals)

- x. The Company does not have accumulated losses. The Company 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 according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and bank.

- xii. Based on our examination of documents and records and according to the explanations given to us by the management 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. Therefore, the provisions of clause 4(xii) of the aforesaid Order are not applicable.
- 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, we are of the opinion that proper records have been maintained of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made in those records. We also report that the Company has held all the shares, securities, and other investments in its own name.
- xv. The Company has not given any guarantee for loans taken by others from Bank or financial institution, and accordingly requirement of Paragraph 4(xv) of the aforesaid Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us by the management, term loans outstanding at the beginning of the year and those raised during the year were *prima-facie* applied for the purpose for which the loans were obtained.
- xvii. According to the cash flow statement on the Balance Sheet date, and according to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that no funds raised on short term basis have, *prima-facie*, been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of The Companies Act, 1956 and therefore Paragraph 4 (xviii) of the aforesaid Order is not applicable.
- xix. During the period covered by our audit report, the Company has not issued debentures and therefore paragraph 4 (xix) of the aforesaid Order is not applicable.
- xx. During the period covered by our audit report, the Company has not raised money by way of public issues and, therefore, paragraph 4(xx) of the aforesaid Order is not applicable.
- xxi. Based upon the audit procedures performed and information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year.

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

192, Dr. D. N. Road
Mumbai – 400001
Dated: 24th May, 2013

Viral Joshi
Partner
Membership No. 137686

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	AS AT 31.3.2013 ₹	AS AT 31.3.2012 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' Fund			
Share Capital	2	38,720,000	38,720,000
Reserves and Surplus	3	99,043,884	82,733,380
		137,763,884	121,453,380
2 Non-Current Liabilities			
Long Term Borrowings	4	84,973,651	63,355,370
Deferred Tax Liabilities (Net)	5	20,605,004	20,997,708
Long Term Provisions	6	864,742	773,091
		106,443,397	85,126,169
3 Current Liabilities			
Short Term Borrowings	7	130,350,003	139,847,712
Trade Payables	8	155,339,957	182,035,772
Other Current Liabilities	9	35,561,135	29,803,640
Short Term Provisions	10	4,499,115	1,676,332
		325,750,210	353,363,456
Total		569,957,491	559,943,006
II. ASSETS			
1 Non Current Assets			
Fixed Assets			
Tangible Assets	11	79,609,521	87,527,087
Intangible Assets		327,652	55,173
Capital Work-in-Progress		177,419,268	110,413,516
		257,356,441	197,995,776
Non Current Investments	12	1,620,600	1,620,600
Long Term Loans and Advances	13	3,115,789	11,844,210
Other Non-Current Assets	14	723,168	670,213
		5,459,557	14,135,023
2 Current Assets			
Inventories	15	81,800,163	129,266,964
Trade Receivables	16	171,902,458	169,684,888
Cash and Bank Balances	17	10,047,224	10,066,601
Short Term Loans and Advances	18	37,182,389	36,377,971
Other Current Assets	19	6,209,259	2,415,783
		307,141,493	347,812,207
Total		569,957,491	559,943,006

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 24, 2013

For and on behalf of the Board of Directors

Shivhari Halan

Director

Anup Jatia

Executive Director

C.P.VYAS

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the Year Ended 31.3.2013 ₹	For the Year Ended 31.3.2012 ₹
INCOME			
Revenue from Operations	20	843,477,815	809,875,026
Other Income	21	3,744,268	3,273,604
Total Revenue		847,222,083	813,148,630
EXPENDITURE			
Cost of materials consumed	22	3,058,361	1,995,057
Purchase of traded goods	23	695,834,705	682,552,536
Changes in inventories of finished goods, work- in- progress and traded goods	24	48,168,276	41,753,163
Employee Benefits Expense	25	10,877,427	10,208,252
Finance Cost	26	15,283,984	18,133,807
Depreciation and Amortisation Expenses	27	11,613,047	11,330,193
Other Expenses	28	34,437,968	44,789,572
Total Expenditure		819,273,768	810,762,580
Profit before Tax		27,948,315	2,386,050
Less: Tax Expenses			
Current Tax [refer note no. 34(a)]		12,020,000	1,460,000
MAT Credit Entitlement of earlier years [refer note no. 34(b)]		-	(7,065,917)
Deferred Tax		(392,703)	5,253,731
Wealth Tax		18,586	24,424
Earlier years adjustments		(8,071)	307,462
		11,637,812	(20,300)
Profit for the period		16,310,503	2,406,350
Earnings per Equity Share (Nominal Value of share ₹ 1/- each)	33		
Basic		0.42	0.06
Diluted		0.42	0.06

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 24, 2013

For and on behalf of the Board of Directors

Shivhari Halan
Director

Anup Jatia
Executive Director

C.P.VYAS
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
A. Cash Flow From Operating Activities		
Net profit before tax and extraordinary items	27,948,315	2,386,051
Adjustments for:		
Depreciation	11,613,047	11,330,193
Profit on sale of fixed assets	(1,107)	-
Interest expenses	9,596,984	9,019,001
Interest income	(593,241)	(1,078,634)
Unrealised foreign exchange (Gain)/Loss	(3,474,272)	(390,056)
Provision for expenses, gratuity & leave encashment	1,955,687	1,749,768
Excess provisions written back	(101,433)	(22,073)
Rental income	(738,000)	(738,000)
Sundry balances written off	(10,921)	38,986
Operating profit before working capital changes	46,195,059	22,295,234
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(6,894,421)	40,186,489
(Increase)/Decrease in inventories	47,466,801	41,991,976
Increase/(Decrease) in trade and other payables	(19,242,423)	(52,774,139)
Cash generated from operating activities	67,525,017	51,699,561
Less:Direct taxes (net of refund)	350,486	5,970,284
Total cash generated from operating activities	67,174,530	45,729,276
Cash generated from prior period items (net)	-	-
Net cash flow from operating activities	67,174,531	45,729,276
B. Cash Flow From Investing Activities		
Sale of fixed assets	6,600	-
Purchase of fixed assets/Capital work in progress	(70,979,204)	(68,329,361)
Interest income	593,241	1,078,634
Rental income	738,000	738,000
Cash generated from investing activities	(69,641,363)	(66,512,727)
Less:Income-tax paid at source	73,800	73,800
Net Cash (used in) investing activities	(69,715,163)	(66,586,527)
C. Cash Flow from Financing activities		
Proceeds from borrowings	12,120,571	26,872,360
Interest expenses	(9,596,984)	(9,019,001)
Net cash flow from financing activities	2,523,587	17,853,359
Net increase in cash and cash equivalents (A+B+C)	(17,046)	(3,003,891)
Cash and cash equivalent as on 1.4.2012 (Opening Balance)	10,067,807	13,071,698
Cash and cash equivalent as at 31.3.2013 (Closing Balance)	10,050,762	10,067,807

Notes:

1) Reconciliation of cash and cash equivalents

As per Balance Sheet-Schedule 17	10,047,224	10,066,602
Add:- Foreign exchange loss on revaluation of foreign currency	3,537	1,205
As per Cash flow statement	<u>10,050,762</u>	<u>10,067,807</u>

2) Cash and cash equivalents comprises of

a) Cash in hand	442,348	407,949
b) Bank balance in current accounts	1,481,325	392,614
c) Unpaid dividend account	95,809	95,939
c) In fixed deposit account	8,031,281	9,171,305
	<u>10,050,762</u>	<u>10,067,807</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 24, 2013

For and on behalf of the Board of Directors**Shivhari Halan**

Director

Anup Jatia

Executive Director

C.P.VYAS

Company Secretary

Notes to Financial Statements for the year ended 31st March, 2013**1. Significant Accounting Policies****a) Nature of Operations**

The Company is engaged in manufacturing of 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.

c) 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.

d) 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.

e) **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.

f) **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.

g) **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 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.

h) **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.

i) **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 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.

j) **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 subsidiaries, 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.

k) **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.

l) **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 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.

m) **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.

n) **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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

o) **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.

p) **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.

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) **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.

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) **Research & Development Expenditure**

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

Notes to Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
2. Share Capital		
Authorised Shares		
80,000,000 (31st March, 2012: 80,000,000)	80,000,000	80,000,000
Equity Shares of ₹ 1/- each	<u>80,000,000</u>	<u>80,000,000</u>
Issued, Subscribed and Fully paid up Shares		
38,720,000 (31st March, 2012: 38,720,000)	38,720,000	38,720,000
Equity Shares of ₹ 1/- each	<u>38,720,000</u>	<u>38,720,000</u>

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	38,720,000	38,720,000	19,360,000	19,360,000
Add: Bonus Shares issued during the year	38,720,000	38,720,000	19,360,000	19,360,000
Outstanding at the end of the period	<u>38,720,000</u>	<u>38,720,000</u>	<u>38,720,000</u>	<u>38,720,000</u>

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

	31.3.2013 Nos.	31.03.2012 Nos.
Holding Company		
Name of the Company		
Wedgewood Holdings Limited, Mauritius.	28,800,000	28,800,000
Equity Shares of ₹ 1/- each fully paid	<u>28,800,000</u>	<u>28,800,000</u>

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

	Nos.	31.3.2013 % of holding	Nos.	31.03.2012 % of holding
Equity shares of ₹ 1/ each fully paid				
Name of the shareholder				
Wedgewood Holdings Limited, Mauritius	28,800,000	74.38	28,800,000	74.38

Notes to Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
3. Reserve and Surplus		
a) Capital Reserve	3,000,000	3,000,000
b) General Reserve		
Balance as per the last financial statements	6,240,000	25,600,000
Less : Amount utilised for issue of bonus equity shares	-	19,360,000
Closing Balance	<u>6,240,000</u>	<u>6,240,000</u>
c) Surplus in the statement of profit and loss		
Balance as per the last financial statements	73,493,381	71,087,030
Profit for the year	16,310,503	2,406,350
Less: Appropriations	-	-
Net surplus in the statement of profit and loss	<u>89,803,884</u>	<u>73,493,380</u>
Total Reserves and Surplus	<u>99,043,884</u>	<u>82,733,380</u>
4. Long Term Borrowings		
Secured		
a) Term Loans		
Loan from bank [refer note no. 4(a)(i)]	1,112,176	98,715
Loan from other party [refer note no. 4(a)(ii)]	23,727,737	30,279,781
Total Secured	<u>24,839,913</u>	<u>30,378,496</u>
Unsecured		
b) Deposits		
Public Deposits [refer note no. 4(b)(i)]	22,000,000	26,450,000
c) Trade Deposit from related party		
Inter Body Corporate Deposit [refer note no. 4(c)(i)]	9,200,000	9,200,000
d) Other Loans and Advances		
Interest Free Inter Corporate Deposits [refer note no. 4(d)(i)]	34,604,445	4,604,445
Interest Free Security Deposits [refer note no. 4(d)(ii)]	1,500,000	2,000,000
Total Unsecured	<u>67,304,445</u>	<u>42,254,445</u>
	<u>92,144,358</u>	<u>72,632,941</u>
Less: Current maturities of long term borrowings disclosed under the head "other current liabilities" (refer note no. 9)	(7,170,707)	(9,277,571)
	<u>84,973,651</u>	<u>63,355,370</u>

Notes to Financial Statements for the year ended 31st March, 2013

Note : 4 (a)

Secured Loan:

Vehicle Loan

(i) From ICICI Bank Ltd. (P.Y - HDFC Bank Ltd)

Nature of security

Secured by hypothecation of vehicles

Rate of Interest

The rate of interest is 11.08% p.a. (P.Y. 9.87% p.a.)

Terms of Repayment

Equated monthly installment of ₹ 45,260/- commencing from 1st October, 2012 and ending on 1st April, 2015.

(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, Gujarat - 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 is 14.75% p.a. (P.Y. 13.25% p.a. to 14.75% 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)

Unsecured Loan:

Public Deposits

Received from related party (refer note no. 31)

Received from other parties

Rate of Interest

The rate of interest is 12.50% p.a. (P.Y. 12.50% p.a.)

Terms of Repayment

Repayable after 1 year but before 2 years on maturity.

Repayable on or after 21.03.2015 on maturity.

Note No : 4(c)

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

Inter Body Corporate Deposit

Black Rose Trading Private Limited

Terms of Repayment

Repayable anytime on or after 16.02.2014 but before 16.02.2015

₹
21,500,000
500,000
22,000,000
₹
500,000
21,500,000
22,000,000
₹
9,200,000

Notes to Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
Note No : 4(d)		
Other Loans and Advances		
(i) <u>Terms of Repayment</u>		
Repayable anytime on or after 25.03.2015	30,000,000	
Repayable anytime on or after 06.04.2014	4,604,445	
	34,604,445	
(ii) Security Deposits		
Received from related party (refer note no. 31)	1,500,000	
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	21,498,248	21,823,432
Less:		
Items leading to deferred tax assets		
Disallowances u/s 43B and 40 A(7) of the Income Tax Act, 1961	(893,244)	(825,724)
Net (Deferred Tax Liability)	20,605,004	20,997,708
The amount of deferred tax liability provision written back to statement of profit and loss is ₹ 392,703/- (P.Y. provision made ₹ 5,253,731/-)		
6. Long Term Provisions		
a) Provisions for employees benefits		
Provision for gratuity (refer note no. 29)	727,837	656,393
Provisions for leave benefits (refer note no. 29)	136,905	116,698
	864,742	773,091
7. Short Term Borrowings		
a) Secured [refer note no. 7(a)(i)]		
<u>Repayable on demand</u>		
Cash Credit from banks	38,426,159	50,923,927
Short Term Working Capital Demand Loan from Bank	10,000,000	10,000,000
Trade Credit	81,923,843	78,923,785
	130,350,003	139,847,712
Note No : 7(a)(i)		
<u>Secured</u>		
Cash Credit from ING Vysya Bank Limited	6,260,733	
Cash Credit from Yes Bank	32,165,426	
WCDL from Yes Bank	10,000,000	
Trade Credit from ING Vysya Bank Limited	59,202,321	
Trade Credit from Yes Bank	22,721,523	
	130,350,003	

Notes to Financial Statements for the year ended 31st March, 2013
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 Pvt. Ltd.

The above charges rank pari passu for all intents and purposes.

Rate of Interest

Effective cost for the above loans are in the range of 13.00% p.a. to 14.25 % p.a. (P.Y. 12.25% p.a. to 14.45% p.a.)

	31.3.2013	31.3.2012
	₹	₹
8 Trade payables		
Trade payables (Refer note no. 39)	155,339,957	182,035,772
	155,339,957	182,035,772
9. Other Current Liabilities		
Current maturities of long term borrowings (refer note no. 4)	7,170,707	9,277,571
Interest accrued but not due on borrowings	117,030	231,267
Interest accrued and due on borrowings (including deposits from public)	512,426	593,322
Unpaid Dividend *	95,809	95,939
Foreign Currency Forward Contract Payable (Net)	944,194	951,412
Payable for other expenditure	1,616,617	1,723,450
Payable for capital expenditure	17,792,351	13,659,260
Other non-trade liabilities	100,413	81,007
Advance from Customers	4,195,846	406,936
VAT/CST Payable	1,793,467	1,992,527
TDS payable	814,466	782,072
Rates & Taxes payable	407,809	8,877
	35,561,135	29,803,640
* Amount due to be credited to Investor Education and Protection Fund is ₹ Nil		
10. Short Term Provisions		
Provisions for employee benefits		
Salary and Reimbursements	1,445,750	1,319,006
Contribution to Provident Fund	108,275	125,310
Gratuity	114,579	177,045
Leave benefits	59,124	54,971
Other Provisions		
Provision for taxes (net of Deposits) [refer note no. 10(a)]	2,771,387	-
	4,499,115	1,676,332
Note 10(a)		
Provision for taxes (net of Deposits) comprises of :		
Provision for Taxation	17,075,377	19,537,830
Less: Income Tax Deposits	(14,303,990)	(22,289,018)
	2,771,387	(2,751,188)

Notes to Financial Statements for the year ended 31st March, 2013

11. Fixed Assets

(Amount in ₹)

Particular	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	Cost as at 01.04.2012	Additions / Disposals	Cost as at 31.03.2013	As at 01.04.2012	For the year	Adjustment on Disposals	Cost as at 31.03.2013	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS									
Leasehold Land [refer note no. 11(a)]	411,836	-	411,836	-	5,264	-	5,264	406,572	411,836
Factory Building *	21,160,126	-	21,160,126	13,563,226	706,748	-	14,269,974	6,890,152	7,596,900
Office Equipments	918,022	33,467	951,489	198,150	44,217	-	242,367	709,122	719,872
Electric Installation	4,999,194	-	4,999,194	4,671,935	237,462	-	4,909,397	89,797	327,259
Factory Equipments	305,388	-	305,388	274,836	14,506	-	289,342	16,046	30,552
Plant & Machinery	4,448,109	1,651,032	6,099,141	2,365,753	138,678	507	2,503,924	3,595,217	2,082,356
Furniture & Fittings	3,629,202	-	3,629,202	1,570,734	140,161	-	1,710,895	1,918,307	2,058,468
Computers	2,451,840	11,957	2,463,797	1,315,251	292,831	-	1,608,082	855,715	1,136,589
Vehicles	8,076,570	1,853,040	9,929,610	3,119,246	855,533	-	3,974,779	5,954,831	4,957,324
Wind Mills [refer note no. 11(b)]	87,351,734	-	87,351,734	19,145,803	9,032,169	-	28,177,972	59,173,762	68,205,931
Total (A)	133,752,021	3,549,496	137,301,517	46,224,934	11,467,569	507	57,691,996	79,609,521	87,527,087
INTANGIBLE ASSETS									
Software	74,585	417,957	492,542	19,412	145,478	-	164,890	327,652	55,173
Total (B)	74,585	417,957	492,542	19,412	145,478	-	164,890	327,652	55,173
Total (A+B)	133,826,606	3,967,453	137,794,059	46,244,346	11,613,047	507	57,856,886	79,937,173	87,582,260
Previous Year	130,322,610	3,509,280	133,831,870	34,919,417	11,330,193	-	46,249,610	87,582,260	-
CAPITAL WORK-IN-PROGRESS	-	-	-	-	-	-	-	177,419,268	110,413,516

Note No. 11(a)

Leasehold land cost is stated at balance of original cost less amount amortised upto 31.03.2012

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, 2013

	31.3.2013 ₹	31.3.2012 ₹
12. Non Current Investments		
Trade Investments (valued at cost unless stated otherwise)		
Unquoted		
Investment in Wholly-owned foreign subsidiary		
60 (P.Y. 60) Capital Stock of JPY 50,000 each fully paid up in B.R.Chemicals Co., Ltd., Osaka, Japan.	1,620,600	1,620,600
	<u>1,620,600</u>	<u>1,620,600</u>
Aggregate amount of Unquoted Investments	<u>1,620,600</u>	<u>1,620,600</u>
13. Long Term Loans and Advances		
Other Loans and Advances		
(Unsecured, considered good)		
Security Deposit to Government authorities and others	448,000	448,000
Prepaid Expenses	308,644	282,641
Advance Income Tax (Net of provision for taxation) [refer note no. 10(a)]	-	2,751,188
MAT Credit Entitlement [refer Note no. 34]	2,359,145	8,362,380
	<u>3,115,789</u>	<u>11,844,210</u>
14. Other Non-Current Assets		
Fixed deposits with Bank with original maturity of more than 12 months [refer note no.17]	998,203	-
Less: Current maturities of Fixed deposits with Bank with original maturity of more than 12 months [refer note no. 19]	(937,709)	-
	60,494	-
Duty Drawback receivable	662,674	670,213
	<u>723,168</u>	<u>670,213</u>
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, 2012 - ₹ Nil)] [refer note no. 22(a)(ii)]	857,756	156,280
Work-in-progress [refer note no. 24(a)(ii)]	1,435,581	1,524,202
Finished Goods [refer note no. 24(a)(iii)]	556,502	1,234,912
Traded Goods [includes in transit ₹ 38,677,348/- (31st March, 2012 - ₹ 34,836,198/-) [refer note no. 24(a)(i)]	78,872,720	126,273,965
Stores and spares	77,604	77,604
	<u>81,800,163</u>	<u>129,266,964</u>

Notes to Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
16. Trade receivable [refer note no. 16(a)]		
Unsecured, Considered good unless stated otherwise:		
Outstanding for a period exceeding six months from date they are due for payment	6,395,608	6,828,651
Others	165,506,850	162,856,237
Doubtful	862,139	862,139
	<u>172,764,597</u>	<u>170,547,027</u>
Allowances for doubtful receivables	(862,139)	(862,139)
	<u>171,902,458</u>	<u>169,684,888</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	19,988,323	13,032,038
Tozai Safety Private Limited	2,890,897	3,198,556
Fukui Accent Trading (India) Private Limited	29,250	-
Tozai Enterprises Private Limited	-	260,347
Accent Industries Limited	877,526	511,970
	<u>23,785,996</u>	<u>17,002,911</u>
17. Cash and Bank Balances		
Cash and Cash equivalents		
Cash on hand	438,810	406,743
Other Bank Balances		
In Current Accounts	1,481,325	392,614
In Unpaid dividend account	95,809	95,939
In Fixed Deposits account		
Deposits with original maturity for more than 3 months but less than 12 months*	8,031,281	9,171,305
Deposits with original maturity for more than 12 months*	998,203	-
	<u>11,045,428</u>	<u>10,066,601</u>
Less:		
Amount disclosed under non current assets:		
Deposit with original maturity of more than 12 months. (refer note no. 14)	(998,203)	-
	<u>10,047,224</u>	<u>10,066,601</u>
* Out of the above Fixed Deposits:		
Given as Margin money for Trade Credit and L/C facilities	8,958,990	7,910,993
Given against Bank Guarantee	10,000	10,000
Given to Sales Tax Authority Gujarat	60,494	60,494
	<u>9,029,484</u>	<u>7,981,487</u>

Notes to Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
18. Short Term Loans and Advances		
Unsecured, considered good unless otherwise stated		
Capital Advances	8,195,183	10,356,058
Security Deposit to Government authorities and others	3,286,487	1,105,121
Security Deposit to related parties	1,650,000	1,650,000
Prepaid Expenses	1,806,647	2,138,987
Loans and advances to staff	900,000	972,050
Loans and Advances to a Officer of the company	400,000	250,000
Other Loans and Advances		
Balances with Statutory Government authorities	3,915,676	4,400,579
Inter Body Corporate loan	5,410,084	4,804,358
Loans and advances to other parties	2,139,250	2,433,000
Advances recoverable in cash or kind or for value to be received	9,479,061	8,267,819
	<u>37,182,389</u>	<u>36,377,971</u>
19. Other Current Assets		
Unsecured, considered good unless otherwise stated		
Current maturities of Fixed deposits with Bank with original maturity of more than 12 months	937,709	-
Unamortised Expenditure		
Unamortised premium on forward contract in foreign currency	533,679	549,590
Other Assets		
Interest accrued but not due on Bank Deposits	808,352	554,519
Interest accrued and due on Loans	1,914,912	828,275
Interest accrued on Security Deposits with MSEB	16,394	15,228
Duty Drawback Accrued	40,910	-
Interest Subsidy receivable	1,494,759	-
Import Entitlements	462,544	468,172
	<u>6,209,259</u>	<u>2,415,784</u>

Notes to Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
20. Revenue from Operations		
a) Sale of products [refer note no. 20(a)(i)]		
Finished Goods	20,622,835	17,925,992
Traded Goods	820,202,112	789,810,524
	840,824,947	807,736,516
b) Other Operating Revenue		
Dividend on Traded Shares	11,300	8,600
Export Entitlement	106,112	181,416
Interest Subsidy	1,904,589	-
Profit on derivative transactions in foreign currency	-	766,019
Consultancy Fees	183,068	-
Commission	447,799	1,182,475
	2,652,869	2,138,510
Revenue from Operations	843,477,815	809,875,026
Note No 20(a)(i)		
Details of Products sold		
Finished Goods Sold		
Chemicals	-	-
Textiles	8,470,896	6,155,682
Wind Energy	12,151,939	11,753,910
Others	-	16,400
	20,622,835	17,925,992
Trade Goods Sold		
Chemicals	814,251,529	784,125,556
Textiles	3,368,985	3,891,009
Others	2,581,598	1,793,959
	820,202,112	789,810,524
	840,824,947	807,736,516

Notes to Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
21. Other Income		
Interest Income		
From Bank	814,507	964,795
From Others	2,089,221	1,548,736
	2,903,728	2,513,531
Profit on sale of fixed assets	1,107	-
Other non-operating income (net of expenses directly attributable to such income ₹ Nil (31st March, 2012 - ₹ Nil))	839,433	760,073
	3,744,268	3,273,604
22. Cost of Materials consumed [refer note no. 22(a)]		
Inventory at the beginning of the year	156,280	395,094
Less: Transfer to Purchase of Traded Goods (refer note no. 23)	-	53,028
	156,280	342,066
Add: Purchases	3,759,836	1,809,271
	3,916,117	2,151,337
Less: Inventory at the end of the year	857,756	156,280
	3,058,361	1,995,057
Note No 22(a)		
(i) Details of materials consumed		
Yarn	2,060,884	1,942,582
Fabrics	997,477	44,619
Others	-	7,856
	3,058,361	1,995,057
(ii) Details of Inventory of raw materials		
Yarn	202,923	1,874
Fabric	654,833	154,406
	857,756	156,280
23. Purchase of Traded Goods		
Chemicals	692,667,512	675,829,038
Textiles	1,387,666	5,270,752
Others	1,779,527	1,399,718
	695,834,705	682,499,508
Add: Stock of chemical traded transferred from inventory of raw materials (refer note no. 22)	-	53,028
	695,834,705	682,552,536

Notes to Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2013 ₹
24. (Increase)/Decrease in Inventories		
Opening Traded Goods	126,273,965	166,649,880
Closing Traded Goods [refer note no. 24(a)(i)]	78,872,720	126,273,965
	47,401,245	40,375,915
Opening Work-in-progress	1,524,202	3,640,306
Closing Work-in-progress [refer note no. 24(a)(ii)]	1,435,581	1,524,202
	88,621	2,116,104
Opening Finished Goods	1,234,912	496,055
Closing Finished Goods [refer note no. 24(a)(iii)]	556,502	1,234,912
	678,410	(738,857)
Total (Increase)/Decrease in Inventories	48,168,276	41,753,163
Note No. 24(a)		
Details of inventories at the end of the year		
(i) Traded Goods		
Chemicals	74,915,517	120,228,896
Textiles	185,778	2,291,151
Others	3,771,426	3,753,918
	78,872,720	126,273,965
(ii) Work-in-progress		
Textiles	1,435,581	1,524,202
	1,435,581	1,524,202
(iii) Finished Goods		
Textiles	555,499	1,233,909
Others	1,003	1,003
	556,502	1,234,912
25. Employee Benefit expenses		
Salaries, Wages and Bonus	10,085,489	9,387,247
Contribution to Provident fund and other funds	545,651	566,981
Staff Welfare expenses	246,287	254,024
	10,877,427	10,208,252
26. Finance Costs		
Interest on borrowings	9,043,158	8,857,938
Bill Discounting Charges	324,152	358,552
Bank Charges on facilities	859,130	395,833
Applicable loss on foreign currency transactions and translation	5,057,544	8,521,484
	15,283,984	18,133,807

Notes to Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
27. Depreciation and Amortisation Expenses		
Depreciation of Tangible Assets	11,462,305	11,305,517
Amortisation of Tangible Assets	5,264	5,264
Amortisation of Intangible Assets	145,478	19,412
	11,613,047	11,330,193
28. Other Expenses		
Power and Fuel	362,525	401,180
Rent	2,559,483	1,993,815
Rates and Taxes	36,210	182,508
Insurance	760,279	821,225
Repairs and Maintenance		
Plant and Machinery	12,587	26,788
Buildings	263,077	235,851
Others	125,396	105,299
Legal and Professional fees	1,378,426	1,369,956
Payment to auditor [refer Note no. 28(a)]	453,238	232,751
Exchange difference (net) other than considered in finance cost	3,193,134	13,736,660
Sundry Balance written off	23,107	37,095
Selling & Distribution expenses	3,472,910	4,588,172
Brokerage expenses	4,185,575	4,128,448
Windmill Maintenance Charges	1,342,635	110,300
Travelling and Conveyance	2,546,104	2,798,458
Communication costs	1,009,308	1,171,700
Printing and Stationery	179,887	259,769
Product customisation research expenses	-	500,000
Labour and Jobwork Charges	3,106,351	1,846,027
Packing Material consumed	500,008	343,666
Export expenses	499,169	989,544
Security Charges	10,336	-
Corporate office expenses	808,503	719,439
Warehousing Charges	2,027,023	2,320,554
Vehicle expenses	964,063	826,463
Share Trading expenses	19,024	4,176

Notes to Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
Bonus Share Issue expenses	-	472,386
Donation	41,000	61,000
Bank Charges	1,732,441	2,146,812
Logistics expenses	754,011	758,834
Miscellaneous expenses	2,072,159	1,600,697
	<u>34,437,969</u>	<u>44,789,572</u>
 Note No. 28(a)		
Details of Payment to Auditor		
As Auditor		
Audit Fees	110,000	50,000
Tax Audit Fees	40,000	20,000
Limited Review	30,000	30,000
In Other capacity		
Consultany Service	110,000	15,000
Certification Fees	62,666	57,396
Reimbursement of expenses including service tax	47,089	20,647
	<u>399,755</u>	<u>193,043</u>
Cost Auditor		
As Audit fees	52,000	36,000
Reimbursement of service tax	1,483	3,708
	<u>53,483</u>	<u>39,708</u>
	<u>453,238</u>	<u>232,751</u>

Notes to Financial Statements for the year ended 31st March, 2013
29. Disclosures as per AS-15 (Revised) - Employee Benefits

	31st March, 2013	31st March, 2012
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) Assumptions		
Interest Cost	8.75%	8.75%
Salary Increase	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Retirement age	60 Years	58 years
(ii) Obligation at beginning of the year	833,438	844,653
Service cost	134,908	163,621
Interest Cost	72,926	69,684
Benefits settled	-	-
Actuarial (gains)/losses	(198,856)	(244,520)
Obligation at end of the year	842,416	833,438
(iii) Expenses/(Income) recognised in statement of Profit & Loss		
Service cost	134,908	163,621
Interest cost	72,926	69,684
Actuarial (gain)/loss	(198,856)	(244,520)
Net gratuity cost	8,978	(11,215)
(iv) Amount recognised in Balance Sheet		
Liability at the end of the period	842,416	833,438
Difference	(842,416)	(833,438)
Net amount recognised in Balance Sheet	(842,416)	(833,438)
(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, 2013	31st March, 2012
The Company's segment reporting are as follows	₹	₹
SEGMENT REVENUE		
Sales/Income		
Textiles	118.40	109.71
Chemicals	8,149.86	7,862.90
Renewable Energy	140.60	117.53
Others	25.92	8.61
Total Segment Revenue	<u>8,434.78</u>	<u>8,098.75</u>
SEGMENT RESULTS		
Profit before interest and tax		
Textiles	1.29	0.02
Chemicals	540.85	327.44
Renewable Energy	34.66	22.35
Others	8.49	(4.73)
Total Segment Results	<u>585.29</u>	<u>345.08</u>
Less: Finance Cost	152.84	181.35
Other unallocable expenses net off unallocable income	152.97	139.87
Total Profit before Tax	<u>279.48</u>	<u>23.86</u>
CAPITAL EMPLOYED		
Segment Assets less Segment Liabilities		
Textiles	253.07	263.12
Chemicals	759.78	478.51
Renewable Energy	396.01	408.46
Add: Unallocable corporate assets net off unallocable corporate liabilities	(31.23)	64.44
Total Capital Employed	<u>1,377.63</u>	<u>1,214.53</u>

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:

- | | |
|--|--|
| (i) Holding company | Wedgewood Holdings Limited, Mauritius |
| (ii) Wholly-owned foreign subsidiary company | B.R. Chemicals Co. Limited, Osaka, Japan |
| (iii) 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

b) Related parties transactions

Nature of Transactions	Holding Co.	Subsidiary Co.	Key Management Personnel	Other related parties as in 31(a)(iv)
Sales	-	-	-	102,992,434
	-	-	-	(63,419,969)
Purchase	-	-	-	48,477,051
	-	-	-	(157,753)
Rent Paid	-	-	-	480,000
	-	-	(36,000)	(480,000)
Directors Remuneration	-	-	3,000,000	-
	-	-	(3,000,000)	-
Interest Paid	-	-	1,312,500	1,375,002
	-	-	(14,384)	(879,188)
Interest Received	-	-	-	389,339
	-	-	-	-
Rent Received	-	-	-	738,000
	-	-	-	(738,000)
Unsecured Deposit Received	-	-	-	-
	-	-	(10,500,000)	(11,000,000)
Trade Deposit Received	-	-	-	-
	-	-	-	(9,200,000)
Reimbursement of Expenses Paid	-	-	-	116,083
	-	-	-	(1,118,768)
Reimbursement of Expenses Received	-	-	-	2,738,088
	-	-	-	(2,758,041)
Payment of dividend	-	-	-	-
	(1,440,000)	-	-	-
Advance given for incorporation earlier converted into investment	-	-	-	-
	-	(1,620,600)	-	-
Balance as at 31st March,2013				
Security Deposit Payable	-	-	-	1,500,000
	-	-	-	(1,500,000)
Security Deposit Receivable	-	-	-	1,650,000
	-	-	-	(1,650,000)

Trade Receivables	-	-	-	23,785,996
	-	-	-	(17,002,911)
Advance given Against Purchases				589,241
				(537,327)
Trade Payables	-	-	-	20,329
	-	-	(8,456)	(272,540)
Inter Body Corporate Loan Receivable	-	-	-	2,150,000
	-	-	-	-
Unsecured Deposit Payable	-	-	10,500,000	11,000,000
	-	-	(10,500,000)	(11,000,000)
Trade Deposit Payable	-	-	-	9,200,000
	-	-	-	(9,200,000)
Directors Remuneration Payable	-	-	210,000	-
	-	-	-	-
Interest Receivable (Net of T.D.S.)	-	-	-	138,550
	-	-	-	-
Interest Payable (Net of T.D.S.)	-	-	291,267	105,103
	-	-	(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, 2013	31st March, 2012
	₹	₹
Assets-Factory Building		
(i) Gross carrying amount at the end of the year	21,160,126	21,160,126
(ii) Accumulated depreciation at the end of the year	14,269,974	13,563,227
(iii) Depreciation charged to statement of profit and loss for the period	706,748	704,283

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, 2013	31st March, 2012
	₹	₹
Not later than one year	732,000	732,000
Later than one year and not later than five years.	1,403,000	2,135,000
	<u>2,135,000</u>	<u>2,867,000</u>

33. Earnings per share (AS-20)	31st March, 2013	31st March, 2012
	₹	₹
Details of the profit and No. of Equity Shares used in the basic and diluted EPS		
Total operation for the year		
Profit after tax	16,310,503	2,406,350
Weighted average number of shares outstanding at the year end		
	Nos.	Nos.
Equity shares outstanding at the beginning of the year	38,720,000	19,360,000
Bonus Equity shares issued in the ratio of 1:1 during the previous year	-	19,360,000
Total Weighted average Equity shares outstanding at the end of the current year	38,720,000	38,720,000
Basic and diluted earnings per share	0.42	0.06
Face value per share	1	1

- 34. (a)** The Provision for current tax of ₹ 12,020,000/- has been made as per the provisions of Income Tax Act, 1961. However, after availing credit for MAT of ₹ 6,003,235/- already paid, the actual liability towards tax will be ₹ 6,016,765/-
- (b)** During the year the company has, in accordance with Accounting Standard-22 w.r.t Accounting for Credit available in respect of Minimum Alternate Tax paid under section 115JB of the Income Tax Act, 1961, made provision for Income tax after taking available MAT credit of ₹ 6,003,235/- 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. Impairment of Assets (AS-28)

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

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) Bank Guarantee given to Government authorities ₹ 15,000/- (P.Y. ₹ 15,000/-)
- (iii) Central Sales Tax liability of ₹ 2,677,976/- (P.Y. ₹ 849,750/-) 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.
- (iv) Disputed Income Tax demands of ₹ 231,686/- (Previous Year ₹ Nil) for which company has gone in appeal. The management is of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

37. Capital and other commitments

	31st March, 2013	31st March, 2012
	₹	₹
Capital commitment not provided for (net of advances of ₹ 8,195,183/-)	82,879,706	81,484,406

38. Capitalisation of Expenditure

During the year, the company has capitalised the following revenue expenses by debiting to statement of profit and loss and transferring the same 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, 2013	31st March, 2012
	₹	₹
Interest	18,857,483	10,058,274
Project related Expenses	<u>66,203,731</u>	<u>54,799,703</u>
	85,061,214	64,857,977

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, 2013	31st March, 2012
	₹	₹
Raw Materials	-	-
Components and Spare parts	-	-
Capital Goods	-	772,455
	<u>-</u>	<u>772,455</u>

41. Expenditure in Foreign Currency

	31st March, 2013	31st March, 2012
	₹	₹
Interest on short term borrowings	1,033,742	1,285,050
Travelling and others	<u>370,840</u>	<u>326,428</u>
	1,404,582	1,611,478

42. Imported and indigenous raw materials, components consumed:

	% of total consumption 31st March, 2013	Value 31st March, 2013 ₹	% of total consumption 31st March, 2012	Value 31st March, 2012 ₹
Raw Materials				
Imported	-	-	-	-
Indigenously obtained	100	3,058,361	100	1,995,057
	100	3,058,361	100	1,995,057

43. Net Dividend remitted in Foreign Exchange

	31st March, 2013	31st March, 2012
	₹	₹
Year of remittance (2011)	-	1,440,000

Note :

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

44. Earnings in foreign currency

	31st March, 2013	31st March, 2012
	₹	₹
Exports at F.O.B. Value	16,616,832	17,966,856
Commission Income	446,713	1,158,708
Consultancy Fees	183,068	-
	17,063,545	19,125,564

45. Details of Derivative instruments and unhedged foreign currency exposure
a) Derivatives outstanding as at the balance sheet date
Particulars
Forward contract to sell

For Hedging of foreign currency sales

	Amount in \$	Amount in ₹	No. of Contracts
As on 31.03.2013	25,750	1,398,482	1
As on 31.03.2012	75,750	3,854,160	3

Forward contract to buy)

For Hedging of foreign currency purchases

	Amount in \$	Amount in ₹	No. of Contracts
As on 31.03.2013	1,337,712	72,651,139	25
As on 31.03.2012	1,063,521	54,111,948	24

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

Particulars	31st March, 2013		31st March, 2012	
	Amount in \$	Amount in ₹	Amount in \$	Amount in ₹
Trade Payable	1,436,577	78,020,482	1,734,823	88,267,794
Secured Trade Credit	133,569	7,254,121	801,196	40,764,852
Trade receivable	59,400	3,226,014	30,427	1,548,126

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 ₹ 549,393/- (Previous Year ₹ 668,269/-)

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

48. (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.

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 24, 2013

For and on behalf of the Board of Directors

Shivhari Halan

Director

Anup Jatia

Executive Director

C.P.VYAS

Company Secretary

Information regarding Subsidiary Company for the Financial Year ended 31st March, 2013

Sr. No.	Particulars		Name of Subsidiary Company	
			B.R. Chemicals Co., Ltd.	
1	Financial year ending on		31/3/2013	31/3/2012
2	Currency		JPY (¥)	JPY (¥)
3	Exchange Rate on the last date of financial year	₹	0.5762	0.6100
4	Extent of holdings in Subsidiary Company	%	100	100
5	No. of Shares		60	60
₹ in lacs				
6	Share Capital		16.21	16.21
7	Reserves		(1.12)	(2.68)
8	Liabilities		43.14	0.31
9	Total Liabilities		58.23	13.84
10	Total Assets		58.23	13.84
11	Investments		-	-
12	Turnover		3,765.07	1,241.92
13	Profit / (Loss) before Taxation		2.63	(4.76)
14	Provision for Taxation		-	-
15	Profit / (Loss) after Taxation		2.63	(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 24, 2013

For and on behalf of the Board of Directors

Shivhari Halan
Director

Anup Jatia
Executive Director

C.P.VYAS
Company Secretary

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
BLACK ROSE INDUSTRIES LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **BLACK ROSE INDUSTRIES LIMITED** ("the Company") and its one foreign subsidiary (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated financial statements that gives a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act 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 Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- b) In the case of the Consolidated Statement of Profit and Loss, of the **Profit** of the Group for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the Cash flows of the Group for the year ended on that date.

Other Matters

1. We did not audit the financial statement of one foreign subsidiary Company, whose financial statements reflect total assets of ₹ 58,23,381/- as at March 31, 2013, total revenue of ₹ 37,65,20,757/- and net profit amounting to ₹ 2,62,997/-. 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.

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

(Viral Joshi)
Partner
Membership No. 137686

Place: Mumbai
Dated: 24th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	AS AT 31.3.2013 ₹	AS AT 31.3.2012 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' Fund			
Share Capital	2	38,720,000	38,720,000
Reserves and Surplus	3	98,931,766	82,465,483
		137,651,766	121,185,483
2 Non-Current Liabilities			
Long Term Borrowings	4	84,973,651	63,355,370
Deferred Tax Liabilities (Net)	5	20,605,004	20,997,708
Long Term Provisions	6	864,742	773,091
		106,443,397	85,126,169
3 Current Liabilities			
Short Term Borrowings	7	130,350,003	139,847,712
Trade Payables	8	159,635,307	182,035,772
Other Current Liabilities	9	35,580,686	29,834,900
Short Term Provisions	10	4,499,115	1,676,332
		330,065,110	353,394,716
Total		574,160,272	559,706,368
II. ASSETS			
1 Non Current Assets			
Fixed Assets			
Tangible Assets	11	79,609,521	87,527,087
Intangible Assets		327,652	55,173
Capital Work-in-Progress		177,419,268	110,413,516
		257,356,440	197,995,776
Long Term Loans and Advances	12	3,115,789	11,844,211
Other Non-Current Assets	13	723,168	670,213
		3,838,957	12,514,423
2 Current Assets			
Inventories	14	81,800,163	129,266,964
Trade Receivables	15	176,248,326	169,684,888
Cash and Bank Balances	16	11,006,446	10,962,815
Short Term Loans and Advances	17	37,355,166	36,377,971
Other Current Assets	18	6,554,775	2,903,530
		312,964,876	349,196,168
Total		574,160,272	559,706,368

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 24, 2013

For and on behalf of the Board of Directors

Shivhari Halan
Director

Anup Jatia
Executive Director

C.P.VYAS
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the Year Ended 31.3.2013 ₹	For the Year Ended 31.3.2012 ₹
INCOME			
Revenue from Operations	19	1,219,984,798	934,067,156
Other Income	20	3,758,042	3,273,827
Total Revenue		1,223,742,840	937,340,983
EXPENDITURE			
Cost of materials consumed	21	3,058,361	1,995,057
Purchase of traded goods	22	1,055,277,067	801,159,308
Changes in inventories of finished goods, work- in- progress and traded goods	23	48,168,276	41,753,163
Employee Benefits Expense	24	13,831,677	12,942,614
Finance Cost	25	15,283,984	18,133,807
Depreciation and Amortisation Expenses	26	11,613,047	11,330,193
Other Expenses	27	48,299,116	48,116,341
Total Expenditure		1,195,531,528	935,430,483
Profit before Tax		28,211,313	1,910,500
Less: Tax Expenses			
Current Tax [refer note no. 33(a)]		12,020,000	1,460,000
MAT Credit Entitlement of earlier years [refer note no. 33(b)]		-	(7,065,917)
Deferred Tax		(392,703)	5,253,731
Wealth Tax		18,586	24,424
Earlier years adjustments		(8,071)	307,462
		11,637,812	(20,300)
Profit for the period		16,573,501	1,930,800
Earnings per Equity Share (Nominal Value of share ₹ 1/- each fully paid up)	32		
Basic		0.43	0.05
Diluted		0.43	0.05

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

For and on behalf of the Board of Directors

VIRAL JOSHI
Partner
Membership No. 137686

Shivhari Halan
Director

Anup Jatia
Executive Director

Place: Mumbai
Date: May 24, 2013

C.P.VYAS
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
A. Cash Flow From Operating Activities		
Net profit before tax and extraordinary items	28,211,313	1,910,500
Adjustments for:		
Depreciation	11,613,047	11,330,193
(Profit)/Loss on sale of fixed assets	(1,107)	-
Increase/(Decrease) in foreign currency translation reserve	(107,218)	207,651
Interest expenses	9,596,984	9,019,001
Interest income	(606,969)	(1,078,634)
Unrealised foreign exchange (Gain)/Loss	(3,474,272)	(390,056)
Provision for expenses, gratuity & leave encashment	1,955,687	1,749,768
Excess provisions written back	(101,433)	(22,073)
Rental income	(738,000)	(738,000)
Sundry balances written off	(10,921)	38,986
Operating profit before working capital changes	46,337,111	22,027,335
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(11,270,833)	41,319,343
(Increase)/Decrease in inventories	47,466,801	41,991,976
Increase/(Decrease) in trade and other payables	(14,958,781)	(52,742,880)
Cash generated from operating activities	67,574,297	52,595,774
Less: Direct taxes (net of refund)	350,486	5,970,284
Total cash generated from operating activities	67,223,811	46,625,489
Cash generated from prior period items (net)	-	-
Net cash flow from operating activities	67,223,811	46,625,489
B. Cash Flow From Investing Activities		
Sale of fixed assets	6,600	-
Purchase of fixed assets/Capital work in progress	(70,979,204)	(68,329,361)
Interest income	606,969	1,078,634
Rental income	738,000	738,000
Cash generated from investing activities	(69,627,635)	(66,512,727)
Less: Income-tax paid at source	73,800	73,800
Net cash (used in) investing activities	(69,701,435)	(66,586,527)
C. Cash Flow from Financing activities		
Proceeds from borrowings	12,120,571	26,872,360
Interest expenses	(9,596,984)	(9,019,001)
Net cash flow from financing activities	2,523,587	17,853,359
Net increase in cash and cash equivalents (A+B+C)	45,963	(2,107,678)
Cash and cash equivalent as on 1.4.2012 (Opening Balance)	10,964,020	13,071,698
Cash and cash equivalent as at 31.3.2013 (Closing Balance)	11,009,983	10,964,020

Notes:**1) Reconciliation of cash and cash equivalents**

As per Balance Sheet Schedule 16	11,006,446	10,962,815
Add: Foreign exchange loss on revaluation of foreign currency	3,537	1,205
As per Cash flow statement	<u>11,009,983</u>	<u>10,964,020</u>

2) Cash and cash equivalents comprises of

a) Cash in hand	454,453	435,543
b) Bank balance in current accounts	2,428,441	1,261,233
c) Unpaid dividend account	95,809	95,939
d) In fixed deposit account	8,031,281	9,171,305
	<u>11,009,983</u>	<u>10,964,020</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 24, 2013

For and on behalf of the Board of Directors

Shivhari Halan

Director

Anup Jatia

Executive Director

C.P.VYAS

Company Secretary

Notes to Consolidated Financial Statements for the year ended 31st March, 2013**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 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.

c) 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.

d) **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.

e) **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.

f) **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.

g) **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.

h) **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.

i) **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.

j) **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 re-translated 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 subsidiaries, 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.

k) **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.

l) **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 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.

m) **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.

n) **Borrowing Costs**

Borrowing cost includes interest, amortization 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.

o) 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.

p) 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.

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) 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.

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) Research & Development Expenditure

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

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹		
2. Share Capital				
Authorised Shares				
80,000,000 (31st March, 2012: 80,000,000) Equity Shares of ₹ 1/- each	80,000,000	80,000,000		
	<u>80,000,000</u>	<u>80,000,000</u>		
Issued, Subscribed and fully paid up Shares				
38,720,000 (31st March, 2012: 38,720,000) Equity Shares of ₹ 1/- each	38,720,000	38,720,000		
	<u>38,720,000</u>	<u>38,720,000</u>		
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	38,720,000	38,720,000	19,360,000	19,360,000
Issued during the period - Bonus Shares	-	-	19,360,000	19,360,000
Outstanding at the end of the period	<u>38,720,000</u>	<u>38,720,000</u>	<u>38,720,000</u>	<u>38,720,000</u>
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				
Holding Company	31.3.2013 Nos.		31.03.2012 Nos.	
Name of the Company				
Wedgewood Holdings Limited, Mauritius.				
Equity Shares of ₹ 1/- each fully paid	28,800,000		28,800,000	
	<u>28,800,000</u>		<u>28,800,000</u>	
d) Details of shareholders holding more than 5% share in the company				
Equity shares of ₹ 1/ each fully paid	Nos.	31.3.2013 % of holding	Nos.	31.03.2012 % of holding
Name of the shareholder				
Wedgewood Holdings Limited, Mauritius	28,800,000	74.38	28,800,000	74.38

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
3. Reserve and Surplus		
a) Capital Reserve	3,000,000	3,000,000
b) General Reserve		
Balance as per the last financial statements	6,240,000	25,600,000
Less: Amount utilised for issue of bonus equity shares	-	19,360,000
Closing Balance	6,240,000	6,240,000
c) Foreign exchange fluctuation reserves on consolidation		
Balance as per the last financial statements	207,652	-
Add: Exchange gain on translation during the year	(107,218)	207,652
Closing Balance	100,434	207,652
d) Surplus in the statement of profit and loss		
Balance as per the last financial statements	73,017,831	71,087,031
Profit for the year	16,573,501	1,930,800
Less: Appropriations	-	-
Net surplus in the statement of profit and loss	89,591,332	73,017,831
Total Reserves and Surplus	98,931,766	82,465,483
4. Long Term Borrowings		
Secured		
a) Term Loans		
Loan from Bank [refer note no. 4(a)(i)]	1,112,176	98,715
Loan from other party [refer note no. 4(a)(ii)]	23,272,737	30,279,781
Total Secured	24,839,913	30,378,496
Unsecured		
b) Deposits		
Public Deposits [refer note no. 4(b)(i)]	22,000,000	26,450,000
c) Trade Deposit from related party		
Inter Body Corporate Deposit [refer note no. 4(c)(i)]	9,200,000	9,200,000
d) Other Loans and Advances		
Interest Free Inter Corporate Deposits [refer note no. 4(d)(i)]	34,604,445	4,604,445
Interest Free Security Deposits [refer note no. 4(d)(ii)]	1,500,000	2,000,000
Total Unsecured	67,304,445	42,254,445
	92,144,358	72,632,941
Less: Current maturities of long term borrowings disclosed under the head "other current liabilities" (refer note no. 9)	(7,170,707)	(9,277,571)
	84,973,651	63,355,370

Notes to Consolidated Financial Statements for the year ended 31st March, 2013
Note : 4(a)
Secured Loan
Vehicle Loan

- (i) From ICICI Bank Ltd. (P.Y - HDFC Bank Ltd)

Nature of security

Secured by hypothecation of vehicles

Rate of Interest

The rate of interest is 11.08% p.a. (P.Y. 9.87% p.a.)

Terms of Repayment

Equated monthly installment of ₹ 45,260/- commencing from 1st October, 2012 and ending on 1st April, 2015.

- (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, Gujarat - 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 is 14.75% p.a. (P.Y. 13.25% p.a. to 14.75%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

₹

21,500,000

500,000

22,000,000

Rate of Interest

The rate of interest is 12.50% p.a. (P.Y. 12.50% p.a.)

Terms of Repayment

Repayable after 1 year but before 2 years on maturity

Repayable on or after 21.03.2015 on maturity

₹

500,000

21,500,000

22,000,000

Note No : 4(c)

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

Inter Body Corporate Deposit

Black Rose Trading Private Limited

Terms of Repayment

Repayable anytime on or after 16.02.2014 but before 16.02.2015

₹

9,200,000

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
Note No : 4(d)		
Other Loans and Advances		
(i) <u>Terms of Repayment</u>		
Repayable anytime on or after 25.03.2015	30,000,000	
Repayable anytime on or after 06.04.2014	4,604,445	
	34,604,445	
(ii) Security Deposits		
Received from related party (refer note no. 31)	1,500,000	
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	21,498,248	21,823,432
Less:		
Items leading to deferred tax assets		
Disallowances u/s 43B and 40 A(7) of the Income-tax Act, 1961	(893,244)	(825,724)
Net (Deferred Tax Liability)	20,605,005	20,997,708
The amount of deffered tax liability provision writtenn back to statement of profit and loss is ₹ 392,703/- (P.Y. provision made ₹ 5,253,731/-)		
6. Long Term Provisions		
a) Provisions for employees benefits		
Provision for gratuity (refer note no. 28)	727,837	656,393
Provisions for leave benefits (refer note no. 28)	136,905	116,698
	864,742	773,091
7. Short Term Borrowings		
a) Secured [refer note no. 7(a)(i)]		
<u>Repayable on demand</u>		
Cash Credit from banks	38,426,159	50,923,927
Short Term Working Capital Demand Loan from Bank	10,000,000	10,000,000
Trade Credit	81,923,843	78,923,785
	130,350,003	139,847,712
Note No : 7(a)(i)		
Secured		
Cash Credit from ING Vysya Bank Limited	6,260,733	
Cash Credit from Yes Bank	32,165,426	
WC DL from Yes Bank	10,000,000	
Trade Credit from ING Vysya Bank Limited	59,202,321	
Trade Credit from Yes Bank	22,721,523	
	130,350,003	

Notes to Consolidated Financial Statements for the year ended 31st March, 2013
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 Pvt. Ltd.

The above charges rank pari passu for all intents and purposes.

Rate of Interest

Effective cost for the above loans are in the range of 13.00% p.a. to 14.25 % p.a. (P.Y. 12.25% p.a. to 14.45% p.a.)

	31.3.2012 ₹	31.3.2011 ₹
8. Trade payables		
Trade payables (Refer note no. 38)	159,635,307	182,035,772
	159,635,307	182,035,772
9. Other Current Liabilities		
Current maturities of long term borrowings (refer note no. 4)	7,170,707	9,277,571
Interest accrued but not due on borrowings	117,030	231,267
Interest accrued and due on borrowings (including deposits from public)	512,426	593,323
Unpaid Dividend *	95,809	95,939
Foreign Currency Forward Contract Payable (Net)	944,194	951,412
Payable for other expenditure	1,616,617	1,723,450
Payable for capital expenditure	17,792,351	13,659,260
Other non-trade liabilities	100,413	81,007
Advance from Customers	4,195,846	406,936
VAT / CST Payable	1,793,467	1,992,527
TDS payable	834,016	813,331
Rates & Taxes payable	407,809	8,877
	35,580,686	29,834,900
* Amount due to be credited to Investor Education and Protection Fund is ₹ Nil		
10. Short Term Provisions		
Provisions for employee benefits		
Salary and Reimbursements	1,445,750	1,319,006
Contribution to Provident Fund	108,275	125,310
Gratuity	114,579	177,045
Leave benefits	59,124	54,971
Other Provisions		
Provision for taxes (net of Deposits) [refer note no. 10(a)]	2,771,387	-
	4,499,115	1,676,332
Note 10 (a)		
Provision for taxes (net of Deposits) comprises of:		
Provision for Taxation	17,075,377	19,537,830
Less: Income Tax Deposits	(14,303,990)	(22,289,018)
	2,771,387	(2,751,188)

Notes on Consolidated Financial Statements for the year ended 31st March, 2013

11. Fixed Assets

(Amount in ₹)

Particular	GROSS BLOCK		DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01.04.2012	Additions / Disposals	Cost as at 31.03.2013	As at 01.04.2012	For the year	Adjustment on Disposales	Cost as at 31.03.2013	As at 31.03.2013
TANGIBLE ASSETS								
Leasehold Land [refer note no. 11(a)]	411,836	-	411,836	-	5,264	-	5,264	406,572
Factory Building *	21,160,126	-	21,160,126	13,563,226	706,748	-	14,269,974	6,890,152
Office Equipments	918,022	33,467	951,489	198,150	44,217	-	242,367	709,122
Electric Installation	4,999,194	-	4,999,194	4,671,935	237,462	-	4,909,397	89,797
Factory Equipments	305,388	-	305,388	274,836	14,506	-	289,342	16,046
Plant & Machinery	4,448,109	1,651,032	6,099,141	2,365,753	138,678	507	2,503,924	3,595,217
Furniture & Fittings	3,629,202	-	3,629,202	1,570,734	140,161	-	1,710,895	1,918,307
Computers	2,451,840	11,957	2,463,797	1,315,251	292,831	-	1,603,082	855,715
Vehicles	8,076,570	1,853,040	9,929,610	3,119,246	855,533	-	3,874,779	5,954,831
Wind Mills [refer note no. 11(b)]	87,351,734	-	87,351,734	19,145,803	9,032,169	-	28,177,972	59,173,762
Total (A)	133,752,021	3,549,496	137,301,517	46,224,934	11,467,569	507	57,691,996	79,609,521
INTANGIBLE ASSETS								
Software	74,585	417,957	492,542	19,412	145,478	-	164,890	327,652
Total (B)	74,585	417,957	492,542	19,412	145,478	-	164,890	327,652
Total (A+B)	133,826,606	3,967,453	137,794,059	46,244,346	11,613,047	507	57,856,886	79,937,173
Previous Year	130,322,610	3,509,260	133,831,870	34,919,417	11,330,193	-	46,249,610	87,582,260
CAPITAL WORK-IN-PROGRESS	-	-	-	-	-	-	-	177,419,268
Total								110,413,516

Note No. 11(a)

Leasehold land cost is stated at balance of original cost less amount amortised upto 31.03.2012

Note No. 11(b)

Depreciation on Wind Mills is provided on Triple Shift Basis

* Including part of Factory Building given on lease.

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
12. Long Term Loans and Advances		
Other Loans and Advances		
(Unsecured, considered good)		
Security Deposit to Government authorities and others	448,000	448,000
Prepaid Expenses	308,644	282,642
Advance Income Tax (Net of provision for taxation)	-	2,751,188
MAT Credit Entitlement [refer note no. 33]	2,359,145	8,362,380
	3,115,789	11,844,211
13. Other Non-Current Assets		
Fixed deposits with Bank with original maturity of more than 12 months [refer note no. 16]	998,203	-
Less: Current maturities of Fixed deposits with Bank with original maturity of more than 12 months [refer note no. 18]	(937,709)	-
	60,494	-
Duty Drawback receivable	662,674	670,213
	723,168	670,213
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, 2012 - ₹ Nil)] [refer note no. 21(a)(ii)]	857,756	156,280
Work-in-progress [refer note no. 23(a)(ii)]	1,435,581	1,524,202
Finished Goods [refer note no. 23(a)(iii)]	556,502	1,234,912
Traded Goods [includes in transit ₹ 38,677,348/- (31st March, 2012 - ₹ 34,836,198/-) [refer note no. 23(a)(i)]	78,872,720	126,273,965
Stores and spares	77,604	77,604
	81,800,163	129,266,964
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	6,395,608	6,828,651
Others	169,852,718	162,856,237
Doubtful	862,139	862,139
	177,110,465	170,547,027
Allowances for doubtful receivables	(862,139)	(862,139)
	176,248,326	169,684,888

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
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	19,988,323	13,032,038
Tozai Safety Private Limited	2,890,897	3,198,556
Fukui Accent Trading (India) Private Limited	29,250	-
Tozai Enterprises Private Limited	-	260,347
Accent Industries Limited	877,526	511,970
	<u>23,785,996</u>	<u>17,002,911</u>
16. Cash and Bank Balances		
Cash and Cash equivalents		
Cash on hand	450,916	434,339
Other Bank Balances		
In Current Accounts	2,428,441	1,261,232
In Unpaid dividend account	95,809	95,939
In Fixed Deposits account		
Deposits with original maturity for more than 3 months but less than 12 months*	8,031,281	9,171,305
Deposits with original maturity for more than 12 months	998,203	-
	<u>12,004,649</u>	<u>10,962,815</u>
Less:		
Amount disclosed under non-current assets		
Deposit with original maturity of more than 12 months (refer note no. 13)	(998,203)	-
	<u>11,006,446</u>	<u>10,962,815</u>
* Out of the above Fixed Deposits		
Given as Margin money for Trade Credit and L/C facilities	8,958,990	7,910,993
Given against Bank Guarantee	10,000	10,000
Given to Sales Tax Authority Gujarat	60,494	60,494
	<u>9,029,484</u>	<u>7,981,487</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	31.3.2013 ₹	31.3.2012 ₹
17. Short Term Loans and Advances		
Unsecured, considered good unless otherwise stated		
Capital Advances	8,195,183	10,356,058
Security Deposit to Government authorities and others	3,286,487	1,105,121
Security Deposit to related parties	1,650,000	1,650,000
Prepaid Expenses	1,979,425	2,138,987
Loans and advances to staff	900,000	972,050
Loans and Advances to a Officer of the company	400,000	250,000
Other Loans and Advances		
Balances with Statutory Government authorities	3,915,676	4,400,579
Inter Body Corporate loan	5,410,084	4,804,358
Loans and advances to other parties	2,139,250	2,433,000
Advances recoverable in cash or kind or for value to be received	9,479,061	8,267,819
	<u>37,355,166</u>	<u>36,377,971</u>
18. Other Current Assets		
Unsecured, considered good unless otherwise stated		
Current maturities of Fixed deposits with Bank with original maturity of more than 12 months	937,709	-
Unamortised Expenditure		
Unamortised premium on forward contract in foreign currency	533,679	549,590
Pre-Operative Expenses of subsidiary company	345,515	487,747
Other Assets		
Interest accrued but not due on Bank Deposits	808,352	554,519
Interest accrued and due on Loans	1,914,912	828,275
Interest accrued on Security Deposits with MSEB	16,394	15,228
Duty Drawback Accrued	40,910	-
Interest Subsidy receivable	1,494,759	-
Import Entitlements	462,544	468,172
	<u>6,554,775</u>	<u>2,903,530</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
19. Revenue from Operations		
a) Sale of products [refer note no. 19(a)(i)]		
Finished Goods	20,622,835	17,925,992
Traded Goods	1,196,709,095	914,002,654
	1,217,331,930	931,928,646
b) Other Operating Revenue		
Dividend on Traded Shares	11,300	8,600
Export Entitlement	106,112	181,416
Interest Subsidy	1,904,589	-
Profit on derivative transactions in foreign currency	-	766,019
Consultancy Fees	183,068	-
Commission	447,799	1,182,475
	2,652,869	2,138,510
Revenue from Operations	1,219,984,798	934,067,156
Note No. 19(a)(i)		
Details of Products sold		
Finished Goods Sold	-	-
Chemicals	-	-
Textiles	8,470,896	6,155,682
Wind Energy	12,151,939	11,753,910
Others	-	16,400
	20,622,835	17,925,992
Traded Goods Sold		
Chemicals	1,190,758,512	908,317,686
Textiles	3,368,985	3,891,009
Others	2,581,598	1,793,959
	1,196,709,095	914,002,654
	1,217,331,930	931,928,646

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
20. Other Income		
Interest Income		
From Bank	828,235	965,018
From Others	2,089,221	1,548,736
	<u>2,917,456</u>	<u>2,513,754</u>
Profit on sale of fixed assets	1,107	-
Other non-operating income (net of expenses directly attributable to such income ₹ Nil (31st March 2012 - ₹ Nil))	839,479	760,073
	<u>3,758,042</u>	<u>3,273,827</u>
21. Cost of Materials consumed [refer note no. 21(a)]		
Inventory at the beginning of the year	156,280	395,094
Less: Transfer to Purchase of Traded Goods (refer note no. 22)	-	53,028
	156,280	342,066
Add: Purchases	3,759,836	1,809,271
	3,916,117	2,151,337
Less: Inventory at the end of the year	857,756	156,280
	<u>3,058,361</u>	<u>1,995,057</u>
Note No. 21(a)		
(i) Details of Materials consumed		
Raw Cotton		
Yarn	2,060,884	1,942,582
Fabrics	997,477	44,619
Others	-	7,856
	<u>3,058,361</u>	<u>1,995,057</u>
(ii) Details of Inventory of raw materials		
Yarn	202,923	1,874
Fabric	654,833	154,406
	<u>857,756</u>	<u>156,280</u>
22. Purchase of Traded Goods		
Chemicals	1,052,109,874	794,435,810
Textiles	1,387,666	5,270,752
Others	1,779,527	1,399,718
	<u>1,055,277,067</u>	<u>801,106,280</u>
Add: Stock of chemical traded transferred from inventory of raw materials (refer note no. 21)	-	53,028
	<u>1,055,277,067</u>	<u>801,159,308</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
23. (Increase)/Decrease in Inventories		
Opening Traded Goods	126,273,965	166,649,880
Closing Traded Goods [refer note no. 24(a)(i)]	78,872,720	126,273,965
	<u>47,401,245</u>	<u>40,375,915</u>
Opening Work-in-progress	1,524,202	3,640,306
Closing Work-in-progress [refer note no. 24(a)(ii)]	1,435,581	1,524,202
	<u>88,621</u>	<u>2,116,104</u>
Opening Finished Goods	1,234,912	496,055
Closing Finished Goods [refer note no. 24(a)(iii)]	556,502	1,234,912
	<u>678,410</u>	<u>(738,857)</u>
Total (Increase)/Decrease in Inventories	<u><u>48,168,276</u></u>	<u><u>41,753,163</u></u>
Note No. 23(a)		
Details of inventories at the end of the year		
(i) Traded Goods		
Chemicals	74,915,517	120,228,896
Textiles	185,778	2,291,151
Others	3,771,426	3,753,918
	<u>78,872,720</u>	<u>126,273,965</u>
(ii) Work-in-progress		
Textiles	1,435,581	1,524,202
	<u>1,435,581</u>	<u>1,524,202</u>
(iii) Finished Goods		
Textiles	555,499	1,233,909
Others	1,003	1,003
	<u>556,502</u>	<u>1,234,912</u>
24. Employee Benefit expenses		
Salaries, Wages, Bonus and Other Allowances	13,039,739	12,121,609
Contribution to Provident fund and other funds	545,651	566,981
Staff Welfare expenses	246,287	254,024
	<u>13,831,677</u>	<u>12,942,614</u>
25. Finance Costs		
Interest on borrowings	9,043,158	8,857,938
Bill Discounting Charges	324,152	358,552
Bank Charges on facilities	859,130	395,833
Applicable loss on foreign currency transactions and translation	5,057,544	8,521,484
	<u>15,283,984</u>	<u>18,133,807</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2013 ₹	For the year ended 31.3.2012 ₹
26. Depreciation and Amortisation Expenses		
Depreciation of Tangible Assets	11,462,305	11,305,517
Amortisation of Tangible Assets	5,264	5,264
Amortisation of Intangible Assets	145,478	19,412
	11,613,047	11,330,193
27. Other Expenses		
Power and Fuel	362,525	401,180
Rent	2,994,418	2,384,920
Rates and Taxes	36,210	182,508
Insurance	769,927	823,583
Repairs and Maintenance		
Plant and Machinery	12,587	26,788
Buildings	263,077	235,851
Others	125,396	105,299
Legal and Professional fees	1,461,145	1,369,956
Payment to auditors [Note No 27(a)]	453,238	232,751
Exchange difference (net) other than considered in finance cost	3,193,134	13,695,825
Sundry Balance written off	23,107	37,095
Selling & Distribution expenses	15,556,079	6,716,760
Brokerage expenses	4,185,575	4,128,448
Windmill Maintenance Charges	1,342,635	110,300
Travelling and Conveyance	2,824,034	3,005,565
Communication costs	1,122,143	1,330,328
Entertainment Expenses	103,726	156,413
Pre-Operative expenses written off	131,222	121,455
Printing and Stationery	184,046	278,727
Research and development expenses	-	500,000
Labour and Jobwork Charges	3,106,351	1,846,027
Packing Material consumed	500,008	343,666
Export expenses	499,169	989,544
Security Charges	10,336	-
Corporate office expenses	808,503	719,439
Warehousing Charges	2,027,023	2,320,554

Notes to Consolidated Financial Statements for the year ended 31st March, 2013

	For the year ended 31.3.2012 ₹	For the year ended 31.3.2011 ₹
Vehicle expenses	964,063	826,463
Share Trading expenses	19,024	4,176
Bonus Share Issue expenses	-	472,386
Donation	41,000	61,000
Bank Charges	2,155,457	2,197,969
Logistics expenses	754,011	758,834
Miscellaneous expenses	2,269,949	1,732,532
Total	48,299,116	48,116,341

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

Audit Fees	110,000	50,000
Tax Audit Fees	40,000	20,000
Limited Review	30,000	30,000

In Other capacity

Certification Fees	62,666	15,000
Consultancy Service	110,000	57,396
Reimbursement of expenses including service tax	47,089	20,647
	399,755	193,043

Cost Auditor

As Audit fees	52,000	36,000
Reimbursement of service tax	1,483	3,708

	53,483	39,708
Total payment to Auditors	453,238	232,751

Notes to Consolidated Financial Statements for the year ended 31st March, 2013
28. Disclosures as per AS-15 (Revised) - Employee Benefits

	31st March, 2013	31st March, 2012
	₹	₹
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) Assumptions		
Interest Cost	8.75%	8.75%
Salary Increase	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Retirement age	<u>60 Years</u>	<u>58 years</u>
(ii) Obligation at beginning of the year	833,438	844,653
Service cost	134,908	163,621
Interest Cost	72,926	69,684
Benefits settled	-	-
Actuarial (gains)/losses	<u>(198,856)</u>	<u>(244,520)</u>
Obligation at end of the year	<u>842,416</u>	<u>833,438</u>
(iii) Expenses/(Income) recognised in statement of Profit & Loss		
Service cost	134,908	163,621
Interest cost	72,926	69,684
Actuarial (gain) / loss	<u>(198,856)</u>	<u>(244,520)</u>
Net gratuity cost	<u>8,978</u>	<u>(11,215)</u>
(iv) Amount recognised in Balance Sheet		
Liability at the end of the period	842,416	833,438
Difference	<u>(842,416)</u>	<u>(833,438)</u>
Net amount recognised in Balance Sheet	<u>(842,416)</u>	<u>(833,438)</u>

- (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)

29. Segment Accounting (AS - 17)

	31st March, 2013	31st March, 2012
The Company's segment reporting are as follows	₹	₹
SEGMENT REVENUE		
Sales/Income		
Textiles	118.40	109.71
Chemicals	11,914.93	9,104.82
Renewable Energy	140.60	117.53
Others	<u>25.92</u>	<u>8.61</u>
Total Segment Revenue	<u>12,199.85</u>	<u>9,340.67</u>
SEGMENT RESULTS		
Profit before interest and tax		
Textiles	1.29	0.02
Chemicals	543.48	322.69
Renewable Energy	34.66	22.35
Others	<u>8.49</u>	<u>(4.73)</u>
Total Segment Results	<u>587.92</u>	<u>340.33</u>
Less: Finance Cost	152.84	181.35
Other unallocable expenses net off unallocable income	<u>152.97</u>	<u>139.87</u>
Total Profit before Tax	<u>282.11</u>	<u>19.10</u>
CAPITAL EMPLOYED		
Segment Assets less Segment Liabilities		
Textiles	253.07	263.12
Chemicals	758.66	475.83
Renewable Energy	396.01	408.46
Add: Unallocable corporate assets net off unallocable corporate liabilities	<u>(31.23)</u>	<u>64.44</u>
Total Capital Employed	<u>1,376.51</u>	<u>1,211.85</u>

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:

(i) Holding company	Wedgewood Holdings Limited, Mauritius
(ii) Wholly-owned foreign subsidiary company	B. R. Chemicals Co. Limited, Osaka, Japan
(iii) 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

b) Related parties transactions

Nature of Transactions	Holding Co.	Subsidiary Co.	Key Management Personnel	Other related parties as in 31(a)(iv)
Sales	-	-	-	102,992,434
				(63,419,969)
Purchase	-	-	-	48,477,051
				(157,753)
Rent Paid	-	-	-	480,000
			(36,000)	(480,000)
Directors Remuneration	-	-	3,000,000	-
			(3,000,000)	-
Interest Paid	-	-	1,312,500	1,375,002
			(14,384)	(879,188)
Interest Received	-	-	-	389,339
				-
Rent Received	-	-	-	738,000
				(738,000)
Unsecured Deposit Received	-	-	-	-
			(10,500,000)	(11,000,000)
Trade Deposit Received	-	-	-	-
				(9,200,000)
Reimbursement of Expenses Paid	-	-	-	116,083
				(1,118,768)
Reimbursement of Expenses Received	-	-	-	2,738,088
				(2,758,041)
Payment of dividend	-	-	-	-
	(1,440,000)	-	-	-

Advance given for incorporation earlier converted into investment	-	-	-	-
	-	(1,620,600)	-	-
Balance as at 31st March, 2013				
Security Deposit Payable	-	-	-	1,500,000
	-	-	-	(1,500,000)
Security Deposit Receivable	-	-	-	1,650,000
	-	-	-	(1,650,000)
Trade Receivables	-	-	-	23,785,996
	-	-	-	(17,002,911)
Advance given Against Purchases				589,241
				(537,327)
Trade Payables	-	-	-	20,329
	-	-	(8,456)	(272,540)
Inter Body Corporate Loan Receivable	-	-	-	2,150,000
	-	-	-	-
Unsecured Deposit Payable	-	-	10,500,000	11,000,000
	-	-	(10,500,000)	(11,000,000)
Trade Deposit Payable	-	-	-	9,200,000
	-	-	-	(9,200,000)
Directors Remuneration Payable	-	-	210,000	-
	-	-	-	-
Interest Receivable (Net of T.D.S.)	-	-	-	138,550
	-	-	-	-
Interest Payable (Net of T.D.S.)	-	-	291,267	105,103
	-	-	(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, 2013	31st March, 2012
	₹	₹
Assets - Factory Building		
(i) Gross carrying amount at the end of the year	21,160,126	21,160,126
(ii) Accumulated depreciation at the end of the year	14,269,974	13,563,227
(iii) Depreciation charged to statement of profit and loss for the period	706,748	704,283

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, 2013	31st March, 2012
	₹	₹
Not later than one year	732,000	732,000
Later than one year and not later than five years.	<u>1,403,000</u>	<u>2,135,000</u>
	<u>2,135,000</u>	<u>2,867,000</u>
32. Earnings per share (AS-20)	31st March, 2013	31st March, 2012
	₹	₹
Details of the profit and No. of Equity Shares used in the basic and diluted EPS		
<u>Total operation for the year</u>		
Profit after tax	16,573,501	1,930,800
<u>Weighted average number of shares outstanding at the year end</u>		
	Nos.	Nos.
Equity shares outstanding at the beginning of the year	38,720,000	19,360,000
Bonus Equity shares issued in the ratio of 1:1 during the previous year	-	19,360,000
Total Weighted average Equity shares outstanding at the end of the current year	38,720,000	38,720,000
Basic and diluted earnings per share (₹)	0.43	0.05
Face value per share (₹)	1	1

33. (a) The Provision for current tax of ₹ 12,020,000/- has been made as per the provisions of Income Tax Act, 1961. However, after availing credit for MAT of ₹ 6,003,235/- already paid, the actual liability towards tax will be ₹ 6,016,765/-

(b) During the year the company has, in accordance with Accounting Standard - 22 w.r.t. Accounting for Credit available in respect of Minimum Alternate Tax paid under section 115JB of the Income Tax Act, 1961, made provision for Income Tax after taking available MAT credit of ₹ 6,003,235/- 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)

34. Impairment of Assets (AS-28)

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

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) Bank Guarantee given to Government authorities ₹ 15,000/- (P.Y. ₹ 15,000/-)
- (iii) Central Sales Tax liability of ₹ 2,677,976/- (P.Y. ₹ 849,750/-) 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.
- (iv) Disputed Income Tax demands of ₹ 231,686/- (Previous Year ₹ Nil) for which company has gone in appeal. The management is of the opinion that the said demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

36. Capital and other commitments

	31st March, 2013 ₹	31st March, 2012 ₹
Capital commitment not provided for (net of advances of ₹ 8,195,183/-)	82,879,706	81,484,406

37. Capitalisation of Expenditure

During the year, the company has capitalised the following revenue expenses by debiting to statement of profit and loss and transferring the same 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, 2013 ₹	31st March, 2012 ₹
Interest	18,857,483	10,058,274
Project related Expenses	<u>66,203,731</u>	<u>54,799,703</u>
	<u>85,061,214</u>	<u>64,857,977</u>

- 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 disclosers, 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, 2013 ₹	31st March, 2012 ₹
Raw Materials	-	-
Components and Spare parts	-	-
Capital Goods	<u>-</u>	<u>772,455</u>
	<u>-</u>	<u>772,455</u>

40. Expenditure in Foreign Currency

	31st March, 2013 ₹	31st March, 2012 ₹
Interest on short term borrowings	1,033,742	1,285,050
Travelling and others	<u>370,840</u>	<u>326,428</u>
	<u>1,404,582</u>	<u>1,611,478</u>

41. Imported and indigenous raw materials, components consumed:

	% of total consumption 31st March, 2013	Value 31st March, 2013 ₹	% of total consumption 31st March, 2012	Value 31st March, 2012 ₹
Raw Materials				
Imported	-	-	-	-
Indigenously obtained	100	3,058,361	100	1,995,057
	100	3,058,361	100	1,995,057

42. Net Dividend remitted in Foreign Exchange

	31st March, 2013 ₹	31st March, 2012 ₹
Year of remittance (2011)	-	1,440,000

Note :

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

43. Earnings in foreign currency

	31st March, 2013 ₹	31st March, 2012 ₹
Exports at F.O.B. Value	38,543,458	18,493,997
Commission Income	446,713	1,158,708
Consultancy Fees	183,068	-
	39,173,239	19,652,706

44. Details of Derivative instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the balance sheet date

Particulars

Forward contract to sell

For Hedging of foreign currency sales

	Amount in \$	Amount in ₹	No. of Contracts
As on 31.03.2013	25,750	1,398,482	1
As on 31.03.2012	75,750	3,854,160	3

Forward contract to buy

For Hedging of foreign currency purchases

	Amount in \$	Amount in ₹	No. of Contracts
As on 31.03.2013	1,337,712	72,651,139	25
As on 31.03.2012	1,063,521	54,111,948	24

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

Particulars	As on 31st March, 2013		As on 31st March, 2012	
	Amount in \$	Amount in ₹	Amount in \$	Amount in ₹
Trade Payable	1,436,577	78,020,482	1,734,823	88,267,794
Secured Trade Credit	133,569	7,254,121	801,196	40,764,852
Trade receivable	59,400	3,226,014	30,427	1,548,126

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 ₹ 549,393/- (Previous Year- ₹ 668,269/-)
46. The balances of debtors, creditors and deposits are subject to confirmation and reconciliation.
47. 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.
48. The net Profit for the period of the subsidiary company after considering all the income and expenses for the 12 months period 1st April, 2012 to 31st March, 2013 is ₹ 262,997/- (P.Y. Loss of ₹ 475,551/-).
49. 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, 2012 to 31st March, 2013 in respect of subsidiary having financial year ended 31st March, 2013.
50. 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. Limited	Japan	100%

51. (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.

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 24, 2013

For and on behalf of the Board of Directors

Shivhari Halan
 Director

Anup Jatia
 Executive 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 23rd Annual General Meeting to be held on
 Friday, July 12, 2013 at 11.30 a.m. and any adjournment thereof.

Signed on this _____ day of _____ 2013



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 23rd Annual General Meeting of the Company at Kilachand
 Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020, on Friday, July
 12, 2013 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 _____

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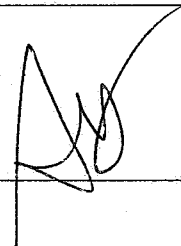
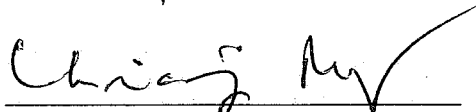
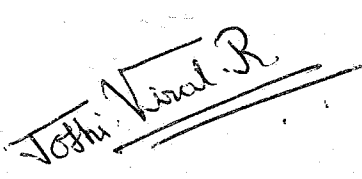
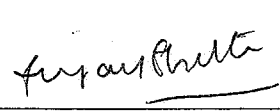
BLACK ROSE INDUSTRIES LIMITED

145/A Mittal Tower

Nariman Point

Mumbai – 400021

FORM - A

1.	Name of the Company	BLACK ROSE INDUSTRIES LIMITED
2.	Annual Financial Statements for the year ended	31st March, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of Observation	Not Applicable
5.	Mr. Anup Jafia Executive Director	
	Mr. C.P.Vyas CFO and Company Secretary	
	M/s. Karnavat & Co. Mr. Viral Joshi, Partner Auditor of the Company	
	Mr. Sujay Sheth Audit Committee Chairman	

Black Rose Industries Ltd.

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E-mail: info@blackrosechemicals.com • www.blackrosechemicals.com

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