

READY TO BE EVERYWEAR



Bombay Rayon Fashions Limited
Annual Report 2009-10

01 Ready to be everywear

08 Strength in Numbers

10 From the Chairman's Desk

12 Directors

13 Corporate Information

14 Directors' Report

Report on Corporate Governance 20

Management Discussion and Analysis 32

Auditor's Report 35

Standalone Accounts 38

Consolidated Accounts 57

READY TO BE EVERYWEAR

Business is about passion. Business is what you believe in. Business is about doing things your way. And that's how Bombay Rayon Fashions Limited (BRFL) has run its business.

We have created a completely integrated business model that captures every value there is. Be the most competitive. And marry it with massive scale.

We start from yarn dyeing and create fabrics and garments. We have 32 manufacturing facilities in India. We are leaders in the fabric and garment segment. We cater to the garment manufacturer as well as to the retailer. We have a presence in domestic market. We export to many countries, and large global retailers are our customers.

We are one of the largest vertically integrated textile company in the country. BRFL reported 25% EBIDTA margin in one of the most difficult years for global businesses.

And we are just getting ready. In 2009-10, we expanded our capacities across every segment of the value chain from yarn dyeing, fabric processing and to garmenting. Also we are now looking at outsourcing garment manufacturing from Bangladesh. Our expanded asset base will boost further growth.

We are Ready. To be everywear.



FROM YARN DYEING, FABRICS
TO GARMENTS.

WE ARE READY. TO BE EVERYWEAR.



The textiles industry goes back to the beginning of civilization. And yet it keeps evolving every year. We call it fashion. We are part of the global fashion business. In fashion, it's important to be the first to market. It is also important that you sell fast and change fashion faster.

The business of fashion has transformed. Large retailers globally create fashion and brands and outsource everything else. Their ability to invest is a function of how competitively they source, and through sourcing make returns.

We make that happen.

BRFL helps the global fashion industry in two critical ways. One, we ensure fashion reaches the shelves fast. Two, we ensure that fashion is very competitive.

This is how.

We have captured every part of the value chain of yarn dyeing, weaving, fabric processing, design, garment manufacturing and retail. Because we believe integration is the key to making fashion competitive and reaches faster.

Our facilities for yarn dyeing, weaving, processing and garmenting are equipped with the latest technology and

machines. We have advanced screen printing technology as well as an Ammonia Mercerizer plant which is used for the manufacture of wrinkle free fabric. Our design team creates the most fashionable fabric and garments. We manufacture at competitive destinations like India and Bangladesh. And we sell fabrics across the domestic market and garments the world over.



Our integrated facilities enable us to take advantage of economies of scale. To ensure speed to market. To focus on quality. And become very competitive.

And this is one reason why our customers trust us. And give us more business. Year on year.

The result.

The profit before tax of 2009-10 is more than our revenue five years back!

We are Ready.

To be India's largest and fastest growing vertically integrated fashion company.

We are big believers of size. We believe the bigger you grow, the better you become. In the fashion business, scale is a big differentiator. It takes the business into a virtuous cycle. Scale makes you competitive, deliver strong margins and grow cash flow, which is then converted into even bigger capacities.

And that's the intent we brought to this industry. We married integration with scale.

The result.

India's fastest growing fashion company.

We have grown both organically and through acquisitions. We acquired business locally and internationally.



And we feel this is just the beginning.

This year, we took even bigger steps. We successfully commenced commercial production of our manufacturing facilities of yarn dyeing, weaving and processing. And today, we have 32 manufacturing facilities across India. Having completed our expansion plans till Phase IV, we are already planning for Phase V expansion.

Because we believe size matters. It creates value.

Because we are ready. To be everywear.



FROM 11.20 MILLION METERS OF FABRIC
TO 220 MILLION METERS IN FIVE YEARS.

FROM 12 MILLION PIECES OF GARMENTS
TO 88.80 MILLION PIECES IN FIVE YEARS.

WE ARE READY. TO BE EVERYWEAR.





FROM BANGALORE TO BEVERLY HILLS.
FROM ICHALKARANJI TO ITALY.

WE ARE READY. TO BE EVERYWEAR.



Fashion is global. And so are we. We are a global company with local advantages. We have global vision. With local execution. We know what sells in Italy. And we also how to make it in Ichalkaranji. We sell globally. But we make in some of the most competitive destinations in the world like India and Bangladesh.

Here is a look at our global reach with local presence:

- **Fabric retailed across India under the brand 'Bombay Rayon'**
- **Fabric exported to Middle East and EU**
- **Garments retailed in Europe and India through our acquired Italian brand 'GURU'**



- **Garments exported to US, EU, Japan**

- **Subsidiaries in Europe and UK**

- **We are now outsourcing garment manufacturing to Bangladesh.**

And it pays to have global reach with local sourcing. In the last five years, our revenues have grown at a 52% CAGR. And we have enhanced our EBIDTA margin from 10% five years back to 25% in 2009-10.

We are Ready. To be everywhere.

STRENGTH IN NUMBERS

PARTICULARS	(₹ in million)		
	2009-10	2008-09	2007-08
Financial Performance			
Total Income	16,304.26	13,471.88	9,438.71
Earnings Before Depreciation, Finance Charges and Tax	4,031.79	3,260.74	2,292.72
Profit Before Tax	2,415.70	2,153.37	1,715.90
Profit After Tax	1,759.19	1,484.98	1,211.30
Earnings Per Share (Basic) (In ₹)	18.90	21.89	19.23
Financial Position			
Equity Share Capital	1,119.00	691.00	630.00
Reserves and Surplus	17,974.17	7,873.18	5,289.65
Net Worth	19,295.82	11,894.18	6,045.92
Gross Block	20,914.37	9,564.97	4,629.51
Net Block	19,259.21	8,577.42	4,114.64
Investments	4,394.81	3,322.79	580.75
Net Current Assets	15,812.50	10,657.49	6,040.16
Cash and Cash Equivalents	3,881.69	2,916.52	595.37
Key Ratios			
EBIDTA Margin	24.97%	24.29%	24.73%
Debt Equity Ratio	1.29	1.44	1.18



FROM THE CHAIRMAN'S DESK

“2009-10 was a year of growth, of opportunities and of getting closer to our vision. These are significant achievements that reinforce our belief in our strategy and that we are ready to be everywear.”

Dear Shareholders,

2009-10 was an exciting year at BRFL.

In the years of the economic downtrend and thereafter your company continue to demonstrate strong growth both on the top-line and on the bottom-line. We grew our revenues by 20% to ₹ 16,147.66 million and also increased our net profit by 18% to a record of ₹ 1,759.19 million.

2009-10 was a year of growth, of opportunities and of getting closer to our vision. These are significant achievements that reinforce our belief in our strategy and that we are ready to be everywear.

Growth

Scale and integration have been the corner stone of our strategy to drive margins in this business. BRFL has grown both organically and inorganically to achieve its vision. During the last few years, we have acquired several businesses in order to maximize the benefits of vertical integration and economies of scale. Today, I am proud to say that we are amongst India's largest vertically integrated textile group, with 32 manufacturing facilities in operation located across the country.

We are satisfied with the benefits of scale and integration. BRFL is at the higher end of the margin profile in this business globally. We reported 25% EBIDTA in 2009-10, a validation of our courage, and conviction that we are in the right business at the right time with the right mindset.

In an effort to becoming a complete apparel company, in 2009, we had acquired the famous Italian brand GURU in order to foray into retail in Europe and than elsewhere globally. We opened our first store in Mumbai (India), and after receiving strong response, we now intend to add more stores.

Opportunities

At BRFL, we are steadily looking at opportunities that will enable us to provided competitively priced products to our customers, and add value to them. We view Bangladesh as one such opportunity, with the country having very low labour cost for garments. In line with that, we have already opened a representative office in Dhaka, and in the coming year, we will start outsourcing manufacturing for some of our orders for garments there.

Closer to our vision

We continue to make tremendous progress towards our vision of becoming a global player with local execution. And



we strongly believe that our integrated business model is the key to achieving this. We successfully commenced commercial production of our Phase III & IV expansion projects of manufacturing facilities of yarn dyeing, weaving, processing & garmenting at various locations in Maharashtra. This included setting up of large facilities for manufacturing all types of fabrics including screen printing, where we will be using the latest roll on technique. We have also set up the plant of Ammonia Mercerizer which will be used for the manufacture of wrinkle free fabric. With this, we now have a capacity to manufacture 220 million meters of fabric and 88 million pieces of garments.

However, we are not resting here. Accordingly, we have already undertaken Phase V expansion projects for further expanding our yarn dyeing and fabric and weaving facilities. We have made total investment of ₹ 20,914.37 million in gross block as at March 31, 2010 to build a global integrated fashion textile company. We plan to increase this investment

in the coming year to scale up and balance the business integration.

We believe the best is yet to come, and we want to be ready and take advantage of the numerous opportunities that the market will present.

On behalf of all of us at BRFL, we thank you for your continued support. We look forward to continuing to improve our business and results to warrant your ongoing trust.

Sincerely,

Janardan Agrawal

Chairman



DIRECTORS

Standing from left to right:

- | | |
|--------------------------|--------------------------------|
| 1. Mr. A .R. Mundra | Executive Director - Finance |
| 2. Mr. S. B. Agarwal | Director |
| 3. Dr. Pravin P. Shah | Director |
| 4. Dr. B. S. Bhesania | Director |
| 5. Mr. Aman Agrawal | Vice Chairman |
| 6. Mr. Uday Mogre | Executive Director - Corporate |
| 7. Mr. A. Arumugham | Director |
| 8. Mr. Prashant Agrawal | Managing Director |
| 9. Mr. Suresh Vishwasrao | Director |
| 10. Mr. Naseer Ahmed | Joint Vice Chairman |
| 11. Mr. K. Muthukumaran | Nominee Director - EXIM Bank |

Corporate Information

Board Of Directors

(as of March 31, 2010)

Mr. Janardan Agrawal	Chairman
Mr. Aman Agrawal	Vice Chairman
Mr. Naseer Ahmed	Joint Vice Chairman
Mr. Prashant Agrawal	Managing Director
Mr. A. R. Mundra	Executive Director- Finance
Mr. Uday Mogre	Executive Director- Corporate
Dr. B. S. Bhesania	Director
Mr. S. B. Agarwal	Director
Dr. Pravin P. Shah	Director
Mr. Suresh Vishwasrao	Director
Mr. A. Arumugham	Director
Mr. K. Muthukumaran	Nominee Director - EXIM Bank

Company Secretary

Ms. Prachi Deshpande

Auditors

V. K. Beswal & Associates, Chartered Accountants

Bankers/Term Lenders

Axis Bank Ltd
Allahabad Bank
Bank of India
Bank of Maharashtra
Citibank N. A.
Corporation Bank
Dena Bank

Export-Import Bank of India
IDBI Bank Limited
Indian Bank
Karnataka Bank Ltd
Karur Vysya Bank Limited
Oriental Bank of Commerce
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner and Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore

Registered Office

Bombay Rayon Fashions Limited

D-1st Floor, Oberoi Garden Estates,
Chandivali, Andheri (East), Mumbai- 400 072.

Registrar & Share Transfer Agent

Link Intime India Private Ltd.

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup, Mumbai- 400 078.

Listing of Equity Shares

The Company's shares are listed on the National Stock Exchange of India Ltd ("NSE") and Bombay Stock Exchange Limited ("BSE").

Directors' Report

Dear Shareholders,

Your Directors have great pleasure to present their Report together with the Audited Accounts for the year ended March 31, 2010.

Financial Results:

(₹ '000)

	31-03-2010	31-03-2009
Sales	161476.59	134240.03
Profit before Interest, Depreciation and Tax	40317.86	32607.41
Less: Interest	9354.37	6596.29
Profit before Depreciation and Tax	30963.49	26011.12
Less: Depreciation	6806.53	4477.47
Profit before Tax	24156.96	21533.65
Less: Provision for Taxes (including Deferred)	6565.05	6683.81
Profit after Tax	17591.91	14849.84
Add: – Balance brought forward	29765.52	16747.16
– Profit available for appropriations	47357.43	31597.00
APPROPRIATIONS:		
Add: – Transfer on Amalgamation	–	604.11
Less: – Transfer to General Reserve	900.00	800.00
– Additional provision for dividend	–	91.50
– Corporate Dividend Tax on Additional Dividend	–	15.55
– Proposed Dividend	1678.50	1306.50
– Corporate Dividend Tax	285.26	222.04
– Balance Carried forward	44493.67	29765.52
EPS (₹)		
– Basic	18.90	21.89
– Diluted	18.59	17.30

Result of Operations

During the year under review, your Company has recorded the turnover of ₹ 161476.59 lacs against ₹ 134240.03 lacs in the previous year, an increase of 1.20 times. The export turnover had a quantum jump to ₹ 100410.21 lacs from ₹ 87369.43 lacs. The Profit After Tax (PAT) for the year increased from ₹ 14849.84 lacs to ₹ 17591.91 lacs, a growth of 1.18 times over the previous financial year.

Dividend

Your Directors recommend a dividend of ₹ 1.50 per Equity Share (15%) aggregating to ₹ 19,63,76,108/- (including Corporate

Dividend Tax) for the financial year 2009-10, subject to the approval of the members at the ensuing Annual General Meeting.

The dividend pay out as proposed is in accordance with the Company's policy to pay sustainable dividend linked to long term performance, keeping in view the capital needs for the Company's growth plans and the intent to optimal financing of such plans through internal accruals.

Share Capital

During the financial year under review, the Company raised equity funds by various modes as mentioned hereinbelow:

i) Issue of Equity Shares on preferential basis :

Your Company has made an allotment of 1,80,00,000 Equity Shares of ₹ 10/- each at a premium of ₹ 175/- each aggregating to ₹ 333 crores, on preferential allotment basis to AAA United B.V., a Company incorporated under the laws of The Netherlands. The said investor is a wholly owned subsidiary of Aktieselskabet af 1/8 2004, a company constituted under the laws of Denmark which is primarily engaged in the business of trade & investment and has a direct and/ or indirect stake in several companies including in Bestseller A/S, which are primarily engaged in the business of designing, developing, selling and marketing of clothing products.

ii) Issue of Warrants and conversion thereof

Your Company has made an allotment of 1,00,00,000 Optionally Convertible Warrants at the rate of ₹ 193/- per share to Reynold Shirting Limited, an entity belonging to promoter/ promoter group of the Company. Pursuant to the option for conversion of equity shares exercised by the aforesaid promoter group entity, the Company has allotted 58,00,000 Equity Shares in first tranche.

iii) Issue of Global Depository Receipts (GDR)

Your Company has raised an aggregate of US \$ 97.09 million (equivalent to ₹ 451,67,72,210/-) by issue of 1,90,00,000 Global Depository Receipts (GDRs) representing equivalent number of underlying equity shares at the rate of US \$ 5.11 per GDR to the persons resident outside India. Pursuant to aforesaid, the Company's GDR have been listed on the Singapore Stock Exchange with effect from November 25, 2009.

As on March 31, 2010, the paid - up capital of the Company stands increased to ₹ 111.90 crores divided into 11,19,00,000 equity shares of the face value ₹ 10/- each.

Business Expansions**Expansion of Yarn Dyeing, Weaving, Processing & Garmenting capacities:**

During the year under review, your Company has successfully commenced the commercial production of its Phase III & IV expansion projects of manufacturing facilities of yarn dyeing, weaving, processing & garmenting at various locations in the State of Maharashtra

Further expansion of Processing & Weaving:

After completion of all Phases till IV, the Company has undertaken the new expansion projects in Phase V for expanding its manufacturing facilities of -

Facilities	Contemplated increase	Location
Fabric Processing	1,40,000 mtrs per day	Tarapur
Knit Processing	12 MT per day	Tarapur
Weaving	380 Looms	Islampur
Weaving	356 Looms	Tarapur
Yarn Dyeing	25 Tons per day	Tarapur

In addition, the Company has undertaken steps for import of balancing equipments of garment manufacturing for increasing the efficiency of existing facilities at Doddaballapur.

The aforesaid facilities are expected to be commissioned by fourth quarter of the current financial year.

The cost of the project shall be financed partly by equity already raised by issue of shares on preferential basis and balance by way of term loans under Technology Upgradation Fund Scheme (TUFs) entitling the company an interest subsidy of 5% and in addition capital subsidy of 10% on total investment in Processing & Garment Machineries.

Directors

Mr. K. Muthukumar, Chief General Manager of Export - Import Bank of India (EXIM Bank) has been appointed as a Nominee Director of EXIM Bank on the Board of the Company in place of Mr. John Mathew, Chief General Manager of EXIM Bank w.e.f. October 30, 2009.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Suresh Vishwasrao, Mr. A. Arumugham and Dr. Pravin P. Shah, Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Corporate Governance

A report on the Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges along with a certificate from the Statutory Auditors confirming compliance is set out in the annexure forming part of this Report along with a separate annexure giving the details of the Management Discussion and Analysis.

Auditors

M/s V. K. Beswal & Associates, Chartered Accountants, having Firm Registration Number 101083W the Statutory Auditors of the Company shall retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Necessary resolution in this regard is proposed at the forthcoming Annual General Meeting.

Auditors' Report

There are no specific observation in the Auditors' Report requiring further comments under Section 217 (3) of the Companies Act, 1956.

Fixed Deposits

The Company has not accepted or renewed any deposit from public during the year under review.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm the following:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. They have selected such accounting policies in consultation with Statutory Auditors and other Experts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz March 31, 2010 and of the Profit of the Company for that year.
3. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of 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.
4. They have prepared the attached Statement of Accounts for the year ended March 31, 2010 on a going concern basis.

Particulars Of Employees

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the annexure to this report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the annual report and accounts are being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company at its Registered Office.

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

The particulars as prescribed 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 annexure to this report.

Subsidiary Companies:

(i) Bombay Rayon Holdings Limited (BRHL)

BRHL holds 100% equity of BRFL Europe B.V., Netherlands & BRFL Italia S.r.l., Italy.

BRHL has registered a net loss of ₹ 62.55 lacs for the year ended March 31, 2010.

(ii) DPJ Clothing Ltd., U.K.

DPJ Clothing Limited is engaged in business of wholesale marketing and distribution of clothing Products. The said subsidiary is assisting in getting many mid size retailers of Europe by providing the services either by direct import or by import and delivery basis. Your Company continued to reap benefits in expanding its business in Europe.

DPJ Clothing Ltd. has registered a net profit of £ 4,23,955 for the year ended March 31, 2010.

(iii) BRFL Europe B.V., Netherlands

BRFL Europe B.V. at Netherlands continued to play an important role for canvassing the business, services to customers on products and designs.

BRFL Europe B.V. has registered a net profit of € 5,75,034 for the year ended March 31, 2010.

(iv) BRFL Italia S.r.l, Italy

The Company owns the popular 'GURU' brand and is into the business of retailing of readymade garments as well as other accessories in Europe.

BRFL Italia S.r.l, Italy has registered a net loss of € 19,54,388 for the year ended March 31, 2010.

The Government of India, Ministry of Corporate Affairs, vide its letter dated March 19, 2010 granted its approval under Section 212(8) of the Companies Act, 1956, exempting the Company from attaching the full text of the financial statements of the subsidiaries of the Company.

In accordance with the requirements of the said approval, necessary disclosures are made in respect of the subsidiaries

in this Annual Report alongwith the statement pursuant to Section 212 of the Companies Act, 1956.

Any shareholder who wishes to have a copy of the annual accounts and detailed information about the subsidiary company may write to the subsidiary company and/or the Company for the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Registered Offices of the Company and its subsidiaries.

As required by Section 212 of the Companies Act, 1956, the Statement of holding in subsidiaries and Consolidated Accounts pursuant to Accounting Standard (AS 21) issued by the Institute of Chartered Accountant of India, including the financial accounts of the subsidiary companies are forming part of the Annual Report.

Acknowledgements

Your Directors are grateful for the co-operation and support from our Bankers, Securities and Exchange Board of India ("SEBI"), Stock Exchanges and other Regulatory Authorities, State Government and Central Government and above all our Customers. We look forward to receiving their continued support and encouragement. The Board of Directors wishes to express its gratitude and record its sincere appreciation of the dedicated efforts and commitment of all the employees. The directors are thankful to the esteemed shareholders for their support and the confidence reposed in the company.

For and on behalf of the Board

Place: Mumbai
Date: May 18, 2010

Janardan Agrawal
Chairman

Annexures to the Directors' Report

Particulars as prescribed 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.

1) Conservation of Energy:

- a) Energy conservation measures taken by the Company
- (i) Electrical Energy :
- (a) Reducing the maximum demand by evenly distributing the loads throughout the day and increasing efficiency of plant and equipments.
- (b) Improving power factor by optimum choice of power factor improvement capacitors.

- (c) Monitoring the overall energy consumption.
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy
- The Company is reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern & energy efficient equipments.
- c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods as per Form A
- d) Total energy consumption per unit of production as per Form A

Form A				
	Year Ended 31/03/2010		Year Ended 31/03/2009	
	Fabrics	Garments	Fabrics	Garments
A. Power and Fuel Consumption				
a) Electricity				
1. Purchase				
Unit (Lacs)	77.03	147.53	203.72	64.33
Total Amount (₹ '000)	413.71	921.92	1085.93	349.14
Rate/ Unit (₹)	5.37	6.25	5.33	5.43
b) Own generation (Through D.G. Set)				
Diesel Oil Consumed (Lac Ltrs.)	2.78	14.62	6.13	6.92
Total Amount (₹ '000)	94.12	534.44	228.59	255.18
Avg. Per Ltr. (₹)	33.81	36.56	37.29	36.88
c) Bio Fuel				
Quantity (M.T)		6635.69		2173.76
Amount (₹ '000)		237.63		75.40
d) Coal				
Quantity (M.T)	50984		25225.68	
Amount (₹ '000)	2044.75		1182.38	
B. Consumption Per unit of Production				
Production	78.15	37.55	58.18	32.07
	mn mtrs	mn pcs	mn mtr	mn pcs
Electricity (₹)	0.65/mtr	3.88/pcs	2.26/mtr	4.10/pcs

2) Technology Absorption:

The Disclosure of particulars with respect to Technology absorption as per Form "B"

FORM B

Disclosure of particulars with respect to absorption

I. Research and development (R & D)

1. **Specific areas in which R & D carried out by the company:**
Product and quality improvement, development of new designs, products, cost control and energy conservation.
2. **Benefits derived as a result of the above R & D:**
Product Quality has improved and new products have been introduced.
3. **Future plan of action:**
The Company continues to focus its efforts on innovations in textile development processes.
4. **Expenditure on R & D:**
Nil.

II. Technology absorption, adaptation and innovation

- a) **Efforts, in brief, made towards technology absorption, adaptation and innovation:**
The Company has been developing in-house modifications/improvements in process technology in its various manufacturing sections which, when found suitable, are integrated into the regular manufacturing operation.
- b) **Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. :**
High Product quality and increased business potential
- c) **In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:**
 - i) Technology imported:
 - ii) Year of import:
 - iii) Has technology been fully absorbed?
 - iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

} Not Applicable as no imported
} technology is put to use.

III. Foreign Exchange Earnings and Outgo:

1. Activities relating to exports; initiatives taken to increase exports, development of new export markets for products and services; and export plans.

The Company exports its textile products. All efforts of the Company are geared to increase the business of textile exports in different products and markets.
2. Total information on Foreign Exchange earnings and outgo is contained in note nos.18 and 19 of Schedule "S" of accounts.

For and on behalf of the Board

Place: Mumbai
Date: May 18, 2010

Janardan Agrawal
Chairman

Report on Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization.

1. Company's Philosophy on Corporate Governance

Your Company is fully committed to the principles of good Corporate Governance. In keeping view with this commitment your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings and continuously endeavours to review, strengthen and upgrade its systems and processes so as to bring in transparency and efficiency in its various business segments.

Through its corporate governance measures, the Company aims to maintain transparency in its financial reporting and keep all its stakeholders informed about its policies, performance and developments. Bombay Rayon Fashions Limited (BRFL) will contribute to sustain stakeholder confidence by adopting and continuing good practices, which is at the heart of effective corporate governance.

Your Company's Board has empowered responsible persons to implement policies and guidelines related to the key elements of corporate governance - transparency, disclosure, supervision, internal controls, risk management, internal and external communications, high standards of safety, accounting fidelity, product and service quality. It has also set up adequate review processes.

2. Board of Directors

a) Composition of the Board

As on March 31, 2010, the Company has an optimum combination of Executive and Non-Executive Directors. The Board comprises 12 Directors, of whom 4 are Executive Directors and 8 are Non-Executive Directors. The Chairman of the Board is a Non-Executive Promoter Director and one half of the Board comprises of Independent Directors.

The Directors possess experience and specialization in diverse fields such as Project Management, Legal, Banking, Finance and Administration.

The composition of the Board and other relevant details relating to Directors are given below:

Name of the Director	Category of Directorship	No. of other Directorships*	Memberships#	
			Chairman	Member
Mr. Janardan Agrawal	Promoter, Non-Executive; Non-Independent	3	–	–
Mr. Aman Agrawal	Promoter, Executive; Non-Independent	4	–	–
Mr. Naseer Ahmed	Non-Executive; Non-Independent	2	–	–
Mr. Prashant Agrawal	Promoter, Executive; Non-Independent	5	–	–
Mr. A. R. Mundra	Executive; Non-Independent	–	–	–
Mr. Uday Mogre	Executive; Non-Independent	–	–	–
Dr. B. S. Bhesania	Non-Executive; Independent	2	–	2
Mr. S. B. Agarwal	Non-Executive; Independent	3	2	1
Dr. Pravin P. Shah	Non-Executive; Independent	5	2	2
Mr. Suresh Vishwasrao	Non-Executive; Independent	1	–	–
Mr. A. Arumugham	Non-Executive; Independent	1	–	–
Mr. K. Muthukumaran [§]	Nominee of EXIM Bank, Independent	3	–	–

Note: Except that Mr. Aman Agrawal & Mr. Prashant Agrawal are sons of Mr. Janardan Agrawal, no director is related to any other director listed above.

* Directorships in Private and Foreign Companies are excluded.

Memberships of only Audit Committee and Shareholders' Grievance Committee have been considered.

§ Appointed w.e.f. October 30, 2009.

b) Reappointment of Directors:

- **Mr. Suresh Vishwasrao, Director**

Name of the Director	Mr. Suresh Vishwasrao
Age	63 years
Qualifications	M.A., C.A.I.I.B. (Certified Associate Indian Institute of Bankers), Diploma Risk Management - New York University, USA.
Experience in specific functional areas	Mr. Suresh Vishwasrao is an ex-banker has over 40 years of professional experience. Mr. Vishwasrao has wide experience with banking regulations, Foreign Exchange Management Act, loan syndication(s), capital market activities etc.
List of other Companies in which Directorship held	i) Yurozs Textiles Private Limited ii) Quest Profin Advisor Private Limited iii) Quest Softech (India) Limited
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director	NIL
Shareholding in the Company	NIL

- **Mr. A. Arumugham, Director**

Name of the Director	Mr. A. Arumugham
Age	67 years
Qualifications	C.A.
Experience in specific functional areas	Mr. A. Arumugham is a Chartered Accountant with over 35 years of experience in practice. Mr. Arumugham has been associated with various large corporate houses and has sound knowledge in various activities such as fund mobilization, mergers and takeovers, legal compliances etc.
List of other Companies in which Directorship held	i) Scotts Garments Ltd. ii) Scotts Infrastructure & Development Pvt. Ltd. iii) Scotts Apparels Pvt. Ltd. iv) Pedigree Constructions Pvt. Ltd. v) CKM Investments Pvt. Ltd. vi) Scotts Dresses Pvt. Ltd. vii) Scotts Wears Pvt. Ltd. viii) Scotts Knits Pvt. Ltd. ix) Tamarind Properties Pvt. Ltd. x) Chemicarb Pvt. Ltd.
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director	NIL
Shareholding in the Company	NIL

● **Dr. Pravin P. Shah**

Name of the Director	Dr. Pravin P. Shah
Age	65 years
Qualifications	B.Com (ranked 1st in order of merit), P.G. - I.C.W.A.I., F.C.A. (all India 4th ranker in final examination held in May 1969), Ph.D. in Cost Accounting
Experience in specific functional areas	<ul style="list-style-type: none"> – He has over 41 years of professional experience in the areas of financial consultancy, corporate structuring/ restructuring, public issues, private funding, foreign collaborations, management consultancy, taxation, valuation, property matters, accounting, auditing, company law and FEMA matters, etc. – Since 1980 he is a partner of M/s Pravin P. Shah & Co., a firm of Chartered Accountants. – From 1975 to 1980, he was Director of Internal Consulting, WUI Inc., New York, a subsidiary of Xerox Corporation and was involved in providing in-house consulting services in the areas of business planning, costing, finance, new project evaluation, capital expenditure planning, etc. – Dr. Shah has contributed significantly in the academic side and was a faculty for tax planning at Jamnalal Bajaj Institute of Management at Mumbai besides teaching at American Management Associations, USA. – He has also presented various papers at seminars, workshops, etc.
List of other Companies in which Directorship held	<ul style="list-style-type: none"> i) Adani Enterprises Ltd. ii) Claris Lifesciences Limited iii) JM Financial Limited iv) Jai Corp Limited v) Raheja Universal Limited vi) JM Financial Consultants Pvt. Ltd. vii) JM Financial & Investment Consultancy Services Pvt. Ltd. viii) JM Financial Services Pvt. Ltd. ix) Benchmark Trustee Company Pvt. Ltd. x) Milestone Capital Advisors Pvt. Ltd. xi) Landmark Business Service Centre Pvt. Ltd. xii) Landmark eConsultants Pvt. Ltd. xiii) Macro Investment & Financial Consultants Pvt. Ltd. xiv) Health & Education Foundation
Chairman/ Member of the Committees of the Board of other Companies in which he is a Director	<ul style="list-style-type: none"> i) Adani Enterprises Ltd. ii) Benchmark Trustee Company Pvt. Ltd. iii) Claris Lifesciences Limited iv) JM Financial Limited v) JM Financial & Investment Consultancy Services Pvt. Ltd. vi) JM Financial Consultants Pvt. Ltd. vii) Raheja Universal Limited
Shareholding in the Company	3,016

c) Non-Executive Directors' compensation and disclosures

Apart from sitting fees that are paid to the Non-Executive - Independent Directors for attending Board & Committee meetings, no other fees or commission were paid during the year. The Company has paid commission to the Non - Executive Chairman @ 1% of the net profits for the year ended March 31, 2010. The details of sitting fees and commission paid to the Directors & Chairman are given separately in this report.

d) Board Meetings and Annual General Meeting:

During the year under review, 6 Board Meetings were held on

- April 22, 2009
- June 29, 2009
- July 31, 2009
- September 1, 2009
- October 30, 2009
- January 30, 2010

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Managing Director and Executive Director - Finance and circulates the same in advance to the Directors. Every director is free to suggest inclusion of items on the agenda. The Board meets atleast once every quarter inter alia to review the quarterly results. Additional Meetings are held, whenever necessary. The draft minutes of the proceedings of the Meetings of the Board of Directors are circulated amongst the members of the Board. Comments, if any, received from the Directors are incorporated in the minutes, in consultation with the Chairman and Managing Director. The minutes are confirmed by the Members of the Board at the next meeting. Senior management personnel are called to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, approvals of the Board are taken wherever necessary of major events. The Board also reviews the Compliance report of all laws applicable to the Company. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

The previous Annual General Meeting of the Company was held on September 30, 2009. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows.

Name of the Director	Board Meetings	Annual General Meeting
Mr. Janardan Agrawal	-	No
Mr. Aman Agrawal	5	Yes
Mr. Naseer Ahmed	2	Yes
Mr. Prashant Agrawal	5	Yes
Mr. A. R. Mundra	6	Yes
Mr. Uday Mogre	6	Yes
Dr. B. S Bhesania	3	Yes
Mr. S. B. Agarwal	3	Yes
Dr. Pravin P. Shah	3	No
Mr. Suresh Vishwasrao	6	Yes
Mr. A. Arumugham	3	Yes
Mr. John Mathew [#]	5	No
Mr. K. Muthukumar [*]	1	-

[#] Cessation w.e.f. October 30, 2009

^{*} Appointed on October 30, 2009

Dr. Pravin P. Shah, Chairman of the Audit Committee had authorized Mr. S. B. Agarwal to reply the queries if any raised by shareholders on financial accounts at the Annual General Meeting.

e) Code of Conduct

BOMBAY RAYON's Board of Directors has laid down a Code of Conduct for all Board members and designated Senior Management of the Company the Code of Conduct is available on the website of the Company:

[http://www.bombayrayon.com/corporateinformation/code of conduct](http://www.bombayrayon.com/corporateinformation/code%20of%20conduct)

All Board members and designated senior Management personnel have affirmed compliance with the code for the year ended on March 31, 2010. Declaration to this effect signed by the Managing Director forms part of this report.

3. Audit Committee

a) Constitution of Audit Committee:

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956, and also as are detailed in terms of Clause 49 of the Listing Agreements.

As on March 31, 2010, the Audit Committee comprises five members, of which three are Non-executive independent directors and one executive director.

All members of the Audit Committee have accounting and financial management expertise.

b) Composition of Audit Committee and Number of Meetings Attended:

During the Financial Year 2009-10, four Audit Committee Meetings were held on the following dates i.e.

- June 29, 2009
- July 31, 2009
- October 30, 2009
- January 30, 2010

The composition of the Audit Committee and number of meetings attended is as under:

Name of the Director	Designation	No. of Audit Committee Meetings attended
Dr. Pravin P. Shah	Chairman	3
Dr. B. S. Bhesania	Member	4
Mr. S. B. Agarwal	Member	3
Mr. A. R. Mundra	Member	4
Mr. John Mathew*	Member	3
Mr. K. Muthukumaran#	Member	1

* Cessation w.e.f. October 30, 2009

Appointment w.e.f. January 30, 2010

c) Attendees:

The Audit Committee invites such of the executives & internal auditors, as it considers appropriate, to be present at its meetings. The Statutory Auditors & Internal Auditors are also invited to these meetings. The Company Secretary of the Company, acts as the Secretary of the Committee.

d) The Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee as defined by the Board are as under:

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- vi) Reviewing, with the management, the Statement of uses/application of funds raised through an issue (public issue, right issue, Preferential issue. etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue and making appropriate recommendation to the Board to take up steps in this matter.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ix) Discussion with internal auditors on any significant findings and follow up there on.
- x) Reviewing the findings of any internal investigations by the internal auditors into matters

where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

e) Powers of the Audit Committee:

The Board has delegated the following powers to the Audit Committee:

- i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary
- ii) Seek information from any employee.
- iii) Obtain outside legal or other professional advice, if necessary.
- iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee

a) Constitution of Remuneration Committee:

The Remuneration Committee comprises of three members. All the members are Non-Executive Independent Directors.

b) Composition of Remuneration Committee and the number of meetings attended:

The composition of the Remuneration Committee is as under:

Committee Members	Designation
Dr. B. S. Bhesania	Chairman
Dr. Pravin P. Shah	Member
Mr. S. B. Agarwal	Member

During 2009-10, the Remuneration Committee met on June 29, 2009.

c) Terms of reference:

The committee has the mandate to review and recommend compensation payable to the whole-time directors and senior management of the Company. It shall also administer the Company's stock option plans, if any, including the review and grant of the stock options to eligible employees under plans. The committee may review the performance of the Whole-time Directors and for the said purpose may lay down requisite parameters as it may deem fit.

d) Remuneration Policy:

i) Management Staff :

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performance, etc.

ii) Non-Executive Directors :

The Company pays sitting fees to all the Non-executive Directors except Chairman of the Company. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

The Board of Directors at their Meeting held on June 29, 2009 had approved payment of sitting fees of ₹ 10,000/- for each meeting of Board of Directors, meeting of the Audit Committee Meeting & Remuneration Committee. Details of the Sitting fees paid during the year 2009-10 are as under:

Name of the Director	Sitting fees paid (₹)	
	Board Meeting	Audit / Remuneration Committee
Mr. Naseer Ahmed	12,500	–
Dr. B. S. Bhesania	22,500	35,000
Mr. S. B. Agarwal	30,000	30,000
Dr. Pravin P. Shah	22,500	25,000
Mr. Suresh Vishwasrao	45,000	–
Mr. A. Arumugham	22,500	–
Mr. John Mathew*	35,000	22,500
Mr. K. Muthukumaran#	10,000	–
Total	2,00,000	1,12,500

* Cessation w.e.f. October 30, 2009

Appointed w.e.f. October 30, 2009

The Chairman of the Company is entitled to Commission based on the Net profits of the Company in accordance with the limits of Section 309 of the Companies Act, 1956. The total commission payable for the year ended March 31, 2010, to the Chairman amounted to ₹ 248.47 lacs.

iii) Executive Directors :

The Vice Chairman, Managing Director, Executive Director - Finance and Executive Director - Corporate are the only Executive Directors in the Company. The tenure of all the aforesaid Executive Directors is for a period of 3 years with effect from June 1, 2010. The remuneration of the Executive Directors has been approved by the Remuneration Committee, the Board of Directors and the Shareholders of the Company.

Details of remuneration paid to the Executive Directors during the year ended March 31, 2010 are given below:

(₹ '000)

Name of the Executive Director	Designation	Salary & Allowances	Contribution to PF	Total
Mr. Aman Agrawal	Vice-Chairman	116.00	8.38	119.38
Mr. Prashant Agrawal	Managing Director	116.00	8.38	119.38
Mr. A.R. Mundra	Executive Director - Finance	34.00	2.44	36.44
Mr. Uday Mogre	Executive Director - Corporate	34.00	2.44	36.44

5. Shareholders' / Investors' Grievance Committee

Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders' / Investors' Grievance Committee looks into members services like transfer/transmission of shares, demat/remat requests and investors complaints like - non-receipt of refund, declared dividends, etc. and take necessary steps for redressal thereof.

The Committee is a Board level committee headed by the Chairman. Four Shareholders' / Investors' Grievance

Committee Meetings were held during the financial year 2009-10,

- June 29, 2009
- July 31, 2009
- October 30, 2009
- January 30, 2010

The composition of the Shareholders'/Investors' Grievance Committee and the number of meeting attended were as under:

Committee Member	Designation	No. of Meeting Attended
Mr. Janardan Agrawal	Chairman	4
Mr. Prashant Agrawal	Member	3
Mr. A.R. Mundra	Member	4

- Ms. Prachi Deshpande, Company Secretary is also the Compliance Officer for the committee.
- 22 complaints received during the year from shareholders / investors were resolved. There were no complaints pending as at end of the year.
- Share Transfers In Physical Mode
Shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee of the Company meets as often as required.

6. General Body Meetings

- Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Year	Date	Time	Location of the Meeting
2006-07	30/08/07	12:30 P.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020
2007-08	30/09/08	4:30 P.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020
2008-09	30/09/09	9:30 A.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020

b) Details of Special Resolutions passed in the previous three AGMs

Date of AGM	Particulars of Special Resolution passed thereat
August 30, 2007	<p>i) Appointment of Mr. Aman Agrawal as Vice- Chairman of the Company for a period of 3 years with effect from 1st June, 2007 to 31st May, 2010.</p> <p>ii) Appointment of Mr. Prashant Agrawal as Managing Director of the Company for a period of 3 years with effect from 1st June 2007 to 31st May 2010.</p> <p>iii) Appointment of Mr. Uday Mogre as Executive Director -Corporate of the Company for a period of 3 years with effect from 1st June 2007 to 31st May, 2010.</p> <p>iv) Appointment of Mr. A. R. Mundra as Executive Director - Finance of the Company for a period of 3 years with effect from 1st June 2007 to 31st May, 2010.</p>
September 30, 2008	No Special Resolutions were passed at this AGM
September 30, 2009	<p>i) Authority to Board to issue GDR/ ADR and/or other type of securities for aggregate sum upto ₹ 500 Crores.</p> <p>ii) Authority to Board to issue 1,00,00,000 convertible warrants to Reynold Shirting Limited, an entity belonging to promoters.</p>

- c) During the year 2009-10, no special resolution has been passed by Postal Ballot.
- d) No special resolution was proposed to be passed through Postal Ballot. Resolutions, if any passed during the current year by postal ballot shall be in accordance with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

7. Other Disclosures

- a) The Company did not have any related party transactions, i.e. transactions of the Company of

material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2010.

b) Details of Shares held by Non-Executive Directors as on March 31, 2010

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1	Mr. Janardan Agrawal	77,56,422
2	Dr. B. S. Bhesania	2,848
3	Dr. Pravin P. Shah	3,016

- c) The Company has complied with the requirements of regulatory authorities on capital markets and no penalty / stricture was imposed on the Company during the last three years.
- d) The Managing Director (CEO) & the Executive Director - Finance (CFO) have certified to the Board in accordance with clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2010.
- e) The financial statements of the Company are unqualified.
- f) The Company does not have any material non-listed Indian subsidiary company. The Audit Committee and Board reviews the minutes, financial statements, significant transactions and working of the unlisted subsidiary companies.
- g) Transfer of unclaimed IPO shares to Suspense account
In accordance with the requirements of circular No. SEBI/ CFD/ DIL/LA/1/2009/24/04, the Company has opened a demat account wherein the unclaimed shares issued under the Initial Public Issue have been credited. Brief particulars in this regard are as under:
- (i) The aforesaid demat account was opened in March 2010 wherein an aggregate of 734 equity shares pertaining to 7 shareholders have been credited.
- (ii) During the year ended March 31, 2010 no shareholder have approached for transfer of shares out of the suspense account and accordingly no shares have been transferred out of suspense account.

- (iii) As at March 31, 2010, an aggregate of 734 equity shares in respect of 7 shareholders is outstanding in the suspense account.
- (iv) The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

8. Means of Communication

- The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchange(s) immediately after they are approved by the Board.
- The quarterly, half yearly and yearly financial results of the Company are published in following newspapers within 48 hrs of its approval by the Directors:

Newspaper	Cities of Publication
Economic Times	Mumbai & Bangalore
Navbharat Times	Mumbai
Maharashtra Times	Mumbai

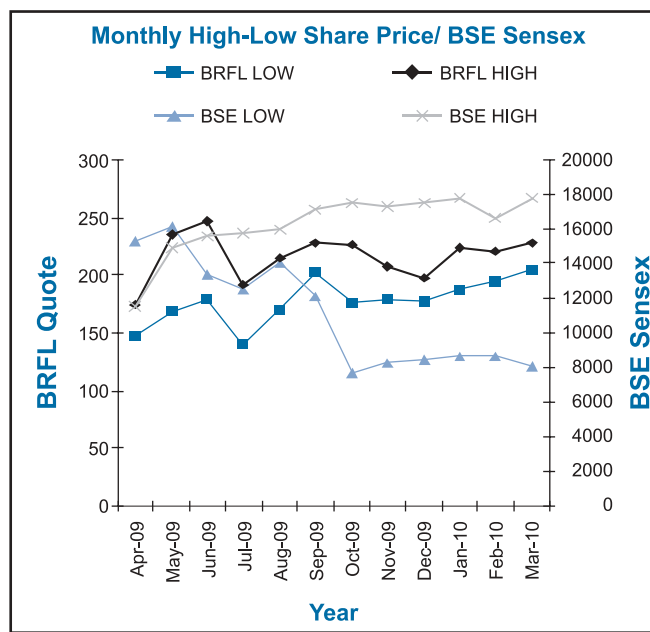
- The website of the Company where results are displayed - www.bombayrayon.com.
 - The Company website also displays all official news releases.
- g) Market Price Data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited as follows:

Month	Bombay Stock Exchange			National Stock Exchange		
	High (in ₹)	Low (in ₹)	Volume (in Nos.)	High (in ₹)	Low (in ₹)	Volume (in Nos.)
April, 2009	173.80	147.35	21,11,546	175.00	142.10	57,54,669
May, 2009	234.90	168.60	34,86,532	238.30	169.00	91,69,345
June, 2009	246.00	179.00	42,09,114	248.85	179.10	1,17,63,523
July, 2009	191.25	140.15	38,60,152	191.80	140.75	1,00,66,179
August, 2009	214.40	170.10	51,08,903	215.00	171.70	1,74,84,636
September, 2009	228.05	201.80	36,61,460	228.25	200.00	1,46,65,701
October, 2009	227.00	176.25	29,06,152	226.00	176.25	83,65,487
November, 2009	208.00	179.00	25,09,066	236.25	178.30	75,59,961
December, 2009	197.90	177.00	12,11,427	197.75	175.50	39,80,856
January, 2010	224.00	188.00	40,78,142	223.85	190.00	1,07,01,660
February, 2010	221.25	194.65	40,71,125	221.40	194.00	48,12,196
March, 2010	228.50	205.15	31,35,148	229.00	205.15	80,23,310

9. General Shareholder Information

- a) Annual General Meeting:
- Day, Date and Time : Tuesday, September 21, 2010 at 4.30 p.m.
- Venue : Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020
- b) Financial Year : April to March
- c) Date of Book Closure : September 11, 2010 to September 21, 2010 (both days inclusive)
- d) Dividend Payment Date : on or after September 24, 2010
- e) Listing of stock Exchanges : The Company's shares are listed on the following stock Exchanges
- National Stock Exchanges of India Ltd ("NSE")
 - Bombay Stock Exchange Limited ("BSE")
- The Company has paid the listing fees to the Stock Exchanges within the prescribed time.
- f) Stock Code/ Symbol : NSE - BRFL
BSE - 532678



h) Registrar and Share Transfer Agents:

Link Intime India Private Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup, Mumbai - 400078.

i) Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. They attend to share transfer formalities at least once in 15 days.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

j) Distribution of Shareholding

- Distribution of Shareholding as at March 31, 2010:

Shareholding of Nominal Value (₹)	No. of Shareholders	% of Total	Share Capital Amount (₹)	% of Total
Upto 5000	12,158	93.57	1,13,04,610	1.00
5001-10000	322	2.48	26,04,220	0.23
10001-20000	184	1.42	28,24,550	0.25
20001-30000	63	0.48	16,38,520	0.15
30001-40000	33	0.25	11,80,870	0.11
40001-50000	28	0.22	13,08,320	0.12
50001-100000	43	0.33	32,27,770	0.29
100001 and above	162	1.25	109,49,11,140	97.85
TOTAL	12,993	100.00	111,90,00,000	100.00

- Category wise Shareholding as at March 31, 2010:

Category	No. of Shares	%
Promoter Group	3,92,59,260	35.08
Mutual Funds and UTI	1,05,99,433	9.47
Banks/ Financial Institutions/ Insurance Companies	2,40,148	0.21
Foreign Institutional Investors	1,60,55,516	14.35
Private Corporate Bodies	51,78,523	4.63
Non-Resident Indians	4,68,409	0.42
Clearing Member	1,69,167	0.15
Public	29,29,144	2.62
Foreign Company	1,80,00,400	16.09
Depository Receipts	1,90,00,000	16.98
TOTAL	11,19,00,000	100.00

k) Dematerialisation of Shares and Liquidity:

About 94.56% of the shares have been dematerialized as on March 31, 2010. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

l) Outstanding GDRs / ADRs / Warrants or any Convertible Instrument conversion date and likely impact on equity:

In November 2009, the Company issued 1,90,00,000 Global Depository Receipts (GDRs) representing underlying equivalent number of equity shares to the person resident outside India. The said GDRs are listed on Singapore Exchange Securities Limited and are outstanding on March 31, 2010.

Out of total convertible warrants of 1,00,00,000 allotted to Reynold Shirting Limited in November 2009. Out of the total Convertible Warrants 42,00,000 Warrants are still outstanding on March 31, 2010.

The paid capital of the Company has already increased on allotment of 1,90,00,000 GDRs representing underlying equal number of equity shares.

The paid up capital shall increase by 42,00,000 shares on conversion of balance warrants into equity shares.

m) Plant Locations:

Factory Location

Weaving And Yarn Dyeing

- Maharashtra Navi Mumbai, Sonale and Tarapur, Dist. Thane
- Silvassa
- Karnataka Bangalore

Processing & Yarn Dyeing

- Maharashtra Tarapur
- Karnataka Bangalore

Garmenting

- Maharashtra Navi Mumbai, Islampur, Latur, Ichalkaranji and Osmanabad (4 Units)
- Karnataka Bangalore (18 Units)
- Tamilnadu Chennai
- Kerala Thiruvananthapuram (2 Units)

n) Address for Correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup, Mumbai - 400 078.
Tele: 022 - 2596 3838
Fax: 022 - 25946969 / 25960329

For general correspondence:

Ms. Prachi Deshpande,
Company Secretary & Compliance Officer
Bombay Rayon Fashions Limited
D-1st Floor, Oberoi Garden Estates,
Chandivali Farms Road, Andheri (East),
Mumbai - 400 072.
Tel: 022 - 2803 1800
Fax: 022 - 2847 6992
E - mail: investors@bombayrayon.com

10. Code of Conduct

As provided under the Clause 49 of the Listing Agreement with the Stock Exchanges, the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2010.

Place: Mumbai
Date: May 18, 2010

Prashant Agrawal
Managing Director

11. CEO & CFO CERTIFICATE

We, Prashant Agrawal, Managing Director and A.R. Mundra, Executive Director - Finance of BOMBAY RAYON FASHIONS LIMITED, to the best of our knowledge and belief, certify that:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee -
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Place : Mumbai
Date: May 18, 2010

Auditors Certificate on Corporate Governance

To the Members of Bombay Rayon Fashions Ltd.

We have examined the compliance of conditions of Corporate Governance by Bombay Rayon Fashions Ltd. ("the Company") for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the Company with these Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit, nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that there were no investor grievances remaining unattended for a period exceeding one month against the

Company as per the records maintained by the Company & its Registrars.

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

For **V. K. BESWAL & ASSOCIATES**

Chartered Accountants

R. P. Laddha

Partner

Membership Number - 48195

Firm Regn. No.: 101083W

Place : Mumbai

Date : May 18, 2010

Management Discussion and Analysis

1. Economy Overview

The global economy is still under recovery but the situation has improved significantly as compared to the previous year. Companies around the world have shown better than expected results. There is a lot of optimism in the air about the strong recovery of financial markets all over the world as well.

Backed by strong domestic demand and consumer confidence, the Indian economy has shown great resilience and is back on the path of growth. The financial markets of India have shown spectacular improvements with the sensex testing the 18,000 mark in April 2010 for the first time in more than two years. A strong growth in the Indian manufacturing and agricultural sectors enabled the Indian economy to grow at a strong rate of 7.4% in 2009-10.

Although inflation continues to remain high and still remains a cause of worry, the Indian economy is expected to grow at 9.5% in 2011. Higher agricultural productivity, industrial outputs, disposable incomes and strong fundamentals would all together contribute to the growth of the Indian economy in the coming years.

2. Industry Overview

The Global textile and apparel trade is estimated to be at US\$ 580 billion and is expected to reach US\$ 805 billion by 2015. In the Agreement on Textiles and Clothing (ATC) which was fully implemented on January 1, 2005, all trade barriers (both tax and non-tax) imposed by the developed countries on imports from developing countries were eliminated, giving way for a free trade regime in the global textile trade.

Major growth of textile and apparel consumption is expected to come from US, EU and emerging markets like China and India. It is estimated that China and India would together become one of the largest consumption bases by 2015.

One of India's oldest industries, the textile industry has been and continues to be a major contributor to the country's economy. Indian textiles, handlooms and handicrafts are exported to more than 100 countries, with US being the largest buyer. Readymade garments are the largest export segment, accounting for almost 41% of total textile exports.

The first half of the year was marred by sluggish export demand, increasing cost of raw materials and rupee appreciation. However, the stimulus packages announced by the Government and improving economic conditions gave some relief to the industry. Export demand is now picking up in the US markets, though it continues to remain weak in the European Union Markets.

As per the provisional data released by Ministry of Textiles, exports of textile products fell only by 5.46% during Apr-Dec'09 as compared to a fall of 15.37% reported for overall

exports from India. Apparel exports showed a marginal increase of 0.37% in 2009-10 compared to 2008-09 recording exports of ₹ 504,790 million.

Some of the other developments for the industry during the year included:-

- A cut in the TUFS scheme allocation announced in the Budget 2010-11.
- Extension of 2% interest subvention on exports for another year till March 2011 to the handlooms, carpets and handicraft industry.
- Increase in the MAT to 18%

Efforts are constantly being made by exporters to explore new markets and increase as well as improve market share. Smaller exporters with limited presence in the textile value chain continue to be more vulnerable while large integrated players are expected to benefit given that global retailers have been increasingly consolidating their supplier base to a few integrated players to improve supply chain efficiency and reduce cost.

3. Business Overview

Bombay Rayon Fashions Limited (BRFL), a Mumbai based company formed in 1986 is an integrated textile group, engaged in the manufacture, export and retailing of high-end designer range of fabrics and garments. The Company sells its products to other textile manufacturers, exporters as well as retailers. BRFL is one of India's largest vertically integrated textile groups and also maintains itself as the largest garment manufacturer in India.

While 2009-10 was a challenging year with the market environment still gathering its stand, the Company demonstrated its ability to operate in these times as well.

The Company believes larger integrated players like them benefited as the large global retailers have been increasingly consolidating their supplier base to few larger and integrated players to improve supply chain efficiency and reduce the costs.

The Company's net sales and net profit for 2009-10 stood at 16,147.66 million and ₹ 1,759.19 million respectively, an increase of 20.29% and 18.47% over the previous year.

Operations

The Company uses advanced production facilities to manufacture its products cost-effectively. The Company also believes that its integrated facilities and design capability provides significant competitive advantages. The Company has 32 manufacturing facilities across India with a total capacity to manufacture 220 million meters of fabric p.a. while the garment manufacturing facilities stands at 88.80 million pieces p.a.

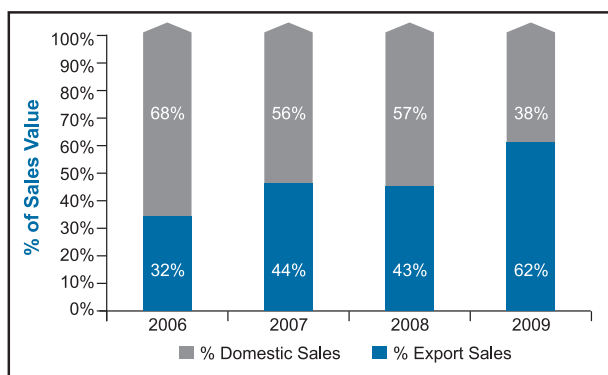
The Company has successfully set up the Integrated Textile Parks set up under the Scheme for Integrated Textile Park

(SITP) at Islampur & Latur by Special Purpose Vehicle Companies for providing infrastructure facilities to textile companies.

The Company continues to lay utmost importance to fashion and customer and its team of designers based in New York and Amsterdam travel all over Europe and USA in order to keep abreast with the latest trends in the fashion industry.

Fabric that is manufactured is used for captive consumption, sold in the domestic market as well as exported to Middle East and European countries. In the domestic market, the fabric is sold under the brand name 'Bombay Rayon' in order to distinguish its products in the market place.

Garments are largely exported to high-end retailers and fashion chains across US, Europe and Japan. Subsidiaries such as BRFL Europe B. V. and DPJ Clothing Ltd., UK help the Company to focus on marketing and distribution in Europe and UK.



Sector - wise distribution of sales

In 2009, the Company acquired the Italian brand 'GURU' and retail business of Jam Session Holdings S.r.l, an Italian Company. The first GURU store was launched in Mumbai to be followed by a second one in Delhi and then in Chennai. The Company continues to be optimistic about the opportunities present in the domestic retail market and as it could be an important stream of growth in the near future.

Recent Developments

In the last two years, the Company has made several acquisitions to strengthen its presence as an integrated textile player and a complete apparel company. Besides that, the Company has also undertaken several expansion plans in order to gain from the economies of scale.

During the year, the Company has commenced commercial production of its manufacturing facilities of yarn dyeing,

weaving, processing at Tarapur and garmenting at Ichalkaranji, Islampur, Latur & Osmanabad

With this the Company completed expansion plans till Phase IV. All the facilities are equipped with the latest technology and high level of automation.

The Company is now in the process to embark upon Phase V and VA of its expansion plan for setting up new weaving and yarn dyeing capacities in Maharashtra.

In order to be more cost competitive, the Company is further looking at outsourcing some of its manufacturing to Bangladesh, given the competitive advantage the country offers. To that effect, the Company has opened a representative office there.

All the above steps are towards the group's desire to become a complete apparel company with strategic focus on quality, cost and lead time.

4. SWOT Analysis

Strengths and Opportunities

Vertically integrated operations enables BRFL to take advantage of economies of scale as well as put the Company in a preferred position with respect to large buyers who are looking at efficiencies in terms of cost and turn-around time.

Its unique business model enables the Company to enjoy higher margin retentions on an overall basis rather than the cost plus model followed by other garment manufacturers.

The strength of the product and operations provides the Company the opportunity to a significant player in the global arena as well as the largest producer of fabric and garments in the country.

Weakness and Threats

Rapid expansion and scale of operations could pose a threat if growth is not well managed.

Uncertainty surrounding the global markets like the recent sovereign debt crisis in European countries and the challenging retail environment that is the result of a weakened economy continues to remain a threat in the near-term.

5. Risks and Concerns

In the course of conducting business operations, the Company is exposed to a variety of risks that are inherent to the industry they operate in. While the Company is confident about long-term prospects, the following risks and uncertainties could affect their ability to achieve its strategic vision and objectives for growth.

Given that BRFL operates in the fashion industry, the Company faces the risk of fast changing trends and some of its products becoming obsolete.

The Company's results could also be impacted due to adverse economic conditions, changes in government policies and other regulations which could make exports from India less competitive in the global market place.

Besides, the market the Company operates in is highly competitive. While BRFL has a strong reputation due to its design capability, costing and lead time, competition risk cannot be totally eliminated.

Since substantial portion of the Company's revenues are earned in foreign currency, they are also exposed to risk from changes in foreign currency rates. The Company is mainly exposed to fluctuations in the U.S. dollar and the Euro.

However, as a vertically integrated textile group with superior production facilities, in house design capability and constant effort to minimise lead time the Company believes it has the adequate mitigants in place and is well positioned to lead a high growth path.

6. Outlook

The Company believes the global economic crisis is behind them. As a company, BRFL is optimistic about the future as well as its growth path. With signs of continual recovery in the US markets, which accounts for largest share of exports from the country, exports from India are expected to gradually recover in 2011.

For the industry at home, large debt funded expansion plans undertaken in the past are likely to translate into high leverage for some time. While the existing plans are likely to be completed, further expansion plans might be undertaken only once the global economies, stabilises.

The Company is confident in the ability to grow its business organically and, with four completed acquisitions in less than three years. The Company considers the process of strategic integration of new businesses to be among its management team's core skill set.

The Company believes opportunities are expected to continue to arise as it anticipates and responds to the ever-changing global marketplace. The Company will continue to focus on exports and making in-roads into the domestic retail market. The Company's desire to continue to look at better and more efficient ways to become a complete apparel company will continue to drive its business strategy into the future and confirm BRFL's strength as a global player with local execution skills.

7. Internal Control Systems and their Adequacies

At BRFL, internal control systems and procedure are adequately commensurate with the size and structure of the business. The operating and business control procedures have been planned and implemented in a

manner that ensures efficient use of resources, as well as compliance with procedures and regulatory requirements. The Company has set up its own internal audit department and has also engaged a firm of Internal Auditors to carry out audits extensively throughout the year with the objective of testing the adequacy and effectiveness of internal controls and recommending improvements. The Audit Committee hold discussions with auditors periodically about internal control systems, the scope of audit including the observations and reviews of the quarterly, half yearly and annual financial statements before submission to the Board. The Audit Committee ensures compliance of internal control systems.

8. Financial Performance

The Company recorded a total income of ₹ 16,304.26 million from ₹ 13,471.88 million in 2008-09, an increase of 21.02%. The Company's EBIDTA stood at ₹ 4,031.79 million as against ₹ 3,260.74 million in 2008-09, an increase of 23.65%. Profit after Tax of the Company stood at ₹ 1,759.19 million against ₹ 1,484.98 million in 2009-10, an increase of 18.47%.

9. Human Resources

Human Resources at BRFL have gone through a sea change over the past two years. The central HR team has systematised and decentralised most of the HR systems and activities to make it easier for the units to function independently. Given the various changes that the organisation has gone through, the key focus this year was on reviewing, recruiting and consolidating talent at various levels across establishments - the Mantra being 'Hire for Attitude & Train for Skills'. The way forward would be to focus on strengthening the performance management process and initiating various practices that encourage employee engagement, development and long-term commitment in form of vertical and lateral growth opportunities through job rotations and enhancements to deserving employees. As on March 31, 2010 the total strength of employees was 30,988.

10. Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates changes in Government regulations, tax laws, statute and other incidental factors.

Auditors' Report

We have audited the attached Balance Sheet of **BOMBAY RAYON FASHIONS LIMITED** as at March 31, 2010 and also the Profit and Loss Account & Cash Flow Statement for the year ended on that date annexed thereto. 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.

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 disclosure 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956. We enclose the annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account & Cash Flow Statement

are prepared in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1961.

- e) On the basis of written representations received from directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956, required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In so far as it relates to the Balance Sheet of the state of affairs of the Company as at March 31, 2010,
 - ii) In so far as it relates to the Profit & Loss Account of the PROFIT of the company for the year ended on that date, and
 - iii) In so far as it related to the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**
Chartered Accountants

R. P. Laddha
Partner

Membership Number - 48195
Firm Regn. No.: 101083W

Place : Mumbai
Date : May 18, 2010

Annexure to the Auditor's Report of even date

(Referred to in paragraph 1 thereof)

1. In respect of Fixed Assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
 - c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that there were sale of fixed assets during the year but the fixed assets disposed off did not constitute a substantial part of the fixed assets of the company.
2. In respect of Inventories:
 - a) As explained to us physical verification of inventories has been conducted during the year by the management at reasonable intervals.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has granted loans to companies and the maximum amount outstanding at any time during the year is ₹ 445.53 crores and the year-end balance is ₹ 440.31 crores.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest, where applicable and other terms and conditions, are not prima facie prejudicial to the interest of the Company.
 - c) In respect of the said loans, the same are repayable on demand and there is no repayments schedule.
 - d) In respect of said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, where applicable there are no overdue amounts.
 - e) During the year the Company has not taken any loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - f) In view of our comments above, clause (iii) (e) (f) and (g) of the said order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and fixed assets. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in to the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices, which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from public.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. As per the information and explanations provided to us, we are of the opinion that in pursuant to prescribed rules by the central government, the company has maintained cost records u/s. 209(1) (d) of the Companies Act, 1956 however we have not done a detailed examination of the same.
9. In respect of Statutory Dues:
 - a) According to the records of the company produced before us, the Company is generally regular in

depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it, which were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable .

- b) According to the records of the company, there are no disputed dues of Sales Tax, Customs Duty, Wealth Tax, Service Tax and Excise Duty / Cess except as under:

Name of the Statute	Amount (₹)	Period for which it relates	Forum where dispute is pending
Income Tax Act, 1961	9,95,922	A.Y. 2008-09	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	1,70,000	A.Y. 2008-09	Commissioner of Income Tax (Appeals) (TDS), Mumbai
Income Tax Act, 1961	1,72,800	A.Y. 2007-08	Commissioner of Income Tax (Appeals) (TDS), Mumbai
Income Tax Act, 1961	2,06,600	A.Y. 2006-07	Commissioner of Income Tax (Appeals) (TDS), Mumbai
TOTAL	15,45,322		

10. The company has no accumulated losses at the end of the financial year. The company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. As per the information and explanations given to us the company is generally regular in making the repayments due to the banks & financial institution and as at March 31, 2010 there are no overdue amounts.
12. According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, and to the best of our information and according to the explanations provided by the

management, we are of the opinion that the company is neither a Chit Fund nor a nidhi/mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.

14. As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the records of the Company, the Company has applied the term loans for the purposes of which it was taken during the year.
17. According to the information and explanations given to us and, on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
18. The Company has made preferential allotment of shares to a Company covered in the register maintained under Section 301 of the Act. In our opinion, prices as which shares have been issued are not prejudicial to the interest of the Company.
19. During the period covered by audit report the company has not issued any debentures.
20. During the year the company has not raised any money by way of public issue.
21. 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 **V. K. BESWAL & ASSOCIATES**
Chartered Accountants

R. P. Laddha
Partner

Membership Number - 48195
Firm Regn. No.: 101083W

Place : Mumbai
Date : May 18, 2010

Balance Sheet as at March 31, 2010

(₹ '000)

Particulars	Schedule	As At 31.03.2010	As At 31.03.2009
Sources of Funds			
Shareholders' Funds			
Share Capital	A	11,190.00	6,910.00
Reserve and Surplus	B	179,741.71	78,731.83
Share Application money		—	33,300.00
Advance Money Received for convertible Warrants		2,026.50	—
		<u>192,958.21</u>	<u>118,941.83</u>
Loan Funds			
Secured	C	214,672.37	166,044.65
Unsecured	D	33,342.47	5,503.81
		<u>248,014.84</u>	<u>171,548.46</u>
Deferred Tax Liabilities		9,117.71	6,614.25
Total		<u>450,090.76</u>	<u>297,104.54</u>
Application of Funds			
Fixed Asset			
	E		
Gross Block		209,143.69	95,649.67
Less : Depreciation		16,551.59	9,875.44
Net Block		<u>192,592.10</u>	<u>85,774.23</u>
Capital work- in -progress		55,425.55	71,527.54
		<u>248,017.65</u>	<u>157,301.77</u>
Investments	F	43,948.13	33,227.90
Current Assets, Loans and Advances			
Inventories	G	69,557.57	47,514.11
Sundry Debtors	H	37,725.31	31,072.22
Cash and Bank Balances	I	2,607.76	3,144.32
Advances to Subsidiaries		44,031.13	23,153.83
Loans and advances	J	24,056.70	15,436.98
		<u>177,978.47</u>	<u>120,321.46</u>
Less : Current Liabilities and Provisions			
Current Liabilities	K	17,601.38	11,616.10
Provisions	L	2,252.11	2,130.49
		<u>19,853.49</u>	<u>13,746.59</u>
Net Current Assets		<u>158,124.98</u>	<u>106,574.87</u>
Total		<u>450,090.76</u>	<u>297,104.54</u>
Notes to Accounts	S		

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants

Aman Agrawal
Vice-Chairman

R. P. Laddha
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010

Prachi Deshpande
Company Secretary

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Profit and Loss Account for the Year Ended March 31, 2010

(₹ '000)

Particulars	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
Income			
Sales	M	161,476.59	134,240.03
Other Income	N	1,566.05	478.75
Increase /(Decrease) in stocks	O	15,004.67	7,709.82
Total		178,047.31	142,428.60
Expenditure			
Cost of Materials	P	98,283.43	81,263.26
Manufacturing and other expenses	Q	39,446.02	28,557.93
Interest & Financial Charges	R	9,354.37	6,596.29
Depreciation		6,806.53	4,477.47
Total		153,890.35	120,894.95
Profit before Taxation		24,156.96	21,533.65
Provision for Taxation			
Current tax		4,030.00	2,428.20
Deferred tax		2,503.44	4,156.94
Fringe benefit tax		–	79.72
Short /(Excess) Provision for Tax in respect of earlier years		31.61	18.95
Profit after Taxation		17,591.91	14,849.84
Balance brought forward		29,765.52	16,747.16
Profit Available for Appropriations		47,357.43	31,597.00
Add: Transferred on Amalgamation		–	604.11
Less: Additional Dividend & Corporate Dividend Tax		–	(107.05)
Transferred to General Reserve		(900.00)	(800.00)
Proposed Dividend		(1,678.50)	(1,306.50)
Corporate Dividend Tax		(285.26)	(222.04)
Balance carried to Balance Sheet		44,493.67	29,765.52
Basic E.P.S. (₹)		18.90	21.89
Diluted E.P.S. (₹)		18.59	17.30
Notes To Accounts	S		

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants

Aman Agrawal
Vice-Chairman

R. P. Laddha
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010

Prachi Deshpande
Company Secretary

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Schedules forming part of the Balance Sheet and Profit & Loss Account

(₹ '000)

Particulars	31.03.2010	31.03.2009
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
12,00,00,000 Equity shares of ₹ 10/- each	12,000.00	12,000.00
Issued, Subscribed and Paid-up		
11,19,00,000 (6,91,00,000) Shares of ₹ 10/- each, fully paid-up	11,190.00	6,910.00
Out of the above :		
1) 1,15,87,600 equity shares were issued as fully paid-up pursuant to scheme of Amalgamation.		
2) 39,98,000 equity shares were issued as fully paid-up bonus shares by capitalisation of Profit & Loss Account.		
	<u>11,190.00</u>	<u>6,910.00</u>
SCHEDULE - B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per Last Balance Sheet	47,366.31	35,349.31
Add : Addition During the Year	85,381.73	12,017.00
	<u>132,748.04</u>	<u>47,366.31</u>
General Reserve		
As per Last Balance Sheet	1,600.00	800.00
Add: Transferred from Profit & Loss Account	900.00	800.00
	<u>2,500.00</u>	<u>1,600.00</u>
Profit and Loss Account	<u>44,493.67</u>	<u>29,765.52</u>
	<u>179,741.71</u>	<u>78,731.83</u>
SCHEDULE - C		
SECURED LOANS		
Term loans		
From Banks	135,190.23	108,122.64
Working Capital Loans		
From Banks	79,236.10	57,588.23
Others		
Vehicles loans from Banks	234.72	289.70
Vehicles loans from Others	11.32	44.08
	<u>214,672.37</u>	<u>166,044.65</u>
SCHEDULE - D		
UNSECURED LOANS		
From Banks	5,040.59	5,503.81
Commercial Papers (Repayable within One Year)		
– From Others	28,301.88	–
	<u>33,342.47</u>	<u>5,503.81</u>

Schedules forming part of the Balance Sheet and Profit & Loss Account (contd.)

SCHEDULE - E

FIXED ASSETS

(₹ '000)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.04.09	Additions	Deductions	As on 31.03.10	up to 31.03.09	Deduction For the period upto 31.03.10	As on 31.03.10	As on 31.03.10	As on 31.03.10	As on 31.03.09
Land	6,963.89	2,088.26	0.00	9,052.15	0.00	0.00	0.00	0.00	9,052.15	6,963.89
Buildings	19,023.85	15,494.28	26.46	34,491.67	807.71	0.00	628.05	1,435.76	33,055.91	18,216.14
Furniture & Fixtures Office equipment	2,002.29	485.00	0.00	2,487.29	206.12	0.00	123.13	329.25	2,158.04	1,796.17
Motor Car & Vehicles	1,128.91	197.91	16.65	1,310.17	214.32	8.21	118.48	324.59	985.58	914.59
Plant & Machinery	65,998.31	95,757.97	518.76	1,61,237.52	8,446.35	122.18	5,847.98	14,172.16	1,47,065.37	57,551.96
Computer	532.42	32.46	0.00	564.89	200.94	0.00	88.89	289.83	275.05	331.48
Total	95,649.67	114,055.88	561.87	2,09,143.69	9,875.44	130.39	6,806.53	16,551.59	1,92,592.10	85,774.23
Previous Year	46,295.10	34,102.85	404.55	95,649.67	5,148.75	65.89	4,477.46	9,875.44	85,774.23	
Capital Work in Progress									55,425.55	71,527.54
Total									2,48,017.65	1,57,301.77

Particulars	31.03.2010	31.03.2009
SCHEDULE - F		
INVESTMENTS (AT COST) NON-TRADE		
Long Term		
Equity Shares - Fully paid (Unquoted)		
Jankalyan Sahkari Bank Ltd. (90100 Shares of ₹ 10/- each)	9.01	9.01
Scotts Fashionciti India Limited (10000 Shares of ₹ 10/- each)	1.00	1.00
Scotts Garments Limited (2000000 Shares of ₹ 10/- each)	1,400.00	1,400.00
Islampur Integrated Textiles Park Pvt. Ltd. (7500000 Shares of ₹ 10/- each)	750.00	750.00
Latur Integrated Textiles Park Pvt. Ltd. (7220000 (1900000) shares of ₹ 10/- each)	722.00	190.00
Investment in subsidiaries		
DPJ Clothing Ltd. (420 Equity Shares of GBP 1 each, fully paid up)	1,342.77	1,342.77
Bombay Rayon Holdings Ltd. - 35142500 (100000) Shares of ₹ 10/- each)	3,514.25	3,514.25
Investment in Mutual Fund		
Axis Equity Fund - Dividend Option (2000000.00 Units)	200.00	—
Birla Sun Life Savings Fund - Dividend Reinv. (1041915.351 Units)	104.26	—
Fidelity Equity Fund - Dividend - 69335.307 Units (69335.307 Units)	15.00	15.00
Fidelity Equity Fund - Growth - 40162.256 Units (40162.256 Units)	10.00	10.00
Fidelity India Growth Fund - Growth - 116306.118 Units (116306.118 Units)	10.00	10.00
Fidelity India Special Situations Fund - Growth - 70781.427 Units (70781.427 Units)	10.00	10.00
Fidelity Fixed Maturity Plan Series (100000 Units)	—	10.00

Schedules forming part of the Balance Sheet and Profit & Loss Account (contd.)

	(₹ '000)	
Particulars	31.03.2010	31.03.2009
SCHEDULE - F (contd.)		
INVESTMENTS (AT COST) NON-TRADE		
Fidelity India Value Fund - Dividend (5000000.00 Units)	500.00	-
Fidelity Ultra Short Term Debt Fund - Super Inst. (9997500.6248 Units)	-	1,000.00
HDFC Cash Management Fund - Treasury Adv. Plan - Dividend (1560033.657 Units)	156.49	-
HDFC High Interest Fund - Short Term Plan - Dividend (8166738.193 Units)	864.92	-
HDFC Short Term Plan - Dividend (4188511.180 Units)	432.48	-
ICICI Prudential Flexible Income Plan Premium - Dividend (147892.960 Units)	156.38	-
IDFC Money Manager Fund - Invest. Plan - Inst Plan -b - Dividend (6469968.448 Units)	647.97	-
Kotak Bond (Short Term) - Monthly Dividend (6405214.131 Units)	644.32	-
Kotak Floater Long Term - Daily Dividend (1924400.121 Units)	193.98	-
Reliance Short Term Fund - Retail Plan - Dividend - 10168467.766 Units (93910461.470 Units)	1,083.20	10,001.56
Reliance Money Manager Fund - Inst Option (999208.853 Units)	-	10,003.44
SBI Capital Protection Oriental Fund - Series-I - 2000000.00 Units (2000000 Units)	200.00	200.00
SBI Premier Liquid Fund - Super Inst. - Daily Dividend (24923285.3925 Units)	-	2,500.43
SBI Gold Exchange Traded Scheme - Growth (666.000 Units)	9.99	-
SBI Magnum Balanced Fund - Growth (1249217.361 Units)	600.00	-
SBI Magnum Insta Cash Fund - Dividend (77618936.6817 Units)	13,001.40	-
SBI Magnum Sector Funds Umbrella Contra - Dividend (409332.788 Units)	100.00	-
SBI - SHF - Ultra Short Term Fund - Inst Plan - Dividend (161503422.070 Units)	16,160.03	-
Tata-Indo Global Infrastructure Fund - Growth - 200000.000 Units (200000 Units)	20.00	20.00
UTI Dividend Yield Fund - Dividend (732763.203 Units)	103.54	-
UTI Fixed Income Interval Fund - MIP - Series-I - Dividend (6498830.211 Units)	650.00	-
UTI-Infrastructure Advantage Fund - Series-I Growth Plan - 2000000.00 Units (2000000 Units)	200.00	200.00
UTI Liquid Cash Plan Institutional - Daily Income (196227.585 Units)	-	2,000.44
UTI Wealth Builder - Fund Series-II Dividend Payout (195599.022 Units)	-	20.00
UTI Wealth Builder - Fund Series-II Dividend Reinvestment (195599.022 Units)	-	20.00
UTI-Opportunity Fund - Dividend Plan (756945.174 Units)	110.14	-
UTI-Top 100 Fund - Growth Plan (104123.282 Units)	25.00	-
	43,948.13	33,227.90
SCHEDULE - G		
INVENTORIES (As certified by the Management)		
Raw Materials	25,439.68	19,221.99
Work-in-Progress	23,514.90	12,978.32
Finished Goods	18,127.98	13,659.89
Stores, Spares and Packing Materials	2,475.01	1,653.91
	69,557.57	47,514.11

Schedules forming part of the Balance Sheet and Profit & Loss Account (contd.)

Particulars	31.03.2010	31.03.2009
(₹ '000)		
SCHEDULE - H		
SUNDRY DEBTORS (Unsecured)		
Considered good		
Exceeding six months	1,291.57	982.77
Others	36,433.74	30,089.45
	<u>37,725.31</u>	<u>31,072.22</u>
SCHEDULE - I		
CASH AND BANK BALANCES		
Cash in hand	38.69	63.13
Balances with scheduled banks		
on current accounts	267.08	1,030.96
on deposit accounts	2,300.86	2,018.55
on margin accounts	1.13	4.86
Cheque/Fund in transit	—	26.82
	<u>2,607.76</u>	<u>3,144.32</u>
SCHEDULE - J		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	6,678.97	3,687.46
Deposits	8,032.11	6,060.72
Balance with Govt. Authorities	9,345.62	5,688.80
	<u>24,056.70</u>	<u>15,436.98</u>
SCHEDULE - K		
CURRENT LIABILITIES		
Sundry Creditors	15,209.69	9,229.73
Others Liabilities	2,391.69	2,386.37
	<u>17,601.38</u>	<u>11,616.10</u>
SCHEDULE - L		
PROVISIONS		
Employees Benefits	255.00	228.59
For taxation (Net of Advance Tax & TDS)	33.35	373.36
Proposed Dividend	1,678.50	1,306.50
Tax on Proposed Dividend	285.26	222.04
	<u>2,252.11</u>	<u>2,130.49</u>
SCHEDULE - M		
GROSS SALES		
Domestic	61,066.38	46,870.60
Exports	100,410.21	87,369.43
	<u>161,476.59</u>	<u>134,240.03</u>

Schedules forming part of the Balance Sheet and Profit & Loss Account (contd.)

(₹ '000)

Particulars	31.03.2010	31.03.2009
SCHEDULE - N		
OTHER INCOME		
Dividends	463.41	22.31
Interest	426.51	310.21
Foreign Exchange Rate Difference	410.95	–
Profit on Sale of Investment	29.57	7.09
Miscellaneous income	235.61	139.14
	<u>1,566.05</u>	<u>478.75</u>
SCHEDULE - O		
INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished goods	13,659.89	10,372.06
Work-in-Progress	12,978.32	8,556.33
Less : Closing Stock		
Finished goods	18,127.98	13,659.89
Work-in-Progress	23,514.90	12,978.32
	<u>15,004.67</u>	<u>7,709.82</u>
SCHEDULE - P		
COST OF MATERIALS		
Opening Stock	19,221.99	12,552.65
Add :- Purchases	104,501.12	87,932.60
	<u>123,723.11</u>	<u>100,485.25</u>
Less :- Closing Stock	25,439.68	19,221.99
	<u>98,283.43</u>	<u>81,263.26</u>
SCHEDULE - Q		
MANUFACTURING AND OTHER EXPENSES		
Stores, Dyes & Chemicals & Spares Consumed	2,718.46	1,790.53
Packing Material Consumed	1,018.06	668.01
Payment to and Provisions for Employees :		
Salaries, Wages and Other Benefits	14,769.00	10,731.88
Contribution to Provident Fund and other Funds	1,605.33	1,319.68
Workmen & Staff welfare expenses	349.01	197.38
Power & Fuel	4,023.13	2,646.84
Job Charges for:		
Process	386.11	841.70
Weaving	1,598.93	833.75
Design & Development & others	2,439.71	1,063.27

Schedules forming part of the Balance Sheet and Profit & Loss Account (contd.)

Particulars	31.03.2010	31.03.2009
(₹ '000)		
SCHEDULE - Q (contd.)		
MANUFACTURING AND OTHER EXPENSES		
Repairs & Maintenance :		
Buildings	25.76	20.58
Plant & Machinery	458.59	188.70
Vehicles	47.70	8.88
Others	166.32	66.24
Rent, Rates & Taxes	1,319.10	1,023.84
Insurance	126.48	138.06
Keyman Insurance	84.02	9.68
Legal & Professional Charges	425.88	125.83
Auditors' Remuneration	33.49	20.51
Travelling & Conveyance	927.44	668.10
Transportation	2,772.36	1,677.00
Advertisement , Publicity & Business Promotion	60.92	80.17
Books & Periodicals	24.15	9.71
Directors' Remuneration	570.11	466.78
Directors' Sitting Fees	3.13	0.78
Commission	920.07	622.39
Communications	557.78	512.46
Printing & Stationery	266.37	282.63
Environmental Control Expenses	827.09	664.60
Foreign Exchange Rate Difference	-	1,020.64
Miscellaneous expenses	669.60	697.08
Donation	105.99	3.57
Loss on sale of Assets	145.93	156.66
	39,446.02	28,557.93
SCHEDULE - R		
INTEREST & FINANCIAL CHARGES		
Interest on Fixed Loans	3,432.24	2,982.55
Interest on Others & Financial Charges	5,922.13	3,613.74
	9,354.37	6,596.29

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended 31.03.2010

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR YEAR ENDED 31.03.2010

SCHEDULE - S

(1) SIGNIFICANT ACCOUNTING POLICIES:

(I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting principles.

(II) SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

- i) Domestic sales are accounted for on despatch of goods to customers. Gross Sales are net of sales returns.
- ii) Export sales are accounted for on the basis of dates of Bill of Lading. Gross Sales are inclusive of incentives / benefits and net of sales returns.

b) Fixed Assets

Fixed assets are stated at cost of acquisition less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses up to the date of commercial production and net of CENVAT credit and Subsidy received, if any.

c) Depreciation

- i) Depreciation on Fixed Assets is provided on 'Straight Line Method' at rates prescribed in Schedule - XIV to the Companies Act, 1956.
- ii) Depreciation on fixed assets added /disposed off during the year is provided on prorata basis.

d) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceed its recoverable value. An impairment loss is charged to the Profit and Loss Account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e) Expenditure during construction period

The expenditure incurred and attributable interest & financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project & substantial expansion of existing facilities are capitalised.

f) Investments

Current investments are carried at the lower of cost and quoted/ fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

g) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on moving weighted average basis, Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

h) Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss account. All foreign currency current assets/liabilities are translated in rupees at the rates prevailing on the date of balance sheet. Exchange fluctuations for Loans in foreign currency for acquisition of Capital Assets are added / subtracted out of the value of the assets.

i) Employee benefits

Gratuity and leave encashment

The Company's gratuity scheme with insurer is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date. When the calculation results in a benefit to the Company, The recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

Provision for leave encashment cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

Provident fund

All employees of the Company receive benefits from a provident fund, which is a defined contribution retirement plan in which the Company and its employees, contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the profit and loss account as incurred.

j) Taxation

- i) Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- ii) Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

k) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

- (2) a) Term Loans from Banks are secured by first charge on all Fixed Assets except specific assets and second charge on current assets, of the Company.
- b) Working capital loans from Banks are secured by Hypothecation of all current assets and second charge on Fixed Assets except specific assets, of the Company.
- c) The Vehicle Loans from the Banks & Others are secured by Hypothecation of specified Vehicles against which the finance is obtained.

	31.03.2010	31.03.2009
		(₹ '000)
(3) Contingent Liabilities not provided for :		
a) Corporate guarantees given by the Company for its subsidiary- for the facilities given by suppliers.	–	7,014.00
b) Export Bills Discounted with Banks under Letter of Credits or otherwise.	12,202.99	5,079.32
(4) Disputed demand outstanding related to Income tax (The matters are pending with Income Tax Authorities.)	15.45	41.82
(5) Capital Commitment		
Estimated amount of capital contracts remaining to be executed (net of advances).	3,643.68	1,430.25
(6) During the year, there was an increase in the share capital and reserves of the Company as under: -		
a) Allotment of 1,80,00,000 equity shares of the face value of ₹ 10/-each at a premium of ₹ 175/- per share aggregating to ₹ 33,300 lacs on Preferential basis to AAA United B.V, a Company registered under the Laws of the Netherlands;		

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

- b) Issue & allotment of 1,90,00,000 Global Depository Receipts (GDRs) representing underlying equivalent number of equity shares to the persons resident outside India for US \$ 5.11 per GDR aggregating to ₹ 45167.72 lacs;
- c) Allotment of 58,00,000 equity shares of ₹ 10/- each at a premium of ₹ 183/- per share on exercise of option for conversion of warrants by a promoter company out of total 1,00,00,000 warrants issued on November 13, 2009 on receipt of 25% upfront money.
- (7) During the year, the Income Tax Department had conducted search & seizure operations on the company under Section 132 of the Income Tax Act, 1961 on August 12, 2009.

	(₹ '000)	
	31.03.2010	31.03.2009
(8) Auditors' Remuneration		
Audit Fees	24.26	17.09
Tax Audit Fees	2.21	2.76
Certification works & other matters	7.02	0.66
	<u>33.49</u>	<u>20.51</u>
(9) Managerial Remuneration		
(A) Remuneration to whole time Directors		
i) Salaries & allowances	300.00	228.03
ii) Contribution to provident fund	21.64	17.24
(B) Commission to Non Executive Chairman @ 1% of Net Profit	248.47	221.51
	<u>570.11</u>	<u>466.78</u>
(C) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956		
Profit before Taxes as per Profit & Loss Account	24,156.97	21,533.65
Add: Managerial Remuneration	570.11	466.78
Directors' Sitting Fees	3.13	0.78
Loss on Sale of Fixed Assets	145.93	156.66
	<u>24,876.14</u>	<u>22,157.87</u>
Less: Profit on sale of Investments	29.57	7.09
Net Profit	<u>24,846.57</u>	<u>22,150.78</u>

- (10) The employees' Gratuity Fund Scheme, which is a defined plan, is managed by the Trust maintained with Life Insurance Corporation of India (LIC) and State Bank of India. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	(₹ '000)	
	31.03.2010	31.03.2009
1. Assumption		
Discount Rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%
2. Present value of Obligation		
Present value of obligations as at beginning of year	589.51	358.60
Interest cost	30.67	28.69
Current Service Cost	180.57	104.79
Benefits Paid	(82.12)	(59.30)
Actuarial (gain)/ loss on obligations	(189.29)	87.34
Present value of obligations as at end of year	<u>529.33</u>	<u>589.51</u>

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

	(₹ '000)	
	31.03.2010	31.03.2009
3. Fair value of plan assets		
Fair value of plan assets at beginning of year	194.18	191.24
Expected return on plan assets	14.94	1.35
Contributions	214.38	60.33
Benefits Paid	(82.12)	(59.30)
Actuarial (gain)/ loss on obligations	3.33	0.56
Fair value of plan assets at the end of year	344.70	194.18
Funded status	(184.63)	(395.33)
4. Actuarial Gain/Loss recognized		
Actuarial (gain)/ loss on obligations	(189.29)	87.34
Actuarial (gain)/ loss for the year - plan assets	(3.33)	(0.56)
Actuarial (gain)/ loss on obligations	(192.62)	86.78
Actuarial (gain)/ loss recognized in the year	(192.62)	86.78
5. The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	529.33	589.51
Fair value of plan assets as at the end of the year	344.70	194.18
Funded status	(184.63)	(395.33)
6. Expenses Recognised in statement of Profit and loss		
Current Service cost	180.57	104.79
Interest Cost	30.67	28.69
Expected return on plan assets	(14.94)	(1.35)
Net Actuarial (gain)/ loss recognized in the year	(192.62)	86.78
Expenses recognised in statement of Profit and loss	3.68	218.91

(11) Based on the information available with the Company, there are no suppliers who are registered as micro or small enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2010.

(12) Computation of Deferred Tax

	(₹ '000)			
Particulars	As per IT	As per Books	Timing Difference	Deffered Tax Asset / (Liabilities)
Depreciation for the last year	(4,108.04)	–	4,108.04	1,396.32
Depreciation for the year	29,784.15	6,806.53	(22,977.62)	(7,810.10)
Expenses U/s 35D & 35DD	312.15	–	(312.15)	(106.10)
MAT Credit				3,995.48
Bonus	–	35.23	35.23	11.98
Gratuity & Leave Encashment	–	26.41	26.41	8.98
Deffered Tax Assets /(Laibilities) for the year				(2,503.44)

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

	31.03.2010	31.03.2009
	(₹ '000)	
(13) Earning Per Share		
a) Net profit after tax available for equity shareholders (₹ '000)	17,591.91	14,849.84
b) No. of Shares (weighted average)	93,055,616	67,829,863
c) Basic Earning per share (₹)	18.90	21.89
d) Diluted Earning per Share (₹)	18.59	17.30
(14) Related Party Disclosure		
Name of the Related Party		
(A) Subsidiary Companies		
BRFL Europe B.V.		
DPJ Clothing Ltd.		
Bombay Rayon Holdings Ltd.		
BRFL Italia S.r.l.		
(B) Other related parties		
a) Reynold Shirting Ltd.		
b) Bombay Rayon Clothing Ltd.		
c) Bestseller Retail India Pvt. Ltd.		
d) Best United Lifestyles Pvt. Ltd.		
e) Best United India Comforts Pvt. Ltd.		
f) Bestseller Wholesale India Pvt. Ltd.		
g) B. R. Machine Tools Pvt. Ltd.		
(C) SPV formed for Special Integrated Textiles Parks		
Islampur Integrated Textile Park Pvt. Ltd.		
Latur Integrated Textile Park Pvt. Ltd.		
(D) i) Transactions with Related Parties		
a) Lease Rentals Paid		
Reynold Shirting Ltd.	–	72.25
b) Sales		
Reynold Shirting Ltd.	6,123.04	–
ii) Transactions with Subsidiaries		
a) Investments		
Bombay Rayon Holdings Ltd.	–	3,504.25
b) Commission Paid		
BRFL Europe B.V.	570.83	546.29
c) Sales		
DPJ Clothing Ltd.	2,194.73	721.36
BRFL Italia S.r.l.	3,219.51	795.46

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

	(₹ '000)	
	31.03.2010	31.03.2009
iii) Transactions with SPV		
a) Investments		
Latur Integrated Textile Park Pvt. Ltd.	532.00	190.00
Islampur Integrated Textile Park Pvt. Ltd.	–	750.00

(E) Key Managerial Personnel

Name of Personnel	Designation
a) Mr. Janardan Agrawal	Non-Executive Chairman
b) Mr. Aman Agrawal	Vice-Chairman
c) Mr. Prashant Agrawal	Managing Director
d) Mr. Uday Mogre	Executive Director - Corporate
e) Mr. A.R. Mundra	Executive Director - Finance

(F) Transactions with Key Personnel and their Relatives

i) Directors remuneration	570.11	466.78
---------------------------	--------	--------

(16) Segmental Reporting

The Company is mainly engaged in the business of manufacturing of textiles consisting of fabrics and garments. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz; textile as reportable segment. The Company operates in Local & Export segments Geographically. The sales for both is separately given, but due to the nature of business the assets/liabilities and expenses for these activities can not be bifurcated separately.

	(₹ '000)	
	31.03.2010	31.03.2009
(17) C.I.F. Value of Imports		
Capital Goods	21,648.61	15,528.86
Raw Materials	5,600.96	4,853.66
Stores & Spares	3,321.88	217.05
TOTAL	30,571.45	20,599.57
(18) Expenditure in Foreign Currency		
Travelling	157.68	215.09
Business Promotions	18.05	32.87
Commission	580.64	780.13
Others	642.30	152.50
TOTAL	1,398.67	1,180.59
(19) Earning in Foreign Exchange		
FOB Value of Exports	93,119.59	84,602.87

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

Particulars in respect of Stock and Sales of Finished Goods, cost of material consumed.
(As Valued & Certified by the Management)

(20) INSTALLED CAPACITY

Descriptions	Unit	31.03.2010		31.03.2009	
Fabrics	Million Metres		220.00		120.00
Garments	Million Pieces		88.80		73.80
a) ACTUAL PRODUCTION (Including Job Work)					
Fabrics	Million Metres		78.15		58.18
Garments	Million Pieces		37.55		32.07
b) TURNOVER					
		Qty.	₹ '000	Qty.	₹ '000
Fabrics	Million Metres	54.12	61,528.40	43.18	48,748.48
Garments	Million Pieces	36.93	99,561.23	31.32	85,196.82
Others			386.96		294.73
TOTAL			161,476.59		134,240.03
c) OPENING STOCK					
Fabrics	Million Metres	9.37	9,848.14	7.99	8,293.51
Garments	Million Pieces	1.63	3,811.75	0.88	2,078.55
TOTAL			13,659.89		10,372.06
d) CLOSING STOCK					
Fabrics	Million Metres	12.80	13,056.32	9.37	9,848.14
Garments	Million Pieces	2.25	5,071.66	1.63	3,811.75
TOTAL			18,127.98		13,659.89
e) CONSUMPTION OF MATERIALS					
Yarn	Millions Kgs.	10.01	17,970.26	8.49	14,687.75
Fabrics	Million Metres	81.85	73,834.09	70.41	61,550.34
Others			6,479.08		5,025.17
TOTAL			98,283.43		81,263.26
f) Imported & Indigenous consumption					
		₹ '000	%	₹ '000	%
(i) Raw Materials :					
Imported		5,851.75	5.95%	4,622.18	5.68%
Indigenous		92,431.68	94.05%	76,641.08	94.32%
TOTAL		98,283.43	100.00%	81,263.26	100.00%
(ii) Stores & Spares					
Imported		626.07	23.03%	218.22	12.19%
Indigenous		2,092.39	76.97%	1,572.31	87.81%
TOTAL		2,718.46	100.00%	1,790.53	100.00%

(21) Previous year figures have been regrouped/reclassified wherever necessary to make them comparable.

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants**Aman Agrawal**
Vice-Chairman**Prashant Agrawal**
Managing Director**R. P. Laddha**
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010**Prachi Deshpande**
Company Secretary**A. R. Mundra**
Executive Director - Finance**Uday Mogre**
Executive Director - Corporate

Cash Flow Statement for the Year Ended 31.03.2010

(₹ '000)

Particulars	31.03.2010	31.03.2009
Cash Flow from Operating Activities (A)		
Net Profit before Tax	24,156.96	21,533.65
Adjustments for:		
Loss on Sale of Fixed Assets	145.93	156.66
Depreciation	6,806.53	4,477.47
(Profit) / Loss on Sale of Investment	(29.57)	(7.09)
Interest & Dividend Exp./(Income)	(889.92)	(332.52)
Interest and financial charges	9,354.37	6,596.29
Operating Profit before Working Capital Changes	39,544.30	32,424.44
Adjustments for:		
(Increase) / Decrease in Inventories	(22,043.46)	(15,343.66)
(Increase) / Decrease in Debtors	(6,653.09)	(10,888.57)
(Increase) / Decrease in Loans and Advances	(8,619.72)	(2,555.46)
Increase / (Decrease) in Current liabilities	6,011.69	4,530.04
Cash Generated from Operations	8,239.72	8,166.79
Direct Taxes Paid / Deducted	(4,401.61)	(4,072.39)
Net Cash Flow from Operating Activities	3,838.11	4,094.40
Cash Flow from investing Activities (B)		
(Purchase) / Sale of Fixed Assets (Net)	(97,668.34)	(78,667.72)
(Purchase) / Sale of Investments (Net)	(10,690.65)	(27,413.29)
(Increase) / Decrease in Advances to Subsidiaries	(20,877.30)	(22,951.15)
Additional Fixed Assets on Amalgamation	–	(15,341.17)
Interest and Dividend Income Received	889.92	332.52
Net Cash Flow from Investing Activities	(128,346.37)	(144,040.81)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital on premium	4,280.00	610.00
Proceeds from Security Premium Account	85,381.73	10,754.30
Proceeds from Share Application Money	(33,300.00)	33,300.00
Proceeds from Convertible Warrents	2,026.50	–
Accumalated Profit due to Amalgamation	–	604.10
Proceeds from Secured Loans	48,627.72	99,372.01
Proceeds from Unsecured Loans	27,838.66	740.48
Interest & Financial charges	(9,354.37)	(6,596.29)
Dividend Paid (including tax)	(1,528.54)	(1,212.66)
Net Cash Flow from Financing Activities	123,971.70	137,571.94
Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)	(536.56)	(2,374.45)
Cash and Cash Equivalents at the Beginning of the Year	3,144.32	5,518.77
Cash and Cash Equivalents at the end of the Year	2,607.76	3,144.32

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants

Aman Agrawal
Vice-Chairman

R. P. Laddha
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010

Prachi Deshpande
Company Secretary

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Balance Sheet Abstract and Company's General Business Profiles

1. Registration Details

Registration No.

L	1	7	1	2	0	M	H	1	9	9	2	P	L	C	0	6	6	8	8	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1
---	---

 /

0	3
---	---

 /

2	0	1	0
---	---	---	---

Date Month Year

2. Capital Raised During the Year (Amount in ₹ Thousand)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

 Right Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

3. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousand)

Total Liabilities

4	6	9	9	4	4	2	4
---	---	---	---	---	---	---	---

 Total Assets

4	6	9	9	4	4	2	4
---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	1	1	1	9	0	0	0
--	---	---	---	---	---	---	---

 Reserve and Surplus

1	7	9	7	4	1	7	1
---	---	---	---	---	---	---	---

Secured Loans

2	1	4	6	7	2	3	7
---	---	---	---	---	---	---	---

 Unsecured Loans

	3	3	3	4	2	4	7
--	---	---	---	---	---	---	---

Deferred Tax Liability /Assets

-	-	9	1	1	7	7	1
---	---	---	---	---	---	---	---

--	--	--	--	--	--	--	--

Application of Funds

Net Fixed Assets

2	4	8	0	1	7	6	5
---	---	---	---	---	---	---	---

 Investments

	4	3	9	4	8	1	3
--	---	---	---	---	---	---	---

Net Current Assets

1	5	8	1	2	4	9	8
---	---	---	---	---	---	---	---

 Misc. Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

4. Performance of Company (Amount in ₹ Thousand)

Turnover (Gross Revenue)

1	6	1	4	7	6	5	9
---	---	---	---	---	---	---	---

 Total Expenditure

1	3	8	8	8	5	6	8
---	---	---	---	---	---	---	---

Profit / Loss Before Tax

	2	4	1	5	6	9	6
--	---	---	---	---	---	---	---

 Profit/Loss After Tax

	1	7	5	9	1	9	1
--	---	---	---	---	---	---	---

Earning Per Share in ₹

			1	8	.	9	0
--	--	--	---	---	---	---	---

 Dividend Rate%

				-	-	1	5
--	--	--	--	---	---	---	---

5. Generic Names of Principal Products Services of the Company (As per monetary terms)

Item Code No. (ITC Code)

5	2	0	8																	
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Product Description

W	O	V	E	N	F	A	B	R	I	C	O	F	C	O	T	T	O	N		
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--

Item Code No. (ITC Code)

5	2	1	1																	
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Product Description

W	O	V	E	N	F	A	B	R	I	C	O	F	C	O	T	T	O	N		
M	I	X	E	D	M	A	I	N	L	Y	O	R	S	O	L	E	L	Y		
W	I	T	H	M	A	N	M	A	D	E	F	I	B	R	E					

Item Code No. (ITC Code)

6	2	0	5																	
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Product Description

M	E	N	S	O	R	B	O	Y	S	S	H	I	R	T	I	N	G	S		
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--

Item Code No. (ITC Code)

6	2	0	6																	
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Product Description

W	O	M	E	N	S	O	R	G	I	R	L	S	B	L	O	U	S	E	S	
S	H	I	R	T	S	A	N	D	S	H	I	R	T	B	L	O	U	S	E	S

Statement Under Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

(A) Subsidiary Company	Bombay Rayon Holdings Limited	DPJ Clothing Ltd.	BRFL Europe B.V.	BRFL Italia S.r.l.
1. Financial year of the Subsidiary Company ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
2. Date from which it became subsidiary companies	February 23, 2007	February 22, 2007	September 5, 2005	May 5, 2008
3. Country of Incorporation	India	U.K.	Netherlands	Italy
4. a) No. of Shares held by the Company & face value	3,51,42,500 equity shares of ₹ 10/- each	420 Ordinary Shares of £ 1 each	248000 Ordinary Shares of € 1 each*	50,10,000 equity shares of € 1 each*
b) Extent of holding	100%	70%	100%*	100%*
5. Net aggregate amount of subsidiary's Profit/(Loss) so far as it concerns the members of the Holding Company				
a) Not dealt with in the accounts of the Holding Company				
● For the Financial Year ended March 31, 2010	(₹ 62.55 lacs)	₹ 208.64 lacs	₹ 374.40 lacs	(₹ 1302.85 lacs)
● For the Previous Financial years of the Subsidiary since it became a Subsidiary	(₹ 3.87 lacs)	₹ 239.94 lacs	₹ 238.25 lacs	(₹ 1585.03 lacs)
b) Dealt with in the accounts of the Holding Company				
● For the Financial year ended March 31, 2009	NIL	NIL	NIL	NIL
● For the Previous financial year ended March 31, 2010	NIL	NIL	NIL	NIL

* held by Bombay Rayon Holdings Limited

Financial Information of Subsidiary Companies for the FY 2009-10

(₹ '000)

Particulars	Subsidiary Companies			
	Bombay Rayon Holdings Limited	DPJ Clothing Ltd.*	BRFL Europe B.V.*	BRFL Italia S.r.l.*
Capital	3,514.25	0.41	152.05	3,071.63
Reserves	(66.42)	1,248.66	533.94	868.61
Total Assets	43,889.53	2,892.74	889.10	40,006.23
Total Liabilities	43,951.39	1,643.67	203.11	37,803.21
Investments	3,509.69	–	–	–
Turnover	–	5,873.39	87.45	14,951.00
Profit/(Loss) before Taxation	(62.55)	298.06	493.75	(2,801.48)
Provision for Taxation	–	–	119.34	1,498.64
Profit/(Loss) after Taxation	(62.55)	298.06	374.40	(1,302.85)
Proposed Dividend	–	–	–	–

* In case of foreign subsidiaries figures are as considered in the Consolidated Balance Sheet of the Company as on 31.03.2010 after conversion into Indian Rupee.

Auditors' Report on Consolidated Financial Statements

Auditors Report to the Board of Directors of **BOMBAY RAYON FASHIONS LIMITED** on the consolidated financial statements of **BOMBAY RAYON FASHIONS LIMITED** (the company) and its subsidiaries.

1. We have examined the attached Consolidated Balance Sheet of **BOMBAY RAYON FASHIONS LIMITED** and its subsidiaries as at March 31, 2010 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of **BOMBAY RAYON FASHIONS LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have conducted the audit of the financial statements of the subsidiary Bombay Rayon Holdings Ltd. The financial statements of other subsidiaries have been compiled by qualified accountants as per the relevant provisions of Law applicable in respective Countries and on which we have relied for the purpose of our examination of the Consolidated Financial Statements.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the

requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of **BOMBAY RAYON FASHIONS LIMITED** and its aforesaid subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of consolidated statement of affairs of BOMBAY RAYON FASHIONS LIMITED and its subsidiaries as at March 31, 2010
 - ii) in the case of Consolidated Profit and Loss Account, of the profit of BOMBAY RAYON FASHIONS LIMITED and its subsidiaries for the year ended on that date; and
 - iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of BOMBAY RAYON FASHIONS LIMITED and its subsidiaries for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**
Chartered Accountants

R. P. Laddha
Partner

Membership Number - 48195
Firm Regn. No.: 101083W

Place : Mumbai
Date : May 18, 2010

Consolidated Balance Sheet as at March 31, 2010

(₹ '000)

Particulars	Schedule	As At 31.03.2010	As At 31.03.2009
Sources of Funds			
Shareholders' Funds			
Share Capital	A	11,190.00	6,910.00
Reserve and Surplus	B	1,76,498.76	78,057.64
Share Application Money		—	33,300.00
Advance Money Received for Convertible Warrants		2,026.50	—
		<u>1,89,715.26</u>	<u>1,18,267.64</u>
Loan Funds			
Secured	C	2,14,731.47	1,66,386.72
Unsecured	D	34,295.83	13,791.16
		<u>2,49,027.30</u>	<u>1,80,177.88</u>
Deferred Tax Liabilities		7,137.76	5,996.05
Foreign Exchange Fluctuation Reserve		—	639.40
Total		<u>4,45,880.32</u>	<u>3,05,080.97</u>
Application of Funds			
Goodwill		841.77	841.77
Fixed Asset			
Gross Block	E	2,32,968.90	1,17,178.37
Less : Depreciation		<u>18,065.85</u>	<u>10,616.79</u>
Net Block		2,14,903.05	1,06,561.58
Capital work-in-progress		<u>55,425.55</u>	<u>71,527.54</u>
		<u>2,70,328.60</u>	<u>1,78,089.12</u>
Investments	F	39,091.11	28,370.88
Current Assets, Loans and Advances			
Inventories	G	76,730.38	55,017.69
Sundry Debtors	H	39,099.35	36,380.33
Cash and Bank Balances	I	6,027.06	6,397.16
Loans and advances	J	37,887.41	21,715.03
		<u>1,59,744.20</u>	<u>1,19,510.21</u>
Less : Current Liabilities and Provisions			
Current Liabilities	K	23,815.27	19,198.30
Provisions	L	2,509.48	2,384.78
Minority Interest		<u>374.72</u>	<u>320.40</u>
		<u>26,699.47</u>	<u>21,903.48</u>
Net Current Assets		<u>1,33,044.73</u>	<u>97,606.73</u>
Foreign Exchange Fluctuation Reserve		2,574.11	—
Miscellaneous Expenditure		—	172.47
Total		<u>4,45,880.32</u>	<u>3,05,080.97</u>
Notes to Accounts	S		

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants

Aman Agrawal
Vice-Chairman

R. P. Laddha
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010

Prachi Deshpande
Company Secretary

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Consolidated Profit and Loss Account for the Year Ended March 31, 2010

(₹ '000)

Particulars	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
Income			
Sales	M	180,145.41	151,451.31
Other Income	N	1,962.23	649.75
Increase /(Decrease) in stocks	O	15,004.67	7,709.82
Total		197,112.31	159,810.88
Expenditure			
Cost of Materials	P	106,834.15	88,070.24
Manufacturing and other expenses	Q	51,115.14	39,906.02
Interest & Financial Charges	R	9,502.81	6,862.64
Depreciation		8,226.57	5,125.20
Total		175,678.67	139,964.10
Profit before Taxation		21,433.64	19,846.78
Provision for Taxations			
Current tax		4,149.34	2,475.19
Deferred tax		1,004.12	3,533.76
Fringe benefit tax		–	79.72
Minority Interest		89.42	71.98
Short /(Excess) Provision for Tax in respect of earlier years		31.61	18.95
Profit after Taxation		16,159.15	13,667.18
Balance brought forward		29,091.17	17,954.24
Profit Available for Appropriations		45,250.32	31,621.42
Less: Additional Dividend & Corporate Dividend Tax		–	107.05
Transferred to General Reserve		(900.00)	800.00
Proposed Dividend		(1,678.50)	1,306.50
Corporate Dividend Tax		(285.26)	222.04
Exchange rate difference Adjustment		(1,135.98)	94.66
Balance carried to Balance Sheet		41,250.58	29,091.17
Basic E.P.S. (₹)		17.37	19.78
Diluted E.P.S. (₹)		17.07	15.92
Notes To Accounts	S		

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants

Aman Agrawal
Vice-Chairman

R. P. Laddha
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010

Prachi Deshpande
Company Secretary

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

(₹ '000)

Particulars	31.03.2010	31.03.2009
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
12,00,00,000 (12,00,00,000) Equity shares of ₹ 10/- each	12,000.00	12,000.00
Issued, Subscribed and Paid-up		
(11,19,00,000 (6,91,00,000) Shares of ₹ 10/- each, fully paid-up)	11,190.00	6,910.00
Out of the above :		
1) 1,15,87,600 (1,15,87,600) equity shares were issued as fully paid-up pursuant to scheme of Amalgamation		
2) 39,98,000 (39,98,000) equity shares were issued as fully paid-up bonus shares by capitalisation of Profit & Loss Account		
	11,190.00	6,910.00
SCHEDULE - B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per Last Balance Sheet	47,366.31	35,349.31
Add : Addition During the Year	85,381.73	12,017.00
	132,748.04	47,366.31
General Reserve		
As per Last Balance Sheet	1,600.00	800.00
Add: Transferred from Profit & Loss Account	900.00	800.00
	2,500.00	1,600.00
Capital Reserve	0.14	0.16
Profit and Loss Account	41,250.58	29,091.17
	176,498.76	78,057.64
SCHEDULE - C		
SECURED LOANS		
Term loans		
From Banks	135,249.33	108,200.86
Working Capital Loans		
From Banks	79,236.10	57,852.08
Others		
Vehicles loans from Banks	234.72	289.70
Vehicles loans from Others	11.32	44.08
	214,731.47	166,386.72
SCHEDULE - D		
UNSECURED LOANS		
From Banks	5,993.95	13,791.16
Commercial Papers (Repayable within One Year)		
– From Others	28,301.88	–
	34,295.83	13,791.16

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

SCHEDULE - E**FIXED ASSETS**

(₹ '000)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.04.09	Additions	Deductions	As on 31.03.10	up to 31.03.09	Deduction	For the period	As on 31.03.10	As on 31.03.10	As on 31.03.09
Goodwill	4,257.13	8.67	448.99	3,816.81	185.90	23.53	403.12	565.49	3251.31	4,071.23
Trademarks, patent right Licenses etc.	16,510.56	4,491.37	2,345.70	18,656.23	403.31	605.89	851.30	648.72	18,007.52	16,107.25
Land	6,963.88	2,088.26	0.00	9,052.14	0.00	1.64	0.00	-1.64	9,053.78	6,963.88
Buildings	19,196.45	15,494.28	36.70	34,654.03	832.39	0.00	630.86	1,463.25	33,190.78	18,364.06
Furniture & Fixtures & Office equipment	2,627.68	905.17	52.81	3,480.04	302.69	10.09	226.68	519.28	2,960.76	2,324.99
Motor Car & Vehicles	1,142.87	197.91	16.65	1,324.13	215.32	8.21	119.81	326.92	997.21	927.55
Plant & Machinery	66,021.71	95,997.16	522.02	1,61,496.85	8,464.24	126.76	5,904.04	14,241.52	1,47,255.33	57,557.47
Computer	458.09	32.46	1.87	488.68	212.94	1.39	90.76	302.31	186.37	245.15
Total	1,17,178.37	1,19,215.28	3,424.75	2,32,968.90	10,616.79	777.51	8,226.57	18,065.85	2,14,903.06	1,06,561.58
Previous Year	62,238.38	55,344.55	404.56	1,17,178.37	5,557.36	65.77	5,125.20	10,616.79	1,06,561.58	56,681.02
Capital Work in Progress									55,425.55	71,527.54

Particulars	31.03.2010	31.03.2009
SCHEDULE - F		
INVESTMENTS (AT COST) NON-TRADE		
Long Term		
Equity Shares - Fully paid (Unquoted)		
Jankalyan Sahkari Bank Ltd. (90100 Shares of ₹ 10/- each)	9.01	9.01
Scotts Fashionciti India Limited (10000 Shares of ₹ 10/- each)	1.00	1.00
Scotts Garments Limited (200000 shares of ₹ 10/- each)	1,400.00	1,400.00
Islampur Integrated Textiles Park Pvt. Ltd. (7500000 Shares of ₹ 10/- each)	750.00	750.00
Latur Integrated Textiles Park Pvt. Ltd. (7220000 (1900000) shares of ₹ 10/- each)	722.00	190.00
Investment in Mutual Fund		
Axis Equity Fund - Dividend Option (2000000.00 Units)	200.00	—
Birla Sun Life Savings Fund - Dividend Reinv. (1041915.351 Units)	104.26	—
Fidelity Equity Fund - Dividend - 69335.307 Units (69335.307 Units)	15.00	15.00
Fidelity Equity Fund - Growth - 40162.256 Units (40162.256 Units)	10.00	10.00
Fidelity India Growth Fund - Growth - 116306.118 Units (116306.118 Units)	10.00	10.00
Fidelity India Special Situations Fund - Growth - 70781.427 Units (70781.427 Units)	10.00	10.00
Fidelity Fixed Maturity Plan Series (100000 Units)	—	10.00
Fidelity India Value Fund - Dividend - (5000000.00 Units)	500.00	—

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

Particulars	31.03.2010	31.03.2009
(₹ '000)		
SCHEDULE - F (contd.)		
INVESTMENTS (AT COST) NON-TRADE		
Fidelity Ultra Short Term Debt Fund - Super Inst. (9997500.6248 Units)	–	1,000.00
HDFC Cash Management Fund - Treasury Adv. Plan - Dividend (1560033.657 Units)	156.49	–
HDFC High Interest Fund - Short Term Plan - Dividend (8166738.193 Units)	864.92	–
HDFC Short Term Plan - Dividend (4188511.180 Units)	432.48	–
ICICI Prudential Flexible Income Plan Premium - Dividend (147892.960 Units)	156.38	–
IDFC Money Manager Fund - Invest. Plan - Inst. Plan -B - Dividend (6469968.448 Units)	647.97	–
Kotak Bond (Short Term) - Monthly Dividend (6405214.131 Units)	644.32	–
Kotak Floater Long Term - Daily Dividend (1924400.121 Units)	193.98	–
Reliance Short Term Fund - Retail Plan - Dividend - 10168467.766 Units (93910461.470 Units)	1,083.20	10,001.56
Reliance Money Manager Fund - Inst. Option (999208.853 Units)	–	10,003.44
SBI Capital Protection Oriental Fund - Series-I - 2000000.00 Units (2000000 Units)	200.00	200.00
SBI Premier Liquid Fund - Super Inst. - Daily Dividend (24923285.3925 Units)	–	2,500.43
SBI Gold Exchange Traded Scheme - Growth (666.000 Units)	9.99	–
SBI Magnum Balanced Fund - Growth (1249217.361 Units)	600.00	–
SBI Magnum Insta Cash Fund - Dividend (77618936.6817 Units)	13,001.40	–
SBI Magnum Sector Funds Umbrella Contra - Dividend (409332.788 Units)	100.00	–
SBI - SHF - Ultra Short Term Fund - Inst Plan - Dividend (161503422.070 Units)	16,160.03	–
Tata- Indo Global Infrastructure Fund - Growth - 200000.000 Units (200000 Units)	20.00	20.00
UTI - Dividend Yield Fund - Dividend (732763.203 Units)	103.54	–
UTI Fixed Income Interval Fund - Mip - Series - I - Dividend (6498830.211 Units)	650.00	–
UTI - Infrastructure Advantage Fund - Series- I Growth Plan 2000000.00 Units (2000000 Units)	200.00	200.00
UTI Liquid Cash Plan Institutional - Daily Income (196227.585 Units)	–	2,000.44
UTI Wealth Builder - Fund Series II Dividend Payout (195599.022 Units)	–	20.00
UTI Wealth Builder - Fund Series II Dividend Reinvestment (195599.022 Units)	–	20.00
UTI - Opportunity Fund - Dividend Plan (756945.174 Units)	110.14	–
UTI - Top 100 Fund - Growth Plan (104123.282 Units)	25.00	–
	39,091.11	28,370.88
SCHEDULE - G		
INVENTORIES (As certified by the Management)		
Raw Materials	25,439.68	19,221.99
Work-in-Progress	23,514.90	12,978.32
Finished Goods	25,300.79	21,163.47
Stores, Spares and Packing Materials	2,475.01	1,653.91
	76,730.38	55,017.69

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

Particulars	31.03.2010	31.03.2009
(₹ '000)		
SCHEDULE - H		
SUNDRY DEBTORS (Unsecured)		
Considered good		
Exceeding six months	1,291.57	982.77
Others	37,807.78	35,397.56
	<u>39,099.35</u>	<u>36,380.33</u>
SCHEDULE - I		
CASH AND BANK BALANCES		
Cash in hand	126.74	90.70
Balances with scheduled banks		
on current accounts	3,598.33	2,889.11
on deposit accounts	2,300.86	2,030.17
on margin accounts	1.13	4.86
Cheque/Fund in transit	—	1,382.32
	<u>6,027.06</u>	<u>6,397.16</u>
SCHEDULE - J		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	20,494.14	9,775.55
Deposits	8,041.52	6,071.29
Balance with Excise & Customs, VAT & Other Govt. Authorities	9,351.75	5,868.19
	<u>37,887.41</u>	<u>21,715.03</u>
SCHEDULE - K		
CURRENT LIABILITIES		
Sundry Creditors	20,060.28	15,436.08
Others Liabilities	3,754.99	3,762.22
	<u>23,815.27</u>	<u>19,198.30</u>
SCHEDULE - L		
PROVISIONS		
Gratuity and leave encashment	255.00	228.59
For taxation (Net of Advance Tax & TDS)	290.72	627.65
Proposed Dividend	1,678.50	1,306.50
Tax on Proposed Dividend	285.26	222.04
	<u>2,509.48</u>	<u>2,384.78</u>
SCHEDULE - M		
GROSS SALES		
Domestic	85,149.45	64,961.66
Exports	94,995.96	86,489.65
	<u>180,145.41</u>	<u>151,451.31</u>

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

(₹ '000)

Particulars	31.03.2010	31.03.2009
SCHEDULE - N		
OTHER INCOME		
Dividends on Investment	463.41	22.31
Interest	426.94	310.30
Foreign Exchange Rate Difference	426.00	–
Profit on Sale of Investments	29.57	7.09
Miscellaneous income	616.31	310.05
	<u>1,962.23</u>	<u>649.75</u>
SCHEDULE - O		
INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished goods	13,659.89	10,372.06
Work-in-Progress	12,978.32	8,556.33
Less: Closing Stock		
Finished goods	18,127.98	13,659.89
Work-in-Progress	23,514.90	12,978.32
	<u>15,004.67</u>	<u>7,709.82</u>
SCHEDULE - P		
COST OF MATERIALS		
Opening Stock	25,906.07	12,922.61
Add: Purchases	113,540.57	101,873.21
	<u>139,446.64</u>	<u>114,795.82</u>
Less: Closing Stock	32,612.49	26,725.58
	<u>106,834.15</u>	<u>88,070.24</u>
SCHEDULE - Q		
MANUFACTURING AND OTHER EXPENSES		
Stores, Dyes & Chemicals & Spares Consumed	2,718.46	1,790.53
Packing Material Consumed	1,018.06	668.01
Payment to and Provisions for Employees:		
Salaries, Wages and Bonus	17,775.52	13,537.14
Contribution to Provident Fund and other Funds	1,605.33	1,319.68
Workmen & Staff welfare expenses	1,704.91	1,100.50
Power & Fuel	4,027.14	2,650.88
Job Charges for:		
Process	386.11	841.70
Weaving	1,598.93	833.75
Design & Development & others	8,819.54	8,023.48

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

Particulars	31.03.2010	31.03.2009
(₹ '000)		
SCHEDULE - Q (contd.)		
MANUFACTURING AND OTHER EXPENSES		
Repairs & Maintenance:		
Buildings	26.06	20.90
Plant & Machinery	458.59	188.70
vehicles	47.70	8.87
Others	172.99	73.25
Rent, Rates & Taxes	1,338.62	1,043.48
Insurance	129.75	141.94
Keyman Insurance	84.02	9.68
Legal & Professional Charges	436.22	135.44
Auditors' Remuneration	44.32	28.26
Travelling & Conveyance	972.28	724.15
Transportation	3,114.91	2,099.58
Advertisement, Publicity & Business Promotion	153.89	216.08
Books & Periodicals	24.15	9.72
Directors' Remuneration	644.85	542.85
Directors' Sitting Fees	3.13	0.78
Commission	727.47	369.36
Communications	583.28	537.04
Printing & Stationery	270.53	285.29
Environmental Control Expenses	827.09	664.59
Foreign Exchange Rate Difference	15.81	727.04
Miscellaneous expenses	1,133.57	1,153.12
Donation	105.99	3.57
Loss on sale of Assets	145.93	156.66
	51,115.14	39,906.02
SCHEDULE - R		
INTEREST & FINANCIAL CHARGES		
Interest on fixed loans	3,434.53	2,988.03
Interest on Others & Financial Charges	6,068.28	3,874.61
	9,502.81	6,862.64

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended 31.03.2010

SCHEDULE - S

1 (A) PRINCIPLES OF CONSOLIDATION

The Consolidated financial statements relate to Bombay Rayon Fashions Ltd. ("the Company") and its subsidiaries Companies.

The Consolidated financial statements have been prepared on the following basis:

- a) The financial statement of the Company and its subsidiary company are combined on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions resulting in unrealised profits/losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.
- b) In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting principles.

(C) SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

- i) Domestic sales are accounted for on despatch of goods to customers.
Gross Sales are net of sales returns.
- ii) Export sales are accounted for on the basis of dates of Bill of Lading.
Gross Sales are inclusive of incentives / benefits and net of sales returns.

b) Fixed Assets

Fixed assets are stated at cost of acquisition less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses up to the date of commercial production and net of CENVAT credit and Subsidy received, if any.

c) Depreciation

- i) Depreciation on Fixed Assets is provided on 'Straight Line Method' at rates prescribed in Schedule - XIV to the Companies Act, 1956.
- ii) Depreciation on fixed assets added /disposed off during the year is provided on prorata basis.

d) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceed its recoverable value. An impairment loss is charged to the profit and Loss Account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e) Expenditure during construction period

The expenditure incurred and attributable interest & financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project & substantial expansion of existing facilities are capitalised.

f) Investments

Current investments are carried at the lower of cost and quoted/ fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

g) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on moving weighted average basis, Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

h) Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss account. All foreign currency current assets / liabilities are translated in rupees at the rates prevailing on the date of balance sheet. Exchange fluctuations for Loans in foreign currency for acquisition of Capital Assets are added / subtracted out of the value of the assets.

i) Employee Retirement Benefit :

Gratuity and leave encashment

The Company's gratuity scheme with insurer is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date. When the calculation results in a benefit to the Company, The recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

Provision for leave encashment cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

Provident fund

All employees of the Company receive benefits from a provident fund, which is a defined contribution retirement plan in which the Company and its employees, contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the profit and loss account as incurred.

j) Taxation

- i) Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- ii) Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2) NOTES TO ACCOUNTS

(1) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

- (2) a) Term Loans from Banks are secured by first charge on all Fixed Assets of the company except specific assets and second charge on current assets.
- b) Working capital loans from Banks are secured by Hypothecation of all current assets and second charge on Fixed Assets except specific assets.
- c) The Vehicle Loans from the Banks & Others are secured by Hypothecation of specified Vehicles against which the finance is obtained.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

	(₹ '000)	
	31.03.2010	31.03.2009
(3) Contingent Liabilities not provided for :		
a) Corporate guarantees given by the Company for its subsidiary - for the facilities given by suppliers.	–	7,014.00
b) Export Bills & Others Discounted with Banks under Letter of Credits or otherwise.	12,202.99	5,079.32
(4) Disputed demand outstanding related to Income tax (The matter is pending with Income Tax Appellate Tribunal, Mumbai.)	15.45	41.82
(5) Capital Commitment		
Estimated amount of capital contracts remaining to be executed (net of advances)	3,643.68	1,430.25
(6) During the year, there was an increase in the share capital and reserves of the Company as under: -		
a) Allotment of 1,80,00,000 equity shares of the face value of ₹ 10/- each at a premium of ₹ 175/- per share aggregating to ₹ 33,300 lacs on Preferential basis to AAA United B.V., a Company registered under the Laws of the Netherlands;		
b) Issue & allotment of 1,90,00,000 Global Depository Receipts (GDRs) representing underlying equivalent number of equity shares to the persons resident outside India for US \$ 5.11 per GDR aggregating to ₹ 45,167.72 lacs;		
c) Allotment of 58,00,000 equity shares of ₹ 10/- each at a premium of ₹ 183/- per share on exercise of option for conversion of warrants by a promoter company out of total 1,00,00,000 warrants issued on November 13, 2009 on receipt of 25% upfront money.		
	(₹ '000)	
	31.03.2010	31.03.2009
(7) Auditors' Remuneration		
Audit Fees	35.09	24.84
Tax Audit Fees	2.21	2.76
Certification works & other matters	7.02	0.66
	<u>44.32</u>	<u>28.26</u>
(8) Managerial Remuneration		
(A) Remuneration to whole time Directors		
i) Salaries & allowances	300.00	228.03
ii) Contribution to provident fund	21.64	17.24
(B) Commission to Non Executive Chairman @ 1%	<u>248.47</u>	<u>221.51</u>
	570.11	466.78
Remuneration of Directors of DPJ Clothing Ltd.	74.74	76.07
(C) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956		
Profit before Taxes as per Profit & Loss Account	24,156.97	21,533.65
Add: Managerial Remuneration	570.11	466.78
Directors' Sitting Fees	3.13	0.78
Loss on Sale of Fixed Assets	145.93	156.66
	<u>24,876.14</u>	<u>22,157.87</u>
Less: Profit on sale of Investments	29.57	7.09
Net Profit	<u>24,846.57</u>	<u>22,150.78</u>
(9) Based on the information available with the Company, there are no suppliers who are registered as micro or small enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at March 31, 2010.		

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

(10) Computation of Deferred Tax

	As per IT	As per Books	Timing Difference	Deffered Tax Asset / (Liabilities)
				(₹ '000)
Depreciation for the last year	(4,108.04)	–	4,108.04	1,396.32
Depreciation for the year	29,784.15	6,806.53	(22,977.62)	(7,810.10)
Expenses U/s 35D & 35DD	312.15	–	(312.15)	(106.10)
Mat Credit				3,995.48
Bonus	–	35.23	35.23	11.98
Gratuity & Leave Encashment	–	26.41	26.41	8.98
Deffered Tax Assets /(Laibilities) for the year				(2,503.44)
Adjustment for Deferred tax on Account of BRFL Italia S.r.l.				1,993.38
Total Deferred tax				(510.06)

(11) Earning Per Share

Particulars	31.03.2010	31.03.2009
a) Net profit after tax available for equity shareholders(₹ In lacs)	16,159.16	13,667.17
b) No. of Shares (Weighted Average)	93,055,616	67,829,863
c) Basic Earning per share (₹)	17.37	20.15
d) Diluted Earning per Share (₹)	17.07	15.92

(12) Related Party Disclosure**Name of the Related Party****(A) Related parties where common control exists**

- Reynold Shirting Ltd.
- Bombay Rayon Clothing Ltd.
- Bestseller Retail India Pvt. Ltd.
- Best United Lifestyles Pvt. Ltd.
- Best United India Comforts Pvt. Ltd.
- Bestseller Wholesale India Pvt. Ltd.
- B. R. Machine Tools Pvt. Ltd.

(B) SPV formed for Special Integrated Textiles Parks

- Islampur Integrated Textile Park Pvt. Ltd.
Latur Integrated Textile Park Pvt. Ltd.

(C) a) Transactions with Related Parties

	₹ '000	₹ '000
i) Lease Rentals Paid		
Reynold Shirting Ltd.	–	72.25
ii) Sales		
Reynold Shirting Ltd.	6,123.04	0.00

b) Transactions with SPV

i) Investments		
Latur Integrated Textile Park Pvt. Ltd.	532.00	190.00
Islampur Integrated Textile Park Pvt. Ltd.	–	750.00

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

(D) Key Managerial Personnel

Name of Personnel	Designation
a) Mr. Janardan Agrawal	Non-Executive Chairman
b) Mr. Aman Agrawal	Vice-Chairman
c) Mr. Prashant Agrawal	Managing Director
d) Mr. Uday Mogre	Executive Director - Corporate
e) Mr. A. R. Mundra	Executive Director - Finance

(₹ '000)

31.03.2010 **31.03.2009****(E) Transactions with Key Personnel and their Relatives**

Directors remuneration	644.85	542.85
------------------------	--------	--------

(13) Segmental Reporting

The Company is mainly engaged in the business of manufacturing of textiles consisting of fabrics and garments. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz; textile as reportable segment. The Company operates in Local & Export segments Geographically. The sales for both is separately given, but due to the nature of business the assets/liabilities and expenses for these activities can not be bifurcated separately.

(₹ '000)

31.03.2010 **31.03.2009****(14) C.I.F. Value of Imports**

Capital Goods	21,648.61	15,528.86
Raw Materials	5,600.96	4,853.66
Stores & Spares	3,321.88	217.05
TOTAL	30,571.45	20,599.57

(15) Expenditure in Foreign Currency

Travelling	157.68	215.09
Bussiness Promotions	18.05	32.87
Commission	580.64	780.13
Others	642.30	152.50
TOTAL	1,398.67	1,180.59

(16) Earning in Foreign Exchange

FOB Value of Exports	93,119.59	84,602.87
----------------------	-----------	-----------

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended 31.03.2010 (contd.)

Particulars in respect of Stock and Sales of Finished Goods, cost of material consumed.
(only in respect of standalone) (As Valued & Certified by the Management)

(17) INSTALLED CAPACITY

Descriptions	Unit		31.03.2010		31.03.2009
Fabrics	Million Metres		220.00		120.00
Garments	Million Pieces		88.80		73.80
a) ACTUAL PRODUCTION (Including Job Work)					
Fabrics	Million Metres		78.15		58.18
Garments	Million Pieces		37.55		32.07
b) TURNOVER					
		Qty.	₹ '000	Qty.	₹ '000
Fabrics	Million Metres	54.12	61,528.40	43.18	48,748.48
Garments	Million Pieces	36.93	99,561.23	31.32	85,196.82
Others			386.96		294.73
TOTAL			161,476.59		134,240.03
c) OPENING STOCK					
Fabrics	Million Metres	9.37	9,848.14	7.99	8,293.51
Garments	Million Pieces	1.63	3,811.75	0.88	2,078.55
TOTAL			13,659.89		10,372.06
d) CLOSING STOCK					
Fabrics	Million Metres	12.80	13,056.32	9.37	9,848.14
Garments	Million Pieces	2.25	5,071.66	1.63	3,811.75
TOTAL			18,127.98		13,659.89
e) CONSUMPTION OF MATERIALS					
Yarn	Millions Kgs.	10.01	17,970.26	8.49	14,687.75
Fabrics	Million Metres	81.85	73,834.09	70.41	61,550.34
Others			6,479.08		5,025.17
TOTAL			98,283.43		81,263.26
f) Imported & Indigenous consumption					
			₹ '000	%	₹ '000
i) Raw Materials :					
Imported			5,851.75	5.95%	4,622.18
Indigenous			92,431.68	94.05%	76,641.08
TOTAL			98,283.43	100.00%	81,263.26
ii) Stores & Spares					
Imported			626.07	23.03%	218.22
Indigenous			2,092.39	76.97%	1,572.31
TOTAL			2,718.46	100.00%	1,790.53

(18) Previous year figures have been regrouped/reclassified wherever necessary to make them comparable.

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants

Aman Agrawal
Vice-Chairman

R. P. Laddha
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010

Prachi Deshpande
Company Secretary

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Consolidated Cash Flow Statement for the Year Ended 31.03.2010

(₹ '000)

Particulars	31.03.2010	31.03.2009
Cash Flow from Operating Activities (A)		
Net Profit before Tax	21,433.64	19,846.78
Adjustments for:		
Loss on Sale of Fixed Assets	145.93	156.66
Depreciation	8,226.57	5,125.20
(Profit)/Loss on Sale of Investment	(29.57)	(7.09)
Interest & Dividend Exp./(Income)	(890.35)	(332.61)
Interest and financial charges	9,502.81	6,862.64
Operating Profit before Working Capital Changes	38,389.01	31,651.58
Adjustments for:		
(Increase) / Decrease in Inventories	(21,712.69)	(15,911.69)
(Increase) / Decrease in Debtors	(2,719.02)	(13,175.16)
(Increase) / Decrease in Loans and Advances	(16,172.38)	(6,598.10)
Increase / (Decrease) in Current liabilities	4,643.38	9,845.38
Cash Generated from Operations	2,428.30	5,812.01
Direct Taxes Paid / Deducted	(4,380.29)	(4,215.59)
Net Cash Flow from Operating Activities	(1,951.99)	1,596.42
Cash Flow from investing Activities (B)		
(Purchase) / Sale of Fixed Assets (Net)	(100,611.98)	(99,909.31)
(Purchase) / Sale of Investments (Net)	(10,690.66)	(27,918.78)
Interest and Dividend Income Received	890.35	332.61
(Increase) / Decrease in Foreign Exchange Fluctuation Reserve	(3,213.51)	1,114.57
(Increase) / Decrease in Misc. Expenditure not w/off	172.47	(171.70)
Excahange rate difference Adjustment	(1,135.98)	(94.66)
Net Cash Flow from Investing Activities	(114,589.31)	(126,647.27)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital on premium	4,280.00	610.00
Proceeds from Security Premium Account	85,381.73	10,754.30
Proceeds from Share Application Money	(33,300.00)	33,300.00
Proceeds from convertible warrents	2,026.50	-
Proceeds from Secured Loans	48,344.75	80,065.70
Proceeds from Unsecured Loans	20,504.67	8,035.61
Interest & Financial charges	(9,502.81)	(6,862.64)
Dividend Paid (including tax)	(1,528.54)	(1,212.66)
Increase in Minority Interest	(35.10)	(58.12)
Net Cash Flow from Financing Activities	116,171.20	124,632.19
Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)	(370.10)	(418.66)
Cash and Cash Equivalents at the Beginning of the Year	6,397.16	6,815.82
Cash and Cash Equivalents at the end of the Year	6,027.06	6,397.16

As per our report of even date
For **V. K. Beswal & Associates**
Chartered Accountants

Aman Agrawal
Vice-Chairman

R. P. Laddha
Partner
M.No. 48195
Firm Reg. No. 101083W
Place : Mumbai
Dated : May 18, 2010

Prachi Deshpande
Company Secretary

Prashant Agrawal
Managing Director

A. R. Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate





D-1st Floor, Oberoi Garden Estates,
Chandivali, Andheri (East), Mumbai - 400 072.
www.bombayrayon.com



Bombay Rayon Fashions Limited

Notice

NOTICE is hereby given that the Seventeenth Annual General Meeting of Bombay Rayon Fashions Limited will be held on Tuesday, 21st September, 2010 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts for the Financial year ended 31st March, 2010 and the Reports of Auditors and Directors thereon.
2. To declare dividend on the Equity shares.
3. To appoint a Director in place of Mr. Suresh Vishwasrao, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. Arumugham, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Pravin P. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s. V. K. Beswal & Associates [Firm Registration No. 101083W as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if deemed fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Aman Agrawal as a Whole-time Director, designated as a Vice Chairman of the Company for a period of 3 years with effect from 1st June, 2010 to 31st May, 2013 on a consolidated remuneration not exceeding ₹ 30,00,000/- per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules and other components as decided by the Board from time to time), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Aman Agrawal."

"RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, Mr. Aman Agrawal, Vice Chairman shall be also entitled to performance incentive to be determined by the Board of Directors subject to the condition that the same shall not exceed ₹1,00,00,000/- for any financial year."

"RESOLVED FURTHER THAT in case if the Company has no profits or profits are inadequate, the aforesaid remuneration as determined by the Board from time to time

by way of salary, perquisites, allowances, incentives etc., shall be treated as minimum remuneration payable to Mr. Aman Agrawal, Vice Chairman, subject to the approval of the Central Government and/or other concerned authorities, if any required."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof as specified in the aforesaid terms and conditions, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Mr. Aman Agrawal, Vice-Chairman or otherwise and further authorised to take all such actions and do all such things as may be deemed necessary, desirable and expedient for giving effect to the above resolution."

8. To consider and if deemed fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Prashant Agrawal as a Managing Director of the Company for a period of 3 years with effect from 1st June, 2010 to 31st May, 2013 on a consolidated remuneration not exceeding ₹ 30,00,000/- per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules and other components as decided by the Board from time to time), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Prashant Agrawal."

"RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, Mr. Prashant Agrawal, Managing Director shall be also entitled to performance incentive to be determined by the Board of Directors subject to the condition that the same shall not exceed ₹ 1,00,00,000/- for any financial year."

"RESOLVED FURTHER THAT in case if the Company has no profits or profits are inadequate, the aforesaid remuneration as determined by the Board from time to time by way of salary, perquisites, allowances, incentives etc shall be treated as minimum remuneration payable to Mr. Prashant Agrawal, Managing Director, subject to the approval of the Central Government and/or other concerned authorities, if any required."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof as specified in the aforesaid terms and conditions, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Mr. Prashant Agrawal, Managing Director or otherwise and further authorised to take all such actions and do all such things as may be deemed necessary, desirable and expedient for giving effect to the above resolution."

9. To consider and if deemed fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Uday Mogre as a Whole-time Director designated as Executive Director - Corporate of the Company for a period of 3 years with effect from 1st June, 2010 to 31st May, 2013 on a consolidated remuneration not exceeding ₹ 7,50,000/- per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules and other components as decided by the Board from time to time), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Uday Mogre."

"RESOLVED FURTHER THAT in case if the Company has no profits or profits are inadequate, the aforesaid remuneration as determined by the Board from time to time by way of salary, perquisites, allowances, incentives etc., shall be treated as minimum remuneration payable to Mr. Uday Mogre, Executive Director- Corporate, subject to the approval of the Central Government and/or other concerned authorities, if any required."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof as specified in the aforesaid terms and conditions, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Mr. Uday Mogre, Executive Director - Corporate or otherwise and further authorised to take all such actions and do all such things as may be deemed necessary, desirable and expedient for giving effect to the above resolution."

10. To consider and if deemed fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, if any required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. A. R. Mundra as a Whole-Time Director designated as Executive Director - Finance of the Company for a period of 3 years with effect from 1st June, 2010 to 31st May, 2013 on a consolidated remuneration not exceeding ₹ 7,50,000/- per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules and other components as decided by the Board from time to time), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. A. R. Mundra."

"RESOLVED FURTHER THAT in case if the Company has no profits or profits are inadequate, the aforesaid remuneration as determined by the Board from time to time by way of salary, perquisites, allowances, incentives etc. shall be treated as minimum remuneration payable to Mr. A. R. Mundra, Executive Director - Finance, subject to the approval of the Central Government and/or other concerned authorities, if any required."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof as specified in the aforesaid terms and conditions, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Mr. A. R. Mundra, Executive Director - Finance or otherwise and further authorised to take all such actions and do all such things as may be deemed necessary, desirable and expedient for giving effect to the above resolution."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s), re-enactment thereof, for the time being in force, the Authorised Share Capital of the Company be increased from the present ₹ 120,00,00,000/- (Rupees One Hundred Twenty Crores only) divided into 12,00,00,000 (Twelve Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 150,00,00,000/- (Rupees One Hundred Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each by creation of 3,00,00,000 (Three Crores) new Equity Shares of ₹ 10/- (Rupees Ten only) each ranking pari passu with the existing Equity Shares and that the Memorandum of Association and the Articles of Association be altered accordingly."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, existing Clause "V" of the Memorandum of Association of the Company be and is hereby amended by deleting of the same and substituting in place and stead thereof the following new Clause "V" :

- V: The Authorised Share Capital of the Company is ₹ 150,00,00,000/- (Rupees One Hundred Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each, with the power to increase, consolidated, decreased or to divide the share capital with or without any preference, priority or subject to any postponement of rights or to any conditions or restrictions, so that the conditions of issue shall otherwise be subject to the power herein contained. The rights and privileges or conditions attached thereto may be altered or dealt with in

accordance with the clauses of the accompanying Articles of Association but not otherwise."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board of Directors of the Company be and is hereby authorized to take all such steps and actions as may be necessary including submission of the above resolution with concerned authorities."

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association be and is hereby deleted and the following article be substituted in its place as new Article 4:

4. The Authorised Share Capital of the Company is ₹ 150,00,00,000/- (Rupees One Hundred Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each, with the power to increase, consolidate, decrease or divide in accordance with the regulations of the company and the legislative provisions for the time being in force in that behalf and with the power to divide the shares in the capital for the time being into equity shares capital and to attach thereto respectively and preferential, qualified or special rights, privileges or conditions."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board of Directors of the Company be and is hereby authorized to take all such steps and actions as may be necessary including submission of the above resolution with concerned authorities."

13. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in pursuance of the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment(s), modification(s) or re-enactment thereof, for the time being in force) as also the provisions of Foreign Exchange Management Act, 2000 (FEMA) as amended, and rules and regulations made thereunder including the Foreign Exchange Management (Transfer and Issue of Securities by a Person Resident outside India) Regulation, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism), 1993 as amended, provisions of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 {"SEBI (ICDR) Regulations"} and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions, if and as applicable, of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or/and all other appropriate and/or concerned authorities, and in accordance with the

regulations, guidelines and clarifications issued by such authorities from time to time and subject to such applicable conditions and modifications, as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more foreign markets or domestic markets, equity shares and/or instruments convertible into or linked to equity shares, optionally or otherwise, including but not limited to Global Depository Receipts (GDR's)/American Depository Receipts (ADR's)/ Foreign Currency Convertible Bonds (FCCB's) or any combination thereof {hereinafter referred to as "Securities"} for an aggregate sum upto ₹ 500,00,00,000/- (Rupees Five Hundred Crores only), in Indian Currency and/or any other currency(ies) inclusive of such premium, with or without green shoe option and/or underwriting option as may be decided by the Board, to Indian/Foreign/Resident/Non-resident Investors (whether Institutions, Corporate Bodies, Mutual Funds/Trusts/Foreign Institutional Investors/Banks and/or Individuals, or otherwise and whether or not such investors are Members, Promoters, Directors or their relatives/associates, of the Company) through Public Issue(s), Private Placement(s), or any other permitted mode or combination thereof or through Qualified Institutional Placement (QIP) in terms of various laws, guidelines and regulations including SEBI (ICDR) Regulations, if applicable, and to such categories of investors and in such tranche or tranches, at such price or prices whether at a discount or premium to market price or prices in such manner and on such terms and conditions as the Board may in its discretion decide in consultation with the Book Runner(s)/Lead Manager(s), Underwriter(s), Advisor(s) to the Issue, so as to enable the Company to get the Securities listed at any Stock Exchanges in India and/or Luxemburg / London / New York / Singapore / Hong Kong Stock Exchanges and/or any other Overseas Stock Exchanges."

"RESOLVED FURTHER THAT in an event of issue of Securities by way of Qualified Institutional Placement under Chapter VIII of SEBI (ICDR) Regulations:

1. the 'Relevant Date' on the basis of which the price of the securities shall be determined as specified under said regulations shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of the Securities;
2. the allotment of securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by the SEBI (ICDR) Regulations from time to time; and

3. the securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange in India or except as may be permitted from time to time by the SEBI (ICDR) Regulations;"

"RESOLVED FURTHER THAT the equity shares underlying the Securities shall be subject to the following -

- a) In the event of Company making a bonus issue by way of capitalization of profits or reserves prior to the allotment of equity shares, the number of equity shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium if any shall stand reduced pro tanto,
- b) In the event of Company making a rights issue of equity shares prior to the allotment of equity shares, the entitlement to equity shares shall stand increased in the same proportion as that of the rights offer and such additional equity shares shall be offered to the holders of the equity shares at the same price as that offered to the existing equity shareholders."

"RESOLVED FURTHER THAT the underlying equity shares so issued shall rank pari passu with the existing equity shares of the Company in all respects provided that the holder of GDRs shall not have any voting rights."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/RBI or such other appropriate authority may impose at the time of their respective approval, if applicable, and as agreed to by the Board."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of Securities in international offering may have all or any term or combination of terms in accordance with the international practice and other applicable domestic laws."

"RESOLVED FURTHER THAT the securities issued in international offering shall / shall not be deemed to have been made abroad in the markets and/or at the place of issue of the Securities in international markets and shall be governed by English or American law or any other law as may be decided by the Board, as the case may be."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the mode and the terms of issue including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche and to allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in the paragraph(s) above as may be necessary in accordance with the terms of offering."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such arrangements/

agreements with any Lead Manager(s)/ Underwriter(s)/ Guarantor(s)/ Depository(ies)/ Custodian(s)/ Stabilizing Agent(s)/ Registrar(s)/ Banker(s)/ Advisor(s) and all such agencies and to remunerate them by way of payment of commission, brokerage, fees, expenses or otherwise incurred in relation to the issue of Shares and Securities or other expenses, if any or the like."

"RESOLVED FURTHER THAT the Company and/or any entity, agency or body authorized and/or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchanges within or outside India) and under the forms and practices prevalent in the international market for Securities listing and trading, in the stock/securities exchange so that the convertible securities or ADRs and/or GDRs are registered or listed."

"RESOLVED FURTHER THAT such of these Shares / Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law."

"RESOLVED FURTHER THAT subject to applicable laws and regulations, the Board or any committee thereof be and is hereby authorised to finalise and approve the preliminary as well as the final offer documents for the proposed issue of the Securities, determination of issue opening and closing dates and to authorise any Director or Directors of the Company or any other officer or officers of the Company to sign the above documents, including applications for listing of the Equity Shares and/ or Securities of the Company on one or more stock exchanges together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid, to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorized person, be required from time to time."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may in its absolute discretion, deem necessary, desirable or expedient as considered appropriate by the Board and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said equity shares/ securities or other convertible securities (other than warrants), utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, with / without any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given

their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to a Committee of Directors of the Company to give effect to the aforesaid resolution."

14. To consider, and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with and subject to the provisions of the Memorandum and Articles of Association of the Company, as also the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 {SEBI (ICDR) Regulations}, the Listing Agreement entered into between the Company and Bombay Stock Exchange Limited ("BSE"), National Stock Exchange of India Limited ("NSE"), and other applicable regulations issued by one or more authorities as may be applicable for the time being and subject to all such approvals, permissions, consents and sanctions of any such authorities, as may be necessary in this regard, and subject to such applicable conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot upto 1,00,00,000 (One Crore) Optionally Convertible Warrants ("Warrants") convertible into 1,00,00,000 equity shares of ₹ 10/- each (Equity Shares) to B R Machine Tools Private Limited, an entity belonging to promoter/promoter group of the Company and also to seek listing of equity shares arising out of conversion of warrants in one or more tranches on the stock exchange(s) in consultation with Advisor(s) appointed for the said purpose, as may be deemed appropriate, fit and proper by Board."

"RESOLVED FURTHER THAT each Warrant shall be convertible at the option of the Warrant holder within a period of 18 months from the date of issue, into one Equity Share of ₹ 10/- for cash at an exercise price of ₹ 263/- per equity share (including premium), with ₹ 65.75 being payable upfront for each Warrant at the time of allotment of the Warrant and adjustable against the final exercise price and to issue and allot Equity Shares resulting from the exercise of the Warrants to such extent and on such other terms and conditions, in one or more tranches as may be decided by the Board in accordance with SEBI (ICDR) Regulations."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to allot such number of Equity Shares as may be required to be issued and allotted upon conversion of Warrants as referred to in the paragraph(s) above as may be necessary in accordance with the terms of the issue of Warrants."

"RESOLVED FURTHER THAT the relevant date for the preferential issue as per the SEBI (ICDR) Regulations, as amended upto date, for determination of the applicable price of the issue of abovementioned Warrants and Equity Shares arising out of conversion of warrants is 22nd August, 2010 i.e. 30 days prior to the date of Annual General Meeting."

"RESOLVED FURTHER THAT the Equity Shares, if any, arising on conversion of Warrants shall rank pari passu in all respects with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, without prejudice to the generality of the above, the Board be and is hereby authorized to decide and approve, in accordance with the Regulations and the prevailing practices, the other terms and conditions of the issue of the Equity Shares/Warrants and to vary, modify, or alter any of the terms and conditions, including the size, as it may deem expedient and the Board is hereby authorized in its absolute discretion in such manner as it deems fit, to dispose off such warrants as are not subscribed the Board be and is hereby authorised to take all such actions and give all such directions, or to do all such acts, deeds, matters and things as may be necessary or desirable and to settle any question or difficulty that may arise in this regard for the purpose of giving effect to the above Resolutions in the best interest of the Company and its shareholders and to execute all such writings and instruments as the Board may in its absolute discretion deem necessary, expedient or desirable."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to a Committee of Directors of the Company to give effect to the aforesaid resolution."

For and on behalf of the Board

Place: Mumbai
Dated: 21st August, 2010

Prachi Deshpande
Company Secretary

REGISTERED OFFICE:

D-1st Floor, Oberoi Garden Estates,
Chandivali Farms Road,
Chandivali, Andheri (East),
Mumbai - 400 072.

NOTES:

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.***
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (fortyeight hours) before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from Saturday, 11th September, 2010 to Tuesday, 21st September, 2010 (Both days inclusive).
4. The Dividend, after declaration, will be paid to those shareholders whose name appear on the Register of Members in case of physical shareholders and to those beneficial owners whose name appear in the Statements of beneficial ownership furnished by National Securities Depository Ltd. & Central Depository Services (India) Limited, as at the end of business day on Friday, September 10, 2010.
5. The Securities and Exchange Board of India has made it mandatory for all companies to use bank account details furnished by the depositories for depositing dividend through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facility, the Company will print the bank account details if available, on the payment instrument for distribution of dividend.
6. As per the provisions of the Companies Act, 1956 facility for making nomination is available for shareholders, in respect of the shares held by them. Nomination Forms can be obtained from the Registrars/ Secretarial Department of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No.7

During the past few years, the operations of the Company have grown manifold. Expansion of the Company is an ongoing journey. Your Directors are of the view that Mr. Aman Agrawal, Vice Chairman is expected to play a key role in the future growth and progress of the Company. Considering the same, the Board of Directors at their Meeting held on 18th May, 2010 on the recommendations made by the remuneration committee, has considered and approved the re-appointment of Mr. Aman Agrawal as Vice Chairman for a period of 3 years commencing from June 1, 2010 to May 31, 2013, on a consolidated remuneration not exceeding ₹ 30,00,000/- per month alongwith performance incentive of not exceeding ₹ 1,00,00,000/- for each financial year and on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Aman Agrawal has over 16 years of experience in the textile

industry. Mr. Aman Agrawal has gained deep knowledge on the production aspects of the industry and has a great command on the nitty gritty of the business. He was actively involved in the successful implementation of SAP in the various locations of the Company and very cautious about the implementation of Information Technology in the Organisation. He is in charge of manufacturing and controls all the manufacturing activities including procurement of yarn, other raw materials, production planning & control and packing and logistics. Mr. Aman Agrawal with his extensive knowledge on the industry is expected to play a dynamic role in the future endeavors of the Company.

The resolution mentioned under Item No. 7 of the notice is being proposed to seek your consent under Section 198, 269, 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act. Mr. Aman Agrawal will not be liable to retire by rotation.

Mr. Prashant Agrawal, Mr. Aman Agrawal and Mr. Janardan Agrawal, Directors shall be deemed to be concerned or interested in the above resolution.

The material facts as set out above may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No.8

During the past few years, the operations of the Company have grown manifold. Expansion of the company is an ongoing process. Your Company expects to reap rich benefits under the management of Mr. Prashant Agrawal, Managing Director through his global vision is expected to contribute significantly in identifying new business opportunities and converting them into remunerative projects. Considering the same, the Board of Directors at their Meeting held on 18th May, 2010 on the recommendations made by the remuneration committee, has considered and approved re-appointment of Mr. Prashant Agrawal as Managing Director for the period of 3 years commencing from June 1, 2010 to May 31, 2013, on a consolidated remuneration not exceeding ₹ 30,00,000/- per month alongwith performance incentive of not exceeding ₹ 1,00,00,000/- for each financial year and on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Prashant Agrawal has more than 14 years of experience in textile sector. He holds a bachelor degree in Chemical Engineering from University Institute of Chemical Technology, Bombay. Consolidation of the business activities in the recent past by way of acquisitions/mergers and/or setting up of subsidiaries overseas has been possible under the reigns of Mr. Prashant Agrawal. He is responsible for the overall management of the Company and as well as growth of the business in domestic and global markets. Mr. Prashant Agrawal is expected to play a pivotal role in formulating the Company's long term business strategies and policies.

The resolution mentioned under Item No. 8 of the notice is being proposed to seek your consent under Section 198, 269, 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act.

Mr. Prashant Agrawal will not be liable to retire by rotation.

Mr. Prashant Agrawal, Mr. Aman Agrawal and Mr. Janardan Agrawal, Directors shall be deemed to be concerned or interested in the above resolution.

The material facts as set out above may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No. 9

During the past few years, the operations of the Company have grown manifold. Expansion of the company is an ongoing process. Your Directors are of the view that Mr. Uday Mogre, Executive Director - Corporate is expected to play a vital role in the operations of the Company. Considering the same, the Board of Directors at their Meeting held on 18th May 2010 on the recommendations made by the remuneration committee, has considered and approved the re-appointment of Mr. Uday Mogre as Executive Director - Corporate for the period of 3 years commencing from 1st June, 2010 to 31st May, 2013 on a consolidated remuneration not exceeding ₹ 7,50,000/- per month on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Mogre has over 30 years of experience in Indian and overseas Industry. He holds a Bachelors Degree in Chemical Engineering from Laxminarayan Institute of Technology, Nagpur and has obtained Post Graduate Diploma in Management (PGDM) from Indian Institute of Management, Ahmedabad. Presently he is in charge of Corporate HR and Administration, New Projects - Diversification, Government Liaison & relations. Mr. Mogre has played a key role in establishment of New Projects, expansion programs, setting up manufacturing facilities at various locations, developing corporate HR policies and maintaining cordial relations across all areas. His contribution to the growth process of the group is invaluable. Mr. Mogre is expected to play a very vital role in developing strategies towards sustaining long term growth of the company.

The resolution mentioned under Item No. 9 of the notice is being proposed to seek your consent under Section 198, 269, 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act. Mr. Uday Mogre shall be liable to retire by rotation.

Except Mr. Uday Mogre no other Director shall be deemed to be concerned or interested in the above resolution.

The material facts as set out above may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No. 10

During the past few years, the operations of the Company have grown manifold. Expansion of the company is an ongoing process. Your Directors are of the view that Mr. A. R. Mundra, Executive Director - Finance is expected to play a vital role in the operations of the Company. Considering the same, the Board of Directors at their Meeting held on 18th May, 2010 on the recommendations made by the remuneration committee, has considered and approved the re-appointment of Mr. A. R. Mundra

as Executive Director - Finance for the period of 3 years commencing from 1st June, 2010 to 31st May, 2013, on a consolidated remuneration not exceeding ₹ 7,50,000/- per month on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Mundra has an experience of over 30 years in finance, commercial and managerial related matters. His core strength lies in fund procurement, internal controls, organizational systems and strategic planning. He holds a bachelor degree in commerce and law (gold medalist). He is an associate member of the Institute of Chartered Accountants of India (Rankholders) and also of the Institute of Company Secretaries of India (Silver Medalist). He is also a member of the International Institute of Business Management, London and alumni of Asian Institute of Management, Manila. He was awarded 'Samaj Shri' for excellence in management by Indian Institute of Management Executives, Mumbai in 1994. Mr. Mundra has sound knowledge and experience on Mergers, Amalgamations Restructuring, Funds Mobilization, Project Advisory & Financing, and Working Capital Arrangements etc. Besides, he has deep understanding of Investment and Portfolio Management, Derivatives and Capital Market Operations, Corporate Governance and Compliance matters. Mr. Mundra had played a lead role in issue of Global Depository Receipts and listing of securities at overseas exchange.

The resolution mentioned under Item No. 10 of the notice is being proposed to seek your consent under Section 198, 269, 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act. Mr. A.R. Mundra shall be liable to retire by rotation.

Except Mr. A. R. Mundra no other Director shall be deemed to be concerned or interested in the above resolution.

The material facts as set out above may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Item No.11 & 12

At present, the Authorised Share Capital of the Company is ₹ 120,00,00,000/- divided into 12,00,00,000 Equity Shares of ₹ 10/- each. With a view to augment funds to meet the expansion plans, working capital requirements and other purposes, the management is of opinion that the authorised capital of the Company shall be increased to ₹150,00,00,000/- divided into 15,00,00,000 Equity Shares of ₹ 10/- each by creation of 3,00,00,000 new Equity Shares of ₹ 10/- each.

Consequent to increase in the Authorised Share Capital of the Company, Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company shall be required to be altered suitably so as to reflect the increase in the Authorised Share Capital.

The resolutions proposed in Item Nos. 11 & 12 are therefore, recommended for your approval.

None of the Directors shall be deemed to be concerned or interested in the said resolutions except to the extent of their respective shareholding in the Company.

Item No. 13

With the liberalization policy of the Government in connection with mobilizing funds through issue of securities globally, the Company wishes to raise funds through ADRs/ GDRs/FCCBs/ QIP or any other mode. Therefore, it is proposed to raise share capital in Indian and/or International Markets, in one or more tranches, by issue of shares/securities convertible in shares as detailed in the resolution as given in attached notice and list its securities in one or more of such markets.

The funds raised shall be utilized for one or more purposes such as capital expenditure in connection with expansion and modernization of manufacturing and marketing facilities, business acquisitions, working capital requirements arising out of increased volume of business, building capacities for existing and new lines of businesses, repayment of loans and other corporate purposes.

Consent of the shareholders is sought for offer and issue of securities as stated in the resolution which shall result in issuance of further shares of the Company in accordance with the terms and nature of securities to be issued by the Company. The Board, in consultation with its Lead Managers, Underwriters, Merchant Bankers and Advisors, will finalise detailed terms of the issue including in relation to the pricing of the issue which will be fixed keeping in view the capital market conditions/practices and, regulations, if any, issued by the Securities and Exchange Board of India (SEBI). The proposed resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of issue of above mentioned securities.

Sections 81, 81(1A) of the Companies Act, 1956 provide, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the issuer company in the manner laid down in Section 81 unless the shareholders of such company in general meeting decide otherwise.

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

Your Directors recommend the resolution for your approval.

None of the Directors are in any way concerned or interested in the above referred Resolution.

Item No.14

Your Company proposes to issue upto 1,00,00,000 (One Crore) Optionally Convertible Warrants ("Warrants") to B R Machine Tools Private Limited, an entity belonging to promoter/promoter group of the Company. Each warrant, at the option of the warrant holder, shall be convertible into one equity share of ₹10/- at an exercise price of ₹ 263/- (including premium) within a period of 18 months from the date of issue.

The Company shall receive ₹ 65.75 per Warrant at the time of the allotment of the Warrants, being consideration equal to 25% of the exercise price of the Warrants and the balance shall be received at the time of conversion of the Warrants into Equity Shares. If the proposed allottee does not exercise option for conversion of the Warrants into Equity Shares or exercises option for conversion of a part of the Warrants into Equity Shares, then the 25% advance, to the extent that it pertains to Warrants not converted, shall be forfeited.

The aforesaid issue and allotment of Warrants will be governed by the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 {SEBI (ICDR) Regulations"}. Under these Regulations, the price at which the Shares arising out of conversion of Warrants are to be issued (which are issued on a preferential basis) shall be not less than the higher of: (a) the average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the "relevant date"; or (b) the average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the "relevant date".

The "relevant date" for the above purpose means the date thirty days prior to the date of General Meeting held to consider the proposed issue under Section 81(1A) of the Companies Act, 1956. As the date of the ensuing Annual General Meeting of the Shareholders is 21st September 2010, the "relevant date" is 22nd August, 2010.

Pursuant to the SEBI (ICDR) Regulations, the price at which the Equity Shares arising out of conversion of Warrants are to be issued as computed on the above basis, works out. ₹ 262.36. In comparison, the Equity Shares arising out of conversion of Warrants, if opted, are proposed to be issued at ₹ 263/- (including premium) per share.

The present Resolution is proposed to be passed in order to enable the Board of Directors of the Company to issue and to allot the Warrants on preferential basis, subject to receipt of the requisite statutory, corporate and regulatory approvals as may be applicable.

The Warrants shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue. The Equity Shares arising out of conversion of warrants shall rank pari passu with the existing Equity Shares of the Company in all respects.

Disclosures required pursuant to the SEBI (ICDR) Regulations:

(a) Objects of the Issue through preferential allotment:

The preferential issue of Warrants is being made by the Company to finance capital expenditure in connection with expansion and modernization of manufacturing and marketing facilities, business acquisitions, working capital requirements arising out of increased volume of business, building capacities for existing and new lines of businesses, repayment of loans and other corporate purposes.

(b) Intention of the Promoters / Directors / Key Management Personnel to subscribe to the offer:

The allotment is proposed to be made to B R Machine Tools Private Limited, an entity belonging to the promoter/ promoter group in which Mr. Janardan Agrawal, Mr. Aman Agrawal and Mr. Prashant Agrawal, existing Directors and

Promoter group persons are interested. None of the Directors and/or Key Management Personnel shall subscribe to the offer. Considering that the allotment is proposed to be made to promoter group, the proposed allotment of warrants and/or equity shares arising thereon shall not result in any change in management control.

(c) Shareholding pattern before and after preferential allotment:

Sr. No.	Category	Pre-allotment in terms of Equity Shares		Post allotment in terms of Equity Shares #	
		No.	%	No.	%
A.	Promoters				
	B R Machine Tools Pvt. Ltd. (Allottee under Preferential issue)	NIL	NIL	1,00,00,000	8.20
	Others	3,92,59,260	35.08	3,92,59,260	32.21
	Total Promoters holding (A)	3,92,59,260	35.08	4,92,59,260	40.41
B.	Public Shareholding				
	1. Institutions				
	Mutual Funds/ Foreign Institutional Investors/ Financial Institutions/ Banks/Venture Capital Funds	4,24,09,468	37.90	4,24,09,468	34.79
	Total (B1)	4,24,09,468	37.90	4,24,09,468	34.79
	2. Non-Institutions				
	a) Bodies Corporate (including clearing members)	79,09,156	7.07	79,09,156	6.49
	b) Individuals	33,22,116	2.97	33,22,116	2.72
	Total (B2)	1,12,31,272	10.04	1,12,31,272	9.21
	Total Public Shareholding B= (B1+B2)	5,36,40,740	47.94	5,36,40,740	44.00
C.	Shares held by Custodian	1,90,00,000	16.98	1,90,00,000	15.59
	Total (C)	1,90,00,000	16.98	1,90,00,000	15.59
	Total (A+B+C)	11,19,00,000	100.00	12,19,00,000	100.00

Notes:

1. An Aggregate of 42,00,000 warrants optionally convertible into equivalent number of equity shares are outstanding. Accordingly proposed preferential equity share capital may change to the extent of exercise for conversion of warrants, if any opted.
2. The allotment of 1,00,00,000 Equity Shares arising out of conversion of Warrants shall be made only if the Warrantholder exercises the option for conversion of the Warrants issued. Accordingly, the shareholding pattern after preferential allotment may vary to the extent of warrants in respect of which option not exercised for conversion into Equity Shares.
3. Post-preferential shareholding pattern may further vary to

the extent of change in paid-up share capital, if any, on account of further issue of shares proposed vide Resolution No.13 before exercise of option for conversion of warrants into equity shares.

(d) Proposed time within which the allotment shall be complete:

The said preferential issue shall be subject to the relevant provisions of SEBI (ICDR) Regulations (including amendments, if any) issued by the Securities and Exchange Board of India. The Company proposes to make allotment of the warrants within a period of 15 days from the date of the Annual General Meeting or within 15 days of receipt of all requisite statutory, corporate and regulatory approvals, whichever is later.

(e) Identity and Percentage of Post-Preferential Issue capital held by proposed allottee

Name	Identity of the Proposed Allottee	Number of Shares held pre-preferential allotment (A)	Number of Shares proposed to be allotted (B) #	Total number of shares to be held post preferential allotment (A)+(B)#	% of Post Preferential Issue Equity Share Capital #
B R Machine Tools Private Limited	Entity/Company belonging to Promoter/Promoter Group	Nil	1,00,00,000	1,00,00,000	8.20%

Notes

1. An Aggregate of 42,00,000 warrants optionally convertible into equivalent number of equity shares are outstanding. Accordingly proposed preferential equity share capital may change to the extent of exercise for conversion of warrants, if any opted.
2. The allotment of 1,00,00,000 Equity Shares arising out of conversion of Warrants shall be made only if the Warrantholder exercises the option for conversion of the Warrants issued. Accordingly, the number of Equity Shares and percentage of Equity Shares to be held by the proposed allottee after preferential allotment may vary to the extent of Warrants in respect of which option not exercised for conversion into Equity Shares.
3. Post-preferential shareholding pattern may further vary to the extent of change in paid-up share capital, if any, on account of further issue of shares proposed vide Resolution No.13 before exercise of option for conversion of warrants into equity shares.

(f) Undertakings

The Company undertakes to re-compute the price of the specified securities in terms of the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in case if required to do so. If the amount payable on account of the re-computation of price is not paid within the time stipulated in aforesaid regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the proposed allottee.

The statutory auditors of the Company, M/s. V. K. Beswal & Associates, Chartered Accountants have certified that the issue of Warrants is being made in accordance with the requirements of SEBI (ICDR) Regulations for Preferential Issues. A copy of the said certificate shall be available for inspection during business hours on all working days at the Registered Office of the Company till the date of the ensuing Annual General Meeting.

In the event, the shareholding of the promoter/promoter group crosses the limit specified vide the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("the said regulations") by virtue of exercise of option for conversion of warrants

into equity shares, then in such case, the acquirer shall forthwith initiate steps for compliance with the provisions of the said regulations.

The warrants and/or shares arising thereon shall be locked-in for such period as may be prescribed under SEBI (ICDR) Regulations for Preferential Issues.

The Board of Directors believes that the proposed preferential issue is in the best interest of the Company and its members. Sections 81, 81(1A) of the Companies Act, 1956 provide, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the issuer company in the manner laid down in Section 81 unless the shareholders of such company in general meeting decide otherwise.

Pursuant to the provisions of Section 81, 81(1A) of the Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company or to such holders otherwise than in proportion to the capital paid up, requires prior approval of the shareholders in general meeting by a Special Resolution. The Board of Directors, therefore, recommends the resolution proposed vide Item No.14 of the Notice for approval in accordance with the requirements of Sections 81, 81(1A) of the Companies Act, 1956 read with the SEBI (ICDR) Regulations for Preferential Issues.

Mr. Janardan Agrawal, Mr. Aman Agrawal and Mr. Prashant Agrawal, Directors, shall be deemed to be concerned or interested to the extent of their shareholdings and/or Directorship held in B R Machine Tools Private Limited, the proposed allottee. Except Mr. Janardan Agrawal, Mr. Aman Agrawal and Mr. Prashant Agrawal, none of the Directors of the Company shall be deemed to be interested or concerned in passing of the above resolution and the Board recommends that the same for your approval.

For and on behalf of the Board

Place: Mumbai
Dated: 21st August, 2010

Prachi Deshpande
Company Secretary

BOMBAY RAYON FASHIONS LIMITED

PROXY FORM

Registered Office: D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai - 400 072.

I / We _____ of _____
_____ being a Shareholder/Shareholders of
BOMBAY RAYON FASHIONS LIMITED hereby appoint _____
of _____ of failing him/her _____ of
_____ as my/our Proxy to attend and vote for me/us and on my/our behalf
at the 17th Annual General Meeting of the Company to be held on Tuesday, 21st September, 2010 at 4:30 p.m. and at any
adjournment thereof.

Signed on this ____ day of _____ 2010.

Signature of Shareholder _____

Affix a
Re. 1/-
Revenue
Stamp

Note: The Proxy form duly completed and signed must be deposited at the Registered Office of the Company at D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai - 400 072, not less than 48 hours before the time for holding the Meeting.

Name _____ Address _____
_____ Regd. Folio. No. _____ No. of Shares held
_____ Client I.D. No. _____ DP. ID. No. _____

BOMBAY RAYON FASHIONS LIMITED

ATTENDANCE SLIP

Registered Office: D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai - 400 072.

I / We hereby record my/our presence at the 17th Annual General Meeting of the Company at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020, on Tuesday, 21st September, 2010, at 4:30 p.m.

Name _____ Address _____
_____ Regd. Folio. No. _____ No. of Shares held
_____ Client I.D. No. _____ DP. ID. No. _____

Name of Proxy/Representative, if any _____

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