

**KARNAYAT & CO.**  
CHARTERED ACCOUNTANTS

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### LIMITED REVIEW REPORT

The Board of Directors,  
Black Rose Industries Limited.

1. We have reviewed the accompanying statement of unaudited (standalone) financial results of **Black Rose Industries Limited** for the quarter ended 31<sup>st</sup> December, 2011, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from the disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Without qualifying our opinion, we report that the Company has not made provision for increase in Director's remuneration of Rs. 3.75 Lacs and Rs. 11.25 lacs for the quarter ended and nine-months ended 31-12-2011 respectively, as the said increase in remuneration is subject to the approval of the Central Government.
4. (a) *Based on the information given to us, we report that the Company has not recognized Net Deferred tax of Rs.71.56 Lacs in the Profit and Loss account for the quarter ended and nine months ended 31-12-2011 as required by Accounting Standard 22-Accounting for taxes on income, issued by the Institute Of Chartered Accountants Of India (ICAI). Had the above provision been recognized, the Net Loss after tax for the current quarter ended and nine months ended 31-12-2011 in the unaudited financial results would have been Rs.129.00 Lacs and Rs.20.45 Lacs respectively.*
- (b) *Based on the information given to us, we report that the Company has not recognized unrealized foreign exchange net loss of Rs.41.35 Lacs on revaluation of Outstanding Sundry Debtors, Sundry Creditors, and Foreign exchange forward contract hedged against receivables and payables as at 31-12-2011, as required by Accounting Standard 11- The Effects of Changes in foreign exchange rates issued by ICAI. Had the above loss been recognized, the Net Profit/(Loss) after tax for the quarter ended and nine months ended 31-12-2011 in the unaudited financial results would have been Rs.(97.79) Lacs and Rs. 9.76 Lacs respectively.*



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Continuation Sheet

- 2 -

(c) *The cumulative effect of the above two comments is that the Net Profit/(Loss) after tax for the quarter ended and nine-months ended 31-12-2011 would have been Rs.(169.35) Lacs and Rs.(61.80)Lacs respectively instead of Net Profit/(Loss) after tax of Rs. (56.44) lacs and Rs. 51.11 Lacs shown at present in the unaudited financial results.*

5. Based on our review conducted as above and *subject to the foregoing remark in paragraphs 4(a) to 4(c) above*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards notified pursuant to Companies (Accounting Standards) Rules 2006 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

192, Dr. D. N. Road,  
Mumbai-400 001.  
Dated: 14th February, 2012.



**For Karnavat & Co.**  
Chartered Accountants  
Firm Regn No. 104863W

A handwritten signature in black ink, appearing to read "Krishna Karundia".

(Krishna Karundia)  
Partner  
Membership No. 36681