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Weaving opportunities, Stitching growth, Weaving opportunities, Stitching growth, Weaving opportunities

We believe in doing things differently. It is our ability to think differently that has put the company into a new trajectory of growth.

We look at the opportunity differently. We look at it from the perspectives of not just the size, but also our ability to get higher share and our ability to keep scaling up within that. We weave through the opportunity rather carefully. And in the process stitch strong growth. Always at the top.

Weaving opportunities. Stitching growth.

Bombay Rayon Fashions Limited (BRFL) of tomorrow is significantly different from the company you see today.

This is why.

The sheer size of our business is at an inflection. Our garment manufacturing capacity has increased from 42,000 pieces per day to 64,000 pieces per day, a growth of 1.5 times in less than 2 years.

We are scaling up the value chain aggressively. Three years back 100% of our revenues were from moderate margin fabric business. Currently it is 60%. Three years hence, the total business from value added, high margin garmenting business would have grown upto 70% of total revenue.

We are also planning to enter into the highest end of the value chain by entering domestic retail of garments.

We have also acquired two companies, one with a manufacturing base locally and the other with a distribution base overseas. This ushers a new era for the company. The inorganic opportunity is huge.

Welcome to a new BRFL.

Weaving Opportunities intelligently

he textile market globally is huge at USD 500 billion. The dismantling of the quota regime in December 2004 opened up further more opportunities. Countries like China prepared for the mass participation by setting up huge capacities to take the lion's share.

However, opportunities sometime could be looked upon differently.

We belong to that genre.

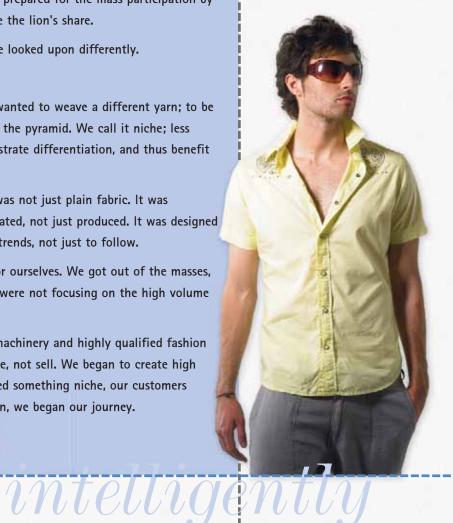
We did not want to chase the mass. We wanted to weave a different yarn; to be in the market which existed at the top of the pyramid. We call it niche; less crowded. It was an opportunity to demonstrate differentiation, and thus benefit from the same.

While we chose to begin with fabrics, it was not just plain fabric. It was intelligent fabrics. Something that we created, not just produced. It was designed for the designers and embroidered to set trends, not just to follow.

With that first move, we changed a lot for ourselves. We got out of the masses, the competition and the comparison. We were not focusing on the high volume and low margin business.

Instead, we invested in state-of-the-art machinery and highly qualified fashion designers who were taught to differentiate, not sell. We began to create high value added products. And once we created something niche, our customers knew whom to source from. From there on, we began our journey.

We began to scale onwards and upwards.



Weaving Value-add opportunities

aving established a niche in the designed fabric space, our next step was charted. To add value to the even bigger opportunity that beckoned us. To integrate forward. And backwards.

We became a one-stop shop. A completely integrated manufacturer of high value added designed garments.

Garmenting was our move up. We set up large manufacturing facilities for garments to begin with and in a short time have emerged as the largest shirt manufacturer in India. Next was to integrate back and set up yarn dyeing, weaving and processing so that everything was under our control.

Unlike many peers who source fabric from elsewhere, get it dyed and just stitch it up, we do every bit ourselves. And we do it differently. We design garments from our own fabrics, and once our buyers choose them, we get it manufactured from the yarn dyeing stage to the final garmenting stage. Every stage is done at our end and under our control.

The result.

Shorter lead times, better products, timely dispatches, higher margins, lower working capital and better Return on Investments. A virtuous circle that keeps getting better as we keep improving the time to market.

Compared to the average of 90 days, we are at 60 days. With our new integrated facilities, we have now made it to 30 days. We are thus constantly rotating the value-add wheel faster.





Stitching inclusive growth

of growth. It's upon us how we want to grow. And how much we want to grow.

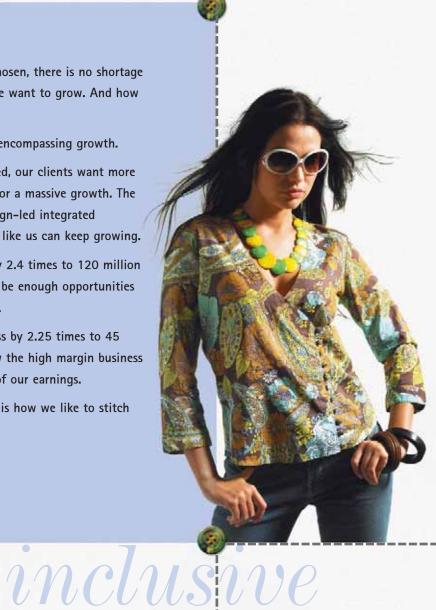
We chose for an inclusive, all encompassing growth.

Thanks to the niche that we have created, our clients want more from us. We are creating the build-up for a massive growth. The size of the opportunity is such that design-led integrated (competitive) manufacturing companies like us can keep growing.

We are expanding our fabric capacity by 2.4 times to 120 million meters per annum. With this, there will be enough opportunities to grow up the value chain in garments.

We are also scaling the garment business by 2.25 times to 45 million pieces per annum. This will grow the high margin business we operate in and improve the quality of our earnings.

Qualitative, quantitative and all around is how we like to stitch our growth.



Stitching GLOOCUL growth



he textile industry is truly global. In the real sense.

The markets that lead in fashion include Japan, Europe and USA. The fashion that they wear has got little to do with where it is conceived, where it is sourced from and where it gets manufactured. A design could be conceived in Milan, the fabric could have originated in China and stitched in India.

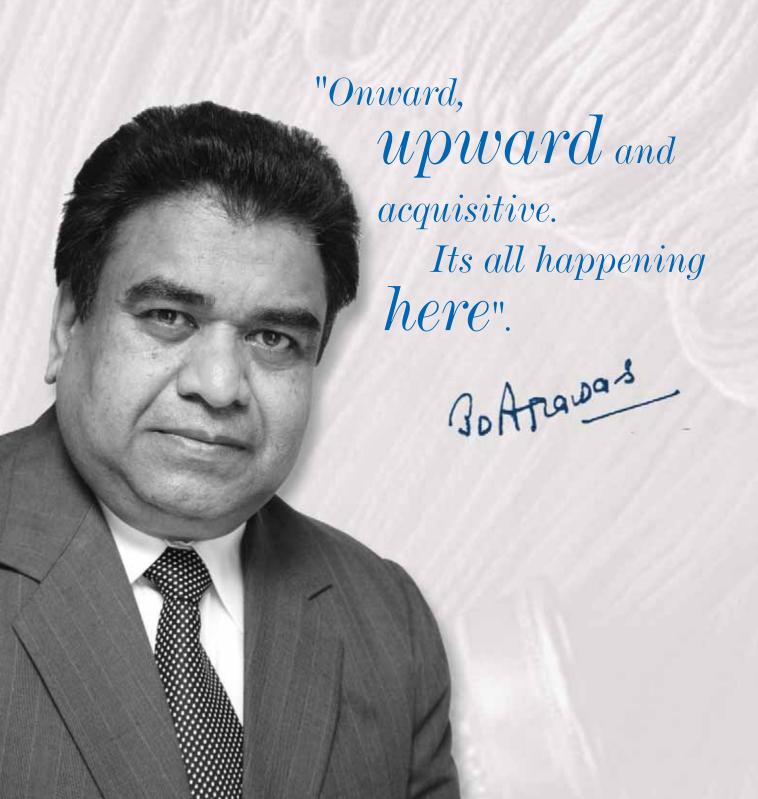
Such a universal trade ensures that we are present everywhere. And that we stitch our growth story world-over.

That's why we set up BRFL Europe B.V, our wholly owned subsidiary in Netherlands and New York. Through them, we will ensure that our growing customer base get the best of our service in products and design.

Our recently acquired UK-based DPJ Clothing Limited will further assist us in handling overseas marketing and distribution.

And this is just the beginning. Like the start with fabrics. As we grow and integrate, be ready to expect more from us.





Dear Shareholders,

2007 was a watershed year in the history of the company.

And this is exactly what we had planned.

To set-up the company for a very different growth trajectory.

We have given growth a different paradigm.

Onward, upward and acquisitive. It's all happening here. And we are excited, and confident.

It has been a well thought journey so far, thanks to the niche that we focused on. By going to the market with a clear distinction of not being just another low cost textile company but a one-stop fully integrated design company, we created a reputation for ourselves.

We are rapidly scaling our business, onward and upward, and inching closer to our vision to emerge as a complete apparel company.

Onward

The fabric business is gaining momentum big time. The capacity build up is 2.4 times our current size. This should offer us scale and operating leverage. And also allow us to enter other clients and

geography. The design difference and integrated model can now show its strength elsewhere too.

Upward

The garment business is also growing. Value addition is almost double of fabrics. Garmenting capacity is also increasing by 2.25 times. From a 100% fabric company, garments now form 40% of the business. Thanks to this, our margins have also gained momentum. EBIDTA margin profile has improved from 6.6% five years back to above 20% this year. And as the time to market shortens from 60 days to 30 days, expect more from us.

Acquisitive

The industry today offers many opportunities to gather momentum. Be it size, expertise or client-access, there is something to acquire. One can either choose to create or acquire. Looking at the strategic importance and the opportunity cost, we chose to acquire.

In February 2007, we acquired UK based DPJ Clothing Ltd, a wholesale marketing and distribution company. DPJ Clothing is currently working with various retail fabric chains facilitating the outsourcing of fabrics and garment. With this

acquisition, we will be able to expand our customer base in the European region for designer garments and also get headway for outsourcing and distributing other related products in that region.

We are stretched and excited. We have not seen such action in many years. And we believe the coming years will be more exciting, as with every next step we are seeing a new opportunity to add value and to grow.

The outlook for the future looks promising. And we are prepared for it. We hope to deliver much stronger results, both in quantity and quality. And use a stronger balance sheet for even stronger growth. We have started the virtuous circle into motion.

In these exciting times, I thank every stakeholder for their support and the belief in what we are striving to achieve. Every input that you have given has helped us better ourselves.

Look forward to a long association.

Sincerely,

Janardan Agrawal

Chairman



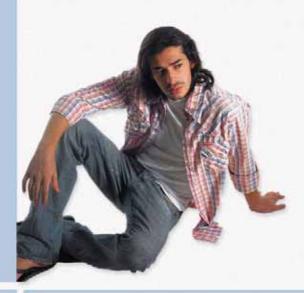
The fabric of Bombay Rayon

Who we are

Bombay Rayon Fashions Limited (BRFL) is one of India's leading textile companies. Established by Mr. Janardan Agrawal in 1986, the Company manufactures and exports a versatile range of fabrics and apparels.

Our high-end designer garments are entirely exported to Europe, UK and USA while our wide range of fabric is used for captive consumption as well as available in the domestic market.

The Company accessed the capital markets in 2005 and its shares are listed on the Bombay Stock Exchange Limited as well as National Stock Exchange of India Limited.



Operations

The Company's business is focused on capitalizing the vertical integration of the production process – from initial design to fabric production to the manufacture of garments.

Fine designs and unique fabrics are produced at our Designing and Fabric Development Set Ups. After sampling and testing the fabrics, these are processed at our state-of-the-art manufacturing facilities.

Our manufacturing units are located in Navi Mumbai, Silvassa, Sonale (in Thane district) and Bangalore.

The Company also operates through its wholly owned subsidiary BRFL Europe B.V, newly incorporated Bombay Rayon Retail Ltd and recently acquired foreign subsidiary DPJ Clothing Ltd.

Products

FABRICS

BRFL is a leading supplier of quality fabrics. Our versatile and technically advanced range of fabrics come in a variety of color, size and pricing options. The product line combines quality and style and are exported as well as supplied in the domestic market under the brand 'Bombay Rayon'.

APPAREL

Our fashion garments are largely supplied to designer brands across USA, UK and Europe. Trendy designs and choice of fabric collections based on seasonal fashion trends make BRFL garments highly sought after. Besides, our state-of-the-art integrated facility enables us to offer complete solutions, from concept to product within 60 - 90 days.



is ton

To be a Complete Fashion
Apparel Company focused on
Total Customer Orientation,
attaining a Position of Pride for
stakeholders through creation
of Congenial Business
Environment, offering Products
and Services Par Excellence.

To be the

- Most innovative sought after Fashion Apparel and Fabrics Manufacturer.
- Most dependable for shortest turn around time.
- Most reliable for quality, service and deliveries.
- Most permanently bonded with customers, suppliers and other stake holders.
- Most valued employer.
- Most looked up to for transparency, governance and social responsibility.

Reach

The Company's wide range of fabrics are supplied in the domestic market through distributors and retailers. Known for its high level of quality and innovative fabrics, BRFL fabrics have a well established repute with national garment manufacturers. Fabric exports are largely towards Middle-East and EU countries.

Our high value added designer garments are exported to USA, UK and other countries in Europe.

BRFL Europe B.V operating in Almere, Netherlands and now New York provides service to its overseas customers on products and designs, while the recently acquired UK-based DPJ Clothing Limited assists the company in handling overseas marketing and distribution.

Performance

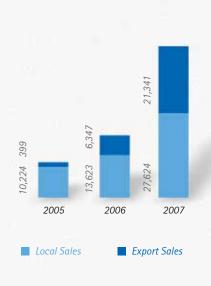
BRFL's revenue increased from Rs. 19,975.41 lacs recorded during 2005–06 to Rs. 48,989.69 lacs recorded during 2006–07, an increase of 2.45 times. The EBIDTA of the Company increased by 2.84 times to Rs. 9,906.49 lacs during the year. The EBIDTA margin expanded from 17.45% in 2005–06 to 20.22% in 2006–07. Profit after tax during 2006–07 stood at Rs. 5,441.35 lacs, higher than Rs. 1,818.02 lacs recorded during 2005–06. The shares of Bombay Rayon Fashions Limited are listed on the National and Mumbai Stock Exchange. The market capitalization of the Company as on March 30, 2007 was Rs. 1,008 crores.

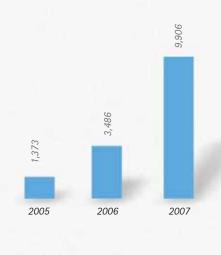
Key developments during 2006-07



- A wholly-owned subsidiary in the name of 'Bombay Rayon Retail Ltd' was incorporated with a view to expand into the domestic retail market.
- Acquired majority stake in DPJ Clothing Ltd, a UK based company engaged in the wholesale marketing and distribution of clothing products.
- Blueprint drawn for setting up large manufacturing facilities to increase fabric manufacturing capacity to 120mn metres p.a and garments to 45 mn pieces p.a.
- Incorporated a branch office of BRFL Europe B.V. (A wholly owned subsidiary) in New York for the benefit and comfort of the overseas customers.
- The Company raised nearly Rs. 300 crores through Qualified Institutions Placement from various Flls, Mutual Funds and Banks.
- Our Integrated Textile Project witnessed commercial production with various manufacturing facilities of yarn dyeing, weaving, processing and garmenting at one single location.

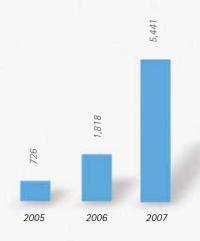
Financial highlights

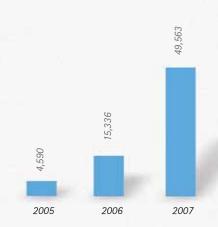




Total Sales (Rs in Lacs)

PBDIT (Rs in Lacs)





PAT (Rs in Lacs)

Shareholders' Funds (Rs in Lacs)



Directors

Sitting Left to right

Mr. S.B. Agarwal, Dr. Pravin P. Shah, Mr. Aman Agrawal, Mr. Prashant Agarwal

Standing Left to right

Mr. John Mathew, Mr. Uday Mogre, Mr. A.R. Mundra, Mr. B.S. Bhesania, Mr. Naseer Ahmed

Corporate Information

BOARD OF DIRECTORS

Mr. Janardan Agrawal

Chairman

Mr. Aman Agrawal

Vice Chairman

Mr. Naseer Ahmed

Joint Vice Chairman

Mr. Prashant Agarwal

Managing Director

Mr. A .R. Mundra

Executive Director- Finance

Mr. Uday Mogre

Executive Director- Corporate

Mr. B. S. Bhesania

Director

Mr. S. B. Agarwal

Director

Dr. Pravin P. Shah

Director

Mr. John Mathew

Nominee Director, EXIM Bank

(w.e.f. 19/12/2006)

COMPANY SECRETARY

Ms. Prachi Deshpande

AUDITORS

V. K. Beswal & Associates, Chartered Accountants

REGISTERED OFFICE

D-1st Floor, Oberoi Garden Estates,

Chandivali Farms Road,

Chandivali, Andheri (East),

Mumbai- 400 072.

BANKERS/TERM LENDERS

State Bank of India

UTI Bank Ltd

State Bank of Patiala

State Bank of Hyderabad

Standard Chartered Bank

DBS Bank Ltd.

Bank of India

Industrial Development Bank of India

State Bank of Mysore

Citibank N. A.

Export Import Bank of India

FACTORIES

(i) Survey No.21 to 32 (P), KIADB Apparel Park, Near Railway Station, Doddaballapur, Bangalore - 561203

(ii) 151, Babaasabara Palya, Mysore Road, Kengeri,

Bangalore - 560058

(iii) 19th KM 53/10 Madanayakanahalli, Dasanpura,

Hobli, Bangalore - 562123

(iv) 288, 4th Phase, Peenya Industrial Area, Bangalore –

560 058.

(v) 57/A, 3rd Phase, Peenya Industrial Area, Bangalore –

560 058.

(vi) Raj Rajeshwari Compound, Sonale Village, Dis.

Thane.

(vii) TTC Industrial Area, Navi Mumbai.

(viii) 227/3 Khanvel Main Road, Kherdi, Silvassa

REGISTRAR & SHARE TRANSFER AGENT

INTIME SPECTRUM REGISTRY LTD.

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup, Mumbai- 400 078.

LISTING OF EQUITY SHARES

(Listing fees paid)

The Company's shares are listed on the National Stock

Exchange of India Ltd ("NSE") and Bombay Stock

Exchange Limited ("BSE").

Directors' Report

Dear Shareholders,

Your Directors are pleased to present their Report and the Statement of Audited Accounts for the year ended 31st March 2007.

FINANCIAL RESULTS:

(Rs. in Lacs) **Particulars** 31-03-2007 31-03-2006 **Gross Sales** 48989.69 19975.41 Profit before Interest, Depreciation and Tax 9906.49 3485.79 Less: Interest 1301.73 644.80 Profit before Depreciation and Tax 8604.76 2840.99 Less: Depreciation 1044.91 294.79 Profit before Tax 7559.85 2546.20 Less: Provision for Taxes (including Deferred) 728.18 2118.50 Profit after Tax 5441.35 1818.02 Add: Balance brought forward 2019.78 760.25 Profit available for appropriations 7461.13 2578.27 **APPROPRIATIONS:** Transfer to General Reserve 150.00 **Proposed Dividend** 787.50 489.80 Corporate Dividend Tax 133.84 68.69 **Balance Carried forward** 6389.79 2019.78

OPERATIONS

The Gross turnover of the Company for the year under review stood at Rs. 48989.69 lacs with an increase of 2.45 times over the previous year. The total Export Sales has increased to Rs.21340.84 lacs from Rs.6347.29 lacs (3.36 times). The Profit Before Tax jumped to Rs. 7559.85 lacs in comparison with Rs. 2546.20 lacs in the previous year. After provision for Taxation, the Profit After Tax (PAT) for the year was Rs. 5441.35 lacs as against Rs. 1818.02 lacs for the previous year.

During the year the commercial production for integrated textile project commenced with the manufacturing facilities of yarn dyeing, weaving, processing and garmenting at single location. With this the total installed capacities at the end of year under review reached to 50 million meters p.a of fabric and 19.2 million pieces p.a (64,000 pieces per day) of garments.

The expansion plans have already been undertaken to increase the total installed capacities to 120 million meters of fabrics and 45 million pieces p.a (1,50,000 pieces per day) of garments within next financial year.

DIVIDEND:

Considering the surplus available, your Board of Directors is pleased to recommend a Dividend of Rs.1.25 per Equity Share (12.50%) on 6,30,00,000 equity shares as on 31st March, 2007 involving a distribution of Rs. 921.34 Lacs (including Corporate Dividend Tax).

FURTHER ISSUE OF SECURITIES

Allotment of Equity Shares to Qualified Institutional Buyers

During the year under review, your Company has raised Rs. 294.43 crores by Qualified Institutions Placement (QIP) as per SEBI Guidelines, allotting 1,40,20,314 Equity Shares of Rs.10/- each fully paid – up for cash at a premium of Rs.200/- per equity share to Qualified Institutional Buyers including Foreign Institutional Investors (FIIs), Mutual Funds (MFs) & Banks. The total paid – up capital of the Company after this issue is 6,30,00,000 Equity Shares of Rs.10/- each fully paid – up aggregating to Rs. 63 crores. The

Board of Directors takes this opportunity to thank all the investors for the confidence shown in the Company and its management.

Allotment of Convertible Warrants to Promoter Group

Your Company has allotted 61,00,000 convertible warrants at Rs. 207/– to promoters in accordance with the provisions of SEBI Guidelines for Preferential Issues . The aforesaid warrants at the option of the allottee is convertible into equivalent number of equity shares of the face value of Rs. 10/– each subject to the condition that the option to convert is exercised within a period of 18 months from the date of allotment i.e. on or before 18th June 2008. As per the provisions of aforesaid guidelines an amount equal to 10% of the Issue price has been received upfront. Till 31st March, 2007 no conversion option has been exercised for these warrants.

INCREASE IN THE AUTHORISED SHARE CAPITAL

With a view to accommodate the recently concluded issue of equity shares to Qualified Institutional Buyers as well as future conversion of warrants into equity shares, if any, the authorised share capital of the Company has been increased from Rs.50 Crores to Rs.70 Crores.

EXPANSION PROJECT

After completion of New Integrated Textile Project at

Doddaballapur, Bangalore the new project for expansion has been taken to set up the following capacities –

Fabrics 70 million mtrs p.a

Garments 25.8 million pieces p.a (86,000 pieces per day)

Based upon the Techno–Economic Feasibility Report prepared by Gherzi Eastern Limited, Mumbai the total cost of this expansion was estimated at Rs. 352 crores to be funded as under:

Equity Rs. 124 crores

(Raised under QIP)

Debt Rs. 228 crores

Rs. 352 crores

The financial appraisal and syndication of Debt were done by UTI Bank Ltd by getting sanctions for Term Loans from various Bankers under Technology Upgradation Fund Scheme (TUFs) entitling the company an interest subsidy of 5% and capital subsidy of 10% on total investment in Processing Machineries.

The project execution work has been undertaken by finalizing the critical machineries with technologies and project will be fully on stream by end of third quarter of next financial year.

The Company has also drawn of the plan for setting up fabric weaving and new Garment Manufacturing Facilities in Maharashtra.

INCREASE IN THE INVESTMENT LIMITS OF FOREIGN INSTITUTIONAL INVESTORS (FIIs)

During the year under review, the investment limit of FIIs under Portfolio Investment Scheme (PIS) in the Company has been increased from 24% of the total paid -up capital to 40% of the total paid up capital.

DIRECTORS:

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

During the year under review, Export Import Bank of India. (EXIM Bank) appointed Mr. John Mathew as its Nominee Director on the Board of your Company. Mr.John Mathew shall hold office at the pleasure of EXIM Bank and shall not be liable to retirement by rotation.

The existing term of Mr. Aman Agrawal, Vice Chairman, Mr. Prashant Agarwal, Managing Director, Mr. Udya Mogre, Executive Director-Corporate and Mr. A.R. Mundra, Executive Director-Finance as whole -time Directors, shall expire on 31st May, 2008. The Board of Directors has subject to the approval of the shareholders considered and approved the appointment of the aforesaid managerial persons on fresh terms and conditions for a period of 3 years from 1st June, 2007 to 31st May, 2010.

CORPORATE GOVERNANCE

A report on the Corporate Governance practices followed by the Company 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's Discussion and Analysis.

AUDITORS:

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

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:

- 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz 31st March, 2007 and of the Profit of the Company for that year.
- 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, 2007 on a going concern basis.

PARTICULARS OF EMPLOYEES:

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/– or more per annum, if employed throughout the year, or Rs. 2,00,000/– or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOP-MENT, 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:

BRFL Europe B.V.

The wholly-owned subsidiary of your Company BRFL Europe B.V at Netherlands set up last year, has played an important role for canvassing the business, services to customers on products and designs.

During the year under review, a branch office of the aforesaid subsidiary was incorporated in New York, U.S. in the name of BRFL Europe B.V. Inc. The establishment of said branch office shall enable the Company to provide services to customers at their door step which in turn would give the overseas buyers a comfort of dealing with a company having reached in their respective territory.

DPJ Clothing Ltd

During the year under review, the Company has acquired 420 Ordinary shares constituting 70% of the total paid-up capital of

DPJ Clothing Ltd, a UK based Company, for a total consideration of £1.54 million. DPJ Clothing Limited is engaged in business of wholesale marketing and distribution of clothing Products. The said subsidiary is working with various retail fabric chains facilitating the outsourcing of fabrics and garment either by direct import or by import and delivery basis.

Bombay Rayon Retail Limited

With a view to expand into domestic market through retail segment, your Company has, during the year under review, incorporated a wholly-owned subsidiary in the name of 'Bombay Rayon Retail Ltd.' However, no operations had commenced during the year under review.

As required by Section 212 of the Companies Act, 1956, the Statement of holding in subsidiary 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 company are forming part of the Annual Report.

ACKNOWLEDGEMENTS:

Place: Mumbai

The Directors wish to place on record their appreciation for the continued support and co-operation by Financial Institutions, Bankers, Customers and Business Associates and to the Shareholders and Investors for the confidence reposed in the Company's management. The Directors also convey their appreciation to the employees at all levels for their dedicated services, efforts and collective contribution.

For and on behalf of the Board

JANARDAN AGRAWAL

Chairman

Date: 3rd July, 2007 Chairman

ANNEXURE 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.
- (d) 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.
- (e) 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'.
- (f) Total energy consumption per unit of production as per Form 'A'.

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		Year Ended 31/03/2007		Year Ended 31/03/2006
	Fabrics	Garments	Fabrics	Garments
A. Power and Fuel Consumption				
1. Electricity				
a) Purchase				
Unit (Lacs)	38.53	28.02	14.21	7.24
Total Amount (Rs. Lacs)	142.04	165.60	36.23	36.24
Rate/ Unit (Rs.)	3.69	5.91	2.55	5.01
b) Own generation (Through D.G. Set)				
Diesel Oil Consumed (Lac Ltrs)	4.42	2.44	1.69	1.67
Total Amount (Rs. Lacs)	159.94	87.98	58.69	61.80
Avg. Per Ltr. (Rs.)	36.19	36.06	34.73	37.01
c) Bio Fuel				
Quantity (lacs pieces)	_	4.54	N.A	N.A
Amount (in lacs)	_	15.79	N.A	N.A
d) Coal				
Quantity (M.T)	4101.49	_	N.A	N.A
Amount (in lacs)	150.47	_	N.A	N.A
B. Consumption Per unit of Production				
Production	35.13	7.09	20.74	1.72
	Million mtrs	Million pcs	Million mtrs	Million pcs
Electricity (Rs.)	0.86/ Mtr	3.58/ piece	0.46/ Mtr	5.70/ piece

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

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

Technology absorption, adaptation and innovation

1. 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.

2. 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

- 3. 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.

4. Foreign Exchange Earnings and Outgo:

i) 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.

ii) Total information on Foreign Exchange earnings and outgo is contained in note nos. 16 to 18 of schedule S of accounts.

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

Bombay Rayon Fashions Limited ("BRFL" or "Bombay Rayon" or "Company") continues to uphold its commitment to high standards of corporate governance. In all its operations and processes, the Company adheres to stringent governance norms so that its stakeholders are ensured of superior financial performance.

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. 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 Board comprises of Four Executive Directors and Six Non-Executive Directors. The Chairman of the Board is a Non-executive Director and one third of the Board comprises of independent Directors.

Except Vice-Chairman, Managing Director and Nominee Director, all other Directors are liable to retire by rotation.

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

Name of the Director	Designation	Category of Directorship	No. of Other Directorships*	No. of Other Committee Memberships #	
				Chairman	Member
Mr. Janardan Agrawal	Chairman	Promoter, Non –Independent Non–Executive;	2	_	-
Mr. Aman Agrawal	Vice Chairman	Promoter; Executive; Non-Independent	2	_	_
Mr. Naseer Ahmed	Joint Vice Chairman	Non-Executive; Non-Independent	1	-	-
Mr. Prashant Agarwal	Managing Director	Promoter, Executive; Non –Independent	3	_	-
Mr. A.R. Mundra	Executive Director – Finance	Executive; Non –Independent	-	-	-
Mr. Uday Mogre	Executive Director– Corporate	Executive; Non –Independent	-	-	-
Mr. B.S Bhesania	Director	Non-Executive; Independent	4	1	3
Mr. S. B. Agarwal	Director	Non-Executive; Independent	2	1	_
Dr. Pravin. P. Shah	Director	Non-Executive; Independent	5	1	6
Mr. John Mathew**	Director	Nominee of EXIM Bank	1		

- * Directorships in Private and Foreign Companies are excluded.
- # Memberships of only Audit Committee, Shareholders' /
 Investors' Grievance Committee and Remuneration Committee
 have been considered.
- ** Appointed with effect from 19th December, 2006
- b) Reappointment of Directors:

The Directors whose re-appointment is proposed at the forthcoming Annual General meeting are:

i) Mr. B. S. Bhesania -

Mr. B. S. Bhesania, aged 74 years, has over forty eight years of professional experience. He is an Attorney–at–law, High Court, Bombay since 1962 and a Solicitor, Supreme Court of England and Supreme Court of Hongkong since 1981 and 1982 respectively. His association with the Messers Mulla & Mulla Craigie Blunt & Caroe dates back to 1959 and is partner with that firm since 1971.

Mr. Bhesania is also a director in the following Companies.

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Jamyad Investments Pvt. Ltd.	4	India Overland Pvt. Ltd.
2	Trent Ltd.	5	Gilt Edge Finance & Investments Ltd.
3	DGP Hinoday Industries Ltd.	6	Bhansali Engeering & Polymers Ltd.

As on 31st March 2007, Mr. B.S. Bhesania held 2848 equity shares in the Company.

ii) Mr. S. B. Agarwal -

Mr. S. B. Agarwal, aged 69 years, is a member of the Institute of Chartered Accountants of India. Mr. Agarwal also holds a masters degree in commerce and economics and has also graduated in law. He has over four decades of professional experience. For eighteen years from 1982 to 2000, he was Business Head for global textile companies in Aditya Birla Group having textile units at various locations in India and abroad. Before joining the Aditya Birla Group he was President and Chief Executive Officer of Rajasthan Spinning Mills (Bhilwara Group) for a brief period of two years. He has also worked with J. C. Mills, Gwalior a Birla group company for fourteen long years holding various positions upto President.

Mr. S.B. Agarwal is also a director in the following Companies.

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Banswara Syntex Ltd.	4	Technocraft Ltd.
2	RaniSati Trading & Investments Pvt. Ltd.	5	Bhagwan Computronics Pvt. Ltd.
3	Zarhas Lakshmi Trading Pvt. Ltd.	6	Netit – B Innovation Pvt. Ltd.

As on 31st March 2007, Mr. S.B. Agarwal did not held any shares in the Company.

iii) Dr. Pravin P Shah

Dr. Pravin P. Shah, aged 62 years is a fellow member of Institute of Chartered Accountants of India (All India 4th Ranker in final examination held in May 1969) and a Graduate member of the Institute of Cost and Works Accountants of India. He has also completed his Ph.D. in cost accounting from the University of Bombay. He holds a bachelor's degree in commerce from the University of Bombay (ranked first in order of merit). He has over thirtyeight years of professional experience in the areas of financial consultancy, corporate structuring/restructuring, public issues, private funding, foreign collaborations, management consultancy, taxation, valuation, property matters, accounting, auditing, company law and FEMA matters, etc. Since 1980 he is a partner of M/s Pravin P. Shah & Co., a firm of chartered accountants. From 1975 to 1980, he was Director of Internal Consulting, WUI Inc., New York, a subsidiary of Xerox Corporation and was involved in providing in-house consulting services in the areas of business planning, costing, finance, new project evaluation, capital expenditure planning, etc. Dr. Shah has contributed significantly in the academic side and was a faculty for tax planning at Jamnalal Bajaj Institute of Management at Mumbai besides teaching at American Management Associations, U.S.A. He has also presented various papers at seminars, workshops, etc.

Dr. Shah is also a director in the following Companies.

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Adani Enterprises Ltd.	8	Adventity BPO India P. Ltd.
2	Bhansali Engineering Polymers Ltd.	9	Claris Lifesciences Ltd.
3	JM Financials Ltd.	10	Jai Corp Ltd.
4	JM Financial Consultancy Pvt. Ltd.	11	JM Financial & Investment Consultancy Services Pvt. Ltd.
5	JM Morgan Stanley Financial Services Pvt. Ltd.	12	Benchmark Trustee Company Pvt. Ltd.
6	Landmark Business Service Centre Pvt. Ltd.	13	Landmark Financial & Investment Consultancy Pvt. Ltd.
7	Macro Investment & Financial Consultants Pvt. Ltd.	14	Health & Education Foundation

As on 31st March 2007, Dr. Shah held 3016 Equity shares in the Company.

c) Board Meetings and Annual General Meeting:

During the financial year 2006–07, 11 Board Meeting were held on – June 15, 2006, July 27, 2006, September 8, 2006, October 31, 2006, November 7, 2006, December 8, 2006, December 19, 2006, January 19, 2007, January 31,2007, February 22, 2007 and March 28, 2007.

The last Annual General Meeting of the Company was held on 29th August, 2006. The details of attendance of Directors in Board Meetings and the last Annual General Meeting are as follows.

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Janardan Agrawal	5	No
Mr. Aman Agrawal	5	Yes
Mr. Naseer Ahmed	2	Yes
Mr. Prashant Agarwal	11	Yes
Mr. A.R. Mundra	11	Yes
Mr. Uday Mogre	10	Yes
Mr. B.S Bhesania	8	Yes
Mr. S. B. Agarwal	8	Yes
Dr. Pravin. P. Shah	4	Yes
Mr. John Mathew*	2	No

^{*} Appointed with effect from 19th December, 2006

d) Code of Conduct

The Board has laid down a code of conduct for all Board members and senior management of the Company. The same is posted on the website of the Company at the following link:-

http://www.bombayrayon.com /investors/code of conduct

3. Audit Committee

a) Constitution of Audit Committee:

The Audit Committee comprises of four members out of which three are Non-executive independent directors and one executive director. Three members of the Committee are members of the Institute of Chartered Accountants of India.

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

During the financial year 2006 –07, 4 Committee Meetings were held on 15th June, 2006, 27th July, 2006, 31st October, 2006 & 31st January 2007. The composition of the Audit Committee and the number of meeting attended were as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Dr. Pravin P. Shah	Chairman	3
Mr. S.B. Agarwal	Member	3
Mr. B.S. Bhesania	Member	4
Mr. A. R. Mundra*	Member	3

^{*} appointed with effect from 15th June, 2006.

c) Attendees:

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

d) The Terms of Reference of the Audit Committee:

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

 i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before

- submission to the Board and also ensure compliance of internal control systems.
- ii) 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.
- iii) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 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.
 - (q) Qualifications in the draft audit report.
- vi) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- 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:

- 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:

One Remuneration Committee Meeting was held during the financial year on 15th June, 2006 and all members attended the said meeting. The composition of the Remuneration Committee is as under:

Name of Director	Designation
Mr. B.S Bhesania	Chairman
Dr. Pravin P. Shah	Member
Mr. S.B. Agarwal	Member

c) Terms of reference:

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

d) Remuneration Policy:

i) Management Staff:

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

ii) Non-Executive Directors:

The Company pays sitting fees to all the Non-executive Directors except Chairman of the Company. The sitting

fees paid is within the limits prescribed under the Companies Act, 1956.

The Board of Directors at their Meeting held on 6th July 2005 had approved payment of sitting fees of Rs.2500/– for each meeting of Board of Directors, meeting of the Audit Committee & Remuneration Committee. Details of the Sitting fees paid during the year 2006–07 is as under:

Name of the Director	Sitting fees paid (Rs.)				
	Board Meeting	Audit Committee	Remuneration Committee		
Dr. Pravin P. Shah	10000	7500	2500		
Mr. B.S. Bhesania	20000	10000	2500		
Mr. S.B. Agarwal	20000	7500	2500		
Mr. Naseer Ahmed	5000	-	-		
Mr. John Mathew	5000	-	-		
Total	60000	25000	7500		

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, 2007, to the Chairman amounted to Rs. 77.09 lacs.

iii) Executive Directors:

The Vice Chairman, Managing Director, Executive
Director – Finance and Executive Director– Corporate are
the only Executive Directors in the Company. The tenure
of all the aforesaid Executive Directors is for a period of
3 years with effect from 1st June 2005. The remuneration
of the Executive Directors has been approved by the
Remuneration Committee, the Board of Directors and the
shareholders of the Company.

Details of remuneration pai	id to the Executive Directors de	uring the year ended March 31	, 2007 are given below:

Name of the Executive Director	Designation	Salary & Allowances (Rs. lacs)	Contribution to PF (Rs. lacs)	Total (Rs. lacs)
Mr. Aman Agrawal	Vice-Chairman	19.43	1.56	20.99
Mr. Prashant Agarwal	Managing Director	19.43	1.56	20.99
Mr. A.R. Mundra	Executive Director – Finance	13.06	1.04	14.10
Mr. Uday Mogre	Executive Director – Corporate	13.06	1.04	14.10

5. Shareholders'/ Investors' Grievance Committee

 a) Constitution and Composition of Shareholders' Grievance Committee:

The current Shareholders' / Investors' Grievance Committee was constituted on 25th July 2005, to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of a Non-Executive Director. Eight Shareholders' / Investors' Grievance Committee Meetings were held during the financial year 2006-07, on 15th June, 2006, 27th July, 2006, 8th September, 2006, 31st October, 2006, 26th December, 2006, 12th January, 2007, 31st January 2007, 17th February, 2007. The composition of the Shareholders'/ Investors' Grievance Committee and the number of meeting attended were as under:

Name of Director	Designation	No. of Meeting Attended
Mr. Janardan Agrawal	Chairman	4
Mr. Prashant Agarwal	Member	8
Mr. A.R. Mundra	Member	8

- b) Ms. Prachi Deshpande, Deputy Company Secretary is also the Compliance Officer for the committee.
- c) 140 complaints received during the year from shareholders' / investors' were resolved. There were no complaints pending as at end of the year.

d) Share Transfers In Physical Mode

Shares received for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee of the Company meets as often as required.

- e) General Body Meetings
 - a. Annual General Meeting:
 - i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Financial Year	Date	Time	Location of the Meeting
2003-04	30/09/04	10:00 A.M	D-1148, Oberoi Garden Estates, Chandivali Farms Road, Andheri (East), Mumbai – 400 072
2004-05	29/09/05	11:00 A.M.	D- 1st floor, Oberoi Garden Estates, Chandivali Farms Road, Andheri (East), Mumbai – 400 072
2005-06	29/08/06	4.30 P.M	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020

(ii) Extra-ordinary General Meetings (EGM):

Date	Time	Location
December 5, 2006	11.30 a.m	Sheila Raheja Hall, Rotary Service Centre, Rotary Chowk, Juhu Tara Road, Santacruz (West), Mumbai 400049
January 5, 2007	11.30 a.m	Sheila Raheja Hall, Rotary Service Centre, Rotary Chowk, Juhu Tara Road, Santacruz (West), Mumbai 400049

iii) Special Resolution:

No special resolutions were passed at the last Annual General Meeting.

Details of the businesses for which the resolution passed at the Extra-Ordinary General Meeting(s) are as under:

Date	Particulars		
December 5, 2006	 (1) Alteration in Articles of Association for increase in capital from Rs. 50 crores to Rs. 70 crores; (2) Allotment of shares to Qualified Institutional Buyers under the SEBI Guidelines for Qualified Institutions Placement; (3) Allotment of 61,00,000 convertible warrants to Bombay Rayon Clothing Ltd, an entity belonging to promoters; 		
January 5, 2007	Increase in the investment limits of Foreign Institutional Investors under Portfolio Investment Scheme from 24% to 40%.		

iv) During the year 2006–07, no special Resolution has been passed by Postal Ballot.

v) No special resolution is proposed to be conducted through Postal Ballot.

f) Means of Communication

a) 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. These are also published in the prescribed proforma within 48 hrs of the conclusion of the meeting of the Board in which they are considered, in one English newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of the State where the registered office of the company is situated.

During the financial year 2006 –07, Audited Results for the year 2005 – 06 and the quarterly results of the Company for the quarter ended 30th June, 2006, 30th September, 2006 & 31st December, 2006 were published in Economic Times, Maharashtra Times and Navbharat Times.

 b) The financial results and other corporate information are displayed on the Company's website – www.bombayrayon.com. The website also displays official news releases.

g) General Shareholder Information

a. Annual General Meeting:

Day, Date and Time: Thursday, 30th August, 2007

at12.30 p.m

Venue : Walchand Hirachand Hall,

Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020

b. Financial Year:

The Company follows April–March as its financial year.

The results for every quarter beginning from April are declared in the month following the quarter.

c. Date of Book Closure: 18th August, 2007 to 30th August, 2007 (both days inclusive)

d. Listing on Stock Exchanges:

The Company's shares are listed on the National Stock Exchange of India Ltd ("NSE") and Bombay Stock Exchange Limited ("BSE"). The Company has paid the listing fees to the Stock Exchanges within the prescribed time.

e. Stock Code/Symbol

NSE - BRFL

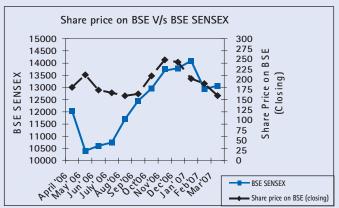
BSE - 532678

f. Market Price Data:

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

	Bombay Stock Exchange (in Rupees.)			National Stock Exchange (in Rupees.)		
	High	Low	Volume	High	Low	Volume
April, 2006	187.40	130.00	7821494	187.70	129.75	10247497
May, 2006	258.75	162.85	6417674	258.60	163.30	9561763
June, 2006	220.50	104.00	9919867	220.45	102.50	17382092
July, 2006	177.75	118.50	3454586	178.00	118.80	5603292
August, 2006	182.80	154.00	5466791	182.90	153.10	7968853
September, 2006	188.20	155.10	6289726	188.40	140.00	8993536
October, 2006	220.55	164.50	17367102	220.00	163.75	23704318
November, 2006	275.50	208.80	17232867	275.50	203.30	23153369
December, 2006	268.70	196.50	7252078	268.90	195.45	9500018
January, 2007	247.90	195.00	4222715	247.95	195.10	5445717
February, 2007	221.90	162.00	5357411	221.80	165.10	7090192
March, 2007	195.40	150.00	2539018	195.30	148.00	3486723

Performance in comparison to broad -based indices of BSE Sensex is as under:



g. Share Transfer System:

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

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

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every

respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

h. Category wise Shareholding as at March 31, 2007

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	2,73,59,160	43.43
2.	Mutual Funds and UTI	43,91,712	6.97
3.	Banks/Financial Institutions/Insurance Companies	6,21,228	0.98
4.	Foreign Institutional Investors	1,70,64,380	27.09
5.	Private Corporate Bodies	66,85,509	10.61
6.	Non-Resident Indians	6,12,033	0.97
7.	Clearing Member	1,63,019	0.26
8.	Public	61,02,959	9.69
	TOTAL	6,30,00,000	100

i. Distribution of Shareholding as at March 31, 2007:

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount	% of Total
Upto 5000	15154	92.88	15830460	2.51
5001-10000	476	2.92	3934990	0.63
10001-20000	247	1.51	3754820	0.60
20001-30000	86	0.53	2188920	0.35
30001-40000	62	0.38	2232280	0.35
40001-50000	40	0.25	1905050	0.30
50001-100000	66	0.41	4673910	0.74
100001 and above	184	1.12	595479570	94.52
TOTAL	16315	100.00	630000000	100.00

j. Dematerialisation of Shares and Liquidity:

About 97.52% of the shares have been dematerialized as on March 31, 2007. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

k. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs.

The Company has allotted 61,00,000 Optionally

Convertible Warrants at Rs. 207/– each on 19th December 2006. Each warrant at the option of the holder is convertible into 1 Equity Share of Rs.10/– each.

Exercise of option of conversion fully will add Rs. 6.10 crores to the present equity.

Registrar and Share Transfer Agents:
 Intime Spectrum Registry Ltd.
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhandup, Mumbai-400078.

m. Plant Locations:

Fact	ory Location	Activity
(i)	Raj Rajeshwari Compound, Sonale Village, Dist. Thane	Weaving of Fabrics
(ii)	TTC Industrial Area, Navi Mumbai.	Weaving of Fabrics, Garment Manufacturing
(iii)	57/A, 3 rd Phase, Peenya Industrial Area, Bangalore – 560 058.	Garment Manufacturing
(iv)	288, 4 th Phase, Peenya Industrial Area, Bangalore – 560 058.	Garment Manufacturing
(v)	19 th KM 53/10 Madanayakanahalli, Dasanpura, Hobli, Bangalore – 562123	Garment Manufacturing
(vi)	151, Babaasabara Palya, Mysore Road, Kengeri, Bangalore 560058	Garment Manufacturing
(vii)	227/3 Khanvel Main Road, Kherdi, Silvassa	Weaving of Fabrics
(viii)	Survey No.21 to 32 (P), KIADB Apparel Park, Near Railway Station, Doddaballapur – 561203	Yarn Dyeing, Weaving, Processing & Garment Manufacturing

n. Address for Correspondence:

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

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup, Mumbai-400078.

Tel: 022 - 2596 3838

Fax: 022 - 25946969 / 25960329

For general correspondence:

Bombay Rayon Fashions Limited

Secretarial Department

D-1st Floor, Oberoi Garden Estates,

Chandivali Farms Road, Andheri (East),

Mumbai - 400072.

Tel: 022 -2803 1800

Fax: 022 - 2847 6992

E - mail: investors@bombayrayon.com

h) Other Disclosures

- a. The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2007.
- The Company has complied with the requirements of regulatory authorities on capital markets and no penalty / stricture was imposed on the Company during the last three years.
- c. The Company has complied with the non-mandatory requirements relating to remuneration Committee. The financial statements of the Company are unqualified.
- d. The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of the Corporate Governance.

Certificate from Chief Executive Officer with respect to compliance with the Code of Conduct

This is to certify that in line with the requirement of Clause 49 of the Listing Agreement, all the Directors of the Board and Senior Management Personnel have solemnly affirmed that to the best of their knowledge and belief, have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management Personnel' during the financial year 2006–07.

PLACE: MUMBAI PRASHANT AGARWAL

DATED: JULY 3, 2007 Managing Director

7. Certificate from Chief Executive Officer & Chief Financial Officer

We, Prashant Agarwal, 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:
 - 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
 - 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 AGARWAL

Managing Director

A. R. MUNDRA

Executive Director-Finance

PLACE: MUMBAI
DATED: JULY 3, 2007

Bombay Rayon Fashions Limited

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, 2007, as stipulated in clause 49 of the Listing Agreement of the Company with these Stock Exchanges.

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

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

We state that there were no investor grievances remaining unattended for a period exceeding one month against the Company as per the records maintained by the Company & its Registrars.

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

For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

R.P. LADDHA PARTNER

Membership Number: 48195

PLACE: Mumbai

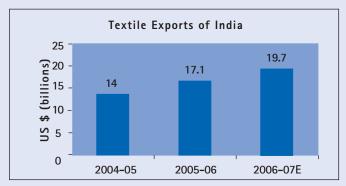
DATE: 3rd July, 2007

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Management discussion analysis

Industry structure and development

The global textile industry estimated at USD 500 billion is one of the largest contributors to global trade. India's growing exports of USD 20 billion make it an important player in this market. The country largely exports fabrics, apparel and made-ups to the US and EU.



The steady growth in the exports of value added products has resulted in an increase in India's market share and the favourable product-mix has contributed to higher realizations and better margins. Post quota phase-out, the Indian Textile Industry has gained immensely and continues to benefit over its regional peers in terms of export of value-added products.

Worldwide, there is a rapid change in consumer preferences in term of style and fashion preferences. More and more consumers are shifting towards high end value added products. This has necessitated efficient service coupled with brand offerings which in turn has led to new opportunities for the textile and apparel industry. A strong brand image, world class production facilities further expansion of the existing distribution network and emphasis on retail would be the keys to maintaining market leadership by any company in the textile and clothing industry.

Business Overview

Your company is a leading manufacturer and exporter of fashion fabrics and garments. It has fully integrated operations from design to yarn dyeing to fabric processing to garment manufacturing. Vertical integration focus on designing and manufacturing high end garments enable the company to achieve higher margins.

With a focus on becoming a leader in high-end garment manufacturing, Your Company plans to further expand its manufacturing facilities. It plans to increase the output of fabric from 50 million meters annually to approximately 120 million meters annually and garments from 18.6 million pieces annually to approximately 45 million pieces annually. The total cost for this expansion is projected to be Rs. 3,520.30 million. The cost is being funded by Equity already raised and Term Loans under Technology Upgradation Fund Scheme (TUFs).

Opportunities and Threats

Opportunities

As the textile industry matures, international players are now seeking manufacturers with vertically integrated product development facilities and having the ability for managing quality and costs. India is steadily being recognised in this regard and sourcing of value-added products from India continues to increase.

The Government of India has set a target for textile exports to grow to USD 50 billion by 2010. In continuation of its policy to support the Indian textile sector, the Government of India had allocated TUF subsidies for investments in the sector. In addition,

the increase in FDI has provided huge opportunities to Indian Textile players who can source domestically and provide a one-stop solution to the global retailers who source from India.

Threats

On the other hand, the industry continues to be a labour intensive industry and majority of the output is exported. Given this, factors like wage increase in India, ability to attract and retain highly skilled professionals, time and cost overruns on fixed price contracts, client concentration, substantial exchange rate fluctuations, ability to manage international marketing and sales operations may affect the Company's margins.

The Company derives a sizeable amount of its revenue from its overseas operations. The Indian rupee has appreciated considerably in the last few months. The fluctuations in earnings and exchange rates may also have an impact on the profitability of the Company as far as it relates to the turnover derived from overseas operations.

Risk Management

Concentration Risk

This risk arises from dependence on any customer or segment for excessive business.

The Company has a large and diversified customer base comprising of reputed international buying houses, retailers in the overseas market and renowned garment manufacturers, retailers and dealers in the domestic market. Not more than 10% of our sales are to one particular buyer. Hence the Company is not over-dependent on any one particular customer. Also, BRFL's multi segment and multi market presence mitigates the risk of downturn in demand from any particular segment or market.

Labour Risk

This risk arises from being a labour intensive business and consequently being exposed to the vagaries of the work force.

The Company has tailored its human resource policy in such a way that it helps create a motivated work force. All of its units enjoy cordial industrial relations. The Company feels the risk is substantially mitigated, if not completely.

Competition Risk

This risk arises from more players wanting a share in the same business.

The USD 17 billion textile industry in India is steadily growing. The phase-out of the quota system (Multi-Fibre Agreement) since 1st January, 2005 has made the industry more competitive. However, the Company's products are high-value design intensive products and have established significant brand goodwill in the market segment in which it operates. Besides, the Company's diversified lines of business, cutting edge technical know-how and the ability to deliver in the shortest possible time place the Company at a distinct competitive advantage over other players in the industry.

Fashion Risk

This risk arises because the Company is in the fashion business where designs have a short shelf life.

BRFL has its own in-house Research and Development
Department consisting of a Designing Unit and a Fabric
Development Unit. There is a team of designers who come out
with new ideas and designs based on current fashion trends in
the domestic and the international markets. BRFL also works
closely with its customers. Thus the Company has its mitigation
in place.

Currency Risk

This risk arises from the exposure to foreign currency and volatility associated with the underlying currencies. Out of 44% of the revenue generated from exports only half of it is in USD.

The company follows the normal prudence of hedging its receivables and also short order lead times prevent the Company from the effects of currency fluctuations, given the recent volatility in the rupee-USD rate and a time lag of 60-90 days

between the date the order is placed and finally dispatched, the risk is not entirely mitigated.

Outlook

Easy access to raw material (India is the third largest producer of cotton and one of the largest producers of man-made fibres) and availability of low cost skilled labour make the country an ideal destination for sourcing fabrics as well as garments. With fully integrated operations, the Company intends to become a complete apparel house. Barring unforeseen circumstances, the financial and operational performance of your Company is expected to grow significantly in the next few years. Established relations with existing customers and a constant drive to increase our customer base shall enable your Company to emerge a strong player in the industry.

Internal control systems and their adequacy

BRFL's internal control systems as well as procedures are commensurate with the magnitude of its current business. The operating and business control procedures have been framed in order to ensure efficient use of resources and comply with the procedures and regulatory requirements. The internal control systems are being further strengthened by laying out well–documented guidelines, approval and authorization procedures.

Discussion of financial performance with respect to operational performance

Discussion of financial performance with respect to operational performance has been presented elsewhere in the Annual Report.

Material Development in Human Resources

During the year under review, the company has enjoyed cordial professional relationship with the employees at all levels.

Manpower figure of the Company as on 31st March, 2007 was 6773.

Cautionary Statement

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

Auditors' Report

We have audited the attached Balance Sheet of BOMBAY RAYON FASHIONS LIMITED, as at 31st March 2007, the Profit and Loss Account & Cash Flow Statement of the Company 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.

 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 in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit & Loss Account & the 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 the directors, as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 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 accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

ii. in the case of the Profit & Loss Account, of the Profit for the year ended on that date;

and

iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V.K.BESWAL & ASSOCIATES

CHARTERED ACCOUNTANTS

R.P. LADDHA

PARTNER

Membership Number: 48195

PLACE: MUMBAI DATED: 03.07.2007

ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE

(Referred to in paragraph 1 thereof)

- The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) According to the information and explanations given to us, the fixed assets were physically verified by the management at reasonable intervals during the year. We were 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. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concern of the company does not arise.
- As explained to us physical verification of inventories has been conducted during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, 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 inventories and no material discrepancies were noticed on physical verification.
- The company has not granted or taken any loans to/from companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are 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/services. 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) 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 Companies Act, 1956 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 Companies Act, 1956 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) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public during the year. Therefore, the provision of Clause (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 209(1)(d) of the Companies Act, 1956.

- 9) a) According to the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.
 - b) According to information & explanation given there were no undisputed amounts payable in respect of wealth tax, service tax, sales tax, custom duty, excise duty, cess &t other statutory dues which remained outstanding as at 31st March, 2007 for a period more than six months from the date they became payable except in respect of Income Tax which has not been deposited on account of dispute. The details are given as under:-

Particulars	Amount (Rs.)	Period for which it relates	Forum where dispute is pending
Income Tax	25,64,896	2002-2003	ITAT, Mumbai
Income Tax	9,20,991	2003-2004	ITAT, Mumbai

- 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) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks. The company has not borrowed any amount from financial institutions.
- 12) According to the information and explanation 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, and debentures and other investments.
- 15) According to the records of the Company and the information and explanation provided by the management, the Company has not given any guarantee, for loan 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) According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s.301 of the Act
- 19) No debentures have been issued by the Company during the year and hence, the question of creating securities in respect thereof does not arise.
- 20) The end use of moneys raised by public issues has disclosed in the financial statements has been verified by us and found to be in order.
- 21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

R.P. LADDHA PARTNER

Membership Number: 48195

PLACE: MUMBAI DATED: 03.07.2007

Balance Sheet

Rs in Lacs

As at 31st March	Schedules		2007	2006
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	А	6,300.00		4,897.97
Reserves and Surplus	В	42,000.73		10,438.45
Advance Money Received for Convertible Warrants		1,262.70	49,563.43	— 15,336.42
Loan Funds				
Secured	С	31,956.30		8,411.14
Unsecured Loans	D	1,389.14	33,345.44	1,087.51 9,498.65
DEFERRED TAX LIABILITIES			1,340.94	148.88
TOTAL			84,249.81	24,983.95
APPLICATION OF FUNDS				
Fixed Assets	Е			
Gross Block		32,564.24		7,838.88
Less : Depreciation		1,969.27		968.65
Net Block		30,594.97		6,870.23
Capital Work-in-Progress		4,805.52	35,400.49	5151.82 12,022.05
INVESTMENTS	F		13,576.68	1,001.25
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	G	17,511.38		8,335.39
Sundry Debtors	Н	10,200.45		3,461.59
Cash and Bank Balances	I	7,726.44		1,171.42
Loans and Advances	J	7,347.29		2,881.78
			42,785.56	15,850.18
Less: Current Liabilities and Provisions				
Current Liabilities	K	6,508.15		3,029.20
Provisions	L	1,004.77		860.33
		7,512.92		3,889.53
Net Current Assets			35,272.64	11,960.65
TOTAL			84,249.81	24,983.95
NOTES TO ACCOUNTS	S			

As per our report of even date For V.K. BESWAL & ASSOCIATES

Chartered Accountants

R.P. LADDHA PARTNER M.NO. 48195

PRACHI DESHPANDE Company Secretary AMAN AGRAWAL PRASHANT AGARWAL A. R. MUNDRA UDAY C. MOGRE Vice-Chairman
Managing Director
Executive Director-Finance
Executive Director-Corporate

PLACE: MUMBAI DATED: JULY 3, 2007

Profit and Loss Account

Rs. in Lacs

For the year ended 31st March	Schedules	2007	2006
INCOME			
Gross Sales	М	48,989.69	19,975.41
Less : Excise Duty		51.52	77.38
Net Sales		48,938.17	19,898.03
Other income	N	709.70	137.29
Increase/(Decrease) in stocks	0	4,146.97	2,504.51
TOTAL		53,794.84	22,539.83
EXPENDITURE			
Cost of Materials	Р	34,236.66	13,733.23
Manufacturing and other expenses	Q	9,651.69	5,320.81
Interest & Financial Charges	R	1,301.73	644.80
Depreciation		1,044.91	294.79
TOTAL		46,234.99	19,993.63
Profit before taxation		7,559.85	2,546.20
Provision for Taxations			
Current tax		881.00	575.99
Deferred tax		1,192.08	116.49
Fringe benefit tax		39.28	21.97
Short / (Excess) Provision for Tax in-respect of earlier ye	ears	6.14	13.73
Profit after taxation		5,441.35	1,818.02
Balance brought forward		2,019.78	760.25
Profit available for appropriations		7,461.13	2,578.27
Transfer to General Reserve		150.00	_
Proposed dividend		787.50	489.80
Corporate dividend tax		133.84	68.69
Balance carried to Balance Sheet		6,389.79	2,019.78
Basic E.P.S. (Rs.)		10.52	4.61
Diluted E.P.S. (Rs.)		9.41	4.6
NOTES TO ACCOUNTS	S		

As per our report of even date For V.K. BESWAL & ASSOCIATES

Chartered Accountants

R.P. LADDHA PARTNER M.NO. 48195

PRACHI DESHPANDE Company Secretary AMAN AGRAWAL PRASHANT AGARWAL A. R. MUNDRA UDAY C. MOGRE Vice-Chairman
Managing Director
Executive Director-Finance
Executive Director-Corporate

PLACE: MUMBAI DATED: JULY 3, 2007

Particulars	31.03.2007	31.03.2006
	31.03.2007	31.03.2000
SCHEDULE A		
SHARE CAPITAL		
Authorised		
7,00,00,000 (5,00,00,000) Equity shares of Rs. 10 each	7,000.00	5,000.00
Issued, Subscribed and Paid-up		
6,30,00,000 (4,89,79,686) Shares of Rs. 10 each, fully paid- up	6,300.00	4,897.97
Out of the above :		
1) 1,15,87,600 (1,15,87,600) equity shares were issued as fully		
paid -up persuant to scheme of Amalgamation .		
2) 39,98,000 (39,98,000) equity shares were issued as fully paid- up		
bonus shares by capitalisation of Profit & Loss Account.		
	6,300.00	4,897.97
SCHEDULE B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per Last Balance Sheet	8,418.67	533.30
Add : Addition During the Year	28,040.63	8,641.44
	36,459.30	9,174.74
Less : Deduction during the year (Refer note 6(c) of Notes to Accounts)	998.36	756.07
	35,460.94	8,418.67
General Reserve		
Transferred from Profit & Loss Account	150.00	_
Profit and Loss Account	6,389.79	2,019.78
	42,000.73	10,438.45
SCHEDULE C		
SECURED LOANS		
Term loans		
From Banks	16,865.07	5,754.06
Working Capital Loans		
From Banks	14,934.97	2,565.02
Others		
Vehicles loans:		
From Banks	101.86	87.18
From Others	54.40	4.88
	31,956.30	8,411.14

Rs. in Lacs

Particulars 31.03.2007	31.03.2006
SCHEDULE D	
UNSECURED LOANS	
From Banks 1,389.14	1,025.85
From L.I.C. —	61.66
1,389.14	1,087.51

SCHEDULE E

FIXED ASSETS

TIXED AGGETG										
PARTICULARS		GROSS	BLOCK			DEPREC	CIATION		NET E	BLOCK
	As on	Additions	Deductions	As on	up to	Deduction	For the year	As on	As on	As on
	01.04.06			31.03.07	31.03.06		06-07	31.03.07	31.03.07	31.03.06
Land	428.33	41.00	0.00	469.33	0.00	0.00	0.00	0.00	469.33	428.33
Buildings	1148.75	3544.80	0.00	4693.55	87.58	0.00	61.34	148.92	4544.63	1061.17
Furniture &	378.23	224.93	0.00	603.16	36.68	0.00	25.50	62.18	540.98	341.55
Fixtures & Office										
equipment										
Vehicles	280.36	208.47	45.76	443.07	61.45	10.62	34.49	85.32	357.75	218.91
Plant & Machinery	5483.59	20729.54	92.24	26120.89	736.44	33.67	899.98	1602.75	24518.14	4747.15
Computer	119.62	114.62	0.00	234.24	46.50	0.00	23.60	70.10	164.14	73.12
TOTAL	7838.88	24863.36	138.00	32564.24	968.65	44.29	1044.91	1969.27	30594.97	6870.23
Previous Year	3210.73	4673.63	45.48	7838.88	687.33	13.47	294.79	968.65	6870.23	
Capital Work in Pro	gress								4805.52	5151.82
(including Advance	s)									
									35400.49	12022.05

Particulars	31.03.2007
SCHEDULE F	
INVESTMENTS (AT COST) NON-TRADE	
Long Term	
Equity Shares - Fully paid (Unquoted)	
Jankalyan Sahkari Bank Ltd. (90100 Shares of Rs. 10/- each)	9.01
Kalyan Janta Sahkari Bank Ltd. (10000 Shares of Rs. 10/- each)	2.50
Investment in subsidiaries	
BRFL EUROPE B.V. (18,000 Ordinary Shares of Euro 1 each)	9.74
DPJ Clothing Ltd-(420 Equity Shares of GBP 1 each , fully paid up) .	1,342.77
Current	
Mutual Funds - (Unquoted) Unit of Rs. 10/- each	
HDFC FMP 90D FEBRUARY 2007 (4) -	1,500.00
WHOLESALE PLAN DIVIDEND - PAYOUT (15000000 Units)	

		Rs. in L
iculars	31.03.2007	31.03.2
ING VYSYA FIXED MATURITY FUND	1,000.00	
SERIES-XX-DIVIDEND OPTION (10000000 Units)		
JM FIXED MATURITY FUND - SERIES	1,007.66	
IV - QUARTERLY PLAN 4-F-3-DIVIDEND PLAN (10076569.184 Units)		
PRINCIPAL PNB FIXED MATURITY PLAN	1,000.00	
(FMP-35) 91 DAYS- SERIES VIII - FEB 07 (10000000 Units)		
RELIANCE FIXED HORIZON FUND II -	2,000.00	
QUARTERLY PLAN- SERIES II- INSTITUTIONAL DIVIDEND PLAN		
(2000000 Units)		
RELIANCE FIXED HORIZON FUND II QTR. PLAN SERIES V	1,500.00	
INSTITUTIONAL DIVIDEND PLAN		
(15000000 Units)		
RELIANCE FLOATING RATE FUND-DAILY	2,005.00	
DIVIDEND REINVESTMENT PLAN (19921343.443 Units)		
SBI DEBT FUND SERIES-90 DAYS	1,000.00	
(FEBRUARY 07) -GROWTH (10000000 Units)		
SBI DEBT FUND SERIES-90 DAYS	200.00	
(JANUARY 07) -GROWTH (2000000 Units)		
SL121D SBI ONE INDIA FUND-DIVIDEND (10000000 Units)	1,000.00	
RELIANCE EQUITY FUND (98,00,000 units)		980
(NOTE : Please refer note No. 20 of notes to accounts for Investments in Mutual Funds acquired & sold during the year)		
	13,576.68	1,00
EDULE G		
NTORIES (As certified by the Management)		
Raw Materials	8,137.79	3,305
Work- in -Progress	3,972.39	2,067
Finished Goods	5,056.01	2,814
Stores, Spares and Packing Materials	345.19	148
	17,511.38	8,335

Portionare	21 02 0007	RS. In Lacs
Particulars	31.03.2007	31.03.2006
SCHEDULE H		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Exceeding six months	826.74	360.55
Others	9,373.71	3,101.04
	10,200.45	3,461.59
SCHEDULE I		
CASH AND BANK BALANCES		
Cash in hand	16.85	2.03
Balances with scheduled banks		
on current accounts	4,648.79	387.05
on deposit accounts	500.00	549.01
on margin accounts	1,382.35	233.33
Cheques in hand	1,178.45	_
	7,726.44	1,171.42
SCHEDULE J		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	1,098.08	602.69
Advance Share Application Money to Wholly owned Subsidiary	137.01	30.22
Deposits	3,080.18	1,373.26
Balances with Excise & Customs, VAT & Other Govt. Authorities	3,032.02	875.61
	7,347.29	2,881.78
SCHEDULE K		
CURRENT LIABILITIES		
Sundry Creditors	5,975.75	2,936.14
Others Liabilities	532.40	93.06
	6,508.15	3,029.20
SCHEDULE L		
PROVISIONS		
Gratuity and leave encashment	53.03	45.06
For taxation (Net of Advance Tax & TDS)	30.40	256.78
Proposed Dividend	787.50	489.80
Tax on Proposed Dividend	133.84	68.69
	1,004.77	860.33

Profit and Loss Account		Rs. in Lacs
Particulars Particulars	31.03.2007	31.03.2006
SCHEDULE M		
GROSS SALES		
Domestic	27,623.83	13,622.59
Exports	21,340.84	6,347.29
Others	25.02	5.53
	48,989.69	19,975.41
SCHEDULE N		
OTHER INCOME		
Dividends on Investment	180.63	15.34
Interest (TDS Rs. 46.63 Lacs- previous year Rs. 15.70 Lacs)	216.00	68.02
Foreign Exchange Rate Difference	134.73	_
Profit on Sale of Investments	1.76	26.26
Miscellaneous income	176.58	27.67
	709.70	137.29
SCHEDULE O		
INCREASE/(DECREASE)IN STOCKS		
Opening Stock		
Finished goods	2,814.30	1,274.58
Work- in- Progress	2,067.13	1,102.34
Less : Closing Stock		
Finished goods	5,056.01	2,814.30
Work- in- Progress	3,972.39	2,067.13
	4,146.97	2,504.51
SCHEDULE P		
COST OF MATERIALS		
Opening Stock	3,305.47	1,445.57
Add : Purchases	39,068.98	15,593.13
	42,374.45	17,038.70
Less : Closing Stock	8,137.79	3,305.47
	34,236.66	13,733.23
SCHEDULE Q		
MANUFACTURING AND OTHER EXPENSES		
	440.50	404.07
Stores & Spares Consumed	443.56	104.97
Packing Material Consumed	198.23	194.96

Rs. in Lacs
31.03.2006
847.27
146.12
25.06
165.56
1.189.38

culars	31.03.2007	31.03.20
Payment to and Provisions for Employees :		
Salaries, Wages and Bonus	2,326.14	847
Contribution to Provident Fund and other Funds	902.19	146
Workmen & Staff welfare expenses	40.34	25
Power & Fuel	416.74	165
Job Charges for:		
Process	1,251.28	1,189
Weaving	655.66	814
Design & Development & others	953.99	434
Repairs & Maintenance :		
Buildings	10.04	8
Plant & Machinery	96.89	17
Vehicles	11.25	9
Others	18.82	40
Rent, Rates & Taxes	254.94	135
Insurance	41.99	25
Keyman Insurance	14.34	5
Legal & Professional Charges	40.23	38
Auditors' Remuneration	9.66	5
Travelling & Conveyance	246.27	110
Transportation	830.51	432
Advertisement , Publicity & Business Promotion	57.27	49
Books & Periodicals	3.14	3
Directors' Remuneration	147.28	80
Directors' Sitting Fees	0.93	0
Commission	193.15	152
Foreign Exchange Fluctuations		15
Miscellaneous expenditure W/off	_	4
Communications	142.57	68
Printing & Stationery	116.19	70
Miscellaneous expenses	221.03	81
Prior Period Expenses	_	6
Donation	3.99	15
Loss on sale of Assets	3.07	16
	9,651.69	5,320
50.W.5.D.		
EDULE R INTEREST & FINANCIAL CHARGES		
Interest on fixed loans	136.98	57
Interest on Others & Financial Charges	1,164.75	587
intorest on others & rillandar onarges	1,301.73	644

-	4
h	п

SCHEDULE S

NOTES TO ACCOUNTS

(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

Domestic sales are accounted on despatch of goods to customers and Export sales are accounted on the basis of dates of Bill of Lading. Gross Sales are accounted for inclusive of excise duty but 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 of 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 in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(e) Expenditure During Construction Period

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

(f) Investments

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

(g) Inventories

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

(h) Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss Account. All foreign currency current assets/liabilities are translated in rupees at the rates prevailing on the date of Balance Sheet.

(i) Employee Retirement Benefit

- (i) Company's contribution to Provident Fund is charged to Profit & Loss Account.
- (ii) The provision for Gratuity payable is made as per Actuarial Valuation and being expensed out by contribution to Employees Gratuity Trust.
- (iii) Provision for value of unutilised leave due to employees is made as per Actuarial Valuation.

(i) Taxation

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

(k) Borrowing Cost

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

- (2) (a) Term Loans from Banks are secured by first charge on all Fixed Assets 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.
 - (c) The Vehicle Loans from the Banks & Others are secured by Hypothecation of specified Vehicles against which the finance is obtained.

(Rs. in Lacs)

		31.03.2007	31.03.2006
Con	ntingent Liabilities not provided for rporate guarantee given by the Company for its associate company for m Loan/ Working Capital/Loan given by a bank puted demand outstanding related to Income Tax (The matter is	_	538.00
•	nding with Income Tax Appellate Tribunal, Mumbai.)	34.86	34.65
Est	pital Commitment imated amount of capital contracts remaining to be executed t of advances).	1,033.84	2,520.44
(6) (a)	During the year, the Company's Integrated Textile Project at Apparels Park, Doddaballapur, Bangalore having manufacturing facilities of yarn dyeing, weaving & Garmenting has commenced the commercial production. In November, 2005 the Company has raised Rs. 94.33 crores through Initial Public Offer, for part financing this Integrated Textile project and the same have been fully utilised accordingly for this object as specified in the prospectus		
(b)	The Company has successfully completed the further raising of securities		

during the year by way of Qualified Institutions Placement (QIP) as per SEBI Guidelines and allotted 1,40,30,214 equity shares of Rs. 10/- each at a premium of Rs. 200/- to Qualified Institutional Buyers (QIBs). The Company has taken up the implementation of new expansion project and some of the fund has already deployed for the same. The unutilised proceeds are lying with the Banks or temporarily deployed in the current assets and investments.

Rs. in Lacs 31.03.2006

31.03.2007

(c) In accordance with the provisions of Sec. 78 (2) (c) of the Companies Act, 1956, Securities Premium Account has been utilised to write off share issue expenses of Rs. 998.36 Lacs incurred for further raising of equity capital by issue of equity shares by way of Qualified Institutions Placement as per SEBI Guidelines to QIBs.

- (7) The Company has allotted 61,00,000 convertible warrants at Rs. 207/- to promoters 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 Rs. 10/- each within a period of 18 months from the date of allotment i.e. on or before 18th June 2008.As per the provisions of aforesaid guidelines an amount equal to 10% of the Issue price has been received upfront. Till 31st March, 2007 no conversion option has been exercised for these warrants.
- (8) Some of the fixed assets added under the scheme of amalgamation of Bombay Rayon Pvt. Ltd.in to the Company and by the acquisition of the firms i.e. B.R.Exports in the process of the transfer in the name of the Company.

(9)	Auditors' Remuneration		
` ′	Audit Fees	5.06	2.80
	Tax Audit Fees	0.67	0.45
	Certification Works	1.92	0.77
	Other Matters	2.01	1.64
		9.66	5.66
(10)	Managerial Remuneration		
	(a) Remuneration to whole time Directors		
	(i) Salaries & Allowances	64.98	50.64
	(ii) Contribution to Provident Fund	5.21	3.84
	(b) Commission to Non Executive Chairman @ 1%	77.09	26.17
		147.28	80.65
(c)	Computation of Net Profit in accordance with Sec. 349 of the Companies Act, 1956		
	Profit before Taxes as per Profit & Loss Account	7,559.85	2,546.20
	Add: Managerial Remuneration	147.28	80.65
	Directors' Sitting Fees	0.93	0.35
	Loss on Sale of Fixed Assets	3.07	16.29
		7,711.03	2,643.49
	Less :- Profit on sale of Investments	1.76	26.26
	Net Profit	7,709.37	2,617.23

(11) Amount due to small scale industrial undertaking is disclosed on the basis of information available with the company regarding the status of suppliers. Such outstanding for more than 30 days is NIL. (Previous year NIL.)

	As per IT	As per Books	Timing Difference	Difference Tax Assets / (Liabilities)
(12) Computation of Deferred Tax				
Depreciation for the year	6,273.36	1,044.91	(5,228.45)	(1,777.15)
Gratuity & Leave Encashment	_	25.18	25.18	8.56
Issue related Expenses U/s 35D	_	286.98	286.98	97.54
MAT Credit	_	_	_	478.97
Deferred Tax Assets /(Liabilities) for the year				(1,192.08)

				ns. III Lacs
		, , , , , , , , , , , , , , , , , , ,	31.03.2007	31.03.2006
(13) Ear	ning Per Share			
	_	r equity shareholders(Rs.In lacs)	5,441.35	1,818.02
	No. of Shares (Weighted Average)		51,745,337	39,478,553
	Basic Earning per share (Rs.)	. 3 - 7	10.52	4.61
(d)	Diluted Earning per Share (Rs)	9.41	4.61
()		,		
	ated Party Disclosure			
	ne of the Related Party			
(a)	Subsidiary Companies			
	BRFL Europe B.V.			
(1-)	DPJ Clothing Ltd.	anno an anniar andata		
(b)	Other related parties where co	mmon control exists		
	(a) Reynold Shirting Pvt. Ltd.			
	(b) Bombay Rayon Clothing	LTG.		
(b)	(i) Transactions with Related	d Parties		
	(i) Purchase of finished / un	inished goods		
	Reynold Shirting Pvt. Ltd.		380.76	32.36
	(ii) Rendering of services (Jo	b charges)		
	Reynold Shirting Pvt. Ltd.		71.78	274.50
	(iii) Lease charges Paid			
	Reynold Shirting Pvt. Ltd.		49.89	18.90
(b)	(ii) Transactions with Subsid	iary		
	(a) Investments			
	DPJ Clothing Ltd		1,342.77	
	BRFL Europe B.V.			9.74
	(b) Commission Paid			
	BRFL Europe B.V.		59.86	67.81
	(c) Share Application Money	given		
	BRFL Europe B.V.		137.01	30.22
	(d) Sales			
	DPJ Clothing Ltd.		471.35	
(c)	Key Managerial Personnel			
	Name of Personnel	Designation		
	(a) Mr. Janardan Agrawal	Non-Executive Chairman		
	(b) Mr. Aman Agrawal	Vice Chairman		
	(c) Mr. Prashant Agarwal	Managing Director		
	(d) Mr. Uday C. Mogre	Executive Director-Corporate		
	(e) Mr. A.R. Mundra	Executive Director-Finance		
(d)	Transactions with Key Person	nel and their Relatives		
(-)	(i) Directors remuneration		147.28	80.65
	(ii) Consideration paid for bu	ying of office premises to	60.50	_
	Mr. Prashant Agarwal			

				31.03.2007		31.03.2006
manufactu Considerir the Comp as reporta Export se separately	apany is mainly entiring of textiles coning the nature of but any, the Company hable segment. The entire Geograph given, but due to the and expenses for the	engaged in the busine sisting of fabrics and garn siness and financial report has only one segment viz; Company operates in Lochically. The sales for both en nature of business the ase activities can not be bifur	nents. ing of textile cal & oth is ssets/			
(16) C.I.F. Valu	e of Imports					
Capital Go Raw Mate Stores & S	rials			11,241.90 1,835.35 4.00		2,461.24 587.68 122.95
(17) Expenditu	re in Foreign Curre	ncy				
Travelling				81.77		22.36
	Promotions			14.33		23.72
Commissi Others	on			142.20 195.76		91.52
	Foreign Evolunge					
	Foreign Exchange of Exports			20,274.32		5,934.31
Others	. c. <u>2</u> ,,perte					18.07
	espect of Stock and ls, cost of material					
(19) INSTALLE	D CAPACITY					
Description	n	Unit				
Fabrics		Million Metres		50.00		11.20
Garments		Million Pieces		19.20		12.00
	IAL PRODUCTION ding Job Work)					
Fabrio	DS .	Million Metres		36.18		20.74
Garm	ents	Million Pieces		7.10		1.72
(b) TURN	IOVER		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
Fabrio	os .	Million Metres	26.54	29,420.94	18.87	15171.20
Garm	ents	Million Pieces	7.04	19,543.73	1.79	4798.68
Other	S			25.02		5.53
TOTA	L			48,989.69		19,975.41

						s. In Lacs
	1 111 111 111 111			31.03.2007	3	1.03.2006
(c)	OPENING STOCK	<				
	Fabrics	Million Metres	2.82	2,223.50	0.95	397.74
	Garments	Million Pieces	0.21	590.80	0.28	876.84
	TOTAL			2,814.30		1,274.58
(d)	CLOSING STOCK	<				
(4)	Fabrics	Million Metres	5.68	4,430.93	2.82	2223.50
	Garments	Million Pieces	0.26	625.08	0.21	590.80
	TOTAL			5,056.01		2,814.3
(e)		OF MATERIALS				
(-)	Yarn	Millions Kgs.	4.46	7017.59	3.46	5124.60
	Fabrics	Million Metres	34.61	26998.89	13.11	8329.50
	Others			220.18		279.0
	TOTAL			34,236.66		13,733.23
(f)	Imported & Indig	enous consumption				
	(i) Raw Materials	· 3:	Rs. In Lacs	%	Rs. In Lacs	9
	Imported		1,710.42	5.00 %	560.28	4.08 %
	Indigenous		32,526.24	95.00 %	13,172.95	95.92 %
	maigemede		34,236.66	100.00 %	13,733.23	100.00 %
	(ii) Stores & Spar	rge			10,700.20	100.00 /
	Imported		6.35	1.43 %	22.51	22.51 %
			0.00			
	Indigenous		437.21	98.57 %	82.16	78.49 %
	Indigenous			98.57 %		
	Indigenous		437.21	98.57 %	82.16 104.67	
(20) Inv	-	Funds acquired and sold duri	443.56	100.00 %	104.67	
(20) Inv	-	Funds acquired and sold durin	443.56	100.00 %	104.67	100.00 %
. ,	-		443.56	100.00 %	104.67	100.00 9
. ,	estment in Mutual I		443.56	100.00 %	104.67 No. of	100.00 %
. ,	estment in Mutual I Name of the Fund HDFC MUTUAL F	d UND	443.56	100.00 %	104.67 No. of	Purchas
Sr.	estment in Mutual I	d UND	443.56	100.00 %	No. of Units	Purchas
Sr.	estment in Mutual I Name of the Fund HDFC MUTUAL F	d - UND agement Fund	443.56	100.00 %	No. of Units	100.00 % Purchas Cos 4,000.0
Sr	estment in Mutual I Name of the Fund HDFC MUTUAL F HDFC Cash Mana	d - UND agement Fund	443.56 ng the year (Units of	100.00 % Rs.10/- each)	No. of Units 37,616,611	100.00 % Purchas Cos 4,000.0
Sr	estment in Mutual I Name of the Fund HDFC MUTUAL F HDFC Cash Mana HDFC MUTUAL F HDFC Cash Mana	d IUND agement Fund UND agement Fund-saving plan Div	443.56 ng the year (Units of	100.00 % Rs.10/- each)	No. of Units 37,616,611	100.00 % Purchas Cos 4,000.0
Sr. 1	estment in Mutual I Name of the Fund HDFC MUTUAL F HDFC Cash Mana HDFC MUTUAL F HDFC MUTUAL F	d IUND agement Fund UND agement Fund-saving plan Div	443.56 ng the year (Units of	100.00 % Rs.10/- each)	No. of Units 37,616,611 40,108,315	100.00 % Purchas Cos 4,000.0
Sr. 1	estment in Mutual I Name of the Fund HDFC MUTUAL F HDFC Cash Mana HDFC MUTUAL F HDFC Cash Mana	d IUND agement Fund UND agement Fund-saving plan Div ID d - Dividend plan	443.56 ng the year (Units of	100.00 % Rs.10/- each)	No. of Units 37,616,611 40,108,315	100.00 % Purchas Cos 4,000.0 4,018.0
Sr. 1 2 3	estment in Mutual I Name of the Fund HDFC MUTUAL F HDFC Cash Mana HDFC MUTUAL F HDFC Cash Mana LIC MUTUAL FUN LICMF Liquid Fun PRUDENTIAL ICIO	d IUND agement Fund UND agement Fund-saving plan Div ID d - Dividend plan	443.56 Ing the year (Units of t	100.00 % Rs.10/- each)	No. of Units 37,616,611 40,108,315 42,143,379	100.00 % Purchas Cos 4,000.0 4,018.0
Sr. 1 2 3	estment in Mutual I Name of the Fund HDFC MUTUAL F HDFC Cash Mana HDFC MUTUAL F HDFC Cash Mana LIC MUTUAL FUN LICMF Liquid Fun PRUDENTIAL ICIO	d CUND agement Fund CUND agement Fund-saving plan Div ID d - Dividend plan CI MUTUAL FUND I Plan Super Institutional Weekl	443.56 Ing the year (Units of t	100.00 % Rs.10/- each)	No. of Units 37,616,611 40,108,315 42,143,379	78.49 % 100.00 % Purchas Cos 4,000.0 4,018.0 4,627.3 4,009.7

		31.03.2007	31.03.2006
6	SBI MUTUAL FUND Magnum Insta Cash Fund - Dividend Option	37,785,942	4,017.29
7	SBI MUTUAL FUND - SBI Premier Liquid Fund Institutional - Daily Dividend	39,876,226	4,000.58
(21) Pi	evious year figures have been regrouped/reclassified wherever necessary to make	them comparab	ole.

As per our report of even date For V.K. BESWAL & ASSOCIATES Chartered Accountants

R.P. LADDHA **PARTNER** M.NO. 48195

PLACE: MUMBAI DATED: JULY 3, 2007 PRACHI DESHPANDE Company Secretary

AMAN AGRAWAL PRASHANT AGARWAL Managing Director A. R. MUNDRA UDAY C. MOGRE

Vice-Chairman Executive Director-Finance Executive Director-Corporate

Cash Flow Statement

Rs. in Lacs

For the year ended	31.03.2007	31.03.2006
Cash Flow from Operating Activities (A)		
Net Profit before Tax	7559.85	2546.20
Adjustments for:	7000.00	2040.20
Loss on Sale of Fixed Assets	3.07	16.29
Depreciation	1044.91	294.79
(Profit)/Loss on Sale of Investment	(1.76)	(26.26)
Interest & Dividend Exp./(Income)	(396.64)	(83.36)
Interest and financial charges	1301.73	644.80
Operating Profit before Working Capital Changes	9511.17	3392.46
Adjustments for:	331111	3332.13
(Increase) / Decrease in Inventories	(9175.99)	(4495.35)
(Increase) / Decrease in Debtors	(6738.86)	(1380.18)
(Increase) / Decrease in Loans and Advances	(4358.72)	(2007.29)
Increase / (Decrease) in Current liabilities & provisions	3486.92	897.83
(Increase) / Decrease in Misc. Expenditure not w/off	_	4.85
Cash Generated from Operations	(7275.48)	(3587.68)
Direct Taxes Paid / Deducted	(1151.64)	675.01
Net Cash Flow from Operating Activities	(8427.12)	(4262.69)
Cash Flow from investing Activities (B)	,	
(Purchase) / Sale of Fixed Assets (Net)	(24448.61)	(9389.54)
(Purchase) / Sale of Investments (Net)	(12573.67)	(963.48)
Interest and Dividend Income Received	396.64	83.36
Advance share application money to Subsidiaries	(106.79)	(30.22)
Net Cash Flow from Investing Activities	(36732.44)	(10299.88)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital on premium	29442.66	10243.05
Proceeds from Issue of convertible warrants	1262.70	_
Share Issue Expenses adjusted against Securities Premium A/c	(998.36)	(724.12)
Proceeds from Secured Loans	23545.16	5746.31
Proceeds from Unsecured Loans	301.63	1026.92
Interest & Financial charges	(1301.73)	(644.80)
Dividend Distribution Tax	(68.69)	
Dividend paid	(489.80)	
Net Cash Flow from Financing Activities	51693.57	15647.36
Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)	6534.01	1084.79
Cash and Cash Equivalents at the Beginning of the Year	1171.42	86.63
Cash and Cash Equivalents at the end of the Year	7726.44	1171.42

As per our report of even date For V.K. BESWAL & ASSOCIATES Chartered Accountants

R.P. LADDHA **PARTNER** M.NO. 48195

PRACHI DESHPANDE Company Secretary

AMAN AGRAWAL PRASHANT AGARWAL Managing Director A. R. MUNDRA UDAY C. MOGRE

Vice-Chairman Executive Director-Finance Executive Director-Corporate

PLACE: MUMBAI **DATED**: JULY 3, 2007

Statement under Section 212 of The Companies Act, 1956

(relating to Subsidiary Companies)

A)	Subsidiary Company	BRFL Europe B.V.	DPJ Clothing Ltd.
В)	Shares of the subsidiary held by Bombay Rayon Fashions Limited No. of Shares & face value Extent of holding	18000 Ordinary Shares of Euro1 each 100%	420 Ordinary Shares of £ 1 each 70%
c)	Financial year of the Subsidiary Company	31st March 2007	31st March 2007
D)	Net aggregate amount of subsidiary's Profit/ (Loss) so far as it concerns the members of Bombay Rayon Fashions Limited. a) Not dealt with in the accounts of Bombay Rayon Fashions Limited.		
	• For the Financial Year ended 31st March, 2007	(Rs. 57.89 Lacs)	Rs. 13.21 Lacs
	• For the Previous Financial year ended 31st March 2006	(Rs. 29.16 Lacs)	N.A
	b) Dealt with in the accounts of Bombay Rayon Fashions Limited		
	• For the Financial year ended 31st March 2007	NIL	NIL
	For the Previous financial year ended 31st March 2006	NIL	N.A

PLACE: MUMBAI DATED: JULY 3, 2007 PRACHI DESHPANDE Company Secretary AMAN AGRAWAL PRASHANT AGARWAL A. R. MUNDRA UDAY C. MOGRE

Vice-Chairman
Managing Director
Executive Director-Finance
Executive Director-Corporate

Auditors' Report

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 and its subsidiaries BRFL EUROPE B.V. and DPJ CLOTHING LIMITED.

- We have examined the attached Consolidated Balance Sheet of BOMBAY RAYON FASHIONS LIMITED and its subsidiaries as at 31st March, 2007 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.
- 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 not conducted the audit of the financial statements of the subsidiaries, whose financial statement has 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.

- 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 fare 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 31st March, 2007
 - ii) in the case of Consolidated Profit and Loss Account, of the profit of BOMBAY RAYON FASHIONS LIMITED and its subsidiaries for the year ended on that date; and
 - iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of BOMBAY RAYON FASHIONS LIMITED and its subsidiaries for the year ended on that date.

For V.K.BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS
R.P. LADDHA
PARTNER

PLACE: MUMBAI DATED: 03.07.2007 M.NO. 48195

Consolidated Balance Sheet

Re	in	Lacs
na.		Laus

As at 31st March	Schedules		2007		2006
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	А	6,300.00		4,897.97	
Reserves and Surplus	В	41,924.75		10,409.29	
Advance Money Received for Convertible Warrants		1,262.70	49,487.45	_	15,307.26
Loan Funds					
Secured Loans	С	32,056.53		8,411.14	
Unsecured Loans	D	1,389.14	33,445.67	1,087.51	9,498.65
DEFERRED TAX LIABILITIES			1,346.84		148.88
TOTAL			84,279.96		24,954.79
APPLICATION OF FUNDS					
Fixed Assets	Е				
Goodwill		841.77			
Gross Block		32,845.86		7,864.86	
Less : Depreciation		2,046.40		972.56	
Net Block		31,641.23		6,892.30	
Capital Work-in-Progress		4,805.52	36,446.75	5151.82	12,044.12
INVESTMENTS	F		12,224.17		991.51
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	G	18,365.01		8,335.39	
Sundry Debtors	Н	10,224.63		3,461.59	
Cash and Bank Balances	I	8,507.00		1,174.61	
Loans and Advances	J	7,227.62		2,870.55	
			44,324.26		15,842.14
Less: Current Liabilities and Provisions					
Liabilities	K	7,501.82		3,062.65	
Minority Interest		220.38		_	
Provisions	L	1,004.77		860.33	
		8,726.97		3,922.98	
Net Current Assets			35,597.29		11,919.16
Foreign Exchange Fluctuation Reserve			11.75		
TOTAL			84,279.96		24,954.79
NOTES TO ACCOUNTS	S				

As per our report of even date For V.K. BESWAL & ASSOCIATES

Chartered Accountants

R.P. LADDHA PARTNER M.NO. 48195

PRACHI DESHPANDE Company Secretary AMAN AGRAWAL PRASHANT AGARWAL A. R. MUNDRA UDAY C. MOGRE Vice-Chairman
Managing Director
Executive Director-Finance
Executive Director-Corporate

PLACE : MUMBAI DATED : JULY 3, 2007

Consolidated Profit and Loss Account

Rs. in Lacs

For the year ended 31st March	Schedules	2007	2006
INCOME			
Gross Sales	М	48,934.02	19,975.41
Less : Excise Duty		51.52	77.38
Net Sales		48,882.50	19,898.03
Other Income	N	792.64	137.29
Increase /(Decrease) in stocks	Ο	5,000.61	2,504.51
TOTAL		54,675.75	22,539.83
EXPENDITURE			
Cost of Materials	Р	34,695.00	13,733.23
Manufacturing and other expenses	Q	10,088.20	5,346.20
Interest & Financial Charges	R	1,308.98	645.12
Depreciation		1,051.74	298.70
TOTAL		47,143.92	20,023.25
Profit before taxation		7,531.83	2,516.58
Provision for Taxations			
Current tax		891.77	575.99
Deferred tax		1,192.30	116.49
Fringe benefit tax		39.28	21.97
Short /(Excess) Provision for Tax in-respect of earlier years		6.14	13.73
Minority Interest		5.66	
Profit after taxation		5,396.68	1,788.40
Opening Adjustment		_	0.46
Balance brought forward		1,988.47	760.25
Profit available for appropriations		7,385.15	2,549.11
Transferred to General Reserve		150.00	_
Proposed Dividend		787.50	489.80
Corporate Dividend Tax		133.84	68.69
Balance carried to balance sheet		6,313.81	1,990.62
Basic E.P.S. (Rs.)		10.43	4.53
Diluted E.P.S. (Rs.)		9.33	4.53
NOTES TO ACCOUNTS	S		

As per our report of even date For V.K. BESWAL & ASSOCIATES

Chartered Accountants

R.P. LADDHA PARTNER M.NO. 48195

PRACHI DESHPANDE Company Secretary AMAN AGRAWAL PRASHANT AGARWAL A. R. MUNDRA UDAY C. MOGRE Vice-Chairman
Managing Director
Executive Director-Finance
Executive Director-Corporate

PLACE: MUMBAI DATED: JULY 3, 2007

Particulars	31.03.2007	31.03.2006
SCHEDULE A	111 111 111 111	111 111 111 111 11
SHARE CAPITAL		
Authorised		
7,00,00,000 (5,00,00,000) Equity shares of Rs. 10 each	7,000.00	5,000.00
Issued, Subscribed and Paid-up		
6,30,00,000 (4,89,79,686) Shares of Rs. 10 each, fully paid- up	6,300.00	4,897.97
Out of the above :		
1) 1,15,87,600 (1,15,87,600) equity shares were issued as fully		
paid -up persuant to scheme of Amalgamation .		
2) 39,98,000 (39,98,000) equity shares were issued as fully paid- up		
bonus shares by capitalisation of Profit & Loss Account.		
	6,300.00	4,897.97
SCHEDULE B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per Last Balance Sheet	8,418.67	533.30
Add: Addition During the Year	28,040.63	8,641.44
	36,459.30	9,174.74
Less: Deduction during the year	998.36	756.07
(Refer note 6(c) of Notes to Accounts)		
	35,460.94	8,418.67
General Reserve		
Transferred from Profit & Loss Account	150.00	_
Profit and Loss Account	6,313.81	1,990.62
	_	
	41,924.75	10,409.29
SCHEDULE C		
SECURED LOANS		
Term loans		
From Banks	16,965.30	5,754.06
Working Capital Loans		
From Banks	14,934.97	2,565.02
Others		
Vehicles loans:		
From Banks	101.86	87.18
From Others	54.40	4.88
	32,056.53	8,411.14

35604.98 12046.29

Particulars 31.03.2007	31.03.2006
SCHEDULE D	
UNSECURED LOANS	
From Banks 1,389.14	1,025.85
From L.I.C. —	61.66
1,389.14	1,087.51

SCHEDULE E

FIXED ASSETS

PARTICULARS		GRO	ROSS BLOCK DEPRECIATION NET BLOC			DEPRECIATION			OCK		
	As on	Additions	Deductions	As on	up to	Deduction	Prior to	For the	As on	As on	As on
	01.04.06			31.03.07	31.03.06		Consolidation	year 06-07	31.03.07	31.03.07	31.03.06
Land	428.33	41.00	0.00	469.33	0.00	0.00	0.00	0.00	0.00	469.33	428.33
Buildings	1148.75	3712.68	0.00	4861.43	87.58	0.00	18.10	61.69	167.37	4694.05	1061.17
Furniture & Fixtures & Office equipment	405.91	254.77	0.00	660.68	40.85	0.00	18.23	31.35	90.43	570.25	365.06
Motor Car & Vehicles	280.36	208.47	45.76	443.07	61.45	10.62	0.00	34.49	85.32	357.75	218.91
Plant & Machinery	5483.59	20760.53	92.24	26151.88	736.44	33.67	14.25	900.01	1617.03	24534.85	4747.15
Computer	120.48	138.99	0.00	259.47	46.63	0.00	15.42	24.20	86.25	173.22	73.85
TOTAL	7867.42	25116.44	138.00	32845.86	972.95	44.29	66.00	1051.74	2046.40	30799.46	6894.47
Previous Year	3210.73	4699.61	45.48	7864.86	687.33	13.47		298.70	972.56	6892.30	
Capital Work in Pro	Ŭ									4805.52	5151.82

Particulars	31.03.2007	31.03.2006
SCHEDULE F		
INVESTMENTS (AT COST) NON-TRADE		
Long Term		
Equity Shares - Fully paid (Unquoted)		
Jankalyan Sahkari Bank Ltd. (90100 Shares of Rs. 10/- each)	9.01	9.01
Kalyan Janta Sahkari Bank Ltd. (10000 Shares of Rs. 10/- each)	2.50	2.50
Investment in subsidiaries		
BRFL EUROPE B.V. (18,000 Ordinary Shares of Euro 1 each)	0.00	_
DPJ Clothing Ltd-(420 Equity Shares of GBP 1 each, fully paid up).	(0.00)	_
Current		
Mutual Funds - (Unquoted) Unit of Rs. 10/- each		
HDFC FMP 90D FEBRUARY 2007 (4) -	1,500.00	_
WHOLESALE PLAN DIVIDEND - PAYOUT (15000000 Units)		

		Rs. in Lac
ticulars	31.03.2007	31.03.200
ING VYSYA FIXED MATURITY FUND	1,000.00	
SERIES-XX-DIVIDEND OPTION (10000000 Units)		
JM FIXED MATURITY FUND - SERIES	1,007.66	_
IV - QUARTERLY PLAN 4-F-3-DIVIDEND PLAN (10076569.184 Units)	1,007.00	
PRINCIPAL PNB FIXED MATURITY PLAN	1,000.00	
(FMP-35) 91 DAYS- SERIES VIII - FEB 07 (10000000 Units)		
RELIANCE FIXED HORIZON FUND II -	2,000.00	
QUARTERLY PLAN- SERIES II- INSTITUTIONAL DIVIDEND PLAN		
(20000000 Units)		
RELIANCE FIXED HORIZON FUND II QTR. PLAN SERIES V	1,500.00	
QUARTERLY PLAN-SERIES V-INSTITUTIONAL DIVIDEND PLAN		
(15000000 Units)		
RELIANCE FLOATING RATE FUND-DAILY	2,005.00	
DIVIDEND REINVESTMENT PLAN (19921343.443 Units)		
SBI DEBT FUND SERIES-90 DAYS	1,000.00	
(FEBRUARY 07) -GROWTH (10000000 Units)		
SBI DEBT FUND SERIES-90 DAYS	200.00	
(JANUARY 07) -GROWTH (200000 Units)		
SL121D SBI ONE INDIA FUND-DIVIDEND (10000000 Units)	1,000.00	
RELIANCE EQUITY FUND (98,00,000 units)	_	980.0
(NOTE : Please refer note No. 20 of notes to accounts for Investments in Mutual Funds acquired & sold during the year)	_	
Triatad i and doquired a sold during the year /	12,224,17	991.5
HEDULE G		
ENTORIES (As certified by the Management)		
Raw Materials	8,137.79	3,305
Work- in -Progress	3,972.39	2,067
Finished Goods	5,438.29	2,814
Stores, Spares and Packing Materials	345.18	148
Goods in transit	471.36	
	18,365.01	8,335

Particulars	31.03.2007	31.03.2006
	31.03.2007	31.03.2000
SCHEDULE H		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Exceeding six months	826.74	360.55
Others	9,397.89	3,101.04
	10,224.63	3,461.59
SCHEDULE I		
CASH AND BANK BALANCES		
Cash in hand	71.65	2.03
Balances with scheduled banks		
on current accounts	5.374.55	390.24
on deposit accounts	500.00	549.01
on margin accounts	1,382.35	233.33
Cheques in hand	1,178.45	_
	8,507.00	1,174.61
SCHEDULE J		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for		
Value to be received	1,114.67	603.82
Deposits	3,080.18	1,386.12
Balances with Excise & Customs, VAT & Other Govt. Authorities	3,032.77	880.61
	7,227.62	2,870.55
SCHEDULE K		
CURRENT LIABILITIES		
Sundry Creditors	6,969.42	2,956.10
Others Liabilities	532.40	106.55
	7,501.82	3,062.65
SCHEDULE L		
PROVISIONS		
Gratuity and leave encashment	53.03	45.06
For taxation (Net of Advance Tax & TDS)	30.40	256.78
Proposed Dividend	787.50	489.80
Tax on Proposed Dividend	133.84	68.69
	1,004.77	860.33

	Lacs

Particulars	31.03.2007	31.03.2006
SCHEDULE M		
GROSS SALES		
Domestic	28,039.51	13,622.59
Exports	20,869.49	6,347.29
Others	25.02	5.53
	48,934.02	19,975.41
SCHEDULE N		
OTHER INCOME		
Dividends on Investment	180.63	15.34
Interest	298.94	68.02
Foreign Exchange Rate Difference	134.73	
Profit on Sale of Investments	1.76	26.26
Miscellaneous income	176.58	27.67
Wilderland with the state of th	792.64	137.29
CHEDULE O		
INCREASE/(DECREASE)IN STOCKS		
Opening Stock		
Finished goods	2,814.30	1,274.58
Work- in- Progress	2,067.13	1,102.34
Less : Closing Stock		
Finished goods	5,438.29	2,814.30
Work- in- Progress	3,972.39	2,067.13
Goods in Transit	471.36	
	5,000.61	2,504.51
CHEDULE P		
COST OF MATERIALS		
Opening Stock	3,305.47	1,445.57
Add : Purchases/Transfers	39,527.32	15,593.13
	42,832.79	17,038.70
Less : Closing Stock	8,137.79	3,305.47
	34,695.00	13,733.23
CHEDULE Q		
MANUFACTURING AND OTHER EXPENSES		
Stores & Spares Consumed	443.56	104.97
Packing Material Consumed	198.23	194.96

culars	31.03.2007	31.03.2
Payment to and Provisions for Employees :		
Salaries, Wages and Bonus	2,406.50	890
Contribution to Provident Fund and other Funds	910.98	146
Workmen & Staff welfare expenses	40.39	25
Power & Fuel	417.97	165
Job Charges for:		
Process	1,370.48	1,189
Weaving	655.66	814
Design & Development & others	953.99	434
Repairs & Maintenance :		
Buildings	10.04	3
Plant & Machinery	96.89	17
Vehicles	11.25	15
Others	18.96	40
Rent, Rates & Taxes	266.45	135
Insurance	42.37	26
Keyman Insurance	14.34	Ę
Legal & Professional Charges	40.33	4(
Auditors' Remuneration	17.10	(
Travelling & Conveyance	284.89	118
Transportation	999.85	432
Advertisement, Publicity & Business Promotion	68.02	66
Books & Periodicals	3.14	3
Directors' Remuneration	159.55	80
Directors' Sitting Fees	0.93	(
Commission	133.28	85
Foreign Exchange Fluctuations	4.67	14
Miscellaneous expenditure W/off	_	
Communications	162.28	75
Printing & Stationery	117.40	7(
Miscellaneous expenses	226.64	89
Prior Period Expenses	_	(
Donation	3.99	15
Loss on sale of Assets	3.07	16
	10,088.20	5,346
EDULE R		
INTEREST & FINANCIAL CHARGES		
Interest on fixed loans	136.98	57
Interest on Others & Financial Charges	1,172.00	587
	1,308.98	645

SCHEDULE - S

NOTES TO ACCOUNTS (CONSOLIDATED)

(1) SIGNFICANT ACCOUNTING POLICIES:

(I) PRINCIPLES OF CONSOLIDATION.

The Consolidated financial statements relate to Bombay Rayon Fashions Ltd ("the Company") and its subsidiary Companies. The Consolidated financial statements have been prepared on the following basis:

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

(II) 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.

(III) SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

Domestic sales are accounted on despatch of goods to customers and Export sales are accounted on the basis of dates of Bill of Lading. Gross Sales are accounted for inclusive of excise duty but 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 in the year in which 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.

Schedules Forming Part of the Consolidated Balance Sheet and Profit and Loss Account

f) Investments

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

g) Inventories

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

h) Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss account. All foreign currency current assets/liabilities are translated in rupees at the rates prevailing on the date of balance sheet.

i) Employee Retirement Benefit:

- (i) Company's contribution to Provident Fund is charged to Profit & Loss Account.
- (ii) The provision for Gratuity payable is made as per Actuarial Valuation and being expensed out by contribution to Employees Gratuity Trust.
- (iii) Provision for value of unutilised leave due to employees is made as per Actuarial Valuation.

j) Taxation

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

k) Borrowing Cost

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

- (2) (a) Term Loans from Banks are secured by first charge on all Fixed Assets 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.
 - (c) The Vehicle Loans from the Banks & Others are secured by Hypothecation of specified Vehicles against which the finance is obtained.

Schedules Forming Part of the Consolidated Balance Sheet and Profit and Loss Account

			ns. III Laus
		31.03.2007	31.03.2006
(3)	Contingent Liabilities not provided for Corporate guarantee given by the Company for its associate company for Term Loan/ Working Capital/Loan given by a bank	_	538.00
(4)			300.00
	pending with Income Tax Appellate Tribunal, Mumbai.)	34.86	34.65
(5)	Capital Commitment Estimated amount of capital contracts remaining to be executed (net of advances).	1,033.84	2,520.44
(6)	(a) During the year, the Company's Integrated Textile Project at Apparels Park, Doddaballapur, Bangalore having manufacturing facilities of yarn dyeing, weaving & Garmenting has commenced the commercial production. In November, 2005 the Company has raised Rs. 94.33 crores through Initial Public Offer, for part financing this Integrated Textile project and the same have been fully utilised accordingly for this object as specified in the prospectus		
	(b) The Company has successfully completed the further raising of securities during the year by way of Qualified Institutions Placement (QIP) as per SEBI Guidelines and allotted 1,40,30,214 equity shares of Rs. 10/- each at a premium of Rs. 200/- to Qualified Institutional Buyers (QIBs). The Company has taken up the implementation of new expansion project and some of the fund has already deployed for the same. The unutilised proceeds are lying with the Banks or temporarily deployed in the current assets and investments.		
	(c) In accordance with the provisions of Sec. 78 (2) (c) of the Companies Act, 1956, Securities Premium Account has been utilised to write off share issue expenses of Rs. 998.36 Lacs incurred for further raising of equity capital by issue of equity shares by way of Qualified Institutions Placement as per SEBI Guidelines to QIBs.		
(7)	The Company has allotted 61,00,000 convertible warrants at Rs. 207/- to promoters 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 Rs. 10/- each within a period of 18 months from the date of allotment i.e. on or before 18th June 2008. As per the provisions of aforesaid guidelines an amount equal to 10% of the Issue price has been received upfront. Till 31st March, 2007 no conversion option has been exercised for these warrants.		
(8)	Some of the fixed assets added under the scheme of amalgamation of Bombay Rayon Pvt. Ltd. in to the Company and by the acquisition of the firms i.e. B.R.Exports in the process of the transfer in the name of the Company.		
(9)	Auditors' Remuneration	10.50	0.07
	Audit Fees Tax Audit Fees	12.50 0.67	6.37 0.45
	Certification Works	1.92	0.45
	Other Matters	2.01	1.64
		17.10	9.23

Schedules Forming Part of the Consolidated Balance Sheet and Profit and Loss Account

Rs. in Lacs

		31.03.2007	31.03.2006
(10) Mar	nagerial Remuneration		
a.	Remuneration to whole time Directors		
	(i) Salaries & Allowances	64.98	50.64
	(ii) Contribution to Provident Fund	5.21	3.84
b.	Commission to Non Executive Chairman @ 1%	77.09	26.17
		147.28	80.65
	Remuneration of Directors of DPJ Clothing Ltd.	12.27	
C.	Computation of Net Profit in accordance with Sec. 349 of the Companies Act, 1956		
	Profit before Taxes as per Profit & Loss Account	7,559.85	2,546.20
	Add : Managerial Remuneration	147.28	80.65
	Directors' Sitting Fees	0.93	0.35
	Loss on Sale of Fixed Assets	3.07	16.29
		7,711.13	2,643.49
	Less: Profit on sale of Investments	1.76	26.26
	Net Profit	7,709.37	2,617.23

(11) Amount due to small scale industrial undertaking is disclosed on the basis of information available with the company regarding the status of suppliers. Such outstanding for more than 30 days is NIL. (Previous year NIL.)

Such outstanding for more than 30 days is Nic. (Previous year Nic.)										
	As per IT	As per Books	Timing Difference	Deferred Tax Asset / (Liabilities)						
(12) Computation of Deferred Tax Depreciation for the year Gratuity & Leave Encashment Issue related Expenses U/s 35D MAT Credit	6,273.36 — — —	1,044.91 25.18 286.98	(5,228.45) 25.18 286.98	(1,777.15) 8.56 97.54 478.97						
Deferred Tax Assets /(Liabilities) for the year				(1,192.08)						
Add: Deferred Tax on Account of DPJ Clothing Ltd. Deferred tax prior to acquisition On account on consolidation				1.93 0.22						
(13) Earning Per Share										
(a) Net profit after tax available for equity shareholders (Rs.In lacs)			5396	.68 1,788.40						
(b) No. of Shares (Weighted Average)			51,745,3							
(c) Basic Earning per share (Rs.) (d) Diluted Earning per Share (Rs.)				.43 4.53 .33 4.53						
 (14) Related Party Disclosure Name of the Related Party (a) Subsidiary Companies BRFL Europe B.V. DPJ Clothing Ltd. 										

Schedules Forming Part of the Consolidated Balance Sheet and Profit and Loss Account

Rs. in Lacs

			31.03.2007	31.03.2006
(b)	Other related parties where community (a) Reynold Shirting Pvt. Ltd. (b) Bombay Rayon Clothing Ltd.			
(b)	(i) Transactions with Related F(i) Purchase of finished / unfini		380.76	32.36
	Reynold Shirting Pvt. Ltd. (ii) Rendering of services (Job	charges)		
	Reynold Shirting Pvt. Ltd. (iii) Lease charges Paid		71.78	274.50
(b)	Reynold Shirting Pvt. Ltd. (ii) Transactions with Subsidiar	у	49.89	18.90
	(a) Investments DPJ Clothing Ltd		1,342.77	
	BRFL Europe B.V. (b) Commission Paid			9.74
	BRFL Europe B.V. (c) Share Application Money given	/en	59.86	67.81
	BRFL Europe B.V.		137.01	30.22
	(d) Sales DPJ Clothing Ltd.		471.35	
(c)	Key Managerial Personnel Name of Personnel (a) Mr. Janardan Agarwal (b) Mr. Aman Agarwal (c) Mr. Prashant Agarwal (d) Mr. Llday C. Magra	Designation Non Executive Chairman Vice Chairman Managing Director Executive Director Corporate		
	(d) Mr. Uday C. Mogre (e) Mr. A.R. Mundra	Executive Director -Corporate Executive Director -Finance		
(d) (i) (ii)	Transactions with Key Personnel Directors remuneration Consideration paid for buying of Mr. Prashant Agarwal		147.28 60.50	80.65 —
(15)	consisting of fabrics and garme and financial reporting of the Com viz; textile as reportable segment. segments Geographically. The sa	n the business of manufacturing of textiles nts. Considering the nature of business pany, the Company has only one segment. The Company operates in Local & Export ales for both is separately given, but due ssets/liabilities and expenses for these eparately.		

Schedules Forming Part of the Consolidated Balance Sheet and Profit and Loss Account

						Rs. In Lacs
					31.03.2007	31.03.2006
(16) C.I.	F. Value of Imports					
Capital Goods Raw Materials Stores & Spares					11,241.90 1,835.35 4.00	2,461.24 587.68 122.95
Trav Bus Coi	penditure in Foreign (velling siness Promotions mmission ners	Currency			81.77 14.33 82.34 195.76	22.36 23.72 23.71
(18) Ear	ning in Foreign Excha	ange				
	B Value of Exports ners				20,274.32	5,934.31 18.07
	ars in respect of Stoc d Goods, cost of mat	k and Sales of terial consumed. (Standalone)				
, ,	STALLED CAPACITY scriptions	Unit				
Fabrics Garments		Million Metres Million Pieces			50.00 19.20	11.20 12.00
(a)	ACTUAL PRODUCT (Including Job Work					
	Fabrics Garments	Million Metres Million Pieces			36.18 7.10	20.74 1.72
(b)	TURNOVER		Qty.	Rs. in Lacs	Qty.	Rs. in Lacs
	Fabrics Garments Others	Million Metres Million Pieces	26.54 7.04	29,420.94 19,543.73 25.02	18.87 1.79	15,171.20 4,798.68 5.53
	TOTAL			48,989.69		19,975.41
(c)	OPENING STOCK Fabrics Garments	Million Metres Million Pieces	2.82 0.21	2,223.50 590.80	0.95 0.28	397.74 876.84
	TOTAL			2,814.30		1,274.58
(d)	CLOSING STOCK Fabrics Garments	Million Metres Million Pieces	5.68 0.26	4,430.93 625.08	2.82 0.21	2223.50 590.80
	TOTAL			5,056.01		2,814.30
(e)	CONSUMPTION OF	MATERIALS				
	Yarn	Millions Kgs.	4.46	7017.59	3.46	5124.66
	Fabrics	Million Metres	34.61	26998.89	13.11	8329.56
	Others			220.18		279.01
	TOTAL			34,236.66		13,733.23

Schedules Forming Part of the Consolidated Balance Sheet and Profit and Loss Account

Rs. in Lacs

				31.03.2007	31.03.2006
(f)	Imported & Indigenous consumption				
()	(i) Raw Materials :	Rs. In Lacs	%	Rs. In Lacs	%
	Imported	1,710.42	5.00 %	560.28	4.08 %
	Indigenous	32,526.24	95.00 %	13,172.95	95.92 %
		34,236.66	100.00 %	13,733.23	100.00 %
	(ii) Stores & Spares				
	Imported	6.35	1.43 %	22.51	22.51 %
	Indigenous	437.21	98.57 %	82.16	78.49 %
		443.56	100.00 %	104.67	100.00 %
(20) Inv	estment in Mutual Funds acquired and sold during the	year (Units of F	Re 10/- each)		
(20) 1110	estinent in Mutual Funds acquired and sold during the	year (oring or i	13.10/- 64611)	No. of	Purchase
Sr	Name of the Fund			Units	Cost
1	HDFC MUTUAL FUND			37,616,611	4,000.00
	HDFC Cash Management Fund				
2	HDFC MUTUAL FUND			40,108,315	4,018.04
	HDFC Cash Management Fund-saving plan Dividend	Option : Reinves	st		
3	LIC MUTUAL FUND			42,143,379	4,627.39
	LICMF Liquid Fund - Dividend plan				
4	PRUDENTIAL ICICI MUTUAL FUND			40,081,186	4,009.76
	Institutional Liquid Plan Super Institutional Weekly Div.				
5	RELIANCE MUTUAL FUND			25,184,393	4,020.74
	Reliance Liquidity Fund Weekly Dividend Reinvestmer	nt Option			
6	SBI MUTUAL FUND			37,785,942	4,017.29
	Magnum Insta Cash Fund - Dividend Option				
7	SBI MUTUAL FUND			39,876,226	4,000.58
	SBI MUTUAL FUND - SBI Premier Liquid Fund Institut	ional - Daily Divid	dend		

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

As per our report of even date For V.K. BESWAL & ASSOCIATES Chartered Accountants

R.P. LADDHA **PARTNER** M.NO. 48195

PRACHI DESHPANDE Company Secretary

AMAN AGRAWAL PRASHANT AGARWAL Managing Director A. R. MUNDRA UDAY C. MOGRE

Vice-Chairman Executive Director-Finance Executive Director-Corporate

PLACE: MUMBAI **DATED**: JULY 3, 2007

Consolidated Cash Flow Statement

Rs. in Lacs

For the year ended	31.03.2007	31.03.2006
Cash Flow from Operating Activities (A)		
Net Profit before Tax	7531.84	2516.58
Adjustments for:		
Loss on Sale of Fixed Assets	3.07	16.29
Depreciation	1051.74	298.70
(Profit)/Loss on Sale of Investment	(1.76)	(26.26)
Interest & Dividend Exp./(Income)	(479.57)	(83.36)
Interest and financial charges	1308.98	645.12
Operating Profit before Working Capital Changes	9414.29	3367.07
Adjustments for:		
(Increase) / Decrease in Inventories	(10029.62)	(4495.35)
(Increase) / Decrease in Debtors	(6763.04)	(1380.18)
(Increase) / Decrease in Loans and Advances	(4357.07)	(2026.28)
Increase / (Decrease) in Current liabilities & provisions	4447.14	931.74
(Increase) / Decrease in Misc. Expenditure not w/off	_	4.85
Cash Generated from Operations	(7288.30)	(3598.16)
Direct Taxes Paid / Deducted	(1167.91)	(675.01)
Net Cash Flow from Operating Activities	(8456.21)	(4273.17)
Cash Flow from investing Activities (B)	, ,	,
(Purchase) / Sale of Fixed Assets (Net)	(24613.50)	(9415.52)
Purchase) / Sale of Investments (Net)	(11230.91)	(953.74)
(Increase)/Decrease in Goodwill	(841.77)	
nterest and Dividend Income Received	479.57	83.36
(Increase)/Decrease in Foreign Exchage Fluctuation Reserve	(11.75)	_
Net Cash Flow from Investing Activities	(36218.35)	(10285.90)
Cash Flow from Financing Activities (C)	,	,
Proceeds from Issue of Share Capital on premium	29442.66	10243.05
Proceeds from Issue of convertible warrants	1262.70	_
Share Issue Expenses adjusted against Securities Premium A/c	(998.36)	(724.12)
Proceeds from Secured Loans	23645.39	5746.31
Proceeds from Unsecured Loans	301.63	1026.92
Interest & Financial charges	(1308.98)	(645.11)
Dividend Distribution Tax	(68.69)	_
Dividend paid	(489.80)	_
Increase in Minority Interest	220.38	_
Net Cash Flow from Financing Activities	52006.94	15647.05
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	7332.38	1087.98
Cash and Cash Equivalents at the Beginning of the Year	1174.61	86.63
Cash and Cash Equivalents at the end of the Year	8506.99	1174.61

As per our report of even date For V.K. BESWAL & ASSOCIATES Chartered Accountants

R.P. LADDHA **PARTNER** M.NO. 48195

PRACHI DESHPANDE Company Secretary

AMAN AGRAWAL PRASHANT AGARWAL Managing Director A. R. MUNDRA UDAY C. MOGRE

Vice-Chairman Executive Director-Finance Executive Director-Corporate

PLACE: MUMBAI **DATED**: JULY 3, 2007

Balance Sheet Abstract and Company's General Business Profiles

1.	Registration Details																					
	Registration No.	L 1 7 1 2	0 1	1 H	1	9 9	2	Р	L	С	0 6	6	8	8 0)							
	Balance Sheet Date	3 1 0 3 Date Mont		2 0 Ye	0 ar	7																
2.	Capital Raised During the Year	ar (Amount in R	. Thou	ısanc	ls)	_																
	Public Issue			N	1	L I	Righ	ts I	ssu	e									N	I	L	
	Bonus Issue			N	I	L I	Priva	ite	Pla	ceme	ent				:	2 9	4	4	2	6	6	
3.	Position of Mobilisation and	Deployment of F	unds (Amo	unt	in R	s. Th	ou	san	ds)												
	Total Liabilities	9 1	7 6	2	7	3	Γota	I A	sset	ts						9 1	7	6	2	7	3	
	Sources of Funds					_															_	
	Paid-up Capital	6	3 0	0 0	0	0 1	Rese	rve	s ar	nd S	urplu	IS				4 2	0	0	0	7	3	
	Secured Loans	3 1	9 5	6	3	0 1	Jnse	cur	ed	Loai	ns					1	3	8	9	1	4	
	Deferred Tax Liability/(Asset)	1	3 4	0	9	4																
	Application of Funds					_																
	Net Fixed Assets	3 5	4 0	0 0	4	9 I	nves	stm	ent	:S						1 3	5	7	6	6	8	
	Net Current Assets	3 5	2 7	2	6	4 I	Visc	. E	xpe	ndit	ure								N	1	L	
	Accumulated Losses			N	T	L																
4.	Performance of Company (Am	nount in Rs. Tho	usands)																		
	Turnover (Gross Revenue)	4 8	9 8	9	6	9	Γotal	ΙE	cpei	nditu	ure				4	4 2	1	3	9	5	4	
	Profit/Loss Before Tax	7	5 5	9	8	5 I	Profi	it/L	oss	Afte	er Ta	х				5	4	4	1	3	5	
	Earnings Per Share in Rs.		1 0) _	5	2 I	Divid	len	d R	ate (%							1	2		5	
5.	Generic Names of Principal I	Products Services	of th	e Co	mpa	ny (A	As p	er i	mor	neta	ry te	rms)										
	Item Code No. (ITC Code)		5 2	2 0	8																	
	Product Description		WC	V	Е	N	F	Α	В	R	I C		0	F	С	0	Т	Т	0	N		
	Item Code No. (ITC Code)		5 2	2 1	1																	
	Product Description		WC	V	Е	N	F	Α	В	R	I C		0	F	С	0	Т	Т	0	N		
			МІ	Х	Е	D	М	Α	1	N	L Y		0	R	S	0	L	Е	L	Υ		
			WI	Т	Н	М	Α	N		М	A D	Е		FI	В	R	Е					
	Item Code No. (ITC Code)		6 2	2 0	5																	
	Product Description		МЕ	N	S	0	R		В	0	Y S		S	НІ	R	Т	I	N	G	S		
	Item Code No. (ITC Code)		6 2	2 0	6																	
	Product Description		WC	M	Е	N S		0	R		G I	R	L	S	В	L	0	U	S	Е	S	
			SF	1 1	R	T S		Α	N	D	S	Н	I	R T	-	В	L	0	U	S	E :	S

Notice

NOTICE is hereby given that the Fourteenth Annual General Meeting of Bombay Rayon Fashions Limited will be held on Thursday, 30th day of August, 2007 at 12:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020, to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Statements of Accounts for the Financial year ended 31st March 2007 and the Reports of Directors' and Auditors' thereon.
- 2. To declare dividend on the Equity shares.
- 3. To appoint a Director in place of Mr. B. S. Bhesania, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4. To appoint a Director in place of Mr. S. B. Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
- 5. To appoint a Director in place of Dr. Pravin P. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
- 6 To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT in supersession of the earlier resolution(s) passed in connection with appointment and/or payment of remuneration to Mr. Aman Agrawal, Vice Chairman of the Company and pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. Aman Agrawal as a Vice Chairman of the Company for a period of 3 years with effect from 1st June 2007 to 31st May 2010 on a consolidated remuneration of not exceeding Rs.12,00,000/– per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Aman Agrawal."

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

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

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

"RESOLVED THAT in supersession of the earlier resolution(s) passed in connection with appointment and/or payment of remuneration to Mr. Prashant Agarwal, Managing Director of the Company and pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. Prashant Agarwal as a Managing Director of the Company for a period of 3 years with effect from 1st June 2007 to 31st May 2010 on a consolidated remuneration not exceeding Rs.12,00,000/– per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Prashant Agarwal."

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

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

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

"RESOLVED THAT in supersession of the earlier resolution(s) passed and pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. Uday Mogre as a Executive Director – Corporate of the Company for a period of 3 years with effect from 1st June 2007 to 31st May 2010 on a consolidated remuneration not exceeding Rs.6,00,000/per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. Uday Mogre.

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

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

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

"RESOLVED THAT in supersession of the earlier resolution(s) passed and pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, if any required, the consent of the Company be and is hereby accorded to the appointment of Mr. A. R. Mundra as a Executive Director – Finance of the Company for a period of 3 years with effect from 1st June 2007 to 31st May 2010 on a consolidated remuneration not exceeding Rs.6,00,000/– per month (inclusive of perquisites and allowances as may be applicable as per the Company's rules), with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Mr. A. R. Mundra."

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

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

11. To consider and if thought fit, to pass, with or without modification(s), the following as an Ordinary 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 Rs. 1200 Crores (Rupees Twelve Hundred 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 and is hereby authorized to finalise, settle and execute such documents/deeds/writings/papers and Agreements as may be required and to take all necessary steps and do all necessary things in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Committee(s) / Director(s) or any Officer(s) of the Company to do all such acts, deeds or things as it may in its absolute discretion deem necessary proper and fit"

12. To consider and if thought fit, to pass, with or without modification(s), the following as an Ordinary 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 Rs. 1200 crores (Rupees Twelve Hundred Crores Only).

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorized to take all necessary steps and do all necessary things in order to comply with all the legal and procedural formalities and to do all such acts, deeds or things as it may in its absolute discretion deem fit."

For and on behalf of the Board BOMBAY RAYON FASHIONS LIMITED JANARDAN AGRAWAL

Chairman

Place: Mumbai Dated: 3rd July, 2007

REGISTERED OFFICE:

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

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (fortyeight hours) before the time fixed for holding the meeting.
- 3. The Register of Members and Share Transfer Books shall remain closed from Saturday, 18th August, 2007 to Thursday, 30th August, 2007 (Both days inclusive).
- 4. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on August 30, 2007. 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 August 18, 2007.
- 5. The Securities and Exchange Board of India has made it mandatory for all companies to use bank account details furnished by the depositories for depositing dividend through 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.
- 6. As per the provisions of the Companies Act, 1956 facility for making nomination is available for shareholders, in respect of the shares held by them. Nomination Forms can be obtained from the Registrars/ Secretarial Department of the Company.

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

Item No.7

With the commencement of integrated project at Doddaballapur, the operation of the Company has increased significantly. Your Company is in the process of exploring and tapping new business opportunities. Your Directors are of the view that Mr. Aman Agrawal, Vice Chairman is expected to play a key role in the future growth and progress of the Company. Considering the same, the Board of Directors at their Meeting held on 3rd July, 2007 on the recommendations made by the remuneration committee, has considered and approved the appointment of Mr. Aman Agrawal as Vice Chairman with a consolidated remuneration not exceeding Rs. 12,00,000/–per month for the period of 3 years commencing from 1st June, 2007 to 31st May, 2010 on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Aman Agrawal has over 13 years of experience in the textile industry. Mr. Aman Agrawal has gained deep knowledge on the production aspects of the industry and has a great command on the nitty gritty of the business. He is currently in charge of fabrics manufacturing and controls all the fabrics manufacturing activities including procurement of yarn, other raw materials, production planning & control and packing and logistics. Mr. Aman Agrawal with his extensive knowledge on the industry is expected to play a dynamic role in the future endeavors of the Company. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.

This resolution is being proposed to seek your consent under Section 198, 269, 309, 311 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act. Mr. Aman Agrawal will not be liable to retire by rotation.

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

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

Item No.8

With the commencement of integrated project at Doddaballapur, the operation of the Company has increased significantly. Your Company is in the process of exploring and tapping new business opportunities. Your Company expects to reap rich benefits under the management

of Mr. Prashant Agarwal, Managing Director. Mr. Prashant Agarwal through his global vision is expected to contribute significantly in identifying new business opportunities and converting them into remunerative projects. Considering the same, the Board of Directors at their Meeting held on 3rd July, 2007 on the recommendations made by the remuneration committee, has considered and approved appointment of Mr. Prashant Agarwal as Managing Director with a consolidated remuneration not exceeding Rs. 12,00,000/– per month for the period of 3 years commencing from 1st June, 2007 to 31st May, 2010 on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Prashant Agarwal has more than 11 years of experience in textile sector. He holds a bachelor degree in Chemical Engineering from University Institute of Chemical Technology, Bombay. Mr. Prashant is accredited with development and growth of the Company's export business. The establishment of Bombay Rayon as a fashion brand in the international market and a reliable supplier of quality garments to top labels are his contribution. The shift of strategic focus from a fabrics company to a fully integrated complete apparel company is guided by his vision. Besides, being responsible for the overall management of the Company, presently he is in charge of fabrics design, overseas marketing of fabrics and holds complete responsibility from initiation to delivery for the garment business. Mr. Prashant Agarwal is expected to play a pivotal role in formulating the Company's long term business strategies and policies.

This resolution is being proposed to seek your consent under Section 198, 269,309,311 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act. Mr. Prashant Agarwal will not be liable to retire by rotation.

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

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

Item No.9

With the commencement of integrated project at Doddaballapur, the operation of the Company has increased significantly. Your Company is in the process of exploring and tapping new business opportunities. Considering the same, the Board of Directors at their Meeting held on 3rd July, 2007 on the recommendations made by the remuneration committee, has considered and approved the appointment of Mr. Uday Mogre as Executive Director – Corporate with a consolidated remuneration not exceeding Rs. 6,00,000/– per month for the period of 3 years commencing from 1st June, 2007 to 31st May, 2010 on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Mogre has over twenty-five years of experience and has initially worked with organizations like Advani Oerlikon Limited for eight years and then with Universal Luggage as General Manager (Finance). Later on he also worked with Reliance Industries Limited for fourteen years and his last assignment was with Texmaco group of companies (Jakarta, Indonesia) as Senior Vice President and Chief Financial Officer. During his long tenure with Reliance Industries Limited, he worked as Executive Assistant to the Vice-Chairman for first four years and later on he handled senior level positions in the textured yarn and fibre intermediate marketing and was finally as Vice President (Finance). He was involved in project financing and implementation of SAP. In the initial stage of his career he worked as Scientific Officer with Heavy Water Project-Tuticorian, Department of Atomic Energy, Gol. He holds a bachelor degree in technology (Chemical Engineering) from Laxminarayan Institute of Technology, Nagpur and has completed Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. The Company under his leadership and supervision has been able to implement the expansion projects effectively. Mr. Mogre is expected to play a significant role in the future expansion plans of the Company.

This resolution is being proposed to seek your consent under Section 198, 269, 309, 311 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act. Mr. Uday Mogre shall be liable to retire by rotation.

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

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

Item No. 10

With the commencement of integrated project at Doddaballapur, the operation of the Company has increased significantly. Considering the same, the Board of Directors at their Meeting held on 3rd July, 2007 on the recommendations made by the remuneration committee, has considered and approved the appointment of Mr. A. R. Mundra as Executive Director – Finance with a consolidated remuneration not exceeding Rs. 6,00,000/– per month for the period of 3 years commencing from 1st June, 2007 to 31st May, 2010 on the terms and conditions as enumerated in the resolution set out in the Notice of Annual General Meeting.

Mr. Mundra has an experience of over twenty-four years in finance, commercial and managerial related matters. His core strength lies in fund procurement, internal controls, organizational systems and strategic planning. He has worked with organisations like Bhansali Engineering Polymers Limited as President, Welspun group of companies as Senior Vice-President (Finance) & Company secretary and Chief Executive (Commercial). In the initial stage of his career he has also worked with Indian Rayon and Industries Limited, other Birla group of companies and Gujarat Ambuja Cement Limited in various capacities. He holds a bachelor degree in commerce and law (gold medallist). He is an associate member of the Institute of Chartered Accountants of India and also of the Institute of Company Secretaries of India. He is a also a member of the International Institute of Business Management, London and alumni of Asian Institute of Management, Manila.. He was awarded 'Samaj Shri' for excellence in management by Indian Institute of Management Executives, Mumbai in 1994. Mr. Mundra has sound knowledge and experience on Mergers, Amalgamations Restructuring, Funds Mobilization, Project Advisory & Financing, Working Capital Arrangements etc. Besides, he has deep understanding on Investment and Portfolio Management, Derivatives and Capital Market Operations. Under his guidance the company has been able to raise the level of corporate governance to the highest standards. Mr. Mundra is expected to play a lead role in supervising the compliance of regulatory approval(s).

This resolution is being proposed to seek your consent under Section 198, 269, 309, 311 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act. Mr. A.R. Mundra shall be liable to retire by rotation.

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

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

Item No.11 & 12

Section 293(1)(d) of the Companies Act, 1956 provides interalia 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 Shareholders of the Company in General Meeting.

With a view to augment financial resources for the long term fixed capital requirements and/or other corporate requirements, the Company and/ or its subsidiaries may resort to borrowings from Financial Institutions/Banks and other agencies/parties which in aggregate shall not exceed Rs. 1200 crores (Rupees Twelve Hundred Crores Only).

The proposed borrowings of the Company may, if necessary, be secured by way of charge/mortgage/ hypothecation on the Company's assets. It is necessary to pass a resolution under section 293 (1) (a) of the Act, for creation of charges/ mortgages/ hypothecations for an amount not exceeding the borrowing limits of Rs. 1200 crores.

In view of the requirements of the provisions of the Companies Act, 1956, the resolutions vide item no.11 & 12 are proposed for the approval of the members of the company.

The Board of Directors recommend passing of the Ordinary Resolutions vide item no. 11 & 12 for approval of members..

None of the Directors is in any way concerned or interested in the proposed Resolution except to the extent of his holding of Equity Shares in the Company

For and on behalf of the Board BOMBAY RAYON FASHIONS LIMITED JANARDAN AGRAWAL

Place: Mumbai JANARDAN AGRAWAL
Dated: 3rd July, 2007 Chairman

