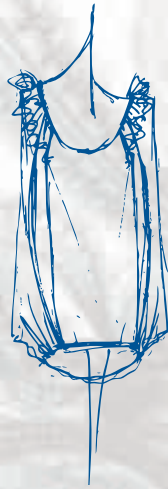


From
delivering
products to
delivering
solutions



Bombay Rayon Fashions Limited
Annual Report 2010-11

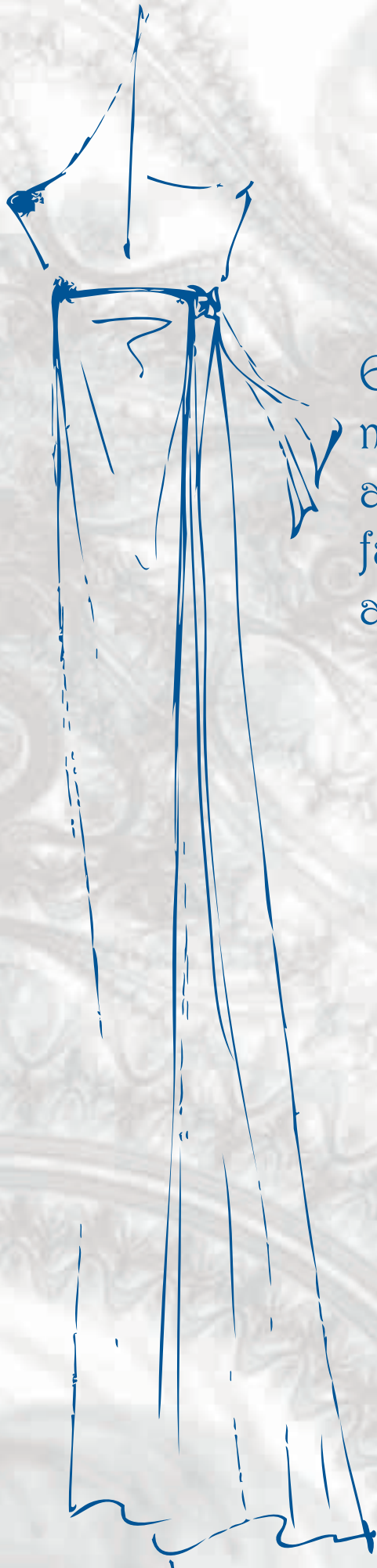




At Bombay Rayon Fashions Limited, we have evolved our presence from a mere product manufacturer to a comprehensive solutions provider.

By assuming the complete production responsibility so that global brands can focus on widening their market share.

We have reinforced this manufacturing competence through a proactive integration across the textiles value chain - from design to dispatch.



Engaged in the
manufacture, export
and retail of high-end
fashion fabrics
and garments.

Bombay Rayon Fashions Limited is among India's largest vertically integrated textile Company with manufacturing facilities of yarn dyeing, weaving, fabric processing, garmenting giving the comprehensive solutions.

Further acquisition of STI India Limited, engaged in cotton yarn spinning based at Indore has helped the Company to do the backward integration resulting into completing the value chain from yarn to garment.

These comprehensive solutions under one roof have helped reduce cost and time-to-market.

Extending the benefits of scale across a large global canvas.



At Bombay
Rayon, product
innovation is at
the heart of our
business model.

With an ear on the ground and a pulse of the market, we are able to transform trends into trendy products.

- Young team of dedicated fabric and garment designers tracking contemporary fashion trends the world over
- Sampling capabilities to convert contemporary fabric designs into garments resulting in new collections
- Wide flexibility in the use of multi-fiber-based fabrics like cotton, polyester, viscose, linen, lycra, wool and blends
- Invested extensively in the technologies viz. digital printing, laser printing and cutting, air finishing, crushing effects, emersing/microsanding, transfer printing/transfer coating/bonding, foil printing and flocking, cord embroidering and liquid ammonia finishing, among others to enhance product value-addition



At Bombay
Rayon,
sustainable
growth is all
about...

...customer-driven

We seek to better understand customer and consumer needs. The result: growing global customers.

...relationship-driven

We build long-term partnerships with our customers in India and across the world, contributing to their success.

...people-centric

We encourage and reward initiative, dedication and hard work.

...innovation-led

We recognise that supply chain efficiency and product innovation are a prerequisite to meet customer requirements.

...flexible

We provide our customers with the flexibility to order limited quantities or full larger quantity for a season.

...a combination of global expertise and local knowledge

Our global network comprises teams, tools and products to provide multinational clients with consistent products and services.



Janardan Agrawal
Chairman

“The result of close integration with our customer’s success is reflected in our progress from a products manufacturer to a solutions provider.”

Chairman’s Review

At Bombay Rayon, we had a good year in 2010-11, inspite of challenging global environment. Our gross turnover surged by 40 percent from ₹ 1614.77 cr in 2009-10 to ₹ 2254.84 cr in 2010-11 while our post-tax profit registered growth of 28.87 percent from ₹ 175.91 cr in 2009-10 to ₹ 226.70 cr in 2010-11. Our bottomline growth is responding quicker to a growth in our topline, reflecting the benefits of our robust integration across the value chain and value-addition.

It is important for me to tell you that this profitability growth comes on the back of our ability to emerge as an efficient link between low-cost manufacturing markets like those of India and Bangladesh on the one hand and high-end consumption centers (US and Europe) on the other. Specifically, we strengthened profitability through two distinct initiatives:

- One, we invested in state-of-the-art assets with modern technology with an objective: enhance volumes, reduce costs and improve quality. We add value to raw cotton (procured in kg) and eventually transforming it into fabric (in meter) and ultimately into garments (sold as per number).

“We have been innovative in designing and development of product range which changes with every season. Our Company, because of its integrated facilities has established itself as one point solution for international brands and retailers.”

- Two, we focused on the manufacture of value-added and innovative products to generate higher realisations and margins.

We have been innovative in designing and development of product range which changes with every season. Our Company, because of its integrated facilities has established itself as one point solution for international brands and retailers.

We expect to grow our Indian and global presence through a comprehensive and cost-effective product solution. We have created the the capability to compete effectively with low cost global manufacturers. The result is that we now combine the benefits of a wide product basket, modern equipment, global sourcing practices, consumer insights, low operational cost and value-addition.

Looking ahead, my optimism is derived from rising consumerism in India and a changing balance in the global textiles industry. The Indian textile and apparel industry was estimated at USD 70 bn in 2010 with almost 65 percent of the total textile and apparel production being consumed within. This significant advantage, combining low cost manufacture with a large captive consumption, is something that few

countries possess. Besides, the Indian textile industry is expected to expand from USD 70 bn to USD 200 bn by 2020, creating a growing base for domestic textile manufacturers.

Correspondingly, EU's share of the global textiles trade is expected to decline from 30 percent to about 10 percent in a decade on account of lower material and labour costs in Asia. India is attractively placed to grow its global share which will benefit frontline companies like Bombay Rayon.

In closing, I wish to thank the employees of Bombay Rayon for their commitment and dedication. They have worked hard to deliver value to clients, shareholders and other stakeholders. We will continue to deliver value in the hands of all those who own a part of us, invest in us, work with us and depend upon us.

Sincerely,

Janardan Agrawal
Chairman

Board of Directors



Janardan Agrawal

Janardan Agrawal the founder of the Bombay Rayon is having over 33 years of experience in textile industry and has been involved in the business since its inception. He is accredited with establishment of the Bombay Rayon brand of fabrics in the local retail market. The group has consistently grown under his dynamic and compassionate leadership.



Prashant Agrawal

Prashant Agrawal has over 14 years of experience in the textile industry. The shift of strategic focus from a fabrics company to a fully integrated complete apparel company is due to his vision.



Aman Agrawal

Aman Agrawal has over 16 years of experience in the textile industry. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.



A. R. Mundra

A.R. Mundra has experience of over 28 years in finance, commercial and managerial related matters. His core strength lies in fund procurement, internal controls, mergers & acquisitions, organizational systems and strategic planning.



Naseer Ahmed

Naseer Ahmed is a businessman and has established a niche in the export market by supplying garments to top international brands.



Uday C. Mogre

Uday C. Mogre has over 30 years of experience in project financing, marketing and SAP. His strength lies in establishment of New Projects, expansion programs, setting up manufacturing facilities at various locations, developing corporate HR policies.



Dr. Pravin P. Shah

Dr. Pravin P. Shah has over 39 years of professional experience in the areas of financial consultancy, corporate structuring/restructuring, management consultancy, taxation, valuation, property matters, accounting, auditing, company law and FEMA matters etc and is involved in providing in-house consulting services in the areas of business planning, costing, finance, new project evaluation, capital expenditure planning etc.



Mukul Sarkar

Mukul Sarkar, Nominee Directors of Export – Import Bank of India, has more than 20 years of experience in the banking and financial services sector. He has vast experience in structured financing and has handled credit proposals of large corporate clients in overseas investments including acquisitions, export credit, working capital, project finance, Import finance and financing Joint ventures



Dr. B. S. Bhesania

Dr. B. S. Bhesania has over 50 years of professional experience in legal and specializes in areas of shipping laws, corporate laws, property laws, etc.



Suresh Vishwasrao

Suresh Vishwasrao has an overall four decades of experience in the banking industry. He has wide experience in banking regulations, Foreign Exchange Management Act, loan syndication(s), capital market activities, etc.



S. B. Agarwal

S. B. Agarwal has over 44 years of professional experience in operations of textile industry with large corporate groups.



M. M. Agrawal

M. M. Agrawal has over 37 years of experience in Banking industry and has retired as Deputy Managing Director of Axis Bank. His areas of expertise include private equity, strategy, corporate governance, corporate finance and corporate social responsibilities.

Financials

(₹ in million)

	2010-11	2009-10	2008-09
Financial Information			
Total Income	22783.27	16304.26	13471.88
Earnings Before Depreciation, Finance Charges and Tax	5643.55	4031.79	3260.74
Profit Before Tax	2824.78	2,415.70	2153.37
Profit After Tax	2267.00	1,759.19	1484.98
Earnings Per share (Basic) (in ₹)	19.06	18.90	21.89
Financial Position			
Equity Share Capital	1279.00	1119.00	691.00
Reserves and Surplus	24512.37	17974.17	7873.18
Net Worth	26651.52	19295.82	11894.18
Gross Block	31698.06	20914.37	9564.97
Net Block	28681.78	19259.21	8577.42
Investments	2227.22	4,394.81	3322.79
Net Current Assets	21547.09	15812.50	10657.49
Key Ratios			
EBIDTA Margin	24.77%	24.97%	24.29%
Debt Equity Ratio	1.17	1.29	1.44

Corporate information

Board of Directors

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. M. M. Agrawal	Director
Mr. Mukul Sarkar	Nominee Director - EXIM Bank

Company Secretary

Ms. Prachi Deshpande

Auditors

V. K. Beswal & Associates, Chartered Accountants

Bankers/Term Lenders

Allahabad Bank
 AXIS Bank Limited
 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 Limited
 Karur Vysya Bank Limited
 Oriental Bank of Commerce
 Punjab National Bank
 State Bank of Bikaner & Jaipur
 State Bank of India
 State Bank of Hyderabad
 State Bank of Mysore
 State Bank of Patiala
 State Bank of Travancore
 Standard Chartered Bank

Registered Office

Bombay Rayon Fashions Limited
 D - 1st Floor, Oberoi Garden Estates,
 Chandivali Farms Road, Chandivali,
 Andheri (East), Mumbai - 400 072

Registrar & Share Transfer Agent

Link Intime India Private Limited
 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 National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").

Notice



NOTICE is hereby given that the Eighteenth Annual General Meeting of Bombay Rayon Fashions Limited will be held on Thursday, September 15, 2011 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 March 31, 2011 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. Janardan Agrawal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Naseer Ahmed, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A. R. Mundra, 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 thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:
"**RESOLVED THAT** Mr. M. M. Agrawal who was appointed by the board of directors as an Additional Director of the Company pursuant to the provision of Section 260 of the Companies Act, 1956 and hold office upto the date of the ensuing Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. M. M. Agrawal for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."
8. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:
"**RESOLVED THAT** the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) to the Board of Directors to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties/assets of the Company both present and future and/or the whole or any part of the undertaking(s) of the Company for securing the borrowings of the Company and/ or its subsidiaries, availed/ to be availed by way of loan (Term loans/Working Capital facilities/External Commercial Borrowings and securities/Debentures) the aggregate value of which shall not exceed ₹ 4,000 Crores (Rupees Four Thousand Crores Only) from Financial Institutions/ Banks and other agencies/Parties, issued/to be issued by the Company from time to time together with interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption and all other costs, charges and expenses including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other moneys payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed (s) or any other document, entered into/to be entered into between the Company and the lender(s)/Agent(s) and Trustee(s) in respect of the said loans/borrowing/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lenders/Agents/Trustees."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board of Directors of the Company be & is hereby authorized to finalise, settle and execute such documents/ deeds/ writings/ papers/ Agreements as may be required and to take all necessary steps in order to comply with the legal & procedural formalities including authorizing any of its Committee (s)/ Director(s) or any officer(s) as it may in its absolute discretion deem proper & fit in this regard."

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

"RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) to the Board of Directors to borrow from time to time all such sum(s) of money (including External Commercial Borrowings in foreign denominated currencies from any foreign sources/foreign countries as prescribed by statutory guidelines, if any, in this regard) in such manner as may be deemed necessary and prudent for the purposes of the Company, notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company and outstanding (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company i.e. reserves not set apart for any specific purposes, provided that the total amount borrowed/to be borrowed by the Board of Directors shall not, at any time, exceed the limit of ₹ 4000 crores (Rupees Four Thousand Crores Only).

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be & is hereby authorized to finalise, settle and execute such documents/ deeds/ writings/ papers/ Agreements as may be required and to take all necessary steps in order to comply with the legal & procedural formalities including authorizing any of its Committee (s)/ Director(s) or any officer(s) as it may in its absolute discretion deem proper & fit in this regard."

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

"RESOLVED THAT in supersession to the earlier resolution passed in connection with the payment of remuneration in the form of commission to Mr. Janardan Agrawal, Non- Executive Chairman of the Company, pursuant to the provision of Section 309 (4) and all other applicable provisions, if any, of the Companies Act, 1956 read with the Articles of Association of the Company, a sum not exceeding 1% of the net profits of the Company per annum computed in the manner prescribed in section 309 (5) read with section 198(1) of the Companies Act, 1956, for a period of five years starting from the financial year ending on April 1, 2011 be determined and paid as commission to the Chairman."

By Order of the Board of Directors,

Place: Mumbai
Dated: June 4, 2011

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 (Forty-eight hours) before the time fixed for holding the meeting.
3. Corporate Members are requested to send a certified true copy of the Board resolution authorizing their representative to attend and vote at the Meeting.
4. Members are requested to bring the attendance slip at the Annual General Meeting. Members who hold shares in dematerialized form are requested to write their client ID and DP ID and those hold shares in physical form are requested to write their folio number in the attendance slip.
5. The Register of Members and Share Transfer Books shall remain closed from Saturday, September 3, 2011 to Thursday, September 15, 2011 (Both days inclusive).
 - a. The Dividend, after declaration, will be paid to those shareholders, whose names stand on the Register of Members on September 3, 2011. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares whose names appear in the list furnished by the Depositories for this purpose as on September 3, 2011.
 - b. 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 Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facility, the Company will print the bank account details if available, on the payment instrument for distribution of dividend.

- c. 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(2) OF THE COMPANIES ACT, 1956:

Item No. 7:

Mr. M. M. Agrawal was appointed as an Additional Director of the Company during the year pursuant to the provisions of Section 260 of the Companies Act, 1956. Pursuant to the provisions of the said Section, the term of office of Mr. M. M. Agrawal as an Additional Director shall expire at the 18th Annual General Meeting of the Companies Act, 1956. The Company has received notice under Section 257 of the Companies Act, 1956 of from a shareholder proposing the candidature of Mr. M. M. Agrawal for the office as a Director of the Company. The Board recommends the appointment of Mr. M. M. Agrawal as Director of the Company.

Except Mr. M. M. Agrawal, none of the Directors are deemed to be concerned or interested in the said resolution.

The resolutions vide Item No. 7 is therefore proposed for the approval of the Members.

Item No. 8 & 9:

Section 293 (1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a Public Company shall not sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking or undertakings of the Company except with the consent of the Company in General Meeting. The creation of mortgages, charges, hypothecations and floating charges may be regarded as governed by the provisions of Section 293(1)(a) of the Companies Act, 1956.

Section 293(1)(d) of the Companies Act, 1956 provides inter alia that the Board of Directors of Public Company shall not borrow in excess of the paid up capital and free reserves of the Company except with the consent of the Company in General Meeting.

In order to secure the loans and borrowings, together with interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company and/or its subsidiaries, the Company is required to create mortgages, charges, hypothecations and floating charges on all or any of the immovable and movable assets/properties of the Company, both present and future, the total limit is proposed to be raised to ₹ 4000 Crores (Rupees Four Thousand Crores Only).

None of the Directors are deemed to be concerned or interested in the said resolution.

The resolutions vide Item No. 8 & 9 are therefore proposed for the approval of the Members.

Item No. 10:

Mr. Janardan Agrawal was appointed as the Non- Executive Chairman of the Company by passing special resolution in the Extraordinary general meeting held on June 11, 2005. In the said meeting, the approval under section 309 (4) of the Companies Act, 1956, for the payment of remuneration in the form of commission of a sum not exceeding 1% of the net profit computed in the manner prescribed in section 309 (5) read with section 198 (1) of the Companies Act, 1956 was also obtained.

Pursuant to Section 309 (4) and (7) of the Companies Act, 1956, it is proposed to pay commission based on the net profits of the Company computed in the manner laid down in section 309 (4) and 309 (7) of the Companies Act, 1956 for five years from the financial year ending on April 1, 2011.

None of the Directors except Mr. Janardan Agrawal, Mr. Prashant Agrawal and Mr. Aman Agrawal are deemed to be concerned or interested in the said resolution.

The resolutions vide Item No. 10 is therefore proposed for the approval of the Members.

By Order of the Board of Directors

Place: Mumbai
Date: June 4, 2011

Prachi Deshpande
Company Secretary

IMPORTANT COMMUNICATION TO THE SHAREHOLDERS

Ministry of Corporate Affairs has taken a 'Green initiative in Corporate Governance' by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this Green initiative of the Government in full measures, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses with the depository through their concerned depository participants in respect of electronic holdings and with the Company or its Registrar in respect of physical holding.

Director's report

Dear Shareholders,

Your Directors have great pleasure to present their Report together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS AND OPERATIONS:

	(₹ in Lacs)	
	31-03-2011	31-03-2010
Sales	225483.63	161476.59
Profit before Interest, Depreciation and Tax	56435.48	40317.86
Less: Interest	14520.64	9354.37
Profit before Depreciation and Tax	41914.84	30963.49
Less: Depreciation	13667.05	6806.53
Profit before Tax	28247.79	24156.96
Less: Provision for Taxes (including Deferred)	5577.89	6565.05
Profit after Tax	22669.90	17591.91
Add: - Balance brought forward	44493.67	29765.52
- Profit available for appropriations	67163.57	47357.43
APPROPRIATIONS:		
Less: - Transfer to General Reserve	1200.00	900.00
- Proposed Dividend	1981.50	1678.50
- Corporate Dividend Tax	329.10	285.26
- Balance Carried forward	63652.97	44493.67
EPS (₹)		
- Basic	19.06	18.90
- Diluted	17.70	18.59

Your Company has achieved commencement of its largest fabric processing plant at Tarapur and other facilities during the FY 2010-11. The production is gearing up resulting into increase in topline by 8.63% and PAT by 5.41%

During the year under review, the export turnover has increased to ₹ 109465.00 lacs as compared to ₹ 100410.21 lacs of the previous year.

DIVIDEND:

Your Directors recommend a dividend of ₹ 1.50/- per Equity Share (15%) aggregating to ₹ 2310.60 lacs (including Corporate Dividend Tax) for the financial year 2010-11, 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 the 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 year, the Authorised Share Capital of the Company has increased from ₹ 1200000000 consisting of 12,00,00,000 equity shares of ₹ 10/- each to ₹ 1500000000 consisting of 15,00,00,000 equity shares of ₹ 10/- each.

Your Company has raised equity by -

- (i) Issue of 1,60,00,000 Global Depository Receipts (GDR) representing equivalent number of underlying equity shares at the rate of US \$ 6.60 per GDR (₹ 292.69/- per GDR of face value of ₹ 10/-) to the persons resident outside India raising an aggregate of US \$ 105.600 million (₹ 46,830.72 lacs). Pursuant to aforesaid, the Company's GDRs have been listed on the Singapore Stock Exchange with effect from October 27, 2010.
- (ii) Issue and allotment of 1,00,00,000 Optionally Convertible Warrants, each warrant convertible into one equity share at the rate of ₹ 263/- per share (face value of ₹ 10/-) to B R Machine Tools Private Limited, an entity belonging to the promoter/ promoter group of the Company.

BUSINESS DEVELOPMENT:

1. Expansion of Yarn Dyeing, Weaving, Processing & Garmenting capacities:

During the year under review, your Company has successfully commenced the commercial production of its expansion project:

- Under Phase V consisting of manufacturing facilities of Processing, Knit Processing at Tarapur and setting up of balancing machineries for increasing efficiency of garmenting at Bangalore.
- Under Phase VA consisting of Yarn Dyeing at Tarapur.

The fabric weaving facilities are under erection and likely to be operational by the second quarter of FY 2011-12

Facilities	Contemplated increase	Location	Phase
Weaving	380 Looms	Islampur	V
Weaving	356 Looms	Tarapur	VA

The cost of the project is funded partly by equity capital already raised and the 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 the total investment in Processing & Garment Machineries.

2. Cotton Yarn Spinning: (Backward Integration of Business):

During the year, your Company acquired 70.56% stake in Indore based Textile Company STI India Limited (STI), by acquiring the Equity Shares and Optionally Convertible Debentures alongwith underlying securities from the Overseas Private Investors for the total consideration of ₹ 70 crores. The said acquisition had triggered Open Offer to the existing shareholders of STI. Your Company has acquired 2,13,79,722 equity shares in the Open Offer raising the holding to 73.72% equity stake in STI. The equity shares of STI are listed on the BSE and the NSE.

STI has the business of manufacturing Cotton Yarn and Cotton knitted Fabrics and with a set up of 68,016 spindles and 16 knitting machines. The plant has been operating at high capacity utilization. This acquisition has helped the Company to complete the value chain from spinning to garmenting.

3. Setting up of Subsidiary in Bangladesh:

In FY 2009-10, your Company has set up a liaison office in Bangladesh to have added capabilities for more Garment business in International Market. To expand the operations further, during the current financial year your Company has incorporated it's wholly-owned subsidiary in the name of BRFL Bangladesh Private Limited with the paid – up capital of Tk 1,00,000/- (approx ₹ 61, 240/-)

DIRECTORS:

Mr. A. Arumugham resigned as a Director of the Company with the effect from February 9, 2011. The Directors place on record their appreciation for the contributions made by Mr. A. Arumugham during his tenure.

Mr. M. M. Agrawal was appointed as an additional director during the year. Mr. M. M. Agrawal is B.E. & CAIIB – Part 1 and adviser to Axis Bank Ltd. At present he worked at various positions with AXIS Bank Ltd. and retired as Deputy Managing Director. He has earlier worked as Chief Manager – Credit in State Bank of Bikaner & Jaipur. His areas of interest are private equity, strategy, Corporate Governance, Corporate Finance & Corporate Social Responsibilities.

His experience would be of immense benefit to your Company and adds a valuable perspective in the Board of Directors. Mr. M. M. Agrawal holds the office till the date of the ensuing Annual General Meeting (AGM) of the Company. The Company has received a notice from a member of the Company proposing his candidature for appointment as a Director.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Janardan Agrawal, Mr. Naseer Ahmed and Mr. A. R. Mundra, 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, 2011 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, 2011 on a going concern basis.

PARTICULARS OF EMPLOYEES:

The information required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and the other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to section 219 (1) (b) (iv) of the said Act, Annual Report excluding the aforesaid information is being sent to all the members of the Company and other entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

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 foreign subsidiaries BRFL Europe B.V., Netherlands & BRFL Italia S.r.l., Italy. BRHL has registered a net profit of ₹ 92.07 lacs for the year ended March 31, 2011.

(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 ₹ 199.61 lacs for the year ended March 31, 2011.

(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 loss of ₹ 49.95 lacs for the year ended March 31, 2011.

(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 ₹ 4455.11 lacs for the year ended March 31, 2011.

(v) STI India Limited (STI).

After acquiring majority stake in STI, your Company has run the business for 4 months and for the year ended March 31, 2011, STI has registered a net profit of ₹ 1690.66 lacs ended March 31, 2011.

(vi) BRFL Bangladesh Private Limited (BRFL Bangladesh).

The Company has been incorporated but operations yet to commence.

In accordance with general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same.

The 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.

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. The Annual Accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

ACKNOWLEDGEMENTS:

Your Directors express sincere appreciations 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 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: June 04, 2011

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 31/03/2011		Year Ended 31/03/2010	
	Fabrics	Garments	Fabrics	Garments
A. Power and Fuel Consumption				
a) Electricity				
Purchase				
Unit (Lacs)	142.46	122.44	77.03	147.53
Total Amount (₹ in Lacs)	867.07	736.45	413.71	921.92
Rate/ Unit (₹)	6.09	6.01	5.37	6.25
b) Own generation (Through D.G. Set)				
Diesel Oil Consumed (Lac Ltrs)	12.63	12.23	2.78	14.62
Total Amount (₹ in Lacs)	509.79	506.60	94.12	534.44
Avg. Per Ltr. (₹)	40.35	41.42	33.81	36.56
c) Bio Fuel				
Quantity (M.T)	504.37	1892.47		6635.69
Amount (₹ in Lacs)	14.23	260.90		237.63
d) Coal				
Quantity (M.T)	106574	-	50984	-
Amount (₹ in Lacs)	5127.41	-	2044.75	-
B. Consumption Per unit of Production				
Production	121.84 mn mtrs	40.65 mn pcs	78.15 mn mtrs	37.55 mn pcs
Electricity (₹)	1.13/ mtr	3.06 / pcs	0.65/ mtr	3.88/ 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:

a) Technology imported:

b) Year of import:

c) Has technology been fully absorbed?

d) 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.16 and 17 of Schedule "S" of accounts.

For and on behalf of the Board

Place: Mumbai
Date: June 04, 2011

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:

The Company has an optimum combination of Executive and Non-Executive Directors. As on March 31, 2011, the Board comprised of 12 Directors, of whom 4 were Executive Directors and the remaining 8 were Non-Executive Directors. The Chairman of the Board Mr. Janardan Agrawal being a Non-Executive Promoter Director, one half of the Board was Independent.

The Board of 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 Director	Category	No. of Board meeting during the year: 6	Attended previous AGM	No. of other		
		Attended		Directorships*	Committee Memberships #	Committee Chairmanships #
Mr. Janardan Agrawal	Promoter, Non-Executive; Non- Independent	--	No	3	--	--
Mr. Naseer Ahmed	Non-Executive; Non-Independent	1	No	2	--	--
Mr. Aman Agrawal	Promoter, Executive; Non-Independent	2	Yes	6	--	--
Mr. Prashant Agrawal	Promoter, Executive; Non-Independent	5	Yes	7	--	--
Mr. Uday Mogre	Executive; Non-Independent	5	No	--	--	--
Mr. A. R. Mundra	Executive; Non-Independent	6	Yes	2	--	--
Dr. Pravin P. Shah	Non-Executive; Independent	3	No	6	2	3
Dr. B. S. Bhesania	Non-Executive; Independent	6	Yes	1	1	--
Mr. S. B. Agarwal	Non-Executive; Independent	4	No	2	1	1
Mr. Suresh Vishwasrao	Non-Executive; Independent	5	Yes	1	--	--
Mr. K. Muthukumaran	Nominee Director, Independent	5	Yes	2	--	--
Mr. A. Arumugham@	Non-Executive, Independent	--	No	2	--	--
Mr. M. M. Agrawal \$	Non-Executive; Independent	1	--	6	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 Companies, Foreign Companies and the Companies under Section 25 of the Companies Act, 1956 are excluded.
Memberships of only Audit Committee and Shareholders' Grievance Committee have been considered.
@ Resigned w.e.f 09/02/2011
\$ Appointed w.e.f 09/02/2011

b) Re-appointment of Directors:

The details of the Directors eligible for re-appointment at the ensuing Annual General Meeting are given in Annexure 1 to this report

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, 2011. The details of sitting fees and commission paid to the Directors & Chairman have been given separately in this report.

d) Board Meetings and Annual General Meeting:

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

- May 18, 2010
- August 04, 2010
- August 21, 2010
- October 27, 2010
- November 12, 2010
- February 09, 2011

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, after incorporating the comments, if any of the Directors 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 whenever necessary.

The items in the Agenda are backed by comprehensive background information so as 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 keeps the Board apprised of the overall performance of the Company.

e) Code of Conduct

The Company has adopted a Code of Conduct for the members of the Board and the Senior Management in compliance with the provisions of Clause 49 of the Listing Agreement. All the members of the Board and the Senior Management have affirmed compliance with the Code of Conduct as on March 31, 2011 and a declaration to that effect signed by the Managing Director is attached and forms a part of this Report. The Code of Conduct is also available on Company's web site, the web-address of which is as under:

www.bombayrayon.com

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 in terms with Clause 49 of the Listing Agreement with Stock Exchanges.

As on March 31, 2011, the Audit Committee comprises five members, of which four are Non-executive Independent Directors and one is an Executive Director. The Chairman of the Audit Committee is a Non-executive Independent Director.

All members of the Audit Committee are financially literate, out of which Dr. Pravin P. Shah, Mr. S. B. Agarwal and Mr. A. R. Mundra are qualified Chartered Accountants.

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

During the financial year 2010-11, four Audit Committee Meetings were held on the following dates i.e.

- May 18, 2010
- August 04, 2010
- November 12, 2010
- February 09, 2011

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	2
Dr. B. S. Bhesania	Member	4
Mr. S. B. Agarwal	Member	4
Mr. A. R. Mundra	Member	4
Mr. K. Muthukumar	Member	4

c) Attendees:

The Audit Committee invites such of the Executives, Statutory Auditors & Internal Auditors, as it considers appropriate, to be present at its meetings. The Company Secretary of the Company, acts as the Secretary of the Committee.

d) The Terms of Reference of the Audit Committee:

- 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	Meeting attended
Dr. B. S. Bhesania	Chairman	Yes
Dr. Pravin P. Shah	Member	No
Mr. S. B. Agarwal	Member	Yes

During the year 2010-11, the members of Remuneration Committee met on May 18, 2010.

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 the Chairman of the Company. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

The sitting fees paid to the Directors for attending the Board meetings, Audit Committee Meetings and Remuneration Committee Meetings is ₹ 10,000/- per meeting. Details of the Sitting fees paid during the year 2010-11 are as under:

Name of the Director	Sitting fees paid (Amount in ₹)		
	Board Meeting	Audit Committee	Remuneration Committee
Dr. Pravin P. Shah	30000	20000	-
Dr. B.S. Bhesania	60000	40000	10000
Mr. S.B. Agarwal	40000	40000	10000
Mr. Naseer Ahmed	10000	-	-
Mr. K. Muthukumaran	50000	40000	-
Mr. Suresh Vishwasrao	50000	-	-
Mr. A. Arumugham@	-	-	-
Total	240000	140000	20000

@ Resigned w.e.f. February 09, 2011

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, 2011, to the Chairman amounted to ₹ 290.18 lacs.

iii) Executive Directors :

Mr. Aman Agrawal, Vice Chairman, Mr. Prashant Agrawal, Managing Director, Mr. A. R. Mundra, Executive Director – Finance and Mr. Uday Mogre, 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 commencing from June 1, 2010. The remuneration payable to the Executive Directors has been recommended by the Remuneration Committee, ratified by the Board of Directors and approved by the shareholders of the Company.

Details of remuneration paid to the Executive Directors during the year ended March 31, 2011 are given below:

(₹ in lacs)

Name of the Executive Director	Designation	Salary & Allowances	Contribution to PF	Total
Mr. Aman Agrawal	Vice-Chairman	209.00	15.83	224.83
Mr. Prashant Agrawal	Managing Director	209.00	15.83	224.83
Mr. A. R. Mundra	Executive Director – Finance	34.215	2.58	36.795
Mr. Uday Mogre	Executive Director – Corporate	34.215	2.58	36.795

5. Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee looks into members services like transfer/transmission of shares, Dematerialization /Rematerialization requests and various 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. The Members of Shareholders' /Investors' Grievance Committee Meetings met Four times during the financial year 2010-11,

- May 18, 2010
- August 04, 2010
- November 12, 2010
- February 09, 2011

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	4
Mr. A. R. Mundra	Member	4

- Ms. Prachi Deshpande, Company Secretary is also the Compliance Officer for the committee.
- 7 complaints were received during the year from the Shareholders/ investors which were satisfactorily 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 in order. The Shareholders' Committee of the Company meets as often as required.

6. General Body Meetings

- i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:
- ii) Details of Special Resolutions passed in the previous three Annual General Meetings of the Company:

Year	Date	Time	Location of the Meeting
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
2009-10	21/09/10	4.30 P.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020

- iii) The Company did not pass any resolution by way of Shareholders approval through Postal Ballot during the year ended March 31, 2011.
- iv) 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. 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, 2011.
- b) Details of Shares held by Non-Executive Directors as on March 31, 2011

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

- c) The Company has complied with the all 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, 2011.
- e) The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement.
- f) The Company has laid down procedures for risk assessment and minimization procedures. This is reviewed by Board to ensure that the management manages the risk through a properly defined framework.
- g) The financial statements of the Company are unqualified.
- h) The Company does not have any material unlisted Indian subsidiary Company. The Audit Committee and Board reviews the minutes, financial statements, significant transactions and working of the Unlisted subsidiary Companies.
- i) 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, 2011 no shareholder has 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, 2011, 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 also 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

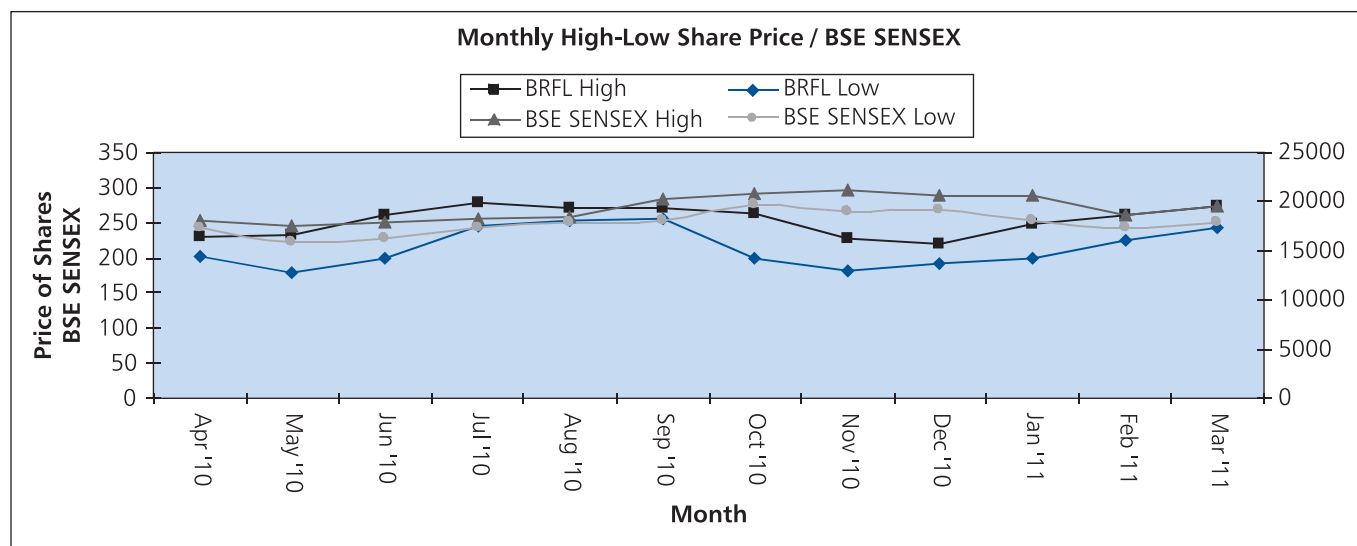
- The website of the Company where results are displayed - www.bombayrayon.com.
- The Company website also displays all official news releases.
- Management Discussion and Analysis Report forms a part of this Annual Report.

9. General Shareholder Information

- a) Date, Time and Venue of Ninth Annual General Meeting
Date: September 15, 2011 [Thursday]
Time: 4.30 p.m.
Venue: Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020.
- b) Financial Calendar
April 1, 2010 to March 31, 2011
- c) Date of Book Closures (both days inclusive)
September 3, 2011 (Saturday) to September 15, 2011 (Thursday)
- d) Dividend payment date
September 20, 2011 (Tuesday)
- e) Registered Office
D - 1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (E), Mumbai - 400 072
E-mail: investors@bombayrayon.com
Web-site: www.bombayrayon.com
- f) Listing on Stock Exchanges:
National Stock Exchange of India Limited; and
Bombay Stock Exchange Limited
The Company has paid Annual Listing fees for year 2011-2012 to both the Stock Exchanges.
- g) Stock Code:
NSE: BRFL
BSE: 532678
- h) 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:

A. BOMBAY STOCK EXCHANGE LIMITED & NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Month	Bombay Stock Exchange			National Stock Exchange		
	High	Low	Volume (in nos)	High	Low	Volume (in nos)
	(in ₹)			(in ₹)		
April, 2010	230.25	203.05	1,413,836	230.7	200.25	60,22,682
May, 2010	233.45	179.05	2,036,319	233.6	178	1,18,59,033
June, 2010	261	200	2,369,935	262	200.65	1,37,38,910
July, 2010	277.9	246.25	1,805,630	277.8	246.5	94,85,507
August, 2010	270.9	253	1,971,337	271.1	253.5	83,69,262
September, 2010	270	255	1,432,962	302	255	88,53,282
October, 2010	264.4	198.2	2,908,905	264.15	198	2,22,85,711
November, 2010	228.55	181.05	2,185,093	228.5	181.15	1,94,73,518
December, 2010	220.5	191.15	2,202,510	220.95	191.05	70,08,225
January, 2011	246.6	198	2,633,582	247	198.05	91,69,309
February, 2011	261.85	226	1,645,616	262	226	66,87,295
March, 2011	274	242	2,333,752	273.05	241.15	1,09,49,610



i) Registrar and Share Transfer Agents:

Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (West),
 Mumbai - 400 078
 Tel: 022 - 2596 3838
 Fax: 022 - 2594 6969
 Website: www.linkintime.co.in

j) 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 execute the 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 dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

k) Distribution of Shareholding

- Distribution of Shareholding as at March 31, 2011:

Shareholding of Nominal Value (₹)	No. of Shareholders	% of Total	Share Capital Amount (₹)	% of Total
Upto 5000	11273	94.05	9326000	0.73
5001-10000	289	2.41	2453560	0.19
10001-20000	127	1.06	1977000	0.15
20001-30000	41	0.34	1086900	0.09
30001-40000	18	0.15	669610	0.05
40001-50000	19	0.16	888600	0.07
50001-100000	30	0.25	2301890	0.18
100001 and above	189	1.58	1260296440	98.54
TOTAL	11986	100.00	1279000000	100.00

- Category wise Shareholding as at March 31, 2011:

Category	No. of Shares	%
Promoter Group	3,92,59,260	30.70
Mutual Funds and UTI	69,19,463	5.41
Banks/ Financial Institutions/ Insurance Companies	17,55,688	1.37
Foreign Institutional Investors	92,83,777	7.26
Private Corporate Bodies	1,30,53,147	10.21
Non-Resident Indians	2,10,724	0.16
Clearing Member	8,60,523	0.67
Public	45,57,018	3.84
Foreign Company	1,80,00,400	14.07
Depository Receipts	3,40,00,000	26.58
TOTAL	12,79,00,000	100.00

- l) Dematerialisation of Shares and Liquidity:

About 99.92% of the shares have been dematerialized as on March 31, 2011. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

Physical and Demat Shares as on March 31, 2011		
	Shares	%
No. of Shares held by NSDL	87017563	68.04
No. of Shares held by CDSL	40779093	31.88
Physical Shares	103344	0.08
Total	127900000	100

- m) Outstanding GDR's / ADR's / 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 (GDR's) and in October, 2010 the Company issued 1,60,00,000 Global Depository Receipts (GDR's) representing underlying equivalent number of equity shares to the person resident outside India. The said GDR's are listed on the Singapore Exchange Securities Limited.

Out of the GDR's issued in November 2009 and October 2010, 1,80,00,000 and 1,60,00,000 GDRs are outstanding respectively as on March 31, 2011.

The total convertible warrants of 1,00,00,000 were allotted to Reynold Shirting Limited in November 2009, out of which 42,00,000 were outstanding on March 31, 2011.

The total convertible warrants of 1,00,00,000 were allotted to B R Machine Tools Private Limited in October 2010, of which all are outstanding as on March 31, 2011.

- n) 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
- Karnataka - Bangalore
- Tamilnadu - Chennai
- Kerala - Thiruvannthapuram

- o) Address for Correspondence:

For 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 – 2594 6969 / 2596 0329

For general correspondence:

Ms. Prachi Deshpande,
Company Secretary & Compliance Officer
Bombay Rayon Fashions Limited
D-1st Floor, Oberoi Garden Estates,
Chandivali Farms Road, Chandivali,
Andheri (East), Mumbai - 400 072.
Tel: 022 – 3985 8800 Fax: 022 – 2847 6992
e-mail: investors@bombayrayon.com

- p) Shares held in Electronic Form :

The members holding shares in electronic mode should address their correspondence to their respective Depository Participant regarding change of address, change of bank account mandate and nomination. While opening Accounts with Depository Participants (DP's), you may have given your Bank Account details, which will be used by the Company for printing on dividend warrants for remittance of dividend. However, members who wish to receive dividend in a Bank Account, other than the one specified while opening the Depository Account, may notify DP's about any change in bank account details. Members are requested to furnish complete details of their bank accounts including MICR codes of their Banks to their DP's.

- q) Shares held in Physical Form :

In order to provide protection against fraudulent encashment of dividend warrants, the members are requested to provide, if not provided earlier, their bank Account numbers, names and address of the Bank, quoting Folio numbers to the Company's Registrar and Transfer Agent to incorporate the same on the dividend warrants.

10. Code of Conduct :

As Provide under the Clause 49 of the Listing Agreement with the Stock exchanges, the senior management Personnel has confirmed compliance with the Code of Conduct for the year ended March 31, 2011.

Place: Mumbai
Date: June 4, 2011

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: June 4, 2011

ANNEXURE –A

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Mr. Janardan Agrawal

- Date of Birth : May 25,1949
- Date of Appointment : August 24, 1992
- Education Qualification : B. Com
- Experience & Expertise:
- Mr. Janardan Agrawal has over 33 years of experience in textile industry more particularly in weaving segment of the industry. He is accredited with establishment of Bombay Rayon brand of fabrics in the local retail market. He has set up a unique bi-annual presentation of Company's collection to the trade, a very novel way of marketing the products and has exhibited foresight and vision in continuously growing the business.
- List of Other Company in which he holds Directorship as on March 31, 2011

Sr. No.	Name of the Company	Nature of Interest
1.	Bombay Rayon Clothing Ltd.	Director
2.	Reynold Shirting Ltd.	Director
3.	Bombay Rayon Holdings Ltd.	Director
4.	Bestseller Retail India Pvt. Ltd.	Director
5.	Best United India Comforts Pvt. Ltd.	Director
6.	Best United Lifestyles Pvt. Ltd.	Director
7.	Bestseller Wholesale India Pvt. Ltd.	Director
8.	B R Machine Tools Pvt. Ltd.	Director

- Chairman /member of Committees of the Boards of other Companies in which he is Director as on March 31, 2011 : NIL
- Equity Shares Held in the Company : 77,56,422

Mr. Naseer Ahmed

- Date of Birth : May 22,1959
- Date of appointment : July 25, 2005
- Educational Qualification : B. Com
- Experience & Expertise:

He was the Minister of State for small-scale industries in State of Karnataka during October 1990 to November 1992. He has promoted four companies in textile sector. His group has established a niche in the export market by supplying to top international brand.

- List of Other Company in which he holds Directorship as on March 31, 2011

Sr. No.	Name of the Company	Nature of Interest
1.	Scotts Garments Limited	Director
2.	Scotts Metals & Mines Private Limited	Director
3.	Scotts Plantations Private Limited	Director
4.	Scotts Fashionciti India Limited	Director
5.	Scotts Infrastructure & Development (P) Limited	Director
6.	GFI Infrastructure Development (P) Limited	Director
7.	Coppers Coin Realty Pvt. Ltd.	Director

- Chairman /member of Committees of the Boards of other Companies in which he is Director as on 31.03.2011: Scotts Garments Limited
- Equity Shares Held in the Company : NIL

Mr. A. R. Mundra

- Date of Birth : July 21, 1956
- Date of Appointment : May 16, 2005
- Educational qualification : B. com, L. L. B, ACA, ACS.
- Experience & expertise :

Mr. A. R. Mundra has over 28 years experience in total, commercial and managerial fields. He has earlier worked with Bhansali Engineering Polymers Ltd as President, Welspun Group of Companies as Sr. Vice President Finance and Company Secretary and Chief Executive(Commercial). In the initial stage of his career he has also worked with Indian Rayon and Industries Ltd, other Birla Group of Companies and Gujarat Ambuja Cement Ltd in various capacities. He was awarded 'Samaj Shri' for excellence in management by Indian Institute of Management Executives, Mumbai in 1994.

- List of Other Company in which he holds Directorship as on March 31, 2011

Sr. No.	Name of the Company	Nature of Interest
1.	Latur Integrated Textile Park Pvt. Ltd.	Director
2.	STI Sanoh India Limited	Alternate Director
3.	STI India Limited	Director

- Chairman /member of Committees of the Boards of other Companies in which he is Director as on March 31, 2011 : NIL
- Equity Shares Held in the Company : 50,000

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, 2011, 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

CA R. P. Laddha
Partner

Place : Mumbai
Dated : June 04, 2011

M. No. 48195
Firm Reg. No. 101083W

Management discussion and analysis

Indian Economy

In 2010-11, the Indian economy grew at a healthy 8.5 percent against 8 percent in 2009-10. Most of the sectors in the economy maintained a constant growth with the agriculture sector recording a robust 5.4 percent growth in 2010-11 against 0.4 percent in 2009-10.

Though the country's exports grew by 31.6 percent against a 22.6 percent growth in imports, the trade deficit expanded from USD 120.5 bn in 2009-10 to USD 132 bn as imports outpaced exports in absolute numbers. FII inflows in the economy grew from USD 13.7 bn to USD 36.7 bn as on 31st March 2011 marking the increased growth confidence in the country. Foreign exchange reserves also grew by USD 20 bn to reach about USD 305.49 bn (Source: Prime Minister's Economic Advisory Council).

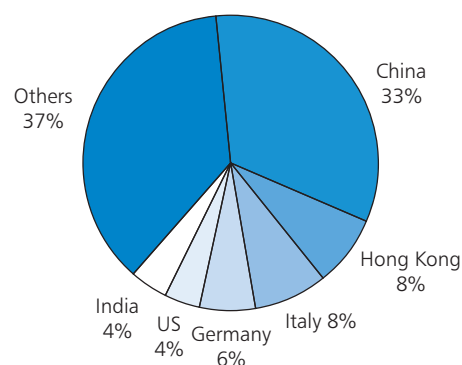
Textile Industry Overview

Replacement of the multi-fibre agreement with an agreement on textile and clothing in 1995 led to the elimination of quotas in 10 years, following which, global production shifted to developing countries and global trade increased at a CAGR of 4.3% from 1995-2004. During this period, global trade increased from USD 310 bn to USD 450 bn and is expected to reach USD 805 bn by 2015. The global textile and apparel trade increased from USD 510 bn in 2009 to USD 612 bn in 2010. It is estimated that EU's share is expected to decline to 10% in 8-10 years from 30%, owing to an increase in material and labour costs compared with India, China and other Asian countries (Source: Technopak Analysis). China accounts for about 30-35% share of Asia's textile market and about 25% share of the global market compared with India contributing a mere 4.5% share. The recent Chinese currency appreciation created a huge opportunity for the Indian textile industry (Source: The Hindu)

(Source: Technopak Analysis dated February, 2010)

The Indian textile and apparel industry accounts for around 4% of the global textile and apparel trade. India is the world's second-largest producer of textiles and garments, and also the second largest cotton producer. The Indian textile and apparel industry grew

Country- wise Global Textile and Apparel Trade



from USD 46 bn to USD 61 bn in just two years and is expected to grow to USD 110 bn by 2012. This is based on credible factors:

- Increase in economic growth, aspiration and domestic per capita income and higher discretionary spend
- Increasing urbanisation and sizeable addition to the Indian workforce (India will see 70 million new entrants to its workforce over the next five years) to fuel the growth of the textile sector

Almost two-thirds of the total Indian apparel and textile industry is from domestic consumption. The Indian government plays a major role in promoting and encouraging the industry growth through the Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS), increase in Duty Entitlement Passbook Scheme (DEPB), duty drawback rates and reduction in exporter interest rates, continuous import duty reductions on textile machinery, among others. Going forward, domestic demand will dominate the cotton yarn market. Estimates suggest that the domestic demand would increase by an 8% CAGR while exports demand would grow by a 5% CAGR between FY10-FY15. Consequently, domestic demand share will further increase to 62% by FY15 (from 59% in FY10) – emerging as a key demand driver for cotton yarn.

India exports yarn worth USD 3 billion annually making it the world's largest exporter and controls 25% of the global market. To promote value in the Indian textile sector, the government restricted cotton yarn exports to 845 million kg for the financial year 2011-12 up from the 720 million kg cap in 2010-11. India's textiles exports are also expected to increase at a 12% CAGR over the next decade and the country's share is expected to increase in world trade from current 4.5% to 8% by 2020.

Corporate Overview

Bombay Rayon is among India's largest, vertically-integrated textile groups engaged in the manufacture and export of high end fashion fabrics and garments. The Company enjoys a strong presence across the entire value chain of yarn dyeing, weaving, fabric processing, design and garment manufacturing. The Company has set up the manufacturing facilities at various locations in the State of Maharashtra, Karnataka, Tamilnadu and Kerala with a total annual capacity to manufacture 235 mn meters of fabric and 88.80 mn garment pieces, supported by product development, design and sampling infrastructure.

High-end designer garments manufactured by the Company are mainly exported to the USA, the UK and rest of Europe. The fabric manufactured by the Company is either used for captive consumption, sold in the domestic market (marketed under the brand name of Bombay Rayon) and exported to the Middle East and European countries. Over the years, the Company shifted its focus from only fabric sales to a mix of fabric and garment sales. The Company caters to both the domestic and export market through its extensive marketing and distribution network.

Operations

During the year the company has completed the commencement of its expansion projects of yarn dyeing & processing at Tarapur and setting up of balance garmenting machineries at Doddaballapur, Bangalore.

The Company has ventured into spinning by acquiring 73.72% stake in an Indore-based textile Company, STI India Limited (STI). STI is engaged in the manufacture of cotton yarn and cotton knitted fabrics with 68,016 spindles and 16 knitting machines. The plant is efficiently operated at a high capacity utilisation. This acquisition helped the Company to complete value chain management from spinning to garmenting.

In the last financial year the Company has set up the liaison office in Bangladesh to get the advantage of low cost garment manufacturing facilities. In the current year to expand its operations further a wholly-owned subsidiary - BRFL Bangladesh Private Limited was incorporated in November, 2010.

SWOT Analysis

Strengths and Opportunities

The Company's integrated operations have created efficiencies in terms of cost and turnaround time attracting large global buyers as its customers, enables it to enjoy a higher margin retention on an overall basis, rather than the cost plus model followed by other garment manufacturers. The Company's product strength and operations provides it with an opportunity to become a significant global player as well as India's largest fabric and garment producer.

Weaknesses and Threats

Uncertainty in global markets due to economic crisis in US & Europe and the challenging business environment, continues to pose a threat in the near-term.

Risks and Concerns

Given that BRFL operates in the fashion industry, the Company faces the risk of ever-evolving trends and continuously has been innovative by working in changing environment.

The Company's results could also be impacted by adverse economic conditions, changes in governmental policies and other regulations which could make exports from India less competitive in the global market. Besides, the Company operates in is highly competitive

market. While BRF has a strong reputation owing to its design capability and cost and lead time, competition risk cannot be totally eliminated.

Since a 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 a constant effort to minimise lead time, the Company believes it possesses adequate mitigants and is well-positioned to traverse a high growth path.

Sectoral Challenges

The rising cotton prices are a concern, despite India possessing a huge cotton repository. An increase in the rise of the rupee is a cause for concern as far as exports are concerned. Large integrated units, with cost efficiencies and scale are better placed to manage these challenges

Sectoral Outlook

The global textile and apparel industry is reviving after the recent global recession and has the potential to grow from around USD 460 bn in 2009 to USD 805 bn by 2015. The Indian textile industry is expected to increase from USD 67 bn to USD 115 bn by 2012, catalysed by national competitiveness and government support.

The global textiles fibre and spun yarn market is expected to reach 93 million tonnes and 47.3 million tonnes respectively by 2015 on account of increasing global textile trade following the expiry of restrictive agreements, continuing shift in production to low cost countries, restoration of consumer confidence, recovery in demand for textiles, and rising market potential in developing regions (Source: Global Industry Analyst). The global per capita fibre consumption is expected to grow steadily in the long-term up to 11-12 kg per capita by 2025, which means additional fibre consumption of about 20 million tonnes would be required. It is expected that the global textiles and apparels industry would grow at a CAGR of 6.3% over the next 8-10 years to reach USD 1 trillion by 2020. (Source: Technopak analysis)

According to the Clothing Industry Training Authority (CITA) resources would continue to be the keyword for 2011 in the textile and clothing industry. Resource implies the hefty challenges with raw materials and manpower. Since 2010, the prices of raw materials, especially cotton, have been surging to an uncontrollable level. The uncertainty of the raw material issue will linger to 2011 until we have come up with ways to sort it out. Shortage of labor will also be a challenge for 2011 for some Asian countries.

In 2011, emerging Asian countries, namely India, Bangladesh, Vietnam, Cambodia, and Pakistan are believed to steal the spotlight of the global textile industry. According to CITA, the emerging Asian countries will be playing more significant part in the industry in 2011. Their price-competitiveness explains it all. Their governments have given their textile industries enormous support. The historically strong countries like India and Pakistan also grow natural fibers in quantity that can be compared with China (for example cotton).

The Indian textile and clothing industry has tremendous potential to scale new heights in international as well as domestic markets. A McKinsey Report states that the Indian textile sector will more than triple from USD 70 bn now to USD 220 bn by 2020, recording an annual growth of about 11%. Experts believe that the golden era of the Chinese textiles and clothing exports is over and the production base is gradually shifting from China to India and other low-cost destinations. Besides, India has burgeoning domestic market. Increase in per capita and disposable income coupled with favourable demographics provides huge opportunities to the Indian textiles sector. Thus, there is every reason to be confident about long-term prospects of the Indian textiles industry. (Source: Technopak analysis)

Financial Performance

The Company recorded a total income of ₹ 22,783.27 million in 2010-11 from ₹ 16,304.26 million in 2009-10, an increase of 40 %. Profit after tax stood at ₹ 2,266.99 million in 2010-11 against ₹ 1,759.19 million in 2009-10, an increase of 28.87%.

Human Resources

The Company recognises that human resource is a key factor to sustain business growth. It undertakes various initiatives to enhance employee welfare through the following activities:

- Creating a harmonious working environment
- Establishing an open forum for exchange of ideas and suggestions
- Extending social security through medical coverage
- Focusing on training by both in-house and external faculty

- Engaging members to participate in sports, recreation, special occasions and festivals
- Strengthening the BRFL parivar through extensive involvement of members and their families
- Providing residential colonies at plant sites
- Inculcating employee safety standards
- Introducing reward and recognition schemes as well as performance-linked incentives

The Company's total number of employees as on March 31, 2011 were 26,519. The Company regularly trains its employees to enhance their skills and motivates them to focus on achieving goals and objectives.

Internal Control System

The Company's large size and the nature of its business demand a proper maintenance of an internal control system. Efforts are made by the management to maintain a sound financial and commercial practice capable of improving the operational efficiency and sustainability of the business. The system ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and that those transactions are authorised, recorded and reported correctly. Operating managers make sure that all the operations within their area are compliant and safeguarded against any risks, whereas the internal auditors carry out random audits to detect flaws in the system. Internal audit reports are prepared on the respective areas/units to create awareness, and corrective actions are taken to rectify them. These reports are reviewed by the management team and then by the Audit Committee of the Board for follow-up action.

Cautionary Statement

The statements in this management discussion and analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts its business and other incidental factors.

Auditors report

We have audited the attached Balance Sheet of **BOMBAY RAYON FASHIONS LIMITED** as at March 31, 2011 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, 1956.
 - e) On the basis of written representations received from directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2011 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, 2011
 - 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

CA R. P. Laddha
Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai
Dated : June 04, 2011

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 interest free advances to its wholly owned subsidiaries. The maximum amount outstanding at any time during the year is ₹ 540.94 crores and the year-end balance is ₹ 512.50 crores.
 - b) In our opinion and according to the information and explanations given to us, 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 repayment schedule.
 - d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise.
 - e) During the year the company has not taken any loans from parties covered in the registered maintained under section 301 of the Companies Act, 1956.
 - f) In view of our comments above, clause (iii) (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 (₹ In Lacs)	Period for which it relates	Forum where dispute is pending
Income Tax Act, 1961	9.96	A Y 2008-09	Commissioner of Income Tax (Appeals 8), Mumbai
Income Tax Act, 1961	12.21	A Y 2004-05	Commissioner of Income Tax (Appeals 32), Mumbai
Income Tax Act, 1961	27.38	A Y 2003-04	Commissioner of Income Tax (Appeals 32) , Mumbai
Total	49.55		

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 31.03.2011 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 not made preferential allotment of shares to a company covered in the register maintained under section 301 of the Act.
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

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Balance Sheet as on March 31, 2011

(₹ in Lacs)

Particulars	Schedule	As At	
		31.03.2011	31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	12790.00	11190.00
Reserve and Surplus	B	245123.73	179741.71
Advance Money Received for convertible Warrants		8601.50	2026.50
		266515.23	192958.21
Loan Funds			
Secured	C	276554.62	214672.37
Unsecured	D	36424.25	33342.47
		312978.87	248014.84
Deferred Tax Liabilities		8823.60	9117.71
TOTAL		588317.70	450090.76
APPLICATION OF FUNDS			
Fixed Assets			
	E		
Gross Block		316980.59	209143.69
Less : Depreciation		30162.78	16551.59
Net Block		286817.81	192592.10
Capital work- in -progress		63756.80	55425.55
		350574.61	248017.65
Investments	F		43948.13
		22272.22	
Current Assets, Loans and Advances			
Inventories	G	126287.49	69557.57
Sundry Debtors	H	47912.49	37725.31
Cash and Bank Balances	I	3492.10	2607.76
Advances to Subsidiaries		51250.16	44031.13
Loans and advances	J	30495.89	24056.70
		259438.13	177978.47
Less : Current Liabilities and Provisions			
Current Liabilities	K	39025.92	17601.38
Provisions	L	4941.34	2252.11
		43967.26	19853.49
Net Current Assets		215470.87	158124.98
TOTAL		588317.70	450090.76
Notes to Accounts	S		

As per our report of even date

For V. K. Beswal & Associates

Chartered Accountants

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

Profit & Loss Account for the year ended March 31, 2011

(₹ in Lacs)

Particulars	Schedule		Year ended 31.03.2011		Year ended 31.03.2010
Income					
Sales	M	225483.63		161476.59	
Other Income	N	2349.06		1566.05	
Increase /(Decrease) in stocks	O	20565.62		15004.67	
Total			248398.31		178047.31
Expenditure					
Cost of Materials	P	141134.79		98283.43	
Manufacturing and other expenses	Q	50828.04		39446.02	
Interest & Financial Charges	R	14520.64		9354.37	
Depreciation		13667.05		6806.53	
Total			220150.52		153890.35
Profit Before Taxation			28247.79		24156.96
Provision for Taxation					
Current tax			5872.00		4030.00
Deferred tax			(294.11)		2503.44
Short /(Excess) Provision for Tax in - respect of earlier years			-		31.61
Profit After Taxation			22669.90		17591.91
Balance brought forward			44493.67		29765.52
Profit Available For Appropriations			67163.57		47357.43
Less:-Transferred to General Reserve			(1200.00)		(900.00)
Proposed Dividend			(1981.50)		(1678.50)
Corporate Dividend Tax			(329.10)		(285.26)
Balance Carried to Balance Sheet			63652.97		44493.67
Basic E.P.S. (₹)			19.06		18.90
Diluted E.P.S. (₹)			17.70		18.59
Notes to Accounts	S				

As per our report of even date

For V. K. Beswal & Associates

Chartered Accountants

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE A		
SHARE CAPITAL		
Authorised		
15,00,00,000 (12,00,00,000) Equity shares of ₹ 10/- each	15000.00	12000.00
Issued, Subscribed and Paid-up		
12,79,00,000 (11,19,00,000) Shares of ₹ 10/- each, fully paid- up	12790.00	11190.00
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		
	12790.00	11190.00
SCHEDULE B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per Last Balance Sheet	132748.04	47366.31
Add : Addition during the year	45230.72	85381.73
	177978.76	132748.04
Less: Deduction during the year	208.00	-
	177770.76	132748.04
General Reserve		
As per Last Balance Sheet	2500.00	1600.00
Add: Transferred from Profit & Loss Account	1200.00	900.00
	3700.00	2500.00
Profit and Loss Account	63652.97	44493.67
	245123.73	179741.71
SCHEDULE C		
SECURED LOANS		
Term loans		
From Banks	158177.85	135190.23
Working Capital Loans		
From Banks	118188.77	79236.10
Others		
Vehicles loans from Banks	113.49	234.72
Vehicles loans from Others	74.50	11.32
	276554.62	214672.37

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE D		
UNSECURED LOANS		
Commercial Paper (Repayable with one year)		
From Banks	7238.28	-
From Others	0.00	28301.88
Other Loans		
From Banks	29185.97	5040.59
	36424.25	33342.47

Schedule-E**FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 1.04.10	Additions	Deductions	As on 31.03.11	up to 31.03.10	For the period upto 31.03.11	Deduction	As on 31.03.11	As on 31.03.11	As on 31.03.10	
Land	9052.15	2114.04	0.00	11166.19	0.00	0.00	0.00	0.00	11166.19	9052.15	
Buildings	34491.67	23731.37	7.98	58215.07	1435.76	1145.51	0.71	2580.56	55634.51	33055.91	
Furniture & Fixtures Office equipment	2487.29	2916.91	3.78	5400.42	329.25	152.00	0.19	481.06	4919.36	2158.04	
Motor Car & Vehicles	1310.17	118.17	123.57	1304.77	324.59	133.18	50.09	407.68	897.09	985.59	
Plant & Machinery	161237.52	78229.10	38.00	239428.62	14172.16	12152.60	4.87	26319.90	213108.72	147065.36	
Computer	564.89	900.63	0.00	1465.52	289.83	83.75	0.00	373.58	1091.93	275.05	
Total	209143.69	108010.22	173.33	316980.59	16551.59	13667.05	55.87	30162.78	286817.81	192592.10	
Previous Year	95649.67	114055.88	561.87	209143.69	9875.44	6806.53	130.39	16551.59	192592.10		
Capital Work in Progress									63756.80	55425.55	
Total									350574.61	248017.65	

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE F		
INVESTMENTS (AT COST) NON-TRADE		
Long Term		
Equity Shares - Fully paid (Unquoted)		
Jankalyan Sahkari Bank Limited (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)	1400.00	1400.00
Islampur Integrated Textile Park Pvt. Ltd. (7500000 Shares of ₹ 10/- each)	750.00	750.00
Latur Integrated Textile Park Pvt. Ltd. (7220000 Shares of ₹ 10/- each)	722.00	722.00
Arihant Organics Pvt. Ltd. (500 Shares of ₹ 100/- each)	450.00	-
Investment in subsidiaries		
DPJ Clothing Ltd-(420 Equity Shares of GBP 1 each , fully paid up)	1342.77	1342.77
BRFL Bangladesh Pvt. Ltd. (1000 Equity Shares of BDT 100/- each, fully paid up)	0.66	
Bombay Rayon Holdings Ltd. – (35142500 Shares of ₹ 10/- each)	3514.25	3514.25
STI India Ltd. - (21379722 Shares of ₹ 10/- each) (Market Value ₹ 4789.06 Lacs)	6294.05	-
STI India Ltd. - (32180000 Debentures)	1066.18	-
Investment in Mutual Fund		
AXIS Equity Fund - Dividend Option - 2000000 Units (2000000 Units)	200.00	200.00
AXIS Triple Advantage Fund - Dividend Payout - 50000 Units	5.00	-
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
SBI Debt Fund Series - 370 Days - 4 - Growth - 5000000 Units	500.00	-
Fidelity India Value Fund - Dividend - (5000000 Units)	-	500.00
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)	-	1083.20
SBI Capital Protection Oriental Fund - Series - 2000000 Units (2000000 Units)	200.00	200.00
SBI Gold Exchange Traded Scheme - Growth - 666 Units(666 Units)	9.99	9.99
SBI Magnum Balanced Fund - Growth - 217438.574 Units (1249217.361 Units)	100.00	600.00
SBI Magnum Insta Cash Fund - Dividend - 29856377.6010 Units (77618936.6817 Units)	5001.03	13001.40
SBI Magnum Sector Funds Umbrella Contra - Dividend - 409332.788 Units(409332.788 Units)	100.00	100.00
SBI - Shf - Ultra Short Term Fund - Inst Plan - Dividend - 89868.169 Units (161503422.070 Units)	8.99	16160.03
Tata- Indo Global Infrastructure Fund - Growth - 200000 Units (200000 Units)	20.00	20.00
UTI - Dividend Yield Fund - Dividend - 792474.621 Units (732763.203 Units)	112.51	103.54
UTI Fixed Income Interval Fund - Mip - Series - I - Dividend - (6498830.211 Units)	0.00	650.00
UTI - Infrastructure Advantage Fund - Series- I Growth Plan - 509253.732 Units (2000000 Units)	170.60	200.00
UTI Master Value Fund - Dividend Plan - 482665.273 Units	114.03	-
UTI - Opportunity Fund - Dividend Plan - 756945.174 Units (756945.174 Units)	110.14	110.14
UTI - Top 100 Fund - Growth Plan - 104123.282 Units (104123.282 Units)	25.00	25.00
	22272.22	43948.13

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE G		
INVENTORIES (As certified by the Management)		
Raw Materials	58286.47	25439.68
Work- in -Progress	34769.10	23514.90
Finished Goods	27439.40	18127.98
Stores, Spares and Packing Materials	5792.52	2475.01
	126287.49	69557.57
SCHEDULE H		
SUNDRY DEBTORS (Unsecured)		
Considered good		
Exceeding six months	3261.22	1291.57
Others	44651.27	36433.74
	47912.49	37725.31
SCHEDULE I		
CASH AND BANK BALANCES		
Cash in hand		
Balances with scheduled banks	78.05	38.69
on current accounts	630.19	267.08
on deposit accounts	2783.86	2301.99
	3492.10	2607.76
SCHEDULE J		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	4348.97	6678.97
Deposits	14314.50	8032.11
Balance with Govt. Authorities	11832.42	9345.62
	30495.89	24056.70
SCHEDULE K		
CURRENT LIABILITIES		
Sundry Creditors	36493.69	15209.69
Unpaid Dividend	5.60	4.43
Unpaid Share Application Money	2.38	2.59
Others Liabilities	2524.24	2384.67
	39025.92	17601.38
SCHEDULE L		
PROVISIONS		
Employees Benefits	627.04	255.00
For taxation (Net of Advance Tax & TDS)	2003.70	33.35
Proposed Dividend	1981.50	1678.50
Tax on Proposed Dividend	329.10	285.26
	4941.34	2252.11

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE M		
GROSS SALES		
Domestic	114413.77	61066.38
Exports	111069.85	100410.21
	225483.63	161476.59
SCHEDULE N		
OTHER INCOME		
Dividends	364.02	463.41
Interest	819.54	426.51
Foreign Exchange Rate Difference	885.24	410.95
Profit on Sale of Investment	55.07	29.57
Miscellaneous income	225.20	235.61
	2349.06	1566.05
SCHEDULE O		
INCREASE/(DECREASE)IN STOCKS		
Opening Stock		
Finished goods	18127.98	13659.89
Work- in- Progress	23514.90	12978.32
Less : Closing Stock		
Finished goods	27439.40	18127.98
Work- in- Progress	34769.10	23514.90
	20565.62	15004.67
SCHEDULE P		
COST OF MATERIALS		
Opening Stock	25439.68	19221.99
Add :- Purchases	173981.58	104501.12
	199421.26	123723.11
Less :- Closing Stock	58286.47	25439.68
	141134.79	98283.43
SCHEDULE Q		
MANUFACTURING AND OTHER EXPENSES		
Stores, Dyes & Chemicals & Spares Consumed	3913.20	2718.46
Packing Material Consumed	1214.85	1018.06
<i>Payment to and Provisions for Employees :</i>		
Salaries, Wages and Other Benefits	18084.12	14769.00
Contribution to Provident Fund and other Funds	1791.66	1605.33
Workmen & Staff welfare expenses	590.86	349.01
Power & Fuel	7204.54	4023.13

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE Q (Contd.)		
<i>Job Charges for:</i>		
Process	275.46	386.11
Weaving	1515.11	1598.93
Design & Development & others	4557.90	2439.71
<i>Repairs & Maintenance :</i>		
Buildings	46.74	25.76
Plant & Machinery	478.09	458.59
Vehicles	43.69	47.70
Others	231.76	166.32
Rent, Rates & Taxes	1483.02	1319.10
Insurance	181.51	126.48
Keyman Insurance	9.67	84.02
Legal & Professional Charges	295.83	425.88
Auditors' Remuneration	37.18	33.49
Travelling & Conveyance	1064.40	927.44
Transportation	3480.53	2772.36
Advertisement , Publicity & Business Promotion	150.25	60.92
Books & Periodicals	88.91	24.15
Directors' Remuneration	813.43	570.11
Directors' Sitting Fees	4.00	3.13
Commission	725.81	920.07
Communications	531.51	557.78
Printing & Stationery	293.83	266.37
Environmental Control Expenses	346.56	827.09
Security Service Charges	446.39	298.42
Miscellaneous expenses	904.96	371.18
Donation	14.47	105.99
Loss on sale of Assets	7.80	145.93
	50828.04	39446.02
SCHEDULE R		
INTEREST & FINANCIAL CHARGES		
Interest on Fixed Loans	6624.46	3432.24
Interest on Others & Financial Charges	7896.18	5922.13
	14520.64	9354.37

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

SCHEDULE - 5

(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 dispatch 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 as under :-	
Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value
Stores and Spare Parts	At Cost

Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

h) Foreign Currency Transactions

- (i) 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.
- (ii) In respect of branches, which are integral foreign operations, all transactions are translated at monthly average rates. Branch monetary assets and liabilities are restated at the rates prevailing on the date of balance sheet.

i) Employee benefits

- (i) Short Term Employee Benefit are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by Life Insurance Corporation (LIC) and State Bank of India Group Gratuity Scheme in case of covered employees. The employees which are not yet covered in the above Group Gratuity Scheme, provision for the same has been made on estimated basis by the management.
- (iii) Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

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.

l) Government Grants

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is netted off with the relevant expense. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

m) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

- (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.

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

	(₹ in Lacs)	
	31.03.2011	31.03.2010
(3) Contingent Liabilities not provided for :		
(a) Bills Discounted with Banks under Letter of Credits or otherwise.	5138.21	12202.99
(b) Bank Guarantees	392.71	-
(4) Disputed demand outstanding related to Income tax (The matters are pending with Income Tax Authorities.)	49.55	15.45
(5) Capital Commitment	3989.27	3643.68
Estimated amount of capital contracts remaining to be executed (net of advances)		
(6) During the year, there was an increase in the share capital and reserves due to Issue & allotment of 1,60,00,000 Global Depository Receipts (GDRs) representing underlying equivalent number of equity shares to the persons resident outside India for US \$ 6.60 per GDR (₹ 292.69/- per GDR of face value of ₹ 10/- each) aggregating to ₹ 46830.72 lacs.		
(7) The Company had allotted 1,00,00,000 warrants on October 4, 2010 at ₹ 263 per warrant to B.R. Machine Tools Pvt Ltd. , a promoter group company on receipt of 25% upfront money as per the provisions of SEBI Guidelines for Preferential Allotment. The aforesaid warrants at the option of the allottee is convertible into equivalent number of equity shares of the face value of ₹ 10/- each within a period of 18 months from the date of allotment.		
(8) In accordance with the provisions of Section 78 (2)(b) and (c) of the Companies Act, 1956, Securities Premium Account has been utilised to write off expenses for share issue expenses(including expenses for increase in Authorised Capital) of ₹. 208 lacs in respect of issue and allotment of GDRs.		
(9) The Company has issued 42,00,000 equity shares of ₹ 10/- each fully paid up at a premium of ₹ 183/- per share on exercise of option for conversion of warrants to Reynold Shirting Ltd., after the balance sheet date. The Company has also considered the above shares for the purpose of proposed dividend.		
(10) During the year,the Company has acquired 86,47,336 equity shares and 32,180,000 Optionally Convertible Debentures (OCDs) of the Company along with all the underlying security including the 1,18,14,114 equity shares held by the IDBI Trusteeship Services Ltd from the Private Equity shareholders and OCD holders of Series 1, 2, 3 & 4 of Indore based Textile Company STI India Limited (STI), a Company listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Consequent on acquisition,Open offer pursuant to SEBI (Acquisition and Takeover) Regulation, 1997 was triggered and at present the Company is holding 2,13,79,722 constituting 73.72% of the equity capital of STI thereby becoming the Holding Company of STI.		
		(₹ in Lacs)
(11) Auditors' Remuneration	31.03.2011	31.03.2010
Audit Fees	29.23	24.26
Tax Audit Fees	2.76	2.21
Certification works & other matters	5.19	7.02
	37.18	33.49

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(12) Managerial Remuneration

A. Remuneration to whole time Directors		
(i) Salaries & allowances	486.43	300.00
(ii) Contribution to provident fund	36.82	21.64
B. Commission to Non Executive Chairman @ 1% of Net Profit	290.18	248.47
	813.43	570.11
C. Computation of Net Profit in accordance with Sec. 349 of the Companies Act, 1956		
Profit before Taxes as per Profit & Loss Account	28247.79	24156.97
Add: Managerial Remuneration	813.43	570.11
Directors' Sitting Fees	4.00	3.13
Loss on Sale of Investments	66.27	0.00
Loss on Sale of Fixed Assets	7.80	145.93
	29139.29	24876.14
Less :- Profit on sale of Investments	121.34	29.57
Net Profit	29017.96	24846.57

- (13) 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.

	As on 31.03.11	As on 31.03.10
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	871.85	589.51
Interest cost	69.92	30.67
Current Service Cost	391.23	180.57
Benefits Paid	(108.21)	(82.12)
Actuarial (gain)/ loss on obligations	(291.43)	(189.29)
Present value of obligations as at end of year	933.36	529.33
3. Fair value of plan assets		
Fair value of plan assets at beginning of year	246.61	194.18
Expected return on plan assets	21.82	14.94
Contributions	96.60	214.38
Benefits Paid	(108.21)	(82.12)
Actuarial (gain)/ loss on obligations	-	3.33
Fair value of plan assets at the end of year	256.82	344.70
Funded status	(676.54)	(184.63)
4. Actuarial Gain/Loss recognized		
Actuarial (gain)/ loss on obligations	(291.43)	(189.29)
Actuarial (gain)/ loss for the year - plan assets	-	(3.33)
Actuarial (gain)/ loss on obligations	(291.43)	(192.62)
Actuarial (gain)/ loss recognized in the year	(291.43)	(192.62)
5. The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	933.36	529.33
Fair value of plan assets as at the end of the year	256.82	344.70
Funded status	(676.54)	(184.63)

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

6. Expenses Recognised in statement of Profit and loss

Current Service cost	391.23	180.57
Interest Cost	69.92	30.67
Expected return on plan assets	(21.82)	(14.94)
Net Actuarial (gain)/ loss recognized in the year	(291.43)	(192.62)
Expenses to be recognised in statement of Profit and loss	147.90	3.68

The Company has recognized ₹ 139.84 lacs in the Profit and loss account for the year ending March 31, 2011 under Defined Contribution Plan.

(14) 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, 2011.

(15) Computation of Deferred Tax

Particulars	As per IT	As per Books	Timing Difference	(₹ in Lacs)
				Deferred Tax Asset / (Liabilities)
Depreciation for the last year	(442.96)	-	442.96	147.14
Depreciation for the year	36720.77	13668.82	(23051.95)	(7657.28)
Expenses U/s 35D & 35DD	145.75	-	(145.75)	(48.42)
MAT Credit for Last Year	-	-	-	3837.98
MAT Credit for Current year	-	-	-	3907.08
Bonus	-	215.46	215.46	71.57
Gratuity & Leave Encashment	-	108.48	108.48	36.03
Deferred Tax Assets /(liabilities) for the year				294.11

(16) Earning Per Share

	31.03.2011	31.03.2010
(a) Net profit after tax available for equity shareholders(₹ in lacs)	22669.90	17591.91
(b) No. of Shares (weighted average)	118957534	93,055616
(c) Basic Earning per share (₹)	19.06	18.90
(d) Diluted Earning per share (₹)	17.70	18.59

(17) 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.
 BRFL Bangladesh Pvt. Ltd.
 STI India Ltd. (w.e.f. October 27, 2010)

(B) Other related parties

(a) Reynold Shirting Ltd.
 (b) Bombay Rayon Clothing Ltd.
 (c) Bestsellers 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.

Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(C) 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 C. Mogre	Executive Director -Corporate
(e) Mr. A. R. Mundra	Executive Director -Finance

	(₹. in Lacs)
(D) (i) Transactions with Subsidiaries	31.03.2011
(a) Purchases	1323.14
(b) Sales	3805.61
(c) Loans / Advances given	9546.63
(d) Loans / Advances received back	3424.00
(e) Investments	0.66
(ii) Transactions with Other Related Parties	
(a) Lease Rentals Paid	64.49
(b) Sales	28.51
(c) Rent Deposit Paid	2030.70
(E) Transactions with Key Personnel and their Relatives	
(i) Directors remuneration	813.43

(18) 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.

The Company is also engaged in Power generation through Wind Mills and manufacturing of Buttons, however the same are not considered as reportable segment in accordance with AS-17.

	(₹ in Lacs)	
	31.03.2011	31.03.2010
Capital Goods	19923.21	21648.61
Raw Materials	9951.37	5600.96
Stores & Spares	1044.98	3321.88
TOTAL	30,919.56	30,571.45
(20) Expenditure in Foreign Currency		
Travelling	175.11	157.68
Business Promotions	31.58	18.05
Commission	174.75	580.64
Others	1535.52	642.30
TOTAL	1916.96	1398.67

(21) Earning in Foreign Exchange

FOB Value of Exports	107303.09	93119.59
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Schedules forming part of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(22) Remittance in Foreign Currency on account of Dividend

(a) No. of Non-Resident shareholders	2	2
(b) No. of Equity Shares held	18,096,340	18,095,940
(c) Amount of Dividend paid (₹ in Lacs)	271.45	271.44
(d) Financial Year to which it relates	2009-10	2008-09

(23) Installed Capacity

Descriptions	Unit	31.03.2011	31.03.2010
Fabrics	Million Metres	235.00	220.00
Garments	Million Piece	88.80	88.80

(24) Actual Production (including Jobwork)

Descriptions	Unit	31.03.2011	31.03.2010
Fabrics	Million Metres	121.84	78.15
Garments	Million Pieces	40.65	37.55

(25) Imported & Indigenous consumption

	₹ in Lacs	%	₹ in Lacs	%
(i) Raw Materials :				
Imported	10364.35	7.34%	5851.75	5.95%
Indigenous	130770.44	92.66%	92431.68	94.05%
TOTAL	141134.79	100.00%	98283.43	100.00%
	₹ in Lacs	%	₹ in Lacs	%
(ii) Stores & Spares				
Imported	1002.55	25.62%	626.07	23.03%
Indigenous	2910.65	74.38%	2092.39	76.97%
TOTAL	3913.20	100.00%	2,718.46	100.00%

(26) The disclosures mandated by paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act, 1956 have not been provided in view of applicability of exemption vide General Notification No. S.O. 301(E) dated February 8, 2011 issued under Section 211(3) of the Companies Act, 1956 by The Ministry of Corporate Affairs, Government of India.

(27) 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

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

Cash Flow Statement for the year ended 31.03.2011

Particulars	(₹ in Lacs)	
	31.03.2011	31.03.2010
Cash Flow From Operating Activities (A)		
Net Profit Before Tax	28247.79	24156.96
Adjustments for:		
Loss on sale of Fixed Assets	7.80	145.93
Depreciation	13667.05	6806.53
(Profit)/Loss on sale of investment	(55.07)	(29.57)
Interest and Dividend Exp./(Income)	(1183.56)	(889.92)
Interest & Finance Charges	14520.64	9354.37
Operating Profit before Working Capital Changes	55204.65	39544.30
Adjustments for:		
Decrease/(Increase) in Inventories	(56729.92)	(22043.46)
Decrease/(Increase) in Debtors	(10187.18)	(6653.09)
Decrease/(Increase) in Loans and Advances	(6439.19)	(8619.72)
Increase/(Decrease) in Current Liabilities	21796.58	6011.69
Cash generated from operations	3644.94	8239.72
Direct Taxes Paid / Deducted	(3901.66)	(4401.61)
Net Cash flow from Operating activities	(256.72)	3838.11
Cash Flow From Investing Activities (B)		
(Purchase) / Sale of Fixed Assets (Net)	(116231.80)	(97668.34)
(Purchase) / Sale of Investments (Net)	21730.98	(10690.65)
(Increase)/Decrease in Advances to Subsidiaries	(7219.03)	(20887.30)
Interest and Dividend Income received	1183.56	889.92
Net Cash Flow from Investing activities	(100536.29)	(128356.37)
Cash Flow From Financing Activities (C)		
Proceeds from Issue of Share Capital	1600.00	4280.00
Proceeds from Security Premium Accounts	45022.72	85381.73
Proceeds from Share Application Money	-	(33300.00)
Proceeds from Convertible Warrants	6575.00	2026.50
Proceeds from Secured Loans	61882.25	48627.72
Proceeds from UnSecured Loans	3081.78	27838.66
Interest and Financial Charges	(14520.64)	(9354.37)
Dividend Paid (including tax)	(1963.76)	(1528.54)
Net Cash used from financing activities	101677.35	123971.70
Net increase/ Decrease in cash & Cash Equivalents (A+B+C)	884.34	(536.56)
Cash and Cash equivalents as at the beginning of the year	2607.76	3144.32
Cash and Cash equivalents as at the end of the year	3492.10	2607.76

As per our report of even date

For V. K. Beswal & Associates

Chartered Accountants

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

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 1
Date Month Year

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

Public Issue NIL Right Issue NIL

Bonus Issue NIL Private Placement NIL

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

Total Liabilities 6 3 2 2 8 4 9 6 Total Assets 6 3 2 2 8 4 9 6

Sources of Funds

Paid-up Capital 1 2 7 9 0 0 0 Reserve and Surplus 2 4 5 1 2 3 7 3

Secured Loans 2 7 6 5 5 4 6 2 Unsecured Loans 3 6 4 2 4 2 5

Deferred Tax Liability /Assets - - 8 8 2 3 6 0

Application of Funds

Net Fixed Assets 3 5 0 5 7 4 6 1 Investments 2 2 2 7 2 2 2

Net Current Assets 2 1 5 4 7 0 8 7 Misc. Expenditure NIL

Accumulated Losses NIL

4 Performance of Company (Amount in ₹ Thousand)

Turnover (Gross Revenue) 2 2 5 4 8 3 6 3 Total Expenditure 1 9 9 5 8 4 9 0

Profit/Loss Before Tax 2 8 2 4 7 7 9 Profit/Loss After Tax 2 2 6 6 9 9 0

Earning Per Share in Rs. 1 9 . 0 6 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

Subsidiary Company	Bombay Rayon Holdings Limited	DPJ Clothing Ltd.	BRFL Europe B. V.	BRFL Italia S.r.l.	STI India Ltd.
1 Financial year of the Subsidiary Company ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
2 Date from which it became subsidiary companies	February 23, 2007	February 22, 2007	September 5, 2005	May 5, 2008	October 27, 2010
3 Country of Incorporation	India	U.K.	Netherlands	Italy	India
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	2,48,000 Ordinary Shares of € 1 each*	50,10,000 Ordinary Shares of € 1 each*	2,90,00,000 equity shares of ₹ 10/- each
b) Extent of holding	100%	70%	100%*	100%*	73.72%
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, 2011 (₹ in Lacs)	92.07	139.73	(49.95)	(4455.11)	1690.66
• For the previous Financial years of the Subsidiary since it became a Subsidiary (₹ in Lacs)	(66.42)	680.24	535.47	(3078.72)	-
b) Dealt with in the accounts of the Holding Company					
• For the Financial Year ended March 31, 2011	NIL	NIL	NIL	NIL	NIL
• For the previous Financial Year ended March 31, 2010	NIL	NIL	NIL	NIL	NIL

* held by Bombay Rayon Holdings Limited

Financial Information of Subsidiary Companies for the FY 2010-11

(₹ in Lacs)

Particulars	Bombay Rayon Holdings Limited	STI India Ltd	DPJ Clothing Ltd.*	BRFL Europe B. V. *	BRFL Italia S.r.l.*
Capital	3,514.25	2,900.00	0.44	158.99	3,211.91
Reserves	25.65	(3,141.38)	1,171.60	486.02	2,082.67
Total Assets	49,951.54	13,869.86	2,741.06	772.71	46,787.33
Total Liabilities	49,921.33	15,311.16	1,569.01	127.69	41,492.78
Investments	3,509.69	1,199.93	-	-	0.03
Turnover	215.48	24,997.82	4,400.50	27.36	15,324.06
Profit/(Loss) before Taxation	144.47	979.15	279.35	(66.87)	(6,119.55)
Provision for Taxation	52.40	(711.51)	79.74	17.42	1,664.44
Profit/(Loss) after Taxation	92.07	1,690.66	199.61	(49.45)	(4,455.11)
Proposed Dividend	-	-	-	-	-

* In case of foreign subsidiaries figures are as considered in the Consolidated Balance Sheet of the Company as on 31.03.2011 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, 2011 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 two Indian subsidiaries. The financial statements of three foreign 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, 2011,
 - 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

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Consolidated Balance Sheet As at March 31, 2011

(₹ in Lacs)

Particulars	Schedule	As At 31.03.2011		As At 31.03.2010	
Sources of Funds					
Shareholder's' Fund's					
Share Capital	A	12790.00		11190.00	
Reserve and Surplus	B	249025.90		176498.76	
Share Application Money		-		-	
Advance Money Received for Convertible Warrants		8601.50	270417.40	2026.50	189715.26
Loan Funds					
Secured	C	277092.01		214731.47	
Unsecured	D	36722.52	313814.53	34295.83	249027.30
Deferred Tax Liabilities			4252.28		7137.76
Total			588484.21		445880.32
Application of Funds					
Goodwill on Consolidation			-		841.77
Fixed Assets					
	E				
Gross Block		372738.11		232968.90	
Less : Depreciation		48869.38		18065.85	
Net Block		323868.73		214903.05	
Capital work- in -progress		67588.55	391457.28	55425.55	270328.60
Investments	F		11254.24		39091.11
Current Assets Loans and Advances					
Inventories	G	137906.75		76730.38	
Sundry Debtors	H	49170.22		39099.35	
Cash and Bank Balances	I	5154.99		6027.06	
Loans and advances	J	39759.27		37887.41	
		231991.23		159744.20	
Less : Current Liabilities and Provisions					
Current Liabilities	K	48534.61		23815.27	
Provisions	L	6432.82		2509.48	
Minority Interest		351.61		374.72	
		55319.04		26699.47	
Net Current Assets			176672.19		133044.73
Foreign Exchange Fluctuation Reserve			9087.60		2574.11
Miscellaneous Expenditure			12.90		
Total			588484.21		445880.32
Notes to Accounts	S				

As per our report of even date

For V. K. Beswal & Associates

Chartered Accountants

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

Consolidated Profit & Loss for the year ended March 31, 2011

(₹ in Lacs)

Particulars	Schedule		Year ended 31.03.2011		Year ended 31.03.2010
Income					
Sales	M	269090.05		180145.41	
Other Income	N	3006.47		1962.23	
Stock in Transit		1896.12		-	
Increase /(Decrease) in Stocks	O	21036.48		15004.67	
Total			295029.12		197112.31
Expenditure					
Cost of Materials	P	172134.97		106834.15	
Manufacturing and other Expenses	Q	67695.11		51115.14	
Interest & Financial Charges	R	14779.73		9502.81	
Depreciation		16741.37		8226.57	
Total			271351.18		175678.67
Profit Before Taxation			23677.94		21433.64
Provision for Taxations					
Current Tax			5989.30		4149.34
Deferred Tax			(2672.64)		1004.12
Short /(Excess) Provision for Tax in respect of earlier years			19.53		31.61
Profit After Taxation But Before Minority Interest			20341.75		16248.57
Minority interest			59.88	89.42	
Profit After Tax (after adjustment of Minority Interest)			20281.87		16159.15
Balance brought forward			41250.58		29091.17
Waiver of OCD amount (Pre-acquisition)			2828.00		-
Profit Available For Appropriations			64360.45		45250.32
Less:- Additional Dividend & Corporate Dividend Tax			-		-
Transferred to General Reserve			(1200.00)		(900.00)
Proposed Dividend			(1981.50)		(1678.50)
Corporate Dividend Tax			(329.10)		(285.26)
Exchange rate difference adjustment			-		(1135.98)
Balance carried To Balance Sheet			60849.85		41250.58
Basic E.P.S. (₹)			17.05		17.37
Diluted E.P.S. (₹)			15.84		17.07
Notes to Accounts	S				

As per our report of even date

For V. K. Beswal & Associates

Chartered Accountants

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

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

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE A		
SHARE CAPITAL		
Authorised		
150000000 (120000000) Equity shares of ₹ 10/- each	15000.00	12000.00
Issued Subscribed and Paid-up		
127900000 (111900000) Shares of ₹ 10/- each fully paid- up	12790.00	11190.00
Out of the above :		
1) 11587600 equity shares were issued as fully paid -up pursuant to scheme of Amalgamation		
2) 3998000 equity shares were issued as fully paid- up bonus shares by capitalisation of Profit & Loss Account		
	12790.00	11190.00
SCHEDULE B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per Last Balance Sheet	136521.04	47366.31
Add : Addition during the year	45230.72	85381.73
	181751.76	132748.04
Less: Deduction during the year	208.00	-
	181543.76	132748.04
Capital Reserve on Consolidation		
On consiliation of subsidiaries	3733.83	-
Less : Goodwill as per Previous Year Balance Sheet	841.77	-
	2892.06	-
General Reserve		
As per Last Balance Sheet	2500.00	1600.00
Add: Transferred from Profit & Loss Account	1200.00	900.00
	3700.00	2500.00
Capital Reserve	40.23	0.14
Profit and Loss Account	60849.85	41250.58
	249025.90	176498.76
SCHEDULE C		
SECURED LOANS		
Term loans		
From Banks	158358.35	135249.33
Working Capital Loans		
From Banks	118545.67	79236.10
Others		
Vehicles loans from Banks	113.49	234.72
Vehicles loans from Others	74.50	11.32
	277092.01	214731.47

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

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE D		
UNSECURED LOANS		
Commercial Papers (Repayable within One Year)		
From Banks	7238.28	-
From Others	-	28301.88
Other Loans		
From Banks	29484.24	5993.95
	36722.52	34295.83

SCHEDULE - E

Fixed Asset

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As on 1.04.10	Additions	Deductions	As on 31.03.11	For the period	As on 31.03.11	As on 31.03.11	As on 31.03.10
Goodwill	3816.81	3313.08		7129.89	697.42	1291.52	5838.37	3251.32
Trademarks, Patents right Licenses etc.	18656.23	-	3488.75	15167.48	741.81	1862.85	13304.63	18007.51
Land	9052.14	2885.35	-	11937.49	9.16	53.14	11884.35	9053.78
Buildings	34654.03	33592.93	7.98	68238.98	1299.21	4010.05	64228.93	33190.78
Furniture & Fixtures & Office Equipment	3480.04	4683.12	4.07	8159.09	513.14	1366.14	6792.95	2960.76
Motor Car & Vehicles	1324.13	192.47	127.94	1388.66	139.20	433.30	955.36	997.21
Plant & Machinery	161496.85	97655.81	167.26	258985.40	13211.88	39340.36	219645.04	147255.33
Computer	488.68	1243.09	0.65	1731.12	129.55	512.01	1219.11	186.37
Total	232968.91	143565.86	3796.66	372738.11	16741.37	48869.38	323868.73	214903.06
Capital Work in Progress							67588.55	55425.55
Total							391457.28	270328.61
Previous Year	117178.37	119215.28	3424.75	232968.9	8226.57	18065.85	214903.06	10656561.58

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

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE F		
INVESTMENTS (AT COST) NON-TRADE		
Long Term		
Equity Shares - Fully paid (Unquoted)		
Jankalyan Sahkari Bank Limited (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)	1400.00	1400.00
Islampur Integrated Textile Park Pvt. Ltd. (7500000 Shares of ₹ 10/- each)	750.00	750.00
Latur Integrated Textile Park Pvt. Ltd. (7220000 Shares of ₹ 10/- each)	722.00	722.00
Arihant Organics Pvt. Ltd. (500 Shares of ₹ 100/- each)	450.00	-
Investment in Mutual Fund		
AXIS Equity Fund - Dividend Option 2000000 Units (2000000 Units)	200.00	200.00
AXIS Triple Advantage Fund - Dividend Payout 50000 Units	5.00	-
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
SBI Debt Fund Series - 370 Days - 4 - Growth 5000000 Units	500.00	-
Fidelity India Value Fund - Dividend (5000000 Units)	-	500.00
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)	-	1083.20
SBI Capital Protection Oriental Fund - Series I - 2000000 Units (2000000 Units)	200.00	200.00
SBI Gold Exchange Traded Scheme - Growth - 666 Units (666 Units)	9.99	9.99
SBI Magnum Balanced Fund - Growth - 217438.574 Units (1249217.361 Units)	100.00	600.00
SBI Magnum Insta Cash Fund - Dividend - 29856377.6010 Units (77618936.6817 Units)	5001.03	13001.40
SBI Magnum Sector Funds Umbrella Contra - Dividend - 409332.788 Units (409332.788 Units)	100.00	100.00
SBI - SHF - Ultra Short Term Fund - Inst Plan - Dividend - 89868.169 Units (161503422.070 Units)	8.99	16160.03
Tata- Indo Global Infrastructure Fund - Growth - 200000 Units (200000 Units)	20.00	20.00
UTI - Dividend Yield Fund - Dividend - 792474.621 Units (732763.203 Units)	112.51	103.54
UTI Fixed Income Interval Fund - Mip - Series - I - Dividend - (6498830.211 Units)	-	650.00
UTI - Infrastructure Advantage Fund - Series- I Growth Plan - 509253.732 Units (2000000 Units)	170.60	200.00
UTI Master Value Fund - Dividend Plan 482665.273 Units	114.03	-
UTI - Opportunity Fund - Dividend Plan 756945.174 Units (756945.174 Units)	110.15	110.14
UTI - Top 100 Fund - Growth Plan - 104123.282 Units (104123.282 Units)	25.00	25.00
Investment in STI Sanoh India Limited	1199.93	-
	11254.24	39091.11

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

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE G		
INVENTORIES (As certified by the Management)		
Raw Materials	59714.50	25439.68
Work- in -Progress	35059.96	23514.90
Finished Goods	35202.95	25300.79
Stores, Spares and Packing Materials	5885.97	2475.01
Goods in Transit	1896.12	-
Waste/Scrap	147.25	-
	137906.75	76730.38
SCHEDULE H		
SUNDRY DEBTORS (Unsecured)		
Considered good		
Exceeding six months	3261.22	1291.57
Others	45909.00	37807.78
	49170.22	39099.35
SCHEDULE I		
CASH AND BANK BALANCES		
Cash in hand	324.94	126.74
Balances with scheduled banks		
on current accounts	2022.54	3598.33
on deposit accounts	2807.51	2301.99
	5154.99	6027.06
SCHEDULE J		
LOANS AND ADVANCES (Unsecured considered good)		
Advances recoverable in cash or in kind or for Value to be received	13152.81	20494.14
Deposits	14336.24	8041.52
Balance with Excise & Customs VAT & Other Govt. Authorities	12270.22	9351.75
	39759.27	37887.41
SCHEDULE K		
CURRENT LIABILITIES		
Sundry Creditors	42108.13	20060.28
Unpaid Dividend	5.60	-
Book Overdraft	508.12	-
Unpaid Share Application Money	2.38	-
Others Liabilities	5910.38	3754.99
	48534.61	23815.27

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

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE L		
PROVISIONS		
Employee Benefits	671.61	255.00
For taxation (Net of Advance Tax & TDS)	3450.61	290.72
Proposed Dividend	1981.50	1678.50
Tax on Proposed Dividend	329.10	285.26
	6432.82	2509.48
SCHEDULE M		
GROSS SALES		
Domestic	145270.81	85149.45
Exports	123819.24	94995.96
	269090.05	180145.41
SCHEDULE N		
OTHER INCOME		
Dividends on Investment	364.02	463.41
Interest	838.80	426.94
Foreign Exchange Rate Difference	900.39	426.00
Profit on Sale of Investments	55.07	29.57
Miscellaneous income	848.19	616.31
Business Gains	-	-
	3006.47	1962.23
SCHEDULE O		
INCREASE/(DECREASE)IN STOCKS		
Opening Stock		
Finished goods	18417.03	13659.89
Work- in- Progress	23728.22	12978.32
Less : Closing Stock		
Finished goods	28121.77	18127.98
Work- in- Progress	35059.96	23514.90
	21036.48	15004.67
SCHEDULE P		
COST OF MATERIALS		
Opening Stock	26255.01	25906.07
Add :- Purchases	205686.48	113540.57
	231941.49	139446.64
Less :- Closing Stock	59806.52	32612.49
	172134.97	106834.15

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

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
SCHEDULE Q		
MANUFACTURING AND OTHER EXPENSES		
Stores Dyes & Chemicals & Spares Consumed	4260.17	2718.46
Packing Material Consumed	1520.57	1018.06
<i>Payment to and Provisions for Employees :</i>		
Salaries Wages and Bonus	22221.82	17775.52
Contribution to Provident Fund and other Funds	2796.29	1605.33
Workmen & Staff welfare expenses	783.31	1704.91
Power & Fuel	9164.17	4027.14
<i>Job Charges for:</i>		
Process	275.46	386.11
Weaving	1515.11	1598.93
Design & Development & others	10804.82	8819.54
<i>Repairs & Maintenance :</i>		
Buildings	71.88	26.06
Plant & Machinery	517.99	458.59
Vehicles	43.69	47.70
Others	235.21	172.99
Rent Rates & Taxes	1710.03	1338.62
Insurance	217.72	129.75
Keyman Insurance	9.67	84.02
Legal & Professional Charges	375.23	436.22
Auditors' Remuneration	58.14	44.32
Travelling & Conveyance	1173.43	972.28
Transportation	3770.80	3114.91
Advertisement Publicity & Business Promotion	154.13	153.89
Books & Periodicals	88.91	24.15
Directors' Remuneration	959.63	644.85
Directors' Sitting Fees	5.45	3.13
Commission	931.63	727.47
Communications	565.00	583.28
Printing & Stationery	296.24	270.53
Environmental Control Expenses	346.56	827.09
Foreign Exchange Rate Difference	22.68	15.81
Security Service Charges	446.39	298.42
Miscellaneous expenses	2330.26	835.15
Donation	14.73	105.99
Loss on sale of Assets	7.99	145.93
	67695.11	51115.15

SCHEDULE R

INTEREST & FINANCIAL CHARGES		
Interest on fixed loans	6646.81	3434.53
Interest on Others & Financial Charges	8132.92	6068.28
	14779.73	9502.81

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2011

SCHEDULE - 5

(1) (A) PRINCIPLES OF CONSOLIDATION

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

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

- (a) The financial statement of the Company and components 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 exchange rate prevailing during the year. All assets and liabilities are converted at exchange rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- (c) Minority Interest's share of net profit of consolidated components for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders and Company.
- (d) Minority Interest's share of net assets of consolidated components is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- (e) 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.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

g) Inventories

Inventories are valued as under :-

Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value
Stores and Spare Parts	At Cost
Waste/Scrap	At estimated net realisable value

Cost of Work in Process and Manufactured Goods includes material labour & other appropriate overheads wherever applicable.

h) Foreign Currency Transactions

- (i) 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.
- (ii) In respect of branches which are integral foreign operations, all transactions are translated at monthly average rates. Branch monetary assets and liabilities are restated at the rates prevailing on the date of balance sheet.

i) Employee Retirement Benefit :

Employee benefits

- (i) Short Term Employee Benefit are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by Life Insurance Corporation (LIC) and State Bank of India Group Gratuity Scheme in case of covered employees. The employees which are not yet covered in the above Group Gratuity Scheme provision for the same has been made on estimated basis by the management.
- (iii) Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

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.

l) Government Grants

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item it is netted off with the relevant expense. Where the grant or subsidy relates to an asset its value is deducted in arriving at the carrying amount of the related asset.

m) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(2) NOTES TO ACCOUNTS (For standalone except specified)

- (1) (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.

	(₹ in Lacs)	
	31.03.2011	31.03.2010
(2) Contingent Liabilities not provided for (Consolidated) :		
(a) Bills Discounted with Banks under Letter of Credits or otherwise.	5,138.21	12,202.99
(b) Bank Guarantees	392.71	-
(c) Claims against the company towards energy charges on Captive Generation.	490.32	-
(d) Outstanding Amount of Madhya Pradesh Audhyogik Kendra Vikas Nigam Limited (MPAKVN) towards Land Acquisition Settlement.	522.06	-
(e) Estimated Interest amount payable on confirmed demand for sales and entry tax	58.13	-
(f) Liability towards M/s Maharashtra State Cotton Grower Mktg. Federation on account of pending dispute under court of law.	73.82	-
(g) Disputed Sales Tax/ Entry Tax Demands	67.31	-
(h) Demand towards Show Cause Notice Issued by Additional commissioner of Central excise & Service tax for wrong availment of cenvat credit of Service Tax on commission on export.	11.24	-
(i) Demand towards Show Cause Notice Issued by Excise Department for charging Additional Customs Duty including penalty on the import of HSD on account of which dispute is pending in high court	65.49	-
(j) Demand towards Show Cause Notice Issued by Excise Department for charging Additional Custom Duty including penalty on the import of HSD on account of which dispute is pending under Appeal	27.03	-
(k) Demand towards Show Cause Notice issued by Excise Department for removal/Sale of waste in Domestic Tariff Area (DTA) in excess of permission granted to the company. Reply to show cause notices have already been filed before Commissioner (Customs & Excise) Indore.	2,129.07	-
(l) Claim of Gujarat State Co-operative Cotton Federation Limited (GUJCOT) for cotton supplies interest carrying charges etc. disputed and not acknowledged by the Company.	10,384.84	-
(3) Disputed demand outstanding related to Income tax (The matters are pending with Income Tax Appellate Tribunal Mumbai).	49.55	15.45
(4) Capital Commitment (Consolidated)		
Estimated amount of capital contracts remaining to be executed (net of advances)	4,555.13	3,463.68
(5) During the year there was an increase in the share capital and reserves due to Issue & allotment of 1,60,00,000 Global Depository Receipts (GDRs) representing underlying equivalent number of equity shares to the persons resident outside India for US \$ 6.60 per GDR (₹ 292.69/- per GDR of face value of ₹ 10/- each) aggregating to ₹ 46,830.72 lacs.		
(6) The Company had allotted 1,00,00,000 warrants on October 4, 2010 at ₹ 263/- per warrant to B. R. Machine Tools Pvt. Ltd., a promoter group company on receipt of 25% upfront money as per the provisions of SEBI Guidelines for Preferential Allotment. The aforesaid warrants at the option of the allottee is convertible into equivalent number of equity shares of the face value of ₹ 10/- each within a period of 18 months from the date of allotment.		

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

- (7) In accordance with the provisions of Section 78 (2) (b) and (c) of the Companies Act 1956 Securities Premium Account has been utilised to write off expenses for share issue expenses (including expenses for increase in Authorised Capital) of ₹ 208 lacs in respect of issue and allotment of GDRs.
- (8) The Company has issued 42,00,000 equity shares of ₹ 10/- each fully paid up at a premium of ₹ 183/- per share on exercise of option for conversion of warrants to Reynold Shirting Ltd., after the balance sheet date.
The Company has also considered the above shares for the purpose of proposed dividend.
- (9) During the year the Company has acquired 86,47,336 equity shares and 3,21,80,000 Optionally Convertible Debentures (OCDs) of the Company along with all the underlying security including the 1,18,14,114 equity shares held by the IDBI Trusteeship Services Ltd., from the private equity shareholders and OCD holders of Series 1, 2, 3 & 4 of Indore based Textile Company STI India Limited (STI) a Company listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Consequent on acquisition Open offer pursuant to SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 1997 was triggered and at present the Company is holding 2,13,79,722 constituting 73.72% of the equity capital of STI thereby becoming the Holding Company of STI.

	(₹ in Lacs)	
	31.03.2011	31.03.2010
(10) Auditors' Remuneration (Consolidated)		
Audit Fees	47.42	35.09
Tax Audit Fees	4.76	2.21
Certification works & other matters	5.96	7.02
	58.14	44.32
(11) Managerial Remuneration (Consolidated)		
A. Remuneration to whole time Directors		
(i) Salaries & allowances	486.43	300.00
(ii) Contribution to provident fund & superannuation fund	36.82	21.64
B. Commission to Non Executive Chairman @ 1%	290.18	248.47
	813.43	570.11
Remuneration of Directors of DPJ Clothing Ltd.	92.77	74.74
Remuneration of Directors of STI India Ltd.	53.43	
C. Computation of Net Profit in accordance with Sec. 349 of the Companies Act 1956		
Profit before Taxes as per Profit & Loss Account (only of standalone)	28,247.79	24,156.97
Add: Managerial Remuneration	813.43	570.11
Directors' Sitting Fees	4.00	3.13
Loss on Sale of Investments	66.27	0.00
Loss on Sale of Fixed Assets	7.80	145.93
	29,139.29	24,876.14
Less: Profit on sale of Investments	121.34	29.57
Net Profit	29,017.95	24,846.57

- (12) 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, 2011.

	31.03.2011	31.03.2010
(13) Earning Per Share (Consolidated)		
(a) Net profit after tax available for equity shareholders (₹ in Lacs)	20,281.87	16159.16
(b) No. of Shares (Weighted Average)	11,89,57,534	9,30,55,616
(c) Basic Earning per share (₹)	17.05	17.37
(d) Diluted Earning per Share (₹)	15.84	17.07

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(14) Related Party Disclosure

Name of the Related Party

(A) Related parties where common control exists

- (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.

(B) 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 C. Mogre	Executive Director - Corporate
(e) Mr. A. R. Mundra	Executive Director - Finance

(₹ in Lacs)

31.03.2011

(C) Transactions with Related Parties

(a) Lease Rentals Paid	64.49
(b) Sales	28.51
(c) Rent Deposit Paid	2030.70

(D) Transactions with Key Personnel and their Relatives

(i) Directors remuneration	813.43
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(15) 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.

The Company is also engaged in Power generation through Wind Mills and manufacturing of Buttons, however the same are not considered as reportable segment in accordance with AS-17.

(16) C.I.F. Value of Imports

	(₹ in Lacs)	
	31.03.2011	31.03.2010
Capital Goods	19923.21	21648.61
Raw Materials	9951.37	5600.96
Stores & Spares	1044.98	3321.88
TOTAL	30919.56	30571.45

(17) Expenditure in Foreign Currency

Travelling	175.11	157.68
Bussiness Promotions	31.58	18.05
Commission	174.75	580.64
Others	1535.52	642.30
TOTAL	1916.96	1398.67

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2011 (Contd.)

(₹ in Lacs)

(18) Earning in Foreign Exchange

FOB Value of Exports	107303.09	93199.59
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(19) Remittance in Foreign Currency on account of Dividend

(a) No. of Non-Resident Shareholders	2.00	2.00
(b) No. of Equity Shares held	1809,6340	1809,5940
(c) Amount of Dividend paid (₹ in Lacs)	271.45	271.44
(d) Financial Year to which it relates	2009-10	2008-09

(20) Installed Capacity

Descriptions	Unit	31.03.2011	31.03.2010
Fabrics	Million Metres	235.00	220.00
Garments	Million Pieces	88.80	88.80

(21) Actual Production (including Job-Work)

Descriptions	Unit	31.03.2011	31.03.2010
Fabrics	Million Metres	121.84	78.15
Garments	Million Pieces	40.65	37.55

(22) Imported & Indigenous consumption

	₹ in Lacs	%	₹ in Lacs	%
(i) Raw Materials :				
Imported	10364.35	7.34%	5851.75	5.95%
Indigenous	130770.44	92.66%	92431.68	94.05%
	141134.79	100.00%	98283.43	100.00%
	₹ in Lacs	%	₹ in Lacs	%
(ii) Stores & Spares				
Imported	1002.55	25.62%	626.07	23.03%
Indigenous	2910.65	74.38%	2,092.39	76.97%
	3913.20	100.00%	2718.46	100.00%

(23) The disclosures mandated by paragraphs 3(i)(a) 3(ii)(a) 3(ii)(b) and 3(ii)(d) of Part II Schedule VI to the Companies Act 1956 have not been provided in view of applicability of exemption vide General Notification No. S.O. 301(E) dated February 8, 2011 issued under Section 211(3) of the Companies Act, 1956, by The Ministry of Corporate Affairs Government of India

(24) 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

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

Consolidated Cash Flow Statement for the year ended 31.03.2011

Particulars	(₹ in Lacs)	
	31.03.2011	31.03.2010
Cash Flow from Operating Activities (A)		
Net Profit before Tax after Extra Ordinary Items	26486.41	21433.64
Adjustments for:		
Loss on Sale of Fixed Assets	7.99	145.93
Depreciation	16741.37	8226.57
(Profit)/Loss on Sale of Investment	(55.07)	(29.57)
Interest & Dividend Exp./ (Income)	(1202.83)	(890.35)
Interest and financial charges	14779.73	9502.81
Operating Profit before Working Capital Changes	56757.60	38389.01
Adjustments for:		
(Increase) / Decrease in Inventories	(61176.37)	(21712.69)
(Increase) / Decrease in Debtors	(10070.87)	(2719.02)
(Increase) / Decrease in Loans and Advances	(2084.70)	(16172.38)
Increase / (Decrease) in Current liabilities	25135.95	4643.38
Cash Generated from Operations	8561.61	2428.30
Direct Taxes Paid / Deducted	(2829.41)	(4380.29)
Net Cash Flow from Operating Activities	5732.20	(1951.99)
Cash Flow from Investing Activities (B)		
(Purchase) / Sale of Fixed Assets (Net)	(137878.04)	(100611.98)
(Purchase) / Sale of Investments (Net)	27891.94	(10690.66)
Increase in Capital Reserve	3607.94	-
Interest and Dividend Income Received	1202.83	890.35
(Increase) / Decrease in Foreign Exchange Fluctuation Reserve	(6513.49)	(3213.51)
(Increase) / Decrease in Misc. Expenditure not w/off	(12.90)	172.47
Exchange rate difference Adjustment	-	(1135.98)
Net Cash Flow from Investing Activities	(111701.72)	(114589.31)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital on premium	1600.00	4280.00
Proceeds from Security Premium Account	48795.72	85381.73
Proceeds from Share Application Money	-	(33300.00)
Proceeds from Convertible Warrants	6575.00	2026.50
Proceeds from Secured Loans	62360.54	48344.75
Proceeds from Unsecured Loans	2426.69	20504.67
Interest & Financial charges	(14779.73)	(9502.81)
Dividend Paid (including tax)	(1963.76)	(1528.54)
(Increase) / Decrease in Minority Interest	82.99	(35.10)
Net Cash Flow from Financing Activities	105097.45	116171.20
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(872.07)	(370.10)
Cash and Cash Equivalents at the Beginning of the Year	6027.06	6397.16
Cash and Cash Equivalents at the end of the Year	5154.99	6027.06

As per our report of even date

For V. K. Beswal & Associates

Chartered Accountants

CA R. P. Laddha

Partner

M. No. 48195

Firm Reg. No. 101083W

Place : Mumbai

Dated : June 04, 2011

Prachi Deshpande

Company Secretary

Prashant Agrawal

Managing Director

A. R. Mundra

Executive Director - Finance

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 Eighteenth Annual General Meeting of the Company to be held on Thursday, September 15, 2011 at 4.30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020 and at any adjournment thereof.

Signed on this _____ day of _____ 2011.

Signature of Shareholder _____

Affix
₹ 1.00
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 Eighteenth Annual General Meeting of the Company at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020, on Thursday, September 15, 2011.

Name _____ Address _____

_____ Regd.Folio. No. _____ No. of Shares held

_____ Client ID. No. _____ DP. ID. No. _____

Name of Proxy/Representative, if any _____

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



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Bombay Rayon Fashions Limited
D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road,
Chandivali, Andheri (East), Mumbai - 400 072