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Black Rose Industries Limited

Annual Report 2010-11

The word on the cover, *shin-go*, means *trust* in Japanese.

Forward-looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

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

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"Black Rose Industries Limited has succeeded on account of a deeper, broader and wider understanding of markets.

We recognise that our word is our bond.

We recognise that honesty is the only lasting business policy.

We recognise that the ability to assimilate local cultures is the passport to success.

We recognise that business partnerships should endure the test of time.

Our rich legacy of possessing strong business principles, an enterprising spirit, transparent policies and strong governance practices has helped us create a sustainable business model at one end and high entry barriers for competitors at the other."

Atmaram Jatia, *Chairman*

Trustworthy. Loyal. Committed.

These three words hold true for us.

Because we are a reliable partner. Because we work with principals who put their faith in us. Because we have hundreds of satisfied customers in India and abroad.

Now we will take a significant step forward. We will commence operations of India's first acrylamide monomer plant in January 2012.

Increasing competitiveness and investing in the future of our clients.

Vision

We are committed to be a world-class, customer-centric, and innovative organisation, focused on providing the right solutions to our principals and clients.

Core values

- Transparency and integrity
- Innovation and entrepreneurship
- Customer sovereignty
- Anticipation, speed and flexibility
- Passion for superior performance
- People orientation

Businesses

- We are an importer, distributor, indentor and exporter of a wide range of specialty, performance and pharmaceutical chemicals
- We possess strong technical know-how, a wide global network, an extensive supply chain infrastructure, and a high quality commitment
- We market over 100 products to a large number of chemical user industries across India and internationally
- We will manufacture acrylamide monomer under technology license from Mitsui Chemicals, Inc., of Japan, in our 10,000MT per annum plant in Jhagadia, Gujarat
- We supply Indian chemicals and their intermediates through our newly-formed wholly-owned subsidiary in Japan, B.R. Chemicals Co., Ltd.
- We manufacture specialty textiles, yarns and industrial gloves for export to Japan and other countries
- We generate wind energy in Gujarat and Rajasthan and supply it to the relevant state electricity boards, yielding an average realisation of ₹ 3.92 per unit

Product portfolio

- Specialty chemicals: Chemicals with application in diverse industries like agrochemicals, dyestuff, perfumeries, rubber, tyres and textiles, among others
- Performance chemicals: Flocculants and coagulants for waste water / effluent treatment, cyanoacrylate adhesives, polymer additives, rubber chemicals and electroconductive materials, among others
- Pharmaceuticals and specialty amines: Active pharmaceutical ingredients, pharmaceutical intermediates, and specialty amines
- Textiles: Specialty textiles, yarns, and cotton knitted gloves

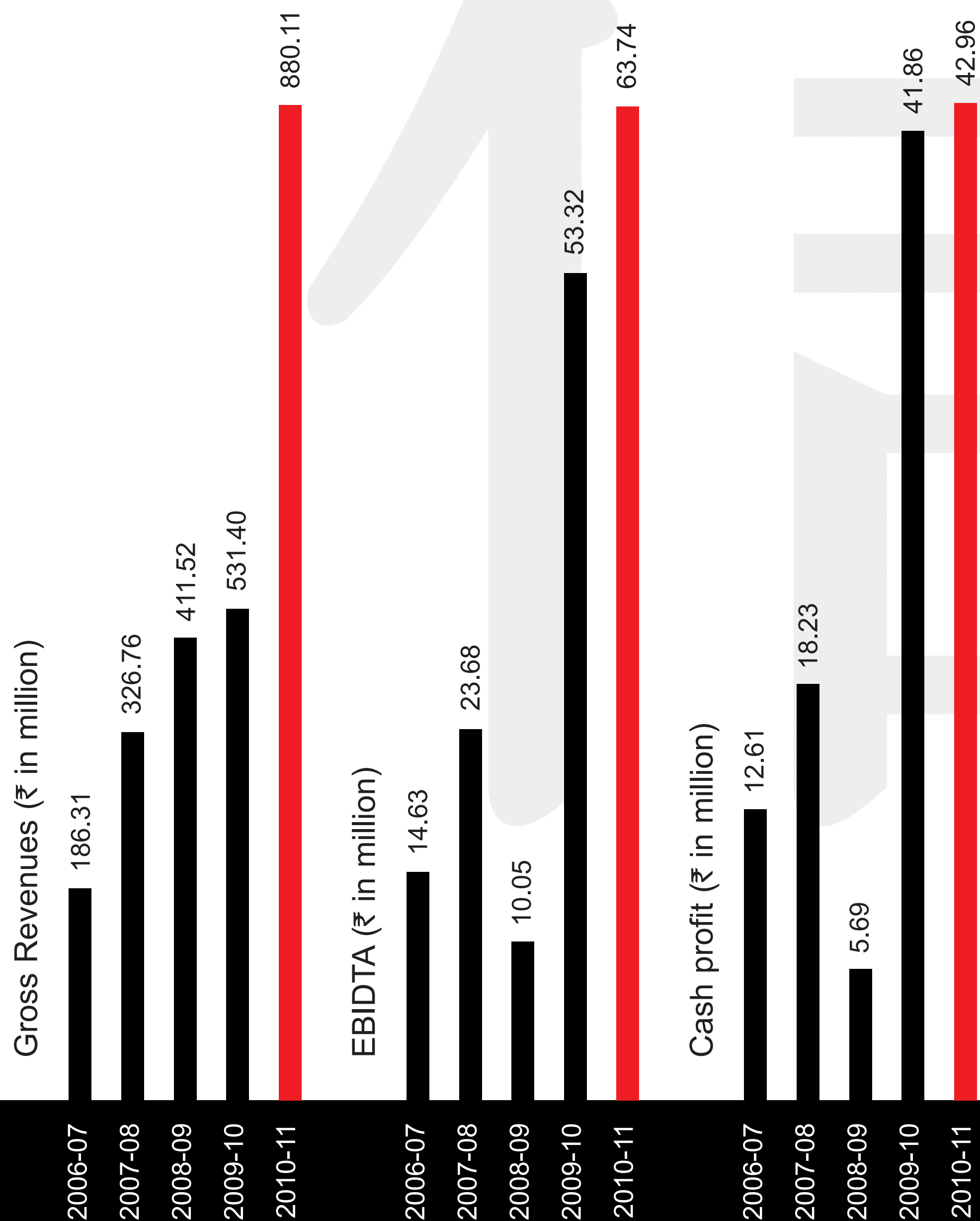
Principals

Koei Chemicals Co., Ltd. Japan	LANXESS Deutschland Gmbh Germany	MANAC Incorporated, Japan	Mitsubishi Gas Chemical Co., Ltd., Japan
Mitsui Chemicals Inc., Japan	MT AquaPolymer Inc. Japan	Okahata & Co., Ltd. Japan	Sumitomo Chemical Co., Ltd. Japan
Taoka Chemical Co., Ltd. Japan	Toray Fine Chemicals Co., Ltd. Japan	Thai Ethanolamines Company Limited, Thailand	VKG Oil AS Estonia

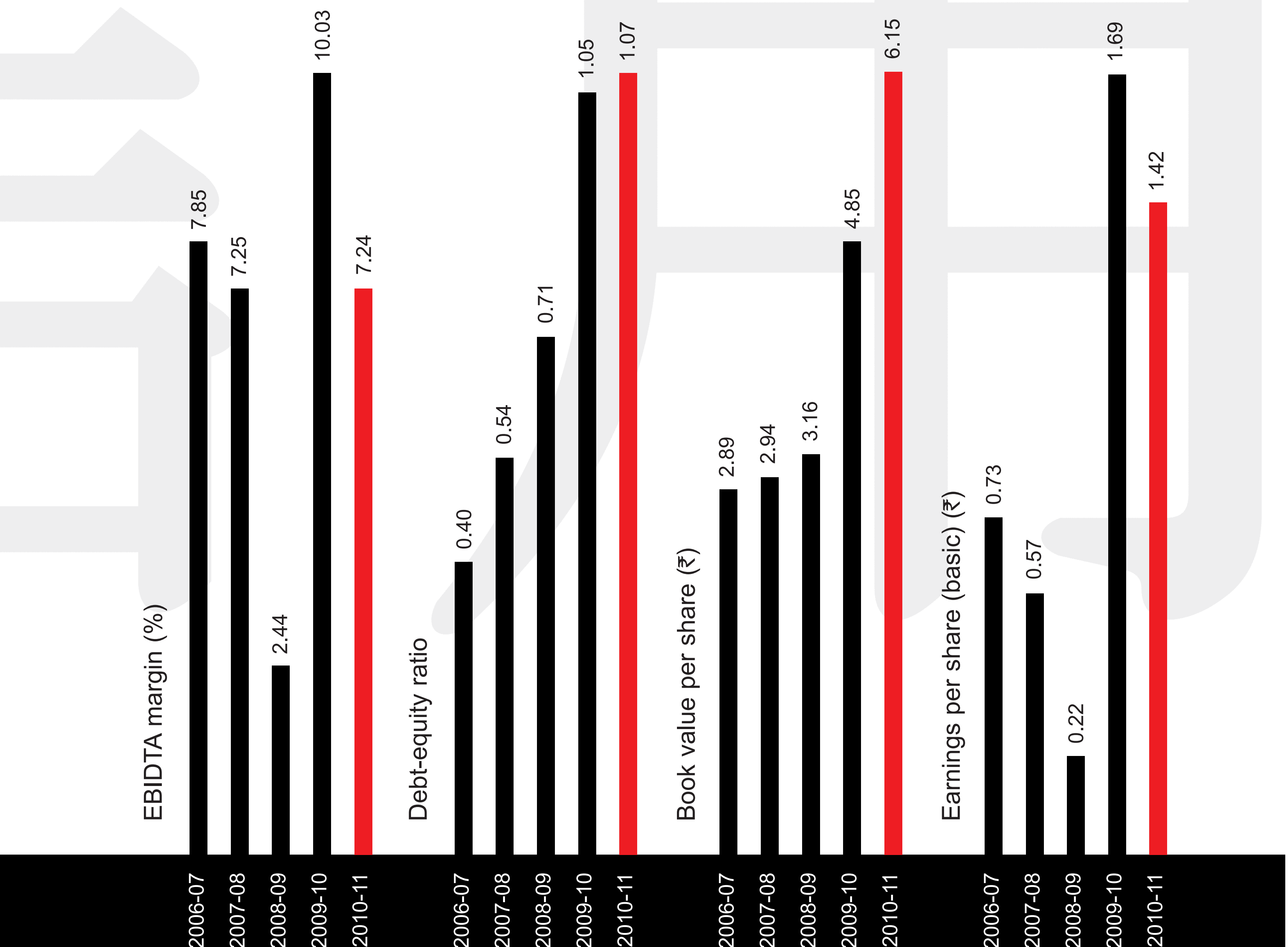
Reach

- Sales head office in Mumbai, India, regional sales offices in Chennai and Hyderabad
- Distribution infrastructure comprising three local warehouses in Bhiwandi, Maharashtra, one customs bonded warehouse at Nhava Sheva and a local and customs bonded warehouse at Chennai. A warehouse in Ankleshwar, Gujarat, will be operational shortly

Respectable numbers



Key financials, 2010-11



Revenue growth	
66%	
2009-10	2010-11
₹ 531.40 million	₹ 880.11 million

EBIDTA growth	
20%	
2009-10	2010-11
₹ 53.32 million	₹ 63.74 million

Q&A session with the Executive Director

We reported a robust 2010-11, with a 66% growth in revenue. We could achieve this because of our relationships with our principals at one end and customers at the other.

Anup Jatia, *Executive Director*

Did the Company perform well in 2010-11?

Most certainly. We finished the year under review with across-the-board growth reflected in the following numbers: our sales revenue jumped 66% to ₹ 88 crores, and our EBIDTA increased by 20% to ₹ 6.37 crores. Even though net profit did come down over the previous year, this was largely due to the 270% increase in depreciation costs incurred for the Company's recently acquired windmills.

Why did the Company report a superior performance?

We improved our demand forecasting systems to ensure adequate stock availability, strengthened our sales team, introduced niche APIs in our pharmaceutical product portfolio, added new principals and installed a new ERP system which augmented our logistics and customer service abilities. Besides this, we deepened our focus on existing opportunities, enhancing our market leadership in key products. None of this, however, could have happened without the trust and support of our principals, clients, staff and shareholders.

What are some of the key infrastructural and organisational changes made in the last fiscal year?

Improvement in infrastructure is a continuous process.

- We invested in warehousing in Chennai to support our tyre and adhesive businesses.
- We established an office in Hyderabad to remain close to customers in the pharmaceutical arena.
- We made investments in land and technology for the set up of our acrylamide monomer plant, expected to commence production in January 2012.

In terms of organisational structure, we separated certain key functions into different teams and empowered these teams with decision-making responsibilities so that operational efficiencies could be improved.

The result: We handled our 66% revenue growth without a hitch and made sure we not only merely supplied products on time, but that we could consistently enhance the competitiveness of our customers in a challenging marketplace.

What are some of the highlights of your company's performance in 2010-11?

I believe everything we did was highlights!

- Our specialty chemicals business clocked 51% sales growth to ₹ 46.73 crores and a material turnover growth of 98% to 2,599 metric tons.
- Our performance chemicals business reported a 57% growth in sales reveune to ₹ 10.26 crores and a 30% increase in quantities to 448 metric tons.

- Our pharmaceutical and specialty amines business grew 158% in terms of sales to ₹ 24 crores, and in terms of quantity, 61% to 970 metric tons.
- We added a total of 340 new customers, 23 new products, and 3 new principals across all divisions.

What are your future plans for growth?

We will remain focused on our core businesses and will increase sales by 60% to over ₹ 140 crores during 2011-2012 with the help of initiatives such as:

- Establishment of our wholly-owned subsidiary, B.R. Chemicals Co., Ltd, in Japan to focus on available opportunities.
- Set up of a chemical applications laboratory and R&D centre in Thane to assist in performance chemicals and acrylamide monomer sales.
- Addition of warehousing facilities and establishment of a branch office in Gujarat.
- Increase in new product offerings, as well as focus on market share growth for the Company's products.

After 2011-2012, the next growth level will see our turnover cross ₹ 200 crores. This jump will begin when we start commercial production of acrylamide at our greenfield plant.

What is the rationale behind floating a subsidiary in Japan?

We incorporated B.R. Chemicals Co., Ltd. on April 1, 2011. The Company has its registered office in Osaka and a sales office in Tokyo. There is a two-pronged objective:

- One, to introduce Indian chemical products to Japanese markets, positioning India as a reliable alternative to China and in some cases, to Japan itself.
- Two, to introduce India as an important and growing market for Japanese products, leveraging our knowledge and experience in this arena to introduce a larger basket of chemicals for sale in India.

We have projected a revenue of USD 6 million (₹ 27 crores) for 2011-12 which we are confident to achieve.

Your core business is the sale and distribution of chemicals. Why then have you decided on the establishment of the acrylamide plant? Does this help the Company enhance its competitive position?

Our business is to be a trustworthy, loyal and committed supplier. The underlying principle behind establishing our first chemical plant is the same. There are a number of facts about acrylamide that one should know:

- India entirely depends on imports for acrylamide and we will be the first and only plant in India when we commence commercial production at our 10,000MT plant in January 2012.
- Acrylamide is one of the fastest-growing specialty chemicals in the world. It is used mainly to produce polymers (polyacrylamides) which find application in diverse industries like water and effluent treatment, adhesives, oilfield drilling, textiles and paper, among several others.
- We have a strong client base for acrylamide. We are already the market leader in India for the sales of acrylamide.
- We hace received an exclusive technology license to manufacture acrylamide from Mitsui Chemicals, Inc., of Japan. This technology is considered to be the world's most efficient and cost-competitive.

Basically our idea is to support the acrylamide polymer industry's growth by ensuring competitive supply of acrylamide. We will do so by manufacturing the highest quality acrylamide economically and efficiently in India. In a short time, we believe that our plant will help make India one of the world's largest centres for acrylamide polymer production.

How does the Company intend to enhance shareholder value?

The Board of Directors at their meeting held on May 11, 2011, made two recommendations to our shareholders to enhance shareholder value:

- To pay a maiden dividend of 10%, i.e. ₹ 0.10 per equity share, and
- To issue bonus shares in the ratio of 1:1, i.e. 1 bonus equity share for every equity share held.

In the coming years, shareholder value will further be enhanced:

- With our expected topline growth to ₹ 140 crores in 2011-12, will be achieved.
- With the set up of our acrylamide plant, we will not only have a more solid fixed asset base, we will also have a presence across the value chain and will create a robust foundation for sustainable and profitable growth.
- We will finance our growth through internal accruals and low cost borrowings so that existing shareholders can reap the benefits of our growth as much as possible.

Business line review

Chemicals

"Our chemicals division reported a revenue growth of 71% to ₹ 81 crores in 2010-11. We will leverage established relationships with our customers to strengthen our presence as a trusted and reliable partner."

Smitesh Bhimani, *General Manager, Sales*

Business line overview

Our chemicals division is structured into five business teams:

- Specialty Chemicals
- Performance Chemicals
- Pharmaceutical Chemicals and Specialty Amines
- Acrylamide
- Exports

Our Specialty Chemicals team – at 53%, the largest contributor to the turnover – provides critical raw material resources to various end-user industries. The division caters to demanding product quality needs with robust service standards and stronger customer relationships.

The Performance Chemicals team provides high quality products and impeccable service to our dealers and customers alike.

The Pharmaceutical and Specialty Amines team supplies over 25 intermediate and API products imported from China, Germany, Thailand and Japan.

The Exports team helps export Indian products to our Japanese principals with whom we have very long associations. They will work closely with our newly formed subsidiary company too.

The Acrylamide team focuses on sales and customer development of acrylamide in India and abroad. The team currently sells products imported from Japan and will handle the sales of our upcoming acrylamide plant.

Business line highlights, 2010-11

- Sales (in ₹ million and MT), and sales growth (in percentage) for each division

Division	Sales	Sales	Sales growth
Speciality	467	2,599	51
Performance	103	448	57
Pharmaceuticals	240	970	158

- New product additions for each division

Division	No. of new products added
Speciality	11
Performance	2
Pharmaceuticals	10

- New client additions for each division

Division	No. of new clients added
Speciality	130
Performance	42
Pharmaceuticals	177

Business line agenda, 2011-12

- Grow sales by 70% by increasing market reach and introducing new products
- Increase overall team strength by 50%
- Institute a comprehensive quality assurance system
- Use more robust data analysis methods for gathering market intelligence

Business line **1**

Specialty Chemicals

"Our specialty chemicals business reported one of the highest volume growth rates during 2010-11. With a focused product pipeline and growing end user requirements, we expect to sustain this growth momentum into 2011-12 as well."

Hiranand Parab, *Assistant General Manager, Sales*

Business line strengths

- Extensive two-way integration reflected in an ability to forecast demand and provide products to customers on time and competitively
- Principal-based business with strong offerings from world-renowned manufacturers
- Impeccable quality record

Business line agenda, 2011-12

Grow sales 25% by increasing market reach and introducing 7-8 new products

Key application areas

- Dyestuffs
- Agrochemicals
- Tyres
- Photographic chemicals
- Adhesives
- Paints and coatings
- Textiles
- Polymers
- And several others

Business line **2**

Performance Chemicals

"Our performance chemicals business is an important supplier of flocculants used in effluent treatment plants and of cyanoacrylates used as instant adhesives. Backed by strong knowledge and proven technologies, we expect to capture a larger market share."

Abhijit Ghosh, *Manager, Sales*

Business line strengths

- Extensive product portfolio of polyacrylamides, cyanoacrylate adhesives, and rubber chemicals
- Application knowledge repository derived out of experience

Business line agenda, 2011-12

- Introduce new rubber processing chemicals
- Become the market leader of cyanoacrylate adhesives in the country by tripling sales
- Achieve higher polyacrylamides sales by improved forecasting

Key application areas

- Waste water and effluent treatment
- Cyanoacrylate adhesives
- Polymer additives
- Rubber chemicals
- Electro-conductive materials

Business line **3**

Pharmaceuticals and Specialty Amines

"The team was created only in 2010. Thanks to a growing appetite for intermediates and APIs from customers small and large alike, we have witnessed a sharp take-off in this business."

Bhavesh Shah, *Manager, Sales*

Business line strengths

- Robust marketing and on-field sales team
- Effective payment receipt management system
- Bulk procurement to ensure competitive costs

Business line agenda, 2011-12

- Introduce 15 new products
- Achieve 200% topline growth

Business line **4**

Acrylamide

"Our greenfield plant is designed to competitively supply a high quality product to our customers, thereby spurring growth of the rapidly developing acrylamide-based polymer industry in India. We expect to ramp-up production of the monomer solution from 10,000 MT per year to 20,000 MT per year in the first year and then phase-up to 40,000 MT by 2015, targeting sales of USD 55 million by this period."

Dr. K. Sridharan, *General Manager - Technical*

Key plant features

- Located on an 8-acre plot in Jhagadia (near Ankleshwar) in Gujarat
- Close to Kandla as well as manufacturers of key raw material
- Exclusive technology licensing agreement with Mitsui Chemicals, Inc., of Japan
- Environment-friendly biocatalytic technology
- Acrylamide produced will exceed global standards, providing better polymerisation yields and properties to customers
- Significant reduction in costs for clients vis-à-vis imports
- Commercial production by January 2012

Key application areas

- Oil recovery
- Water treatment
- Paper strengthening
- Textiles

Business line **5**

Exports

"The export business is the foundation of the Company's chemicals business. The ties formed as a result of this activity are the pillars which support the principal / supplier relationships that we rely on."

Bharat Mehta, *Manager, Exports*

Business line strengths

- Exporting to the most discerning markets in the world
- Relationship based on trust and mutual understanding with manufacturers and clients
- Subsidiary company in Tokyo

Business line agenda, 2011-12

- Introduce new products to clients based on India's increasing competitive advantage
- Increase confidence level that international users have of Indian chemical products, by working with reputed and reliable manufacturers

Business line review

B.R. Chemicals Co., Ltd., Japan

"Forming a subsidiary here in Japan will help promote the chemical business with India. It signals the long term commitment that Black Rose has in this market and helps to break down barriers that often impede business growth."

Yoshitaka Matsui, *President, B.R. Chemicals Co. Ltd, Japan*

Business line strengths

- Experienced manpower with knowledge of India – Japan business
- Sales office in Tokyo
- Large clientele / supplier base available from existing business relationships of parent company and past relationships of directors

Business line agenda, 2011-12

- Work closely with Japanese companies to provide solutions for their sourcing of chemicals and pharmaceuticals from India
- Introduce and develop the Indian market for chemical products made in Japan

Business line review

Textiles

With robust demand emanating from other countries coupled with sourcing moving away from China to India, our textile business has a bright future ahead.

Harimohan Jalebichore, *General Manager, Textiles*

Business line overview

Black Rose is engaged in the manufacture of specialty yarns, textiles, and made-ups that finds niche industrial applications. The production facility is located in Kolhapur, Maharashtra.

Business line agenda, 2011-12

- Strengthen value-addition through a focus on made-ups
- Work closely with self-help groups and NGOs to provide opportunities for work to unemployed rural women

Business line review

Renewable Energy

Steady depletion of fossil fuels coupled with growing environmental awareness is strengthening demand for renewable energy, which provides a steady source of green and clean energy. With a cumulative capacity of 1.6 MW of wind energy assets, we are focused on getting our units approved by the UNFCCC, which will open up the prospects for additional cash flows through CDM.

Ratan Agrawala, *General Manager, Finance*

Business line overview

Black Rose owns and operates two windmills (0.8 MW each) in Jodhpur (Rajasthan) and Rajkot (Gujarat). While the unit in Jodhpur was established in January 2010, the asset in Rajkot was commercialised in March 2010. The total investment was ₹ 8.72 crores.

Business line agenda, 2011-12

- Expect to increase PLF at both units
- Validation from the United Nations Framework Convention on Climate Change for generating additional income under Certified Emission Reduction and Voluntary Emission Reduction

Respect. Derived from our knowledge strategy.

Principal-oriented

We have a mandate from our globally-respected principals to reach products to diverse customers and enjoy several years of enduring relationships with them. We are focused on working closely with them to add value to the supply chain and provide strategic market insights for facilitating entry into India and other potential markets. Please refer to page 3 for the complete list of our principals.

Customer-driven

We continuously seek to understand customer needs better, improve all aspects of our service standards, offer innovative products and aim to emerge as an integral part of their existence. A combination of accuracy, methodology, service, flexibility, timely delivery and cost-effectiveness ensures that we exceed client expectations. We focus on building long-term partnerships with clients. The result is we serve over hundreds of clients in India and abroad.

People-centric

We develop our people strengths through training and knowledge sharing. Our people have the freedom to explore and develop their talents. They are empowered to achieve common goals. We encourage and reward initiative, dedication and hard work. We emphasise fairness, communication and working relationships at all levels and locations.

Efficiency-obsessed

We forecast demand-supply patterns. These capabilities enable us to supply customers with critical products in the most cost-effective way without jeopardising their production schedules. Our warehousing and distribution infrastructure ensures that we continually procure adequate quantities for regular onward supply. The result is that we are able to offer quantities that vary from 1 kg to 1000 MT for diverse customer needs.

Innovation-led

We remain at the cutting-edge of technological change. We recognise that investing in continuous innovation in the supply chain and the end product application business is a pre-requisite for success. We aim to reside at the cutting-edge with our key product portfolios. Clients' needs, evolving markets, new technology and the expertise and ideas of our people are what drive innovation. We are equipped with robust systems and processes backed by excellent communication infrastructure that keeps us abreast of the latest global developments.

Global expertise and local knowledge

We respect and learn from local business operations and practices. Our global network comprises teams, tools, and products to provide clients with consistent products and services. We share local and international expertise to continually improve the various aspects of our business.

Profitability-focused

Profitable growth results in larger opportunities. As individuals, teams and business units, we are aware of the impact of our decisions and actions at all levels. We use financial and non-financial measurements to review and improve performance in a sustainable way. Our profitability-oriented growth model provides investors a fair return.

Directors' Report

Dear members

Your Directors have great pleasure in presenting the Annual Report on the operations of the Company, together with the audited financial accounts for the year ended March 31, 2011.

Financial Results

₹ in Lacs

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
Sales, Exports Entitlements and Other Income	8,801.14	5314.00
Profit before Depreciation and Tax (PBDT)	527.78	501.91
Less: Depreciation	111.80	30.35
Profit before Tax	415.98	471.56
Less: Provision for Tax		
- Current	87.14	83.40
- Deferred	43.18	95.66
- MAT Credit	11.09	(33.79)
Profit after Tax	274.57	326.29
Add: Profit brought forward	508.80	182.51
Profit Available for Appropriation	783.37	508.80
Appropriation		
Proposed dividend on equity shares	19.36	–
Dividend Tax thereon	3.14	–
Transfer to General Reserve	50.00	–
Balance carried to Balance Sheet	710.87	508.80

Operations

The performance of your company, in terms of revenue growth, was remarkable due to substantial expansion of product portfolio carried out by the chemical segment.

In the chemical segment, turnover grew by more than 70% and earnings before interest, tax, depreciation, and amortisation (EBITDA) grew by 24% compared to the previous year. For the renewable energy segment, this was the first full year of operation which brought in an EBITDA of ₹ 62 lacs.

The total turnover of the Company for the year ended March 31, 2011 amounted to ₹ 8,801.14 lacs as against ₹ 5,314 lacs in the previous year. Profit before tax for the year has decreased from ₹ 471.56 lacs to ₹ 415.98 lacs mainly on account of increase in depreciation and finance costs.

Dividend

Your Directors recommend a tax-free dividend of 10% i.e ₹ 0.10 (ten paise) per Equity Share on 19,360,000 Equity Shares of ₹ 1 each, subject to your approval at the ensuing Annual General Meeting.

Bonus Share

The Board of Directors, have at their Board Meeting held on 11th May, 2011, recommended the issue of Bonus Shares in the ratio of 1 Bonus Equity Shares for every 1 Equity Shares of ₹ 1/- each held on the Book Closure Date / Record Date to be fixed in consultation with the stock exchange and subject to the approval of the shareholders and other requisite approvals.

The Bonus Shares will be entitled to receive dividend that may be declared after the allotment of Bonus Shares.

Manufacturing Facility at Jhagadia, Gujarat

Your directors are pleased to inform you that your company has entered into an exclusive Foreign Technology License Agreement with Mitsui Chemicals, Inc., of Japan, for its upcoming plant for the manufacture of acrylamide monomer. The technology that has been licensed to the Company is an environmentally friendly biocatalyst technology, and is already in use in other parts of the world by the licensor.

The plant is being set up at Jhagadia, Gujarat, and shall have a capacity to manufacture of 10,000MT of the product in the first phase. The plant is expected to start commercial production in January 2012. A substantial expansion to 20,000MT is planned for the second phase, and to 40,000MT in the third phase.

The acrylamide plant is expected to generate annual sales of ₹ 200 crores in the years ahead. The initial project cost of approximately ₹ 25 crores is proposed to be funded through a combination of internal accruals, term loan, and other debt instruments while other options will also be considered for funding future expansions as required.

Basic and detailed engineering work has been completed and the project is currently in the procurement stage. The project is progressing as per schedule. The Company has applied for registration of brand name – BRILMIDE™ – for the product to be manufactured.

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

Your directors are pleased to inform you that your company has incorporated a wholly owned subsidiary on April 1, 2011 in Osaka, Japan, with an initial capital of JPY 3,000,000 (equivalent to approximately ₹ 16 lacs). A sales office has also been set up in Tokyo.

With the signing of the bilateral free trade agreement between India and Japan in February 2011, trade between the two nations is expected to grow rapidly. This company will focus on developing the business of chemicals between India and Japan and will focus on sales of speciality chemicals, dyes and pigments, and pharmaceuticals intermediates. The Company will also promote generic Indian APIs in Japan.

Corporate Governance

In view of the fact that the total paid up equity share capital of the Company is below the threshold limits, the provisions of Clause 49 of the listing agreement with respect to Corporate Governance are not applicable.

However, after the successful issuance of bonus shares your company's paid up equity share capital will exceed the limit, and accordingly the provisions of Clause 49 will become applicable.

Regardless of the legal applicability of the said clause, your company believes in transparency and continues to follow the best of the corporate governance standards in the industry.

Directors

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

Directors' Responsibility Statement

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

i) in preparation of annual accounts the applicable standards have been followed.

ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011, 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, 2011 on a going concern basis.

Fixed Deposits

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

Auditors

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

Auditors' Comments

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

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

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are set out in the Annexure to this report.

Particulars of Employees

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is set out in the Annexure to this report.

Acknowledgement

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

For and on behalf of the Board

Place: Mumbai
Dated: May 11, 2011

Basant Todi
Director

Anup Jatia
Executive Director

Annexure to Directors' Report

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Employees throughout the year and in receipt of remuneration aggregating ₹ 2,400,000 or more per annum.

Name	Age (years)	Qualification	Nature of employment	Designation and nature of duties	Date of Commencement of employment	Experience (years)	Remuneration (in ₹)	Particulars of last employment
Mr. Anup Jatia	40	B.Sc. Engineering and Applied Sciences (Chemical Engineering and Economics)	Contractual	Executive Director	Appointed as Executive Director with effect from 1st May, 2008	18	3,000,000	–

Note:

Mr. Anup Jatia does not hold any shares in the Company and is a relative of Mr. Atmaram Jatia, Director of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A) 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 minimizing the consumption of energy and fresh water, preserving natural habitat and reducing waste.

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

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

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

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

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

Form A

Year Ended	31.03.2011	31.03.2010
Power and Fuel Consumption		
1. Electricity		
a) Purchase Units	49,877	54,314
Total Amount (₹ in Lacs)	2.83	2.80
Rate / Unit	5.68	5.15
b) Own generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Others / Internal Generation	NIL	NIL

Form B

Research and Development

The Company does not have a Research and Development setup and therefore there is no expenditure under this head

Technology absorption and innovation

Continuous efforts are being made to reduce cost and improve product qualities.

Foreign Exchange Earnings and Outgo

1. Foreign exchange out go: ₹ 455,479,963
2. Foreign exchange earned: ₹ 41,276,346

For and on behalf of the Board

Place: Mumbai
Dated: May 11, 2011

Basant Todi
Director

Anup Jatia
Executive Director

Code of Governance

In view of the fact that the total paid up share capital of the Company is below the threshold limit the provisions of Clause 49 of the listing agreement with respect to Corporate Governance are not applicable.

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.

Board of Directors

Director	Executive / Non-executive	Independent / Non-Independent	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 held in the company
Mr. Atmaram Jatia	Non-executive	Non-Independent	No	Nil	Nil	Nil
Mr. Basant Todi	Non-executive	Independent	No	Nil	Nil	Nil
Mr. Anup Jatia	Executive	Non-Independent	No	1	Nil	Nil
Mr. Shivhari Halan	Non-executive	Independent	No	Nil	Nil	135,900
Mr. Basant Kumar Goenka	Non-executive	Independent	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.

General Body Meeting

Location and time of last three Annual General Meetings.

Year	Venue	Day and date	Time	Number of special resolutions
2009-2010	Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020	Monday, 12th July, 2010	11:30 a.m.	2
2008-2009	Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020	Friday, 28th August, 2009	11:30 a.m.	1
2007-2008	Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020	Tuesday, 12th August, 2008	11:30 a.m.	4

General Shareholders' Information

a) Annual General Meeting:

Date : 7th July, 2011

Time : 11:30 a.m.

Veneue : Kilachand Conference Room, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai-400020.

b) Financial Year:

April – March

c) Date of Book Closure:

5th July, 2011 to 6th July, 2011

d) Dividend Payment Date:

8th July, 2011

e) 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 2011-2012.

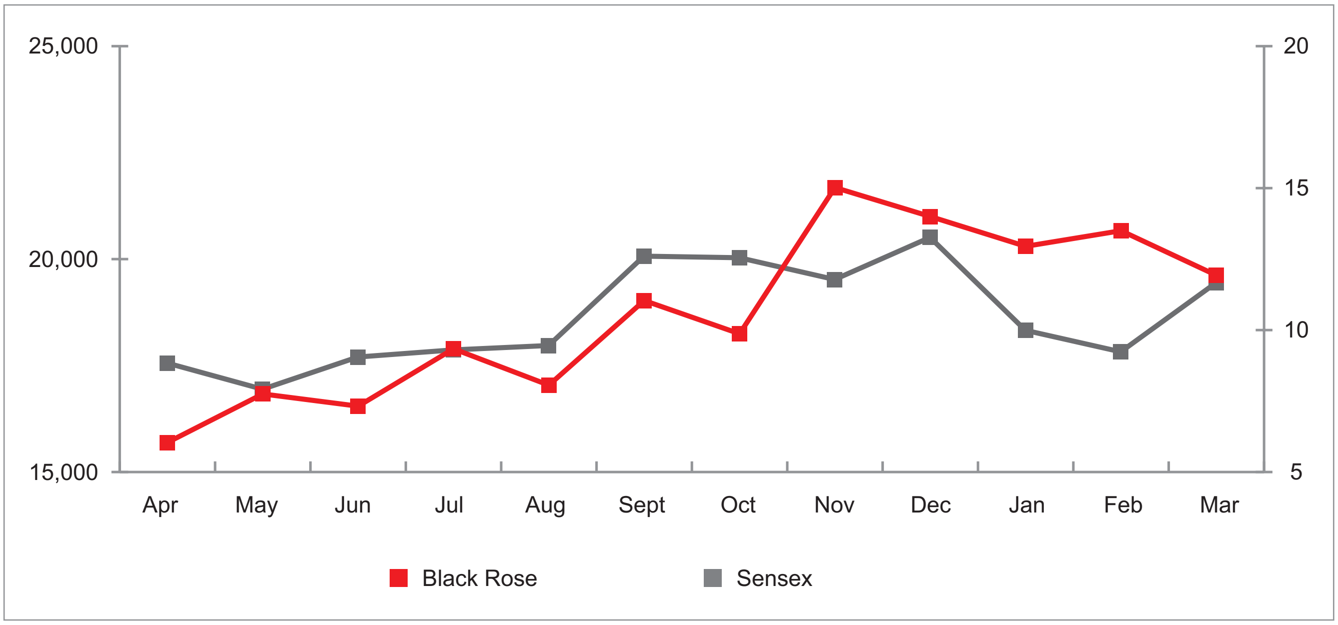
f) Stock Code:

514183

g) Market Price Data:

Month	High Price	Low Price
Apr-10	6.48	5.16
May-10	8.36	5.75
Jun-10	8.41	6.8
Jul-10	10.94	7.16
Aug-10	9.74	6.51
Sep-10	11.73	7.54
Oct-10	13.5	9.25
Nov-10	17.68	9.38
Dec-10	17.45	13.6
Jan-11	15	12.25
Feb-11	14.9	11.88
Mar-11	13.65	10.51

h) Black Rose Share Performance:



i) 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: +91 22 28520461, 28520462, Fax: +91 22 28511809, E-mail: service@satellitecorporate.com

j) Distribution of Shareholding as on 31st March, 2011

Particulars	Number of Shareholders	Number of Shares Held	Percentage of Shareholdings
Upto 500	14,901	1,760,611	9.10
501 – 1000	271	229,130	1.18
1,001 – 5,000	240	556,407	2.87
5,001 – 10,000	41	286,613	1.48
10,001 – 50,000	24	448,342	2.32
50,001 – 1,00,000	4	303,528	1.57
1,00,001 and above	5	15,775,369	81.48
Total	**15,486**	**19,360,000**	**100.00**

k) ISIN Number:

INE761G01016

l) Industry:

Specialty Chemicals

m) Address for Correspondence:

145A, Mittal Tower, Nariman Point
Mumbai-400021
Tel: +91 22 43337200

n) E-mail ID of the grievance redressal division / compliance office exclusive for the purpose of registering complaints by investors:

vyas@texbrex.com

o) 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 web address of the Company, at www.blackrosechemicals.com.

The results were published in the following newspapers:
1. Business Standard (English language)
2. Mahanayak (Vernacular language)

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

p) Contact person for clarification on financial statements:

For clarification on financial statements please contact Mr. C. P. Vyas.
E-mail: vyas@texbrex.com
Ph: +91 22 43110100

Auditors' Report

To
The Members of
Black Rose Industries Limited

1. We have audited the attached Balance Sheet of BLACK ROSE INDUSTRIES LIMITED as at 31ST March 2011 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'order'), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. We have to further report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii) The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the Balance Sheet and the Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;

      b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

      c) in the case of Cash Flow statement, of the Cash flows for the year ended on that date.

For and on behalf of
Karnavat & Co.
Chartered Accountants
Firm Regn No. 104863W

Krishna Karundia
Partner
Membership No. 036681

192, Dr. D.N. Road
Mumbai-400001
Dated: 11th May, 2011

Annexure to the Auditors' Report

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

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of assets. No material discrepancies were noticed on such verification.

ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

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

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

iii) The Company has not granted or taken any loans secured or unsecured to or from Companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, in our opinion, the provisions of clauses iii(b), iii(c), iii(d), iii(f) & iii(g) of Paragraph 4 of the Order are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls system.

v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which provisions of Sections 58 A and 58 AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 are applicable. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, service tax, wealth tax, custom duty, excise-duty, cess and other statutory dues applicable to it.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, customs duty and excise duty were outstanding, as at 31st March, 2011 for a period of more than six months from the date they became payable except for the following arrears of sales tax and other dues.

Nature of dues	Financial year	Amount (₹)
Central Sales- tax	2007-08	68,690/-
Central Sales- tax	2008-09	1,75,043/-
Central Sales- tax	2009-10	74.568/-
Labour Welfare Fund	2007-08	48/-

c) According to the records of the Company, income tax, that have not been deposited on account of any dispute are given below.

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

x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and bank.

xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities

xiii) The Company is not a nidhi / mutual benefit / society therefore paragraph 4(xiii) of the said order is not applicable.

xiv) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper of transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.

xv) As per the information and explanations given to us by the management, the Company has not given any guarantee for loans taken by others from bank or financial institution.

xvi) Based on the information and explanations given to us by the management, term loans were prima facie applied for the purpose for which the loans were obtained.

xvii) To the best of our knowledge and belief and according to the information and explanations given to us, and on the overall examination of the balance sheet of the Company, in our opinion, funds raised on short-term basis have, prima facie, not been used for long term investment.

xviii) The Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) During the period covered by our audit report, the Company has not issued debentures and therefore paragraph 4 (xix) of the said order is not applicable.

xx) During the period covered by our audit report, the Company has not raised money by Public Issues and therefore paragraph 4 (xx) of the said order is not applicable.

xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
Karnavat & Co.
Chartered Accountants
Firm Regn No. 104863W

192, Dr. D.N. Road
Mumbai-400001
Dated: 11th May, 2011

Krishna Karundia
Partner
Membership No. 036681

Balance Sheet

(Amount in ₹)

	Schedules	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	19,360,000	19,360,000
Reserves & Surplus	2	99,687,031	74,479,725
Loan Funds			
Secured Loans	3	121,527,030	77,813,792
Unsecured Loans	4	6,104,445	21,104,445
Deferred Tax Liability		15,743,977	11,425,639
		262,422,483	**204,183,601**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		175,916,025	129,137,305
Less: Depreciation		34,919,417	23,769,695
Net Block		140,996,608	105,367,610
INVESTMENTS	6	–	4,500,000
Current Assets, Loans and Advances	7		
Inventories		171,258,940	120,661,841
Sundry Debtors		212,882,147	96,308,687
Cash and Bank Balances		13,314,736	20,234,845
Other Current Assets		1,773,459	3,558,229
Loans and Advances		46,985,999	42,446,329
		446,215,281	283,209,930
Less: Current Liabilities and Provisions	8	324,789,405	188,893,940
Net Current Assets		121,425,876	94,315,990
		262,422,483	**204,183,601**
Significant Accounting Policies and Notes on Accounts	16		

As per our report of even date

For Karnavat & Co.
Chartered Accountants

Krishna Karundia
Partner
Membership No. 36681

Place: Mumbai
Date: 11th May, 2011

For and on behalf of the Board

Basant Todi
Director

Anup Jatia
Executive Director

C.P. Vyas
Company Secretary

Place: Mumbai
Date: 11th May, 2011

Profit and Loss Account

(Amount in ₹)

	Schedules	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Sales		872,397,947	513,377,989
Export Incentives and Benefits		40,569	1,469,757
Other Income	9	5,107,891	9,576,683
Exchange Fluctuation Gain		2,568,045	6,975,329
TOTAL		**880,114,451**	**531,399,757**
EXPENDITURE			
Raw Material Consumed	10	24,256,477	11,077,302
Purchase of Traded Goods		791,750,517	470,331,518
Decrease / (Increase) in Stocks	11	(50,273,600)	(41,482,404)
Employees' Cost	12	11,736,365	8,427,810
Manufacturing Expenses	13	7,195,668	4,486,743
Administrative and Other Expenses	14	31,707,880	25,240,258
Finance Cost	15	10,958,657	3,122,046
Total		**827,331,964**	**481,203,273**
Profit before depreciation and non cash charges		52,782,487	50,196,485
Less: Leasehold Land written off		5,264	5,264
Profit before depreciation and tax		52,777,223	50,191,221
Less: Depreciation		11,179,600	3,035,104
Profit before taxation		41,597,623	47,156,117
Less: Provision for Tax			
Current Tax		8,700,000	8,325,000
MAT Credit		1,109,314	(3,379,000)
Deferred Tax (refer to note No. 10 of Notes on Accounts of Schedule 16)		4,318,338	9,566,195
Wealth Tax		12,595	14,944
Profit for the year after tax		27,457,376	32,628,978
Profit brought forward from previous year		50,879,725	18,250,747
		78,337,101	**50,879,725**
Less: Appropriations			
Proposed Dividend		1,936,000	–
Tax on above		314,070	–
Transfer to General Reserve		5,000,000	–
Balance Carried to Balance Sheet		**71,087,031**	**50,879,725**
Outstanding number of equity shares of ₹ 1/- each		19,360,000	19,360,000
Basic and diluted earning per share (₹)		**1.42**	**1.69**
Significant Accounting Policies and Notes on Accounts	16		

As per our report of even date

For and on behalf of the Board

For Karnavat & Co.
Chartered Accountants

Krishna Karundia
Partner
Membership No. 36681

Basant Todi
Director

Anup Jatia
Executive Director

C.P. Vyas
Company Secretary

Place: Mumbai
Date: 11th May, 2011

Place: Mumbai
Date: 11th May, 2011

Schedules forming part of the Balance Sheet

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
80,000,000 Equity Shares of ₹ 1/- each	80,000,000	80,000,000
Issued, Subscribed and Paid-Up Capital		
19,360,000 Equity Shares of ₹ 1/- each fully paid up	19,360,000	19,360,000
	19,360,000	**19,360,000**

SCHEDULE 2 RESERVES & SURPLUS

	As at 31.03.2011	As at 31.03.2010
Capital Reserve	3,000,000	3,000,000
General Reserve	20,600,000	20,600,000
Add: Transfer During The Year	5,000,000	–
	28,600,000	23,600,000
Add: Credit Balance in Profit and Loss account	71,087,031	50,879,725
	99,687,031	**74,479,725**

SCHEDULE 3 SECURED LOANS

	As at 31.03.2011	As at 31.03.2010
Cash Credit From Banks (Refer Note 1)	73,953,095	64,573,680
Short Term Working Capital Demand Loan from Bank (Refer Note 1)	10,000,000	10,000,000
Packing Credit Facility	–	1,007,781
Loan for Vehicles (Refer Note 2)	282,173	2,232,331
Term Loan for wind mills (Refer Note 3)	37,291,762	–
	121,527,030	**77,813,792**

Notes:

1) Cash credit, packing credit and working capital demand loan from banks are secured by hypothecation of stocks and book debts of the Company, present and future, and pledge of office premises and corporate guarantee of Black Rose Trading Private Limited.
   The above charges rank pari passu for all intents and purposes.
2) Loans for vehicles are secured by hypothecation of vehicles
3) Term Loan for wind mill are secured against:
   a) first and exclusive charge by way of hypothecation on the windmills, accessories etc installed at Jodhpur and Rajkot and mortgage of the land,
   b) first and exclusive charge by way of hypothecation on the receivables, and
   c) unconditional and irrevocable personal guarantee of a Director.

Amount repayable within one year:
Short Term loan ₹ 10,000,000/-, P. Y. ₹ 10,000,000/-
Vehicle Loan ₹ 183,458/-, P.Y. ₹ 1,950,158/-
Term Loan ₹ 6,728,856/- P.Y. ₹ Nil

SCHEDULE 4 UNSECURED LOANS

	As at 31.03.2011	As at 31.03.2010
Inter-Corporate Deposits	4,604,445	19,604,445
Other Deposit	1,500,000	1,500,000
	6,104,445	**21,104,445**

Schedules forming part of the Balance Sheet

SCHEDULE 5 FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2010	Additions	Deductions	As at 31.03.2011	Up to 31.03.2010	For the year	Written Back	Total upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Leasehold land	422,364	–	5,264	417,100	–	–	–	–	417,100	422,364
Factory Building	20,990,123	–	–	20,990,123	12,157,873	701,070	–	12,858,943	8,131,180	8,832,250
Office Equipments	349,671	138,702	–	488,373	142,598	21,766	–	164,364	324,009	207,073
Electric Installations	4,941,594	57,600	–	4,999,194	4,198,381	236,092	–	4,434,473	564,721	743,213
Factory Equipments	305,388	–	–	305,388	245,824	14,506	–	260,330	45,058	59,564
Plant & Machinery (See note no. 2)	2,484,703	733,200	–	3,217,903	2,258,731	15,921	–	2,274,652	943,251	225,972
Furniture & fittings	2,158,639	14,444	–	2,173,083	1,418,680	49,122	–	1,467,802	705,281	739,959
Computers	2,056,519	285,623	39,000	2,303,142	681,446	341,680	29,878	993,248	1,309,894	1,375,073
Vehicles	8,076,570	–	–	8,076,570	1,584,699	767,272	–	2,351,971	5,724,599	6,491,871
Wind Mills (See note no. 1)	87,351,734	–	–	87,351,734	1,081,463	9,032,171	–	10,113,634	77,238,100	86,270,271
Total	**129,137,305**	**1,229,569**	**44,264**	**130,322,610**	**23,769,695**	**11,179,600**	**29,878**	**34,919,417**	**95,403,193**	**105,367,610**
Capital work-in-progress (Refer to Schedule No.16, Note no. 14)	–	45,593,415	–	45,593,415	–	–	–	–	45,593,415	–
Gross Total	**129,137,305**	**46,822,984**	**44,264**	**175,916,025**	**23,769,695**	**11,179,600**	**29,878**	**34,919,417**	**140,996,608**	**105,367,610**
Previous Year	**39,204,935**	**89,937,634**	**5,264**	**129,137,305**	**20,734,591**	**3,035,104**	**–**	**23,769,695**	**105,367,610**	

Notes:

1) Depreciation on Wind Mills is provided on Triple Shift Basis.

2) Addition in Plant & Machinery for ₹ 733,200 is in transit, on which no depreciation is charged.

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 6 INVESTMENTS		
Long Term (At Cost)		
Unquoted, Non Trade		
In Partly Paid up Preference Shares		
Yarntex Exports Ltd	–	4,500,000
Nil (P.Y.- 60,000) Preference Shares of ₹ 100/- each (₹ 75/- Paid up)		
	–	**4,500,000**

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES

A) Inventories		
(As taken, valued and certified by the management)		
Raw Materials	395,094	60,069
Finished goods	496,055	448,253
Semi Finished goods	3,640,306	743,685
Store, Spares and Packing Materials	77,604	89,132
Traded Goods	166,649,879	119,320,702
	171,258,940	**120,661,841**

Schedules forming part of the Balance Sheet

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES (Contd.)		
B) Sundry Debtors		
Unsecured, considered doubtful		
Debts outstanding for a period of more than six months	862,139	862,139
Less: Provision for Doubtful Debts	862,139	862,139
	–	–
Unsecured, considered good		
Debts outstanding for a period of more than six months	3,856,206	2,366,588
Other Debts	209,025,942	93,942,099
	212,882,147	**96,308,687**
C) Cash And Bank Balances		
Cash in Hand	142,463	158,500
Balance with Scheduled Banks:		
In Current Accounts	1,526,249	1,651,943
In Fixed Deposit Accounts	11,605,975	3,050,919
Balance with Other Banks:		
In Current Accounts		
Ichalkaranji Janata Shahakari Bank Limited - Mumbai	15,119	92,579
(Maximum Balance during the year - ₹ 92,579/- P.Y. - ₹ 201,738/-)		
Ichalkaranji Janata Shahakari Bank Limited - Ichalkaranji	24,930	196,081
(Maximum Balance during the year - ₹ 253,910/- P.Y. - ₹ 250,431/-)		
Cheques in Hand	–	15,084,822
	13,314,736	**20,234,845**
D) Other Current Assets		
Export Entitlements / Benefits	674,270	1,491,087
Import Entitlements Licenses	1,082,269	2,051,914
Interest Accrued on other deposit	16,920	15,228
	1,773,459	**3,558,229**
E) Loans and Advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	14,447,722	13,739,824
Advance for incorporation of a wholly owned subsidiary company	1,620,600	–
Central Excise Deposits	302,124	302,124
MAT credit Entitlement	2,269,686	3,379,000
Income Tax Deposits	19,162,971	10,617,477
Other Deposits	2,145,350	2,140,050
Loan to Companies	4,862,546	9,857,008
Loan to Other	2,175,000	2,410,846
	46,985,999	**42,446,329**

Schedules forming part of the Balance Sheet

(Amount in ₹)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
a) Total outstanding dues of Micro, Small and Medium enterprises	–	–
b) Total outstanding dues of other enterprises	250,369,840	163,338,068
Other Liabilities	5,353,163	3,076,197
Trade Credit (Payable within one year)	43,905,518	–
Advance from Parties	389,204	9,029,886
	300,017,726	**175,444,151**
Provisions		
Provision for Gratuity	844,653	517,874
Provision for Leave Encashment	89,050	44,009
Provision for Income Tax	21,046,835	12,346,835
Provision for Proposed Dividend	1,936,000	–
Provision for Dividend Tax	314,070	–
Provision for Fringe Benefit Tax	541,071	541,071
	24,771,679	**13,449,789**
	324,789,405	**188,893,940**

Schedules forming part of the Profit and Loss Account

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 9 OTHER INCOME		
Operating Income		
Commission (TDS ₹ NIL/- P.Y.- ₹ 3,765/-)	936,179	6,215,346
	936,179	**6,215,346**
Other Income		
Interest - Gross (TDS ₹ 95,006/- P.Y. - ₹ 168,777/-)	1,295,629	1,948,817
Rent - Gross (TDS ₹ 66,650/- P.Y. - ₹ 66,000/-)	666,500	660,000
Excess liability written back	2,120,076	489,417
Miscellaneous Income	23,780	18,223
Prior Period Adjustment	4,340	111,459
Profit on Sale of Assets	877	–
Dividend	60,509	133,421
	4,171,711	**3,361,337**
	5,107,891	**9,576,683**

Schedules forming part of the Profit and Loss Account

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 10 RAW MATERIALS CONSUMED		
Opening Stock	60,069	139,654
Add: Purchases	24,591,502	10,997,717
	24,651,571	11,137,371
Less: Closing Stock	395,094	60,069
	24,256,477	**11,077,302**

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 11 DECREASE / (INCREASE) IN STOCKS		
Opening Stock		
Finished goods	448,253	5,179,672
Semi finished Goods	743,685	8,754,753
Traded Goods	119,320,703	65,095,811
	120,512,641	**79,030,236**
Less:		
Closing Stock		
Finished goods	496,055	448,253
Semi finished Goods	3,640,306	743,685
Traded Goods	166,649,879	119,320,702
	170,786,241	**120,512,640**
	(50,273,600)	**(41,482,404)**

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 12 EMPLOYEES' COST		
Salaries, Wages and Allowances	7,651,808	6,131,753
Contribution to Provident and Other Funds	522,454	449,550
Staff Welfare Expenses	183,401	155,438
Directors Remuneration	3,000,000	1,500,000
Gratuity	378,702	191,069
	11,736,365	**8,427,810**

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 13 MANUFACTURING EXPENSES		
Power and Fuel	283,204	279,873
Labour charges	164,326	273,339
Job work charges	4,905,913	2,448,259
Repairs and Maintenance - Plant and Machinery	44,658	8,342
- Building / Others	278,007	200,091
Packing Material Consumed	205,131	343,737
Packing Expenses	419,914	328,762
Freight and Octroi Duty	894,515	604,340
	7,195,668	**4,486,743**

Schedules forming part of the Profit and Loss Account

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 14 ADMINISTRATIVE AND OTHER EXPENSES		
Rent	1,541,375	1,335,000
Rates and Taxes	190,037	98,293
Insurance	703,595	352,457
Postage and Telecommunication Expenses	1,122,683	989,994
Travelling and Conveyance	3,034,980	2,442,955
Legal and Professional Fees	3,218,461	3,978,995
Export Expenses	1,346,460	1,064,385
Brokerage and Commission	5,926,083	3,429,290
Security Charges	40,280	66,396
Corporate Office Expenses	639,738	441,149
Office Repairs and Maintenance	37,714	841,802
Payment to Auditors (Inclusive of service tax)		
- Audit Fees	55,150	55,150
- Tax Audit Fees	22,060	22,060
- Vat Audit Fees	16,545	13,787
- Cost Audit Fees	26,472	–
- For Other Services	73,692	73,145
- Reimbursement of expenses	2,980	2,060
Selling Expenses	4,057,764	3,446,179
Other Administrative Expenses	1,772,859	1,012,101
Warehousing Charges	1,446,492	777,405
Bank Charges	2,911,929	1,792,620
Prior Period Expenses	32,655	–
Vehicle Expenses	1,010,859	890,803
Sundry Balances written off	193,405	574,878
Share Trading Expenses	25,597	25,586
Donation	93,500	70,500
Sales Tax	243,934	240,717
Bad Debt	–	409,716
Logistics Services Expenses	1,920,582	792,835
	31,707,880	**25,240,258**

SCHEDULE 15 FINANCE COST

Interest - Cash Credit	6,060,124	2,534,130
- Bank Interest-Other	1,916,323	157,033
- Vehicles Loans	114,718	236,144
- Windmills	2,372,260	–
- Others	236,167	45,158
Bill Discounting Charges	259,065	149,582
	10,958,657	**3,122,046**

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations:

The Company is engaged in manufacturing of cotton yarn, gloves, fabrics, trading in major chemicals like Resorcinol, Polyacrylamide etc. and shares. The Company is also in the business of power generation by setting up Windmills in Rajasthan and Gujarat States.

2. Basis of Preparation:

a) The financial statements have been prepared in compliance with all material aspects of the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

b) Financial statements are based on historical cost and are prepared on accrual basis, except where impairment is made.

c) Accounting polices have been consistently applied by the Company and are consistent with those used in the previous year.

3. Use of Estimates:

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

4. Revenue Recognition:

a) Revenue is recognised on completion of sale of goods, rendering of services and / or use of Company's resources by third parties.

b) Benefits on account of entitlement to import duty-free materials under the "Duty Exemption Pass Book Scheme" and other Export benefit entitlements are accounted in the year of export.

5. Fixed Assets and Depreciation:

a) Fixed assets are stated at cost of acquisition less accumulated depreciation.

b) Depreciation on fixed assets has been provided on Straight Line Method at the Rates specified in Schedule XIV of the Companies Act,1956.

c) Premium on leasehold land is amortised over the life span of the lease.

6. Impairment of Assets:

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

7. Investments:

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

8. Inventories:

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

9. Foreign Currency Transactions:

Foreign currency transactions are normally recorded at the exchange rate prevailing on the date of transaction. The difference between the amount realized / paid and the amount booked is accounted for as "Difference in Exchange rate" in the year of realisation / payment.

Current Assets and Current Liabilities are translated at forward cover rate, if applicable or at the year-end exchange rate. Exchange gains and losses are fully recognised in the profit & loss account.

In the case of Forward exchange contracts, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contracts. Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

10. Retirement Benefits:

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

11. Leave Encashment:

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

12. Provision for Current and Deferred Tax:

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

Deferred tax resulting from “timing difference” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

13. Provisions And Contingent Liabilities:

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

B. NOTES ON ACCOUNTS:

1. Contingent liabilities not provided for in respect of:

a) Custom duty demand of ₹ 1,488,943/- for which the Company has preferred appeal (Previous Year ₹ 1,488,943/-)

b) Income Tax demand of ₹ 308,436/- relating to Assessment Year 2005-06 for which the Company has preferred appeal with the higher authorities. (Previous Year ₹ 308,436/-)

c) Bank Guarantee given to Government authorities - ₹ 15,000/- (Previous Year - ₹ 15,000/-)

d) Capital commitment not provided for (net of advances) ₹ 13,457,500/- (25,000,000 Yen) (Previous Year - ₹ Nil) (1 Yen = ₹ 0.5383)

e) Uncalled amount of ₹ Nil (Previous Year ₹ 25/-) per preference share in respect of 60,000 partly paid up non-cumulative redeemable preference shares of Yarntex Exports Limited.

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

3. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet and adequate provision for all known liabilities of the Company has been made.

4. Based on exercise of impairment of assets undertaken by the management in due cognizance of paragraphs 5 to 13 of AS 28 issued by the ICAI, the Company has concluded that no impaired loss is required to be booked.

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

6. The amount of Deferred Premium / Discount on Foreign Exchange Forward Contract to be recognized in Profit & Loss Account in the subsequent year is ₹ 20,882 (Previous Year - ₹ 67,368/-).

7. a) The gratuity charged to the profit and loss account for the year includes provision as per the actuarial valuation as per the requirement of Revised Accounting Standard 15 issued by the Institute of Chartered Accountants of India as well as payment made for the year towards gratuity. The actuarial valuation is done at the year end using ‘Projected Cost Unit’ method and it covers all regular employees.

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

The following table set out the status of the gratuity plan as required under AS 15 (Revised) (As certified by actuary)

(Amount in ₹)

Particulars	2010-2011	2009-2010
(i) Obligation at beginning of the year	**517,874**	**326,805**
Service cost	99,711	92,563
Interest cost	47,330	32,501
Benefit settled	(51,923)	–
Actuarial (gain) / loss	231,661	66,005
Obligation at end of the year	**844,653**	**517,874**
(ii) Expenses recognised in Profit & Loss Account		
Service cost	99,711	92,563
Interest cost	47,330	32,501
Actuarial (gain) / loss	231,661	66,005
Net gratuity cost	**378,702**	**191,069**
(iii) Amount recognised in Balance Sheet		
Liability at the end of the period	844,653	517,874
Difference	(844,653)	(517,874)
Net amount recognised in Balance Sheet	**(844,653)**	**(517,874)**
(iv) Assumptions		
Interest cost	8.25%	8.00%
Salary increase	5.00%	5.00%
Attrition rate	2.00%	2.00%
Retirement age	60	60

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

8. **Segment Accounting (AS–17)**

The Company's segmental reporting is as follows:

(₹ in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Segment Revenue		
Sales / Income		
Textiles	366.65	454.55
Chemicals	8114.37	4,744.30
Wind Energy	101.46	11.15
Others	151.88	1.96
Total Segment Revenue	**8734.35**	**5,211.96**
Segment Results		
Profit / (Loss) before Interest and Tax		
Textiles	80.30	149.44
Chemicals	604.52	485.59
Wind Energy	(28.15)	(0.40)
Others	12.63	–
Total Segment Result	**669.30**	**634.63**
Less: Finance Cost	109.58	31.22
Less: Other unallocable expenses net off unallocable Income	143.74	131.85
Total Profit Before Tax	**415.98**	**471.56**

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

8. Segment Accounting (AS–17)

The Company's segmental reporting is as follows *(Contd.):*

(₹ in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Capital Employed		
Segment Assets less Segment Liabilities		
Textiles	205.60	68.57
Chemicals	1337.40	433.46
Wind Energy	413.30	839.31
Add – Unallocable corporate assets net off unallocable corporate liabilities	99.02	365.12
Total Capital Employed	**2055.32**	**1706.46**

8. (A) Reconciliation of Reportable Segments with Financial Statements

(₹ in Lacs)

	Revenues	Revenues
Total Segments	8,734.35	5,211.96
Corporate Unallocated (Net)	66.79	102.04
As per Financial Statements	**8,801.14**	**5,314.00**

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

(a) Information about related parties:

Sr. No	Particulars	Name of Related Party
1	Key Management Personnel	Executive Director Mr. Anup Jatia
2	Enterprises owned or significantly influenced by any management personnel or their relatives.	Black Rose Trading Private Limited Tozai Safety Private Limited Tozai Enterprises Private Limited Accent Industries Limited Fukui Accent Trading (India) Private Limited

(b) Information about related parties' transactions:

Balance as at 31st March, 2011	Associates	Key Management Personnel
Security Deposit Received	1,500,000 (1,500,000)	– (-)
Sundry Debtors	2,198,249 (5,410,248)	– (40,128)
Sundry Creditors	9,446,394 (12,851)	36,000 (-)
Advance Against Property	– (4,500,000)	– (-)

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(b) Information about related parties' transactions *(Contd.):*

For the year ended 31st March, 2011	Associates	Key Management Personnel
Sales	26,875,464 (37,796,919)	– (-)
Purchase	11,070,942 (228,283)	– (-)
Rent Paid	– (-)	36,000 (36,000)
Directors Remuneration	– (-)	3,000,000 (1,500,000)
Reimbursement of Expenses Paid	754,345 (1,083,153)	– (-)
Reimbursement of Expenses Received	2,806,464 (1,979,465)	– (-)

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

The break up of net deferred tax asset / (liability) as at 31st March 2011 is as under:

The amount of deferred tax liability charged to profit & loss account is ₹ 4,318,338/- Previous Year (₹ 9,566,195/-).

(₹ in Lacs)

		31.03.2011	31.03.2010
Timing Difference on account of:			
Deferred Tax Assets			
Expenditure u/s 43B of Income Tax Act		5.42	3.74
Provision for Doubtful Debts		2.86	2.86
Total Deferred Tax Assets	(A)	**8.28**	**6.60**
Less: Deferred Tax Liability			
Depreciation	(B)	165.72	120.86
Net Deferred (Liability) / Assets	(A-B)	**(157.44)**	**(114.26)**

11. During the year the Company, in accordance with Guidance note No. 22 on Accounting for Credit available in respect of Minimum Alternative Tax under The Income-Tax Act, 1961 issued by the Institute of Chartered Accountants Of India, has made provision for Income-tax after taking available MAT credit of ₹ 1,109,314/- paid u/s 115JB of the Income-tax Act, 1961 in the earlier years and accordingly the availed amount has been deducted from opening MAT credit entitlement of ₹ 3,379,000/- appearing as an asset under the head Loans & Advances.

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

a) Capacities *(₹ in Lacs)*

	31.03.2011	31.03.2010
Licensed Capacity	N.A.	N.A.
Annual Installed Capacity (as certified by the management)		
i) Yarn (in Metric Tons)	600	600
ii) Fabrics (in Meters)	30 Lacs	30 Lacs
Wind Energy		
Rajasthan Unit		
Annual capacity in KWH	7008000	7008000
Gujarat Unit		
Annual capacity in KWH	7008000	7008000

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(b) Opening, Closing Stock, Turnover and Production

(i) Manufactured Goods

Textiles

(a) Textile Made-Ups

Particulars	Unit	2010-2011		2009-2010	
		Quantity	Value (₹)	Quantity	Value (₹)
Production:					
Opening Stock	Pcs.	205,080	420,078	–	–
Scrap	Kgs.	2,817	28,175	–	–
Production	Pcs.	2,220,004		963,960	
Turnover	Pcs.	2,261,440	7,778,590	758,880	1,783,059
Closing Stock	Pcs.	163,644	392,353	205,080	420,078
Scrap	Kgs.	10,370	103,702	2,817	28,175

(b) Fabrics

Particulars	Unit	2010-2011		2009-2010	
		Quantity	Value (₹)	Quantity	Value (₹)
Production:					
Opening Stock	Mtr.	–	–	–	–
	Kgs.	–	–	–	–
Production	Mtr.	14,640		–	
	Kgs.	29,848		14,304	
Turnover / Consumption	Mtr.	14,640	385,331	–	–
	Kgs.	29,848	7,398,136	14,304	2,725,883
Closing Stock	Mtr.	–	–	–	–
	Kgs.	–	–	–	–

(c) Cotton Yarn

Particulars	Unit	2010-2011		2009-2010	
		Quantity	Value (₹)	Quantity	Value (₹)
Production:					
Opening Stock	Kgs.	–	–	98,041	5,179,672
Production	Kgs.	172,408		232,020	
Turnover	Kgs.	172,408	27,708,222	330,061	40,792,147
Closing Stock	Kgs.	–	–	–	–

Others

Particulars	Unit	2010-2011		2009-2010	
		Quantity	Value (₹)	Quantity	Value (₹)
Production:					
Opening Stock	Nos.	–	–	–	–
Production	Nos.	31,235		–	
Turnover	Nos.	31,235	41,578	–	–
Closing Stock	Nos.	–	–	–	–

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(ii) Wind Energy

Particulars	Unit	2010-2011		2009-2010	
		Quantity	Value (₹)	Quantity	Value (₹)
Production	K.W.	2,606,725		261,009	
Turnover	K.W.	2,606,725	10,145,999	261,009	1,114,828

(iii) Traded Goods

Particulars	Unit	2010-2011		2009-2010	
		Quantity	Value (₹)	Quantity	Value (₹)
Opening Stock					
1) Fabrics	Mtrs.	3,607	183,766	8,281	204,155
2) Yarn and Fiber	Kgs.	45	2,012	4,539	203,813
3) Chemicals	Kgs.	686,819	103,218,233	406,551	64,570,466
4) Shares		–	15,885,052	–	–
5) Others		–	31,639	–	117,376
Purchases					
1) Fabrics	Mtrs.	–	–	–	–
2) Yarn and Fiber	Kgs.	3,013	752,211	25,744	930,934
3) Chemicals	Kgs.	4,302,005	787,622,111	2,540,154	452,996,762
4) Shares		–	3,002,408	–	16,004,805
5) Others		–	373,787	–	399,017
Turnover					
1) Fabrics	Mtrs.	–	–	4,674	–
2) Yarn and Fiber	Kgs.	3,013	792,419	30,238	1,170,420
3) Chemicals	Kgs.	4,040,404	810,393,479	2,259,886	468,215,239
4) Shares		–	15,127,054	–	–
5) Others		–	25,276	–	302,296
Closing Stock					
1) Fabrics	Mtrs.	3,607	183,766	3,607	183,766
2) Yarn and Fiber	Kgs.	45	2,012	45	2,012
3) Chemicals*	Kgs.	948,420	161,179,734	686,819	103,218,233
4) Shares		–	4,962,100	–	15,885,052
5) Others		–	322,269	–	31,639

* Note: Closing Stock includes goods in transit ₹ 27,326,033/- (Previous Year ₹ 19,240,375/-)

Details of Closing Stock of Equity Shares fully paid up (Quoted, Non-trade)

Items	Face Value	Unit	2010-2011		2009-2010	
			Quantity	Value (₹)	Quantity	Value (₹)
Emami Limited	₹ 2	Nos.	–	–	7,649	4,747,352
Emami Infrastructure Limited	₹ 2	Nos.	2,549	–	2,549	–
Satyam Computer Services Limited	₹ 2	Nos.	30,000	1,972,500	56,000	5,185,600
Garware Offshore Services Limited	₹ 10	Nos.	1,000	115,600	10,000	1,641,000
Hardcastle & Waud Limited	₹ 10	Nos.	1,000	421,450	1,000	684,450
Riga Sugar Company Limited	₹ 10	Nos.	91,000	2,097,550	91,000	2,652,650
Ruchi Soya Industries Limited	₹ 2	Nos.	–	–	10,000	974,000
Vinati Organics Limited	₹ 2	Nos.	5,000	355,000	–	–

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

c) Details Of Raw Materials Consumed

Items	Unit	2010-2011		2009-2010	
		Quantity	Value (₹)	Quantity	Value (₹)
Yarn	Kgs.	38,402	6,688,011	9,041	1,432,060
Raw Cotton	Kgs.	176,351	17,550,741	118,194	9,645,242
Others	Kgs.	225	17,725	–	–
Total		**214,978**	**24,256,477**	**127,235**	**11,077,302**

d) Value of Indigenous & Imported Raw Materials Consumed

Raw Material	Percentage		Value (₹)	
	2011	2010	2011	2010
Imported	72.35	87.07	17,550,741	9,645,242
Indigenous	27.65	12.93	6,705,736	1,432,060
Total	**100**	**100**	**24,256,477**	**11,077,302**

(Amount in ₹)

	2010-11	2009-10
e) Value of Imports on CIF Basis		
Raw Materials	17,014,751	9,331,892
Components and spare parts	5,582	–
Capital goods	733,200	–
f) Expenditure in foreign currency		
Travelling and others	133,552	269,596
g) Earnings in foreign currency		
Exports on goods on FOB Basis	40,340,168	42,630,388
Commission	936,178	6,009,359

13. Details of dues recoverable from Companies under the same management. *(Amount in ₹)*

	Current Year		Previous Year	
	Balance as on 31.03.2011	Maximum outstanding during the year	Balance as on 31.03.2010	Maximum outstanding during the year
Advances				
Black Rose Trading Private Limited				
(For purchase of assets)	–	3,000,000	3,000,000	8,000,000
Tozai Enterprises Private Limited				
(For purchase of assets)	–	1,500,000	1,500,000	16,000,000
Sundry Debtors				
Tozai Safety Private Limited	1,295,075	6,866,059	1,142,142	5,238,879
Black Rose Trading Private Limited	423,281	10,219,870	4,054,861	5,567,975

Schedules forming part of the Accounts

SCHEDULE 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

14. Capital work in Progress

(Amount in ₹)

	2010-11	2009-10
Opening Balance	**–**	**–**
Additions during the year		
1) Leasehold Land	21,467,880	–
2) Land Expenses	230,869	–
3) Interest	483,763	–
4) Project Expenses	23,410,903	–
Closing Balance	**45,593,415**	

15. (i) Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.

(ii) Figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 To 16

As per Our Report of even date attached

For and on behalf of

For Karnavat & Co.
Chartered Accountants

Krishna Karundia
Partner
Membership No. 36681

Place: Mumbai
Date: 11th May, 2011

For and on behalf of the Board

Basant Todi
Director

Anup Jatia
Executive Director

C.P. Vyas
Company Secretary

Place: Mumbai
Date: 11th May, 2011

Additional Information Pursuant to Part IV of Schedule VI to Companies Act.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:

Registration No.	L17120MH1990PLC054828		
Balance Sheet Date	31 03 2011	State Code	11

II. Capital Raised during the year *(Amount in ₹ Thousands)*

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in ₹ Thousands)*

Total Liabilities	587212	Total Assets	587212
Sources of Funds:			
Paid-up Capital	19360	Reserve & Surplus	99687
Secured Loan	121527	Unsecured Loans	6104
Deferred Tax Liability	15745		
Application of Funds:			
Net Fixed Assets	140997	Investments	NIL
Net Current Assets	121426		

IV. Performance of Company *(Amount in ₹ Thousands)*

Turnover / Other income	880114	Total Expenditure	838517
Profit Before Tax	41597	Profit After Tax	27457
Earning Per Share (₹)	1.42	Proposed Dividend (₹)	0.10

V. Generic Names of Three Principal Products / Services of Company

Item Code No. (ITC No.)	520500
Product Description	Cotton Yarn
Item Code No. (ITC No.)	520800
Product Description	Fabrics
Item Code No. (ITC No.)	290000
Product Description	Organic Chemicals

For and on behalf of the Board

Place: Mumbai
Date: 11th May, 2011

Basant Todi
Director

Anup Jatia
Executive Director

C.P. Vyas
Company Secretary

Cash Flow Statement

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	41,597,623	47,156,117
Adjustments for:		
Depreciation	11,179,600	3,035,104
Leasehold land written off	5,264	5,264
(Profit) / Loss on sale of fixed assets	(877)	–
Interest expenses	10,851,054	3,106,977
Interest income	(221,758)	(269,755)
Unrealised foreign exchange (Gain) / Loss	(1,621,108)	(2,368,026)
Provision for export entitlement	–	(824,459)
Provision for expenses, gratuity & leave encashment	2,344,653	1,493,205
Provision for doubtful debts	–	(522,574)
Excess provisions written back	(2,116,086)	(489,414)
Rental income	(666,500)	(660,000)
Lease rent paid	5,875	5,000
Prior period items (net)	28,315	(111,459)
Sundry balances written off	230,971	244,913
Bad debts	–	409,716
Operating profit before working capital changes	**61,617,025**	**50,210,610**
Adjustments for:		
(Increase) / Decrease in trade and other receivables	(112,154,583)	(33,826,192)
(Increase) / Decrease in inventories	(50,597,099)	(41,300,110)
Increase / (Decrease) in trade and other payables	126,369,267	77,231,385
Cash generated from operating activities	**25,234,611**	**52,315,693**
Less: Direct taxes (net of refund)	8,491,439	4,764,081
Total cash generated from operating activities	**16,743,172**	**47,551,612**
Cash generated from prior period items (net)	(28,315)	111,459
Net cash flow from operating activities	**16,714,857**	**47,663,071**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed assets	9,999	–
Purchase of fixed assets / Capital work in progress	(46,822,984)	(89,937,634)
Advance against property	–	(3,000,000)
Lease rental	(5,875)	(5,000)
Interest income	221,758	269,755
Sale of investments	4,500,000	–
Investment in shares	–	(4,500,000)
Advance for preference shares	–	(2,000,000)
Rental income	666,500	660,000
Cash generated from investing activities	**(41,430,602)**	**(98,512,879)**
Less: Income-tax paid at source	66,650	66,000
Net Cash (used in) investing activities	**(41,497,252)**	**(98,578,879)**

Cash Flow Statement (Contd.)

(Amount in ₹)

	Year ended 31.03.2011	Year ended 31.03.2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	43,798,062	55,750,527
Interest expenses	(10,851,054)	(3,106,977)
Net cash flow from financing activities	**32,947,008**	**52,643,549**
Net increase in cash and cash equivalents (A+B+C)	**8,164,613**	**1,727,743**
Cash and cash equivalent as on 1.4.2010 (Opening Balance)	5,151,600	3,423,856
Cash and cash equivalent as at 31.3.2011 (Closing Balance)	**13,316,213**	**5,151,600**
Notes:		
1) Reconciliation of cash and cash equivalents		
As per Balance Sheet - schedule 7	13,314,736	20,234,845
Add: Foreign exchange loss on revaluation of foreign currency	1,477	1,578
Less: Cheque in hand	–	(15,084,822)
As per Cash flow statement	**13,316,213**	**5,151,600**
2) Cash and cash equivalents comprises of		
a) Cash in hand	143,940	160,078
b) Bank balance in current accounts	1,566,297	1,940,603
c) In fixed deposit account	11,605,975	3,050,919
	13,316,213	**5,151,600**
3) Direct Tax paid are treated as arising from operating activity and not bifurcated investment and financing activities.		
4) Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.		
5) Figures in brackets represent outflows.		

As per our report of even date

For Karnavat & Co.
Chartered Accountants

Krishna Karundia
Partner
Membership No. 36681

Place: Mumbai
Date: 11th May, 2011

For and on behalf of the Board

Basant Todi
Director

Anup Jatia
Executive Director

C.P. Vyas
Company Secretary

Place: Mumbai
Date: 11th May, 2011

"The real voyage of discovery consists
not in seeing new lands
but in seeing with new eyes."

Marcel Proust

Corporate Information

Board of Directors

Mr. Atmaram Jatia

Mr. Basant Todi

Mr. Shivhari Halan

Mr. Anup Jatia

Mr. Basant Kumar Goenka

Registered Office

145A, Mittal Tower
Nariman Point, Mumbai-400 021
Tel: +91 22 4333 7200 / 2282 4075
Fax: +91 22 2287 3022

Works

Shree Laxmi Co-op Industrial Estate
Plot No. 11 To 18, Hatkanangale
Dist. Kolhapur, Maharashtra

Bankers

Ing Vysya Bank Limited

Yes Bank Limited

Registrar & Share Transfer Agent

Satellite Corporate Services Pvt. Ltd.
B-302, Sony Apartment, Opp. St. Jude's High School
Off. Andheri Kurla Road, Jarimari, Sakinaka, Mumbai-400 072
Tel: +91 22 28520461, 28520462 • Fax: +91 22 28511809
E-mail: service@satellitecorporate.com

Auditors

Karnavat & Co.
Chartered Accountants
Kitab Mahal, 192, Dr. D.N. Road
Mumbai-400 001

Company Secretary

Mr. C.P. Vyas
E-mail: vyas@texbrex.com

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