



# Creating growth



Bombay Rayon Fashions Limited

Annual Report 2007-08

Integrated Unit  
at Bangalore





Process  
House

## ***Disclaimer***

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We

have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even

inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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# Creating growth

Integrated. Organic. Inorganic.



The Indian textile industry is seldom held as a proxy for growth. But that is where Bombay Rayon Fashions Limited (BRFL) is different from the rest. We believe that here lies the opportunity. Because the Indian textile industry has such strengths that it is actually an industry to be proud of. That's where we have stepped in.

Same industry. Different approach.

Not just follow growth, lead growth.

Not just think growth, but implement growth.

At BRFL, growth is life. We are one of the largest players in our space. We are growing through several ways. Through integration. Through expansion. Through acquisition. Every conceivable way through which we can grow and create sustainable value for every stakeholder.



We are one of the most integrated companies in our business, present across the value chain from fabric to garments. We are adding capacities in every segment including yarn dyeing, weaving, processing, garmenting and now in retail. We are also growing inorganically not just to build size, but also for integration. We have acquired the garment business of three companies, one distribution company in U.K and an Italian retail brand 'GURU', thus integrating further into international retail.

At BRFL, we like to create, not follow. And we have demonstrated the reason behind this. Our EBIDTA margins, thanks to our approach have improved from 6.6 % five years back to over 24.75 % in 2007-08.

And we are becoming more confident. Expect more from us.



# Integrated



# growth

A holistic approach to growth is what will differentiate those who create growth from those who participate in it. Your company prefers the former.

We lead multiple ways to grow. Our vision is simple. To become a global leader in the fashion textiles and apparel industry as an integrated player by focusing on design leadership, exemplary execution and superior service.

We are one of the few large scale, fully-integrated textile companies in the country. From design to yarn dyeing to fabric manufacturing to garment manufacturing to retail, we have a strong presence across the entire value chain. And we keep growing this.

Being integrated, we add value and margins since we capture everything internally. The customer stays

longer, buys more. Integration helps us reduce the time-to-market with shorter lead times for the client. This helps the client introduce more fashion and earn better margins.

And the client pays us more for this, adding to our margins, cash flow and ROCE too.

We added one more leg to our value chain this year- International Retail - with the acquisition of the brand 'GURU' and the retail business of Jam Session Holding S.r.l (Jam). 'GURU' is an established, high-end, European retail brand with substantial goodwill in the market. We plan to open 'GURU' outlets globally in the next three years. And establish ourselves firmly in the global front-end of the business.

The journey has just begun.







# Organic growth



Having become an integrated player, we are becoming even stronger by adding significant size. We are growing organically by expanding our business in every possible area. We are using intellect to expand organically. We are adding capacities and size as more customers prefer us and the same customer buys more.

- We are expanding our yarn dyeing capacity from 1.4 million kg p.a. to 11.9 million kg p.a.
- We are expanding our fabric manufacturing capacity from 55 million metres p.a. to 235 million metres p.a.
- We are expanding our garment manufacturing capacity from 30 million pieces p.a. to 75 million pieces p.a.

We aim to become the lowest cost producer of fabrics in the world by creating the best manufacturing facilities. New manufacturing units are being set up in Maharashtra (for fabrics and garments) and in Bangalore, Karnataka (for garments). The project in Maharashtra has already received approvals from the Ministry of Textiles under the Scheme for Integrated Textile Parks (SITP) through SPVs. We have also signed a MoU with the Government of Maharashtra providing us various fiscal incentives.

Scale is important in any business, more so in ours. It helps us improve our competitiveness. Increase in expansion has ensured operating efficiencies, better margins and higher ROI and return ratios.

Expect strong growth, onwards and upwards.



# Inorganic



The world is our stage. We aspire to be an integral part of the global textiles space, catering to customers in every part of the world. Our aim is inclusive, all encompassing growth. Not just organic, but inorganic as well.

We are constantly exploring opportunities that offer us a strategic advantage-be it the client base, the expertise or the size. If we see an inorganic opportunity that helps us attain our vision faster, better, we acquire it. We did that not once, but four times in the last one year!

- In August 2007, we acquired the garment business of Leela Scottish Lace (P) Ltd. for a consideration of Rs. 155 crores. An established garment manufacturer and exporter for the last 30 years, it owns 16 factories across various locations, with a capacity of more than 50,000 pieces per day.

- We acquired the garment manufacturing unit 'LNJ Apparel' of RSWM Ltd., an LNJ Bhilwara Group

company in October 2007 for a consideration of Rs. 25.5 crores. This unit in Bangalore has a manufacturing capacity of 8000 pieces per day (casual and formal trousers).

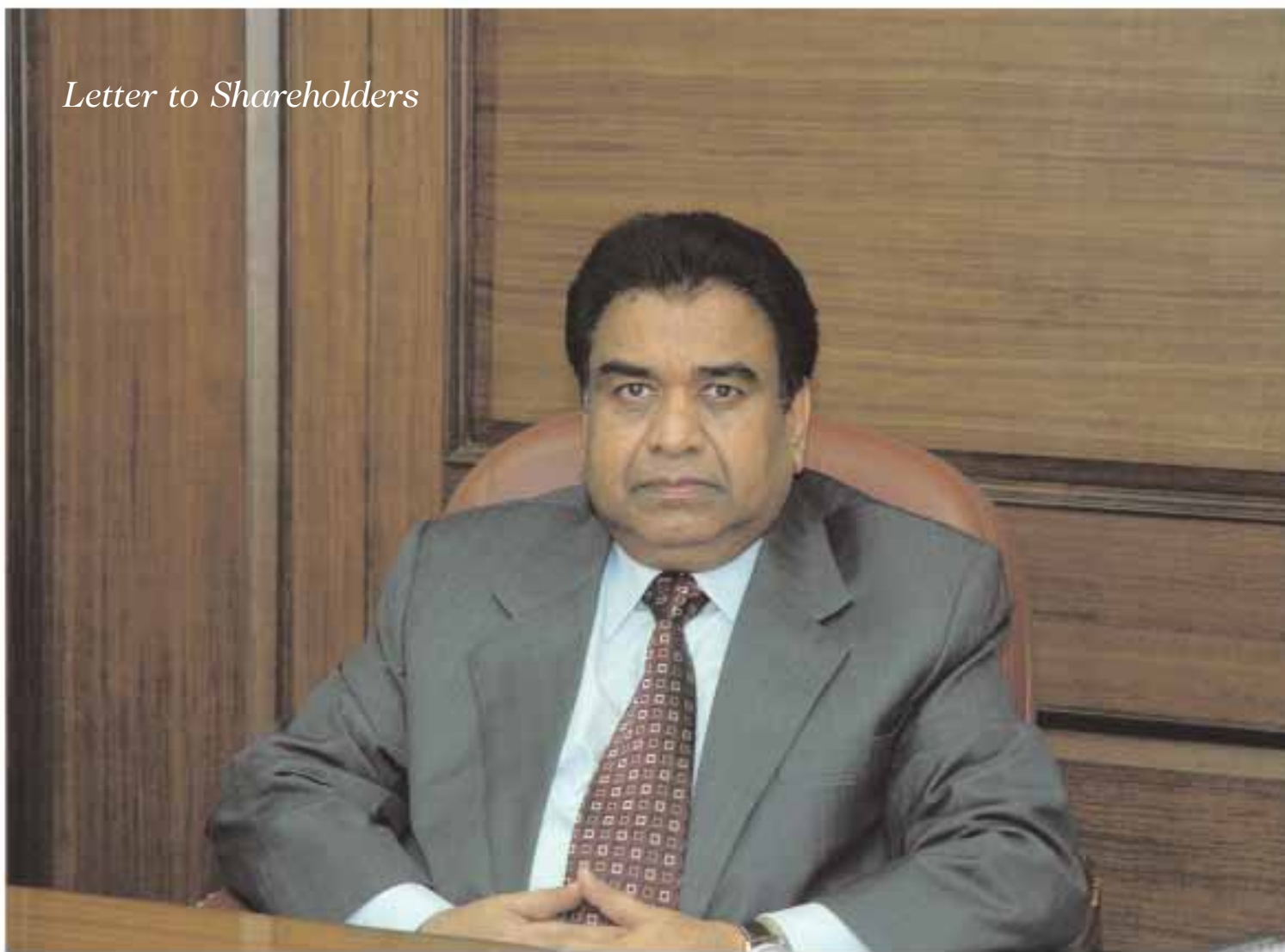
- In March 2008, we acquired the garment unit of 'Maryan Apparel Private Limited', located in Trivandrum, Kerala. The unit has a manufacturing capacity of 8000 pieces per day. Consideration amount paid was Rs. 14.74 crores.

- In order to move up the value chain, we acquired the reputed European brand 'GURU' and the retail business of Jam Session Holding S.r.l (Jam). The transaction was executed in April 2008 for a consideration of Euro 33 million.

We are also on a lookout for strategic international tie-ups for garment manufacturing to expand our global footprint.

The future looks promising. And we are prepared for it. To create growth all around.

## *Letter to Shareholders*



*"We are creating, perhaps, one of the world's fastest growing integrated textiles companies. Our capacities have grown substantially in yarn dyeing, fabrics and in garments. And we are now into international retail as well. This is just the beginning."*



Dear Shareholders,

2007-08 was a remarkable year for us.

It marked our distinct presence as an important player in the global textiles space. In an industry inundated with low margins, lack of scale and vision, we have changed the rules. We have proved that with vision, commitment and a passion to excel, things can change. We like to look at things differently. And that's what we did.

2007-08 was an inflection year for us. For a number of reasons.

One, the character of the Company changed. The benefits of size and integration were felt across the Company and on the numbers as well. Take a look. Our EBIDTA margins which were under 6.6 % in 2002-03, improved to 24.75 % in 2007-08, perhaps one of highest in the space globally for a company of our size.

Two, we decided to integrate further to capture the highest value addition, global retail. So far, we were servicing the customer, now we will own the consumer. We acquired 'GURU', the established, high-end, European retail brand of Jam Session Holding S.r.l. (Jam) for Euro 33 million. A massive rollout of 'GURU' outlets has been planned over the next few years.

Three, we continued to enhance our leadership position in the industry by focusing on expansion of existing facilities as well as looking at inorganic ways to scale the business. What has been exciting about our business has been our ability to foresee plenty of avenues of growth. What has been even more exciting is that these opportunities are playing out exactly the way we thought and strategized.

During the year, we committed to invest over Rs. 1100 crores for organic expansion across yarn dyeing, fabrics and garmenting, making us a leader, by far.

We acquired the garment business of Leela Scottish Lace for Rs. 155 crores, increasing our garmenting capacity by over 50,000 pieces a day through 16 factories. We also acquired the 8000 pieces-a-day trouser unit of LNJ Group for around Rs. 25 crores

and 8000 pieces-a-day garmenting unit of Maryan Apparel for approximately Rs. 15 crores.


We are very excited about the future. The textiles and apparel industry globally is over USD 450 billion. With an increasingly significant percentage of the global population falling below 40 years of age, fashion is going to remain in focus. And that's the opportunity. To make clothes, create fashion and sell it to them. Not just in one country, but in any country.

We believe we are entering interesting times. We have global size now. We have integrated completely. We have learnt to acquire companies and integrate them with the existing company not just in terms of business but also in terms of values and culture. It's easy to acquire and difficult to integrate. And we have learnt to do that. We are slowly adding pieces that are strategically important. Our retail acquisition was a step towards that. With 'GURU', we will now understand the consumer mindset. Fashion retail is all about forecasting and taking fashion risk. It is different from manufacturing. And we are excited to learn.

We are creating, perhaps, one of the world's fastest growing integrated textiles companies. Our capacities have grown substantially in yarn dyeing, fabrics and in garments. And we are now into international retail as well. This is just the beginning.

Before I conclude, I want to thank the thousands of workers who work with total dedication across our factories and have contributed enormously to our growth. I also want to thank our highly passionate, energetic and motivated team, who continue to stretch and create prospects for further growth. I would like to thank our investors and shareholders for their support and patience. And finally, I want to thank every customer across the world for being more fashionable.

Sincerely,



Janardan Agarwal  
Chairman

# Business Operations

## Vision

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.

Bombay Rayon Fashions Limited (BRFL) is India's foremost, vertically integrated textile group, engaged in the manufacture, exports and retail of high-end designer ranges of fabrics and garments.

BRFL enjoys a strong presence across the entire value chain of yarn dyeing, weaving, fabric processing, design, garment manufacturing and retail. The Company owns 13 manufacturing facilities, including 1 sampling unit across the country.



### Yarn Dyeing

The Company's yarn dyeing operations are carried out at the integrated textile unit in Doddabalapur, Bangalore. Nearly 1.4 million kgs of yarn (approx. 4,000 kgs a day) is dyed annually at this facility. The expansion programme initiated by the Company will by setting up new facilities in Maharashtra see a further increase in capacity to the extent of 10.5 million kgs, totaling the capacity to 11.9 million kgs per annum.

### Fabric Processing



Fabric processing of largely woven fabrics is carried out at the Company's integrated manufacturing facilities in Bangalore having capacity of producing 55 million meters per annum. The expansion programme being set up in Maharashtra is expected to increase the capacity by a further 180 million meters per annum.

The weaving facilities for grey fabrics are located at Thane, Silvassa, Navi Mumbai and Bangalore. New greenfield facilities are now coming up in Maharashtra.

Finished fabrics are supplied in the domestic market through 70 distributors and more than 2000 retailers under the brand name 'Bombay Rayon' and to the manufacturers of garments as per their required specifications and designs. Exports are largely to the Middle-East and EU countries.

## Garment Manufacturing



Casual and formal wear garments for men and women are manufactured at different locations in Bangalore. These are exported to international buying houses and retailers across the EU and USA.

While the current facilities produce 30 million pieces per annum, our various acquisitions and expansion programme will substantially add to the existing capacity.

Leela Scottish Lace (P) Ltd, which was acquired in August 2007 has 16 facilities at different locations with a total capacity of more than 50,000 pieces per day. LNJ Apparel of RSWM Ltd, whose operations we acquired in October 2007 has a capacity to produce 8000 pieces of casual and formal trousers, while at Maryan Apparels Private Limited, which we acquired in March 2008,

has a capacity of 8,000 pieces per day.

With the expansion programme, the total capacity will reach to 75 million pieces per annum.



## Retail

The Company recently acquired the European brand 'GURU' and other retail business of Jam Session Holding S.r.l (Jam). This acquisition will enable BRFL to set its footprints into the global retail scenario and move up the value chain to emerge as a significant global textile entity.

## Mission

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.

# Financial Highlights

(Rs. in laacs)

Particulars	2005-06	2006-07	2007-08
Net Sales	19,898.03	48,938.17	92,611.05
Total Income	20,035.32	49,647.87	94,387.13
Earnings Before Depreciation, Interest, Extra Ordinary Items and Tax (EBDITA)	3,485.79	9,906.49	22,927.22
Depreciation	294.79	1,044.91	3,185.23
Interest & Financial Charges	644.80	1,301.73	2,582.97
Profit Before Tax (PBT)	2,546.20	7,559.85	17,159.03
Profit After Tax (PAT)	1,818.02	5,441.35	12,112.98
Share Capital	4,897.97	6,300.00	6,300.00
Reserves and Surplus	10,438.45	42,000.73	52,896.47
Total Debts	9,498.65	33,345.44	71,435.97
Networth	15,336.42	49,563.43	60,459.17
Gross Block	7,838.88	32,564.24	46,295.10
Net Block	6,870.23	30,594.97	41,146.35
Net Current Assets	11,960.65	35,272.64	60,401.61
Cash and Cash Equivalents	1,171.42	7,726.43	5,518.77
No. of shares	48,979,686	6,30,00,000	6,30,00,000
Earnings per share (In Rs.) - Basic	4.61	10.52	19.23
Earnings per share (In Rs.) - Diluted	4.61	9.41	17.53







## Our Directors

*(Standing left to right)*

Mr. A.R. Mundra - *Executive Director - Finance*  
Mr. Uday Mogre - *Executive Director - Corporate*  
Mr. S. B. Agarwal - *Independent Director*  
Mr. John Mathew - *Nominee Director, EXIM Bank*

*(Sitting left to right)*

Dr. Pravin P. Shah - *Independent Director*  
Mr. Prashant Agarwal - *Managing Director*  
Mr. Aman Agarwal - *Executive Vice Chairman*  
Mr. Naseer Ahmed - *Joint Vice Chairman*  
Mr. B. S. Bhesania - *Independent Director*

# Corporate Information

## BOARD OF DIRECTORS

Mr. Janardan Agarwal  
*Chairman*

Mr. Aman Agarwal  
*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*

## COMPANY SECRETARY

Ms. Prachi Deshpande

## AUDITORS

V. K. Beswal & Associates,  
Chartered Accountants

## BANKERS/TERM LENDERS

Export-Import Bank of India

State Bank of India

Axis Bank Ltd.

State Bank of Patiala

State Bank of Hyderabad

Standard Chartered Bank

DBS Bank Ltd.

Bank of India

IDBI Bank Ltd.

State Bank of Mysore

State Bank of Travancore

Dena Bank

Bank of Maharashtra

Corporation Bank

Punjab National Bank

Barclays Bank Plc.

ING Vysya Bank Ltd.

Citibank N. A.

## REGISTERED OFFICE

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

## 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  
The Bombay Stock Exchange  
Limited ("BSE").

# Financial and Statutory Statements

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# NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of **Bombay Rayon Fashions Limited** will be held on Tuesday, 30<sup>th</sup> September, 2008 at 4.30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020, to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts for the Financial year ended 31st March 2008 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. Naseer Ahmed, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Janardan Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A.R. Mundra, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

**For and on behalf of the Board**

Place: Mumbai

**Janardan Agarwal**

Dated: 14th August, 2008

Chairman

## REGISTERED OFFICE:

D-1<sup>st</sup> 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, 20<sup>th</sup> September, 2008 to Tuesday, 30<sup>th</sup> September, 2008 (Both days inclusive).
4. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on September 30, 2008. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares whose names appear in the list furnished by the Depositories for this purpose as on September 20, 2008.
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.

# DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure to present their Report together with the Audited Accounts for the year ended 31st March, 2008.

## 1. FINANCIAL RESULTS:

Rs. in Lacs

	31-03-2008	31-03-2007
Sales	92706.41	48989.69
<b>Profit before Interest, Depreciation and Tax</b>	<b>22927.23</b>	<b>9906.49</b>
<b>Less: Interest</b>	<b>2582.97</b>	<b>1301.73</b>
<b>Profit before Depreciation and Tax</b>	<b>20344.26</b>	<b>8604.76</b>
<b>Less: Depreciation</b>	<b>3185.23</b>	<b>1044.91</b>
<b>Profit before Tax</b>	<b>17159.03</b>	<b>7559.85</b>
<b>Less: Provision for Taxes (including Deferred)</b>	<b>5046.05</b>	<b>2118.50</b>
<b>Profit after Tax</b>	<b>12112.98</b>	<b>5441.35</b>
<b>Add - Balance brought forward</b>	<b>6389.79</b>	<b>2019.78</b>
<b>Profit available for appropriations</b>	<b>18502.77</b>	<b>7461.13</b>
<b>APPROPRIATIONS:</b>		
- Transfer to General Reserve	650.00	150.00
- Proposed Dividend	945.00	787.50
- Corporate Dividend Tax	160.61	133.84
<b>Balance Carried forward</b>	<b>16747.16</b>	<b>6389.79</b>
EPS (Rupees)		
- Basic	19.23	10.52
- Diluted	17.53	9.41

## 2. OPERATIONS

The journey of record growth continued for the Company during the current Financial Year also. The Turnover increased sharply by 1.89 times to Rs. 92706.41 lacs as compared to Rs. 48989.69 lacs previous year, with export turnover almost doubling to Rs. 42109.26 lacs from Rs. 21340.84 lacs. The Profit After Tax (PAT) for the year increased by 2.23 times to Rs. 12112.98 lacs as compared to Rs. 5441.35 lacs in the previous year.

## 3. DIVIDEND:

Considering the performance during the Financial Year and to appropriately reward the members while conserving the resources to meet the future requirements, your Board of Directors is pleased to recommend a Dividend of Rs.1.50 per Equity Share (15%) as against Rs. 1.25 per Equity Share in previous year. This dividend

is subject to the approval of the members at the ensuing Annual General Meeting to be held on 30<sup>th</sup> September, 2008.

## 4. SHARE CAPITAL

With exercise of option by the promoters for conversion of warrants into equity shares on 16<sup>th</sup> June, 2008, the Company has allotted 61,00,000 equity shares of Rs. 10/- each at a premium of Rs. 197/- each and paid - up capital of the Company has increased from Rs. 63 crores to Rs. 69 crores.

## 5. EXPANSION OF BUSINESS

### 5.1 ACQUISITIONS:

#### 5.1.1 Garment Unit of RSWM Limited -

“LNJ Apparel” a Unit of RSWM Ltd. (formerly known Rajasthan Spinning & Weaving Mills Ltd.) has been acquired at a consideration of Rs.25.50 crores in October,

2007. The Unit is located at Bangalore and is engaged in the business of manufacturing and exports of garments with manufacturing capacity of 2.40 mn pcs p.a.

### 5.1.2 Garment Business from Maryan Apparels Private Limited

Garment Business of Maryan Apparels Private Limited has been acquired for a consideration of Rs. 14.74 crores in March, 2008. The unit is engaged in the manufacturing and export of Garments and is situated at Thiruvananthapuram, having manufacturing capacities of 2.40 mn pcs p.a.

## 5.2 EXPANSION OF MANUFACTURING CAPACITIES:

### 5.2.1 MOU with Government of Maharashtra:

During the year under review, the Company entered into an MOU with Government of Maharashtra with a package of incentives to be provided for setting up of new capacities for manufacturing of fabrics and garments at various locations. The package of incentives include interest subsidy for term loans, reimbursement of employer's contribution to funds, single window clearance and other benefits.

### 5.2.2 Expansion of processing and garmenting capacities:

The location of expansion project for new processing facilities with capacity of 70 million mtrs p.a. of Fabrics and Garment unit with capacity of 20,000 pieces per day out of total capacity of 86,000 pieces per day has been shifted from the State of Karnataka to the State of Maharashtra to capitalize the incentives granted by Government of Maharashtra. The Garment units with capacities of 14,000 pieces per day have already commissioned commercial production and implementation of other garment and fabric capacities is going on in full swing and expected to go for commercial production in the last quarter of the coming financial year.

### 5.2.3 Further Expansion of Yarn Dyeing, Weaving, Processing & Garmenting capacities–

During the year under review, the Company has embarked upon further expansion projects in the State of Maharashtra to set up the following capacities :

Yarn Dyeing	-	29, 206 kgs per day
Weaving	-	380 Looms
Processing	-	3,38,000 Mtrs. per day
Garmenting	-	1,00,000 pieces per day

Based on the Techno-Economic Feasibility Report prepared by Gherzi Eastern Limited, Mumbai and the financial appraisal by Axis Bank Limited, the total cost of expansion project is estimated at Rs.915 Crores to be funded as under :

Equity	Rs. 251 crores (Rs. 125 crores out of funds raised under QIP and Rs. 126 crores by conversion of warrants into equity shares)
Debt	Rs. 610 crores
Internal Accruals	Rs. 54 crores

The debt component shall be under Technology Upgradation Fund Scheme (TUFs) entitling the Company an interest subsidy of 5% and capital subsidy of 10% on total investment in Processing & Garment Machineries.

Some of the proposed new capacities for garmenting shall be set up in the Integrated Textile Parks of Islampur and Latur for which concerned SPVs have received approvals from the Ministry of Textiles of Government of India sanctioning the Scheme for Integrated Textile Park entitling to get subsidy of 40% of total infrastructure cost for setting up the same by SPVs. In addition, the Company shall be entitled to various incentives as per the Package Scheme of Incentives, 2007 announced by Government of Maharashtra.

The project execution work has been undertaken by finalising the critical machineries with technologies and capacities for all yarn dyeing, weaving, processing and garmenting is expected to be fully on stream by end of next financial year.

#### 6. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Naseer Ahmed, Mr. Janardan Agarwal and Mr. A.R. Mundra, Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

#### 7. 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.

#### 8. AUDITORS' REPORT

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

#### 9. FIXED DEPOSITS

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

#### 10. DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. They have selected such accounting policies in consultation with Statutory Auditors and other

Experts and applied them consistently and made 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, 2008 and of the Profit of the Company for that year.

3. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the attached Statement of Accounts for the year ended 31<sup>st</sup> March, 2008 on a going concern basis.

#### 11. PARTICULARS OF EMPLOYEES:

The information required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1988 are set out as Annexure to the report.

#### 12. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

#### 13. SUBSIDIARY COMPANIES:

##### 13.1 BRFL Europe B.V.

The wholly-owned subsidiary of your Company, BRFL Europe B.V at Netherlands continued to play an important



role for canvassing the business, services to customers on products and designs.

On 5<sup>th</sup> May, 2008, the Company has set up a subsidiary under name BRFL Italia SRL at Parma, Italy which has taken over the brand “Guru” and other retail business of Jam Session Holding S.r.l, an Italian Company. The Brand “Guru” is an internationally renowned brand having global presence. Presently, the business has been acquired on lease with a put and call option. The aforesaid acquisition has enabled the Company to spread its wings in European Markets in the retail sector.

During the current financial year i.e. 2008-09, BRFL Europe B.V. has become a subsidiary of Bombay Rayon Retail Limited, a subsidiary of the Company.

BRFL Europe B.V. has registered a net profit of € 54.493 for the year ended 31<sup>st</sup> March, 2008.

### *13.2 DPJ Clothing Ltd*

DPJ Clothing is engaged in business of wholesale marketing and distribution of clothing Products. The said subsidiary is helping in getting many mid size retailers of Europe by providing the services either by direct import or by import and delivery basis.

DPJ Clothing Ltd has registered a net profit of £ 381,623 for the year ended 31<sup>st</sup> March, 2008.

### *13.3 Bombay Rayon Retail Limited*

With a view to make foray into Retailing Business both at domestic and international markets, the Company is looking for different options and opportunities.

### *13.4 Leela Scottish Lace Private Limited. (formerly known as Bombay Rayon Apparels Private Limited)*

Bombay Rayon Apparels Pvt. Ltd. was incorporated on

26<sup>th</sup> June, 2007. The said subsidiary company has taken over the Garment business from Leela Scottish Lace Private Limited at a consideration of Rs.155 crores. The Garments business acquired comprises of manufacturing and exports of readymade garments to big international labels having eighteen manufacturing facilities at Bangalore, Chennai, Kochi and Thiruvananthapuram. Subsequent to the takeover, the name of the Company was changed to Leela Scottish Lace Private Limited.

Leela Scottish Lace Private Limited., has registered a net profit of Rs. 604.11 lacs for the period ended 31<sup>st</sup> March, 2008.

The Company has made an application to Central Government seeking exemption from the requirements of attachment of annual accounts of the Subsidiary Companies with the Annual Report for year ended 31<sup>st</sup> March 2008. The Annual Accounts of the subsidiary companies and the related detailed information will be made available to the members of the Company who seek such information. The Annual Accounts of the subsidiary companies are open for inspection by any member at the Registered office of the Company. Any member of the Company, who wishes to obtain a copy of the financial statements of any of the subsidiary companies, may send a request in writing to the Company Secretary at the Registered Office of the Company.

## **14. CORPORATE GOVERNANCE**

A report on the Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges along with a certificate from the Statutory Auditors confirming compliance is attached to and forming part of this Report along with the details of the Management’s Discussion and Analysis.

## 15. ACKNOWLEDGEMENTS

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**

Place: Mumbai  
Date: 14th August, 2008

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

### FORM 'A'

		Year ended 31/03/2008		Year ended 31/03/2007
	Fabrics	Garments	Fabrics	Garments
<b>A. Power and Fuel Consumption</b>				
1. Electricity				
a) Purchase				
Unit (Lacs)	155.88	48.71	38.53	28.02
Total Amount (Rs. lacs)	745.41	276.83	142.04	165.60
Rate/ Unit (Rs.)	4.78	5.69	3.69	5.91
b) Own generation ((Through D.G. Set))				
Diesel Oil Consumed (lac Ltrs)	5.23	6.90	4.42	2.44
Total Amount (Rs. lacs)	194.43	252.47	159.94	87.98
Avg. Per Ltr. (Rs.)	37.17	36.59	36.19	36.06
c) Bio Fuel				
Quantity (M.T.)	—	1639.86	—	4.54
Amount (in lacs)	—	54.92	—	15.79
d) Coal				
Quantity (M.T)	6900.55	—	4101.49	—
Amount (in lacs)	252.47	—	150.47	—
<b>B. Consumption Per unit of Production</b>				
Production	55.33 Million mtrs	15.26 Million pcs.	35.13 Million mtrs	7.09 Million pcs
Electricity (Rs.)	1.70 / Mtrs	3.47 / pieces	0.86 / Mtrs	3.58 / pieces

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

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. 19 and 20 of Schedule “S” of accounts.**

## ANNEXURE TO THE DIRECTORS' REPORT

The information required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1988

Name	Age	Qualification	Designation	Experience	Date of Commencement of Employment	Gross Remuneration (Rs.)	Net Remuneration (Rs.)
Aman Agarwal	36	M. B. A (Australia)	Vice Chairman	14 years	31-01-2003	79,29,464	52,35,564
Prashant Agarwal	34	B.Tech, M.S (U.S)	Managing Director	12 years	01-09-1997	79,29,464	52,35,564

- Remuneration received includes salary and other allowances, perquisites etc;
- Mr. Janaradan Agarwal, Chairman of the Company, is the relative to Mr. Aman Agarwal and Mr. Prashant Agarwal;
- No previous employment for these employees.



## REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company is providing below a report on the matters as mentioned in the said clause and practices followed by the Company.

### 1. Company's Philosophy on Corporate Governance

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

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

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

### 2. Board of Directors

#### a) Composition of the Board:

The 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 Agarwal	Chairman	Promoter, Non-Executive; Non – Independent	3	—	—
Mr. Aman Agarwal	Vice Chairman	Promoter; Executive; Non-Independent	4	—	—
Mr. Naseer Ahmed	Joint Vice Chairman	Non-Executive; Non-Independent	2	—	—
Mr. Prashant Agarwal	Managing Director	Promoter, Executive; Non-Independent	4	—	—
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	2	1	4
Mr. S. B. Agarwal	Director	Non-Executive; Independent	2	1	—
Dr. Pravin. P. Shah	Director	Non-Executive; Independent	5	—	8
Mr. John Mathew	Director	Nominee of EXIM Bank	1	—	1

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

\* Directorships in Private and Foreign Companies are excluded.

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

The Company has a process to provide the information to the Board as required under Annexure IA to clause 49. The Board reviews the Compliance report of all laws applicable to the Company.

**b) Reappointment of Directors:**

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

**i) Mr. Naseer Ahmed –**

Naseer Ahmed, aged 49 years is a businessman and sitting member of the legislative council of State of Karnataka. He was a minister of state for small-scale industries in State of Karnataka during October 1990 to November 1992. He holds a bachelor degree in commerce from Kolar Gold Fields 1st Grade College. He has promoted five companies in textile sector. Over the period his group has established a niche in the export market by supplying to top international brands.

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

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Scotts Garments Limited	2	Scotts Metals & Mines Pvt. Ltd.
3	Scotts Plantations Pvt. Ltd.	4	Scotts Fashioncity India Ltd.
5	Scotts Infrastructure & Development Pvt Ltd.	6	Arora Fashions Limited

As on 31<sup>st</sup> March 2008, Mr. Naseer Ahmed did not hold any equity shares in the Company.

**ii) Mr. Janardan Agarwal –**

Janardan Agarwal, aged 56 years is the founder and driving force behind the growth of Bombay Rayon and has been involved in the business of BRFL since its inception. He has over 3 decades of experience in textile industry

more particularly in weaving segment of the industry. He is accredited with establishment of the Bombay Rayon brand of fabrics in the local retail market. He has also set up a unique bi-annual presentation of company's collections to the trade, a very novel way of marketing the products and has exhibited foresight and vision in continuously growing the business and bringing the same to its present status. Mr. Agarwal started his career in pharmaceutical business in New Delhi in 1975. However, he shifted to Mumbai in 1979 and joined as a partner in a firm in the business of manufacture and trading in fabric. In 1986 he decided to start his own business resulting in establishment of Bombay Rayon Private Limited, the first company of the Group.

Mr. Janardan Agarwal is also a director in the following Companies.

Sr. No.	Name of the Company
1	Bombay Rayon Clothing Ltd.
2	Reynold Shirting Ltd.
3	Bombay Rayon Retail Ltd.

As on 31<sup>st</sup> March 2008, Mr. Janardan Agarwal held 75,99,422 Equity shares in the Company.

**iii) Mr. A. R. Mundra –**

Mr. A. R. Mundra, aged 52 years has an experience of over twenty-five 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 and other Birla group 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 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, Acquisitions, Funds Mobilization, Project Advisory & Financing, Working Capital Arrangements etc. Besides, he has deep understanding on Secretarial & Legal matters, Investment and Portfolio Management and Capital Market Operations.

Mr. A.R. Mundra is also a director on the Board of Leela Scottish Lace Pvt. Ltd.

As on 31<sup>st</sup> March 2008, Mr. A.R. Mundra held 50,000 Equity shares in the Company.

*c) Board Meetings and Annual General Meeting:*

During the financial year 2007-2008, 8 Board Meeting were held on – 3<sup>rd</sup> July 2007, 31<sup>st</sup> July 2007, 27<sup>th</sup> September 2007, 18<sup>th</sup> October 2007, 30<sup>th</sup> October 2007, 13<sup>th</sup> November 2007, 22<sup>nd</sup> January 2008 and 4<sup>th</sup> March 2008.

The previous Annual General Meeting of the Company was held on 30<sup>th</sup> August 2007. 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 Agarwal	3	No
Mr. Aman Agarwal	5	Yes
Mr. Naseer Ahmed	3	Yes
Mr. Prashant Agarwal	7	Yes
Mr. A.R. Mundra	8	Yes
Mr. Uday Mogre	6	No
Mr. B. S. Bhesania	5	Yes
Mr. S. B. Agarwal	4	Yes
Dr. Pravin P. Shah	4	Yes
Mr. John Mathew	7	No

*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 2007 – 08, 4 Committee Meetings were held on 3<sup>rd</sup> July 2007, 31<sup>st</sup> July 2007, 30<sup>th</sup> October 2007 and 22<sup>nd</sup> January 2008. 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	2
Mr. B.S. Bhesania	Member	4
Mr. A. R. Mundra	Member	4

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 Company Secretary of the Company, acts as the Secretary of the Committee.

d) *The Terms of Reference of the Audit Committee:*

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

- i) 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, re-appointment 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.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

- b) Changes, if any, in accounting policies and practices and reasons for the same.
- c) Major accounting entries involving estimates based on the exercise of judgement by management.
- d) Significant adjustments made in the financial statements arising out of audit findings.
- e) Compliance with listing and other legal requirements relating to financial statements.
- f) Disclosure of any related party transactions.
- g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- vii) Reviewing, with the management, the Statement of uses/application of funds raised through an issue (public issue, right issue, Preferential issue. etc) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue and making appropriate recommendation to the Board to take up steps in this matter.
- viii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- ix) 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.

- x) Discussion with internal auditors on any significant findings and follow up there on.
- xi) 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.
- xii) 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.
- xiii) 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.
- xiv) Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

*e) Powers of the Audit Committee:*

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

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

**4. Remuneration Committee**

*a) Constitution of Remuneration Committee:*

The Remuneration Committee comprises of three

members. All the members are Non-Executive Independent Directors.

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

The composition of the Remuneration Committee is as under:

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

One Remuneration Committee Meeting was held during the financial year on 3<sup>rd</sup> July 2007 which was attended by Mr. B.S. Bhesania and Dr. Pravin P. Shah.

*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 6<sup>th</sup> July 2005 had approved payment of sitting fees of Rs. 2500/- for each meeting of Board of Directors, meeting of the Audit Committee Meeting & Remuneration Committee. Details of the Sitting fees paid during the year 2007-08 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	12500	10000	2500
Mr. S.B. Agarwal	10000	5000	—
Mr. Naseer Ahmed	7500	0	0
Mr. John Mathew	17500	0	0
<b>Total</b>	<b>57500</b>	<b>22500</b>	<b>5000</b>

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, 2008, to the Chairman amounted to Rs.173.03 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 1<sup>st</sup> June 2007. The remuneration of the Executive Directors has been approved by the Remuneration Committee, the Board of Directors and the shareholders of the Company.

Details of remuneration paid to the Executive Directors during the year ended March 31, 2008 are given below:

Name of the Executive Director	Designation	Salary & Allowances (Rs. lacs)	Contribution to PF (Rs. lacs)	Total (Rs. lacs)
Mr. Aman Agarwal	Vice – Chairman	83.47	6.01	89.48
Mr. Prashant Agarwal	Managing Director	83.47	6.01	89.48
Mr. A.R. Mundra	Executive Director – Finance	22.37	1.62	23.99
Mr. Uday Mogre	Executive Director – Corporate	22.37	1.62	23.99

## 5. Shareholders' / Investors' Grievance Committee

### a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders' / Investors' Grievance Committee looks into members services like transfer/ transmission of shares, demat/remat requests and investors complaints like – non-receipt of refund, declared dividends, etc. and take necessary steps for redressal thereof. The Committee is a Board level committee headed by the Chairman. Eight Shareholders' / Investors' Grievance Committee Meetings were held during the financial year 2007-08, on 7<sup>th</sup> May, 2007, 3<sup>rd</sup> July, 2007, 31<sup>st</sup> July, 2007, 3<sup>rd</sup> August, 2007, 1<sup>st</sup> September, 2007, 27<sup>th</sup> September, 2007, 30<sup>th</sup> October, 2007 & 22<sup>nd</sup> January, 2008. 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 Agarwal	Chairman	4
Mr. Prashant Agarwal	Member	8
Mr. A.R. Mundra	Member	8

- b) Ms. Prachi Deshpande, Company Secretary is also the Compliance Officer for the committee.
- c) 12 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 sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee of the Company meets as often as required.
- e) **General Body Meetings**
  - i) **Annual General Meeting:**  
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
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
2006-07	30/08/07	12:30 P.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020

- ii) **Special Resolution:**  
Following special resolutions were passed at the previous Annual General Meeting.
  - a) Appointment of Mr. Aman Agarwal as Vice Chairman of the Company for a period of 3 years with effect from 1<sup>st</sup> June 2007 to 31<sup>st</sup> May 2010.

- b) Appointment of Mr. Prashant Agarwal as Managing Director of the Company for a period of 3 years with effect from 1<sup>st</sup> June 2007 to 31<sup>st</sup> May 2010.
- c) Appointment of Mr. Uday Mogre as Executive Director – Corporate of the Company for a period of 3 years with effect from 1<sup>st</sup> June 2007 to 31<sup>st</sup> May 2010.
- d) Appointment of Mr. A.R. Mundra as Executive Director – Finance of the Company for a period of 3 years with effect from 1<sup>st</sup> June 2007 to 31<sup>st</sup> May 2010.
- iii) During the year 2007-08, no special Resolution has been passed by Postal Ballot.
- iv) No special resolution is proposed to be conducted through Postal Ballot. Resolutions, if any passed during current year by postal ballot shall be in accordance with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

**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 2007 – 08, Audited Results for the year 2006 – 07 and the quarterly results of the Company for the quarter ended 30<sup>th</sup> June, 2007, 30<sup>th</sup> September, 2007, 31<sup>st</sup> December, 2007 were published in Economic Times, Navbharat Times and Maharashtra Times.

- b) The financial results and other corporate information are displayed on the Company's website – [www.bombayrayon.com](http://www.bombayrayon.com). The website also displays official news releases.

**g) General Shareholder Information**

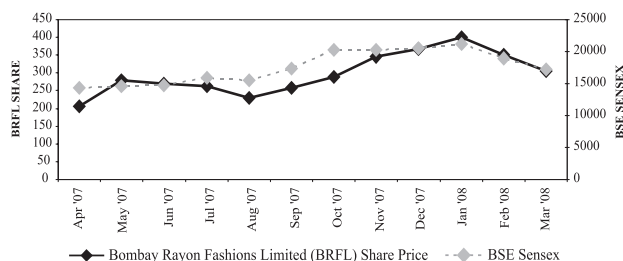
- Annual General Meeting:  
Day, Date and Time: Tuesday,  
30<sup>th</sup> September 2008  
at 4.30 p.m  
Venue : Walchand Hirachand Hall,  
Indian Merchants' Chamber,  
IMC Marg, Churchgate,  
Mumbai-400 020
- Financial Year:  
The Company follows April-March as

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

- Date of Book Closure:  
20<sup>th</sup> September, 2008 to 30<sup>th</sup> September 2008  
(both days inclusive)
- 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.
- Stock Code/Symbol:  
NSE – BRFL  
BSE – 532678
- 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 Ltd.			National Stock Exchange of India Ltd.		
Month	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2007	205.00	153.25	2299322	205.00	153.20	2931551
May, 2007	279.50	174.35	18479210	279.40	175.60	31875670
June, 2007	269.00	210.10	13602013	270.00	209.20	22042846
July, 2007	263.00	198.25	7765946	262.00	200.00	15225135
August, 2007	230.10	196.00	4732673	231.00	195.00	9389287
September, 2007	258.00	222.50	3004751	254.50	222.50	6839229
October, 2007	289.80	200.00	4174236	288.80	206.25	10291912
November, 2007	346.05	252.10	5101100	348.00	240.30	9949844
December, 2007	368.00	315.00	2112456	369.00	300.00	4296545
January, 2008	401.00	185.00	1648970	402.00	185.10	4779440
February, 2008	351.00	264.00	752781	352.00	251.20	2477355
March, 2008	306.50	212.15	1401293	307.95	212.55	3853813

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



#### 7. 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.

#### 8. Category wise Shareholding as at March 31, 2008:

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	27359160	43.43
2.	Mutual Funds and UTI	9283263	14.74
3.	Banks/ Financial Institutions/ Insurance Companies	257000	0.41
4.	Foreign Institutional Investors	16268950	25.82
5.	Private Corporate Bodies	5168062	8.20
6.	Non-Resident Indians	523746	0.83
7.	Clearing Member & Trust	83038	0.13
8.	Public	4056781	6.44
	<b>TOTAL</b>	<b>63000000</b>	<b>100</b>

#### 9. Distribution of Shareholding as at March 31, 2008:

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount	% of Total
Upto 5000	10976	93.85	9491940	1.51
5001-10000	283	2.42	2282710	0.36
10001-20000	176	1.50	2635380	0.42
20001-30000	50	0.43	1256680	0.20
30001-40000	29	0.25	1069730	0.17
40001-50000	22	0.19	1021930	0.16
50001-100000	39	0.33	3092000	0.49
100001 and above	120	1.03	609149630	96.69
<b>TOTAL</b>	<b>11695</b>	<b>100.00</b>	<b>630000000</b>	<b>100.00</b>

#### 10. Dematerialisation of Shares and Liquidity:

About 97.87% of the shares have been dematerialized as on March 31, 2008.

The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

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

The Company has not issued any GDRs / ADRs.

An aggregate of 61,00,000 Warrants optionally convertible into equivalent number of equity shares were outstanding as on 31<sup>st</sup> March 2008.

12. Registrar and Share Transfer Agents:

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

13. Plant Locations:

Factory Location	Activity
<b>MAHARASHTRA</b>	
(i) Raj Rajeshwari Compound, Sonale	Weaving of Fabrics
(ii) TTC Industrial Area, Navi Mumbai.	Weaving of Fabrics, Garment Manufacturing
(iii) Plot No. 15 – 23/307, The Ichalkaranji Khanjire Industrial Estate, Shahapur, Ichalkaranji	Garment Manufacturing
(iv) Plot No. 398, 399, W. No. H. No. 307, The Industrial Co-op. Estate Ltd, Babasaheb Khanjire Nagar, Shahapur Ichalkaranji	Garment Manufacturing
(v) Plot No. 10-14, 21-25, Phase III, Shri. Laxmi Co-op. Industrial Estate Ltd, Hatkanangale, Ichalkaranji	Garment Manufacturing
<b>BANGALORE</b>	
(i) 57/A, 3rd Phase, Peenya Industrial Area, Bangalore-560 058.	Garment Manufacturing
(ii) 288/289, 4th Phase, Peenya Industrial Area, Bangalore-560 058.	Garment Manufacturing
(iii) 19th KM 53/10 Madanayakanna Hialli, Madavara Post Dasunp, Bangalore-562123	Garment Manufacturing
(iv) Plot No. 471-D2, IV Phase, Peenya Industrial Area, Bangalore-560 058	Garment Manufacturing
(v) 151, Babaasabara Palya, Mysore Road, Kengeri, Bangalore-560058	Garment Manufacturing

(vi) Sy. No 78/3, Yeshwanthpur, 3rd Cross Road, Bangalore	Garment Manufacturing
(vii) Plot No./Survey No.21 to 32 (P), KIADB Apparel Park, Near Railway Station, Doddaballapur-561 203	Yarn Dyeing, Processing & Garment Manufacturing
(viii) Plot No. 27A, S. No. 133 (P) & 135 – part, Bidadi Industrial Area, Ramnagar District, Bangalore	Garment Manufacturing
<b>OTHER</b>	
227/3 Khanvel Main Road, Kherdi, Silvassa	Weaving of Fabrics

14. 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-400 078.

Tele: 022 – 2596 3838  
Fax: 022 – 25946969 / 25960329

For general correspondence:

Ms. Prachi Deshpande,  
Company Secretary  
Bombay Rayon Fashions Limited  
D-1<sup>st</sup> Floor, Oberoi Garden Estates,  
Chandivali Farms Road, Andheri (East),  
Mumbai-400 072.

Tel: 022 – 2803 1800  
Fax: 022 – 2847 6992

E – mail: investors@bombayrayon.com

#### h) Other Disclosures

- i) 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, 2008.

- ii) Details of Shares held by Non-Executive Directors as on 31<sup>st</sup> March 2008

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1	Mr. Janardan Agarwal	7599422
2	Mr. Naseer Ahmed	Nil
3	Mr. B.S. Bhesania	2848
4	Mr. S.B. Agarwal	Nil
5	Dr. Pravin P. Shah	3016
6	Mr. John Mathew	Nil

- iii) 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.
- iv) The Company has complied with the non-mandatory requirements relating to remuneration Committee. The financial statements of the Company are unqualified.
- v) The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of the Corporate Governance.
- vi) Declaration from Managing Director & 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 Sr. 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 2007-08.

Place: Mumbai  
Date: 14/08/2008

Prashant Agarwal  
Managing Director

6. Certificate from Chief Executive Officer & Chief Financial Officer pursuant to Clause 49V of the Listing Agreement with BSE & NSE:

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

Prashant Agarwal  
Managing Director

Place: Mumbai  
Date: 14th August, 2008

A. R. Mundra  
Executive Director – Finance

## 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, 2008, 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

Place: Mumbai  
Date: 14th August, 2008

Membership Number: 48195

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Economic overview

India has been in a high growth mode since the last decade. The country has enjoyed a Compound Annual Growth Rate (CAGR) of 8.6% over the past five years. In 2007-08, India's GDP grew at a scorching rate of 9%. The per capita income grew to over Rs. 32,000 in the last fiscal from approximately Rs. 29,000 in the previous year, indicating growing purchasing power. In an evident shift of investor interest to emerging economies, India has emerged as the fourth most attractive business location in the world. Foreign Direct Investment (FDI) into the country surged to over USD 25 billion in 2007-08. India has the largest young population in the world, spurring a boom in consumption in the country. India's consumer market is the twelfth largest in the world, expected to be the fifth largest by 2025. Despite the global economic slowdown, India is expected to be in a sweet spot in 2008-09, growing at an average of around 8.5%. It is clear that India is all set to play a key role in the world economy.

### 2. Industry overview

The global textile and apparel industry, estimated at around USD 450 billion is one of the largest contributors to international trade. With the implementation of the Agreement on Textiles and Clothing (ATC), all trade barriers; both tax and non-tax imposed by the developed countries on imports from developing countries have come to an end with effect from January 1 2005, giving way to a free trade regime in global textile trade. China and India have been the biggest beneficiaries of this development and are expected to account for approximately 65% of global clothing exports in the coming years.

India accounts for 8% of the global trade in textiles and is ranked as the 6<sup>th</sup> largest supplier in the world. The country is the largest producer of jute, second largest producer of cotton yarn, second largest producer of silk and the fifth largest producer of synthetic fibre/yarn globally.

The Indian textile and apparel industry, currently worth around USD 49 billion is one of the largest industries in India. It

makes a significant contribution to the country's economy, adding about 5% to the GDP, 14 % to the industrial production and 17% to the total export earnings. Textile exports stood at USD 20.5 billion in 2007-08. It is the largest foreign exchange earning sector in the country besides being the second largest provider of employment after agriculture, being directly responsible for the employment of around 38 million people and indirectly for another 50 million people.

Going forward, the outlook for the industry looks very encouraging. The industry is becoming more competitive by embracing modern technology and work processes, building strong brand equity and consistently achieving higher growth rates than ever. Increasing organized retail penetration with global giants entering the Indian markets, favourable demographics, rising disposable income levels and a rapid change in consumer preference towards high-end value added products are driving the domestic consumption demand. Export growth has been high post quotas and is all set to soar higher in the near future. The change in the product mix in favour of higher value-added products has differentiated India from regional peers and contributed towards higher price realizations and better margins.

Besides, the Indian Government has recognized the potential of the textile and apparel sector and has undertaken several measures to give it a further boost. Some of these include:

- The Indian textile and apparel industry is projected to receive an impetus worth USD 35 billion as investments by 2012.
- A total of 30 integrated textile parks have been sanctioned under the Scheme for Integrated Textile Parks (SITP). These parks would commence operations by the end of 2008-09 and 10 more parks would be added by 2012 under SITP.
- Technology Mission on Cotton has been launched to make available quality raw material at competitive prices.

- Extension of the 5% interest subsidy via Technology Upgradation Fund Scheme (TUFS) that facilitates the modernization and upgradation of the textiles industry, previously slated to expire in March 2007.
- 100% FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the SSI sector.
- Fast progress on relaxing labour laws to improve sector productivity. With textile SEZs offering flexible labour laws, a national rollout is widely expected.
- Three centres of the National Institute of Fashion Technology (NIFT) would be opened soon in Bhopal, Madhya Pradesh; Patna, Bihar and Shillong, Meghalaya. Recently, two centres of NIFT have been opened at Rae Bareilly, Uttar Pradesh and Kannur, Kerala.

### 3. Business overview

Bombay Rayon Fashions Limited (BRFL) is one of India's leading, vertically integrated textile companies, having a strong presence across the entire value chain of design, yarn dyeing, weaving, fabric processing, garment manufacturing and retail. The Company is currently the largest garment manufacturer in India. BRFL's focus on vertical integration, innovative design and manufacturing high-end garments enable the Company to achieve higher margins than its peers.

BRFL manufactures a wide variety of fabrics and garments. Fabrics are sold in the domestic market as well as exported. In the domestic market, fabric is sold under the brand name 'Bombay Rayon' to garment manufacturers and retailers. In the export market, fabrics are exported to the Middle East and European countries. Garments are 100% exported to the USA and EU for reputed retail brands.

BRFL presently operates through 13 manufacturing facilities (including one sampling unit in Mumbai) located across Bangalore, Karnataka; Navi Mumbai and Thane, Maharashtra

and Silvassa; in Dadra and Nagar Haveli. Currently, BRFL's yarn dyeing capacity is 1.4 million kg p.a. fabric manufacturing capacity is 55 million metres p.a. and garment manufacturing capacity is 30 million pieces p.a. The Company has a quick turnaround time of 60 days which under fast track delivery is reduced to 30 days as compared to the industry average of 90 days.

#### Acquisitions during the year

- Acquired the garment business of Leela Scottish Lace (P) Ltd. for a total consideration of Rs. 1550 million. The Company has been an established garment manufacturer and exporter for the last 30 years, having 16 factories and capacity of more than 50,000 pieces per day.
- Acquired the garment manufacturing unit "LNJ Apparel" of RSWM Ltd., an LNJ Bhilwara Group company for Rs. 255 million. The unit is located in Bangalore, Karnataka having a manufacturing capacity of 8000 pieces per day.
- Acquired the garment business of 'Maryan Apparel Private Limited' for Rs. 147.40 million. The unit is located in Thiruvananthapuram, Kerala having a manufacturing capacity of 8000 pieces per day.
- Acquired the brand 'GURU' and the retail business of Jam Session Holding S.r.l (Jam) through BRFL Italia S.r.l (BRFL Italia), a company promoted by BRFL Europe B.V, a wholly-owned subsidiary of Bombay Rayon Retail Limited. The holding company of these companies is Bombay Rayon Fashions Limited. 'GURU' is an established, high-end, European retail brand with substantial Goodwill in the market. The Company plans to open a number of 'GURU' outlets globally in the next 3 years.

BRFL has also signed a Memorandum of Understanding (MoU) with the Government of Maharashtra for its upcoming expansion projects in the state. The MoU provides for the

various fiscal incentives for the Company that will enable it to become the lowest cost producer of fabric and garments. The Company has initiated SPVs which have already received approvals from the Ministry of Textiles, sanctioning the project under SITP. The Company is also setting up manufacturing units in these integrated textile parks. This expansion project will facilitate an increase in the Company's processed fabric manufacturing capacity to 235 million metres p.a. and garment manufacturing capacity to 250,000 pieces per day.

### 4. Opportunities

Globally, the textile and apparel industry is moving steadily on a high growth path. It is expected to grow to USD 700 billion from the current level of USD 450 billion by 2010 with demand for textiles and apparel expected to grow to 25% from current figures where Asia will contribute 85%. Currently, China controls around 40% of the global apparel trade directly. Of the remaining 60%, around half of it is dependent on China for raw material inputs. Thus, around 70% of the global trade is sourced from China, which has been the lowest cost producer for over two decades. However, over the last two years, there has been a distinct change in the scenario. A steep appreciation of the Chinese currency, wage increases, power shortages, interest rate hikes, efforts to clean up its image for the Olympic Games, decline in the level of incentives given to the textile industry and new regulations have led to a decline in China's share. This coupled with the increase in the incentives given to the Indian textile and apparel industry has given India an edge over China.

India's domestic textile industry is also set to tread on a high growth path. Favourable demographics, rising per capita disposable income, increasing organized retail penetration and a change in the consumer preference in favour of high-end, value added products are driving the domestic textile and apparel consumption demand. Indian textile and apparel sector is expected to grow to USD 110 billion by 2012, of which the domestic market is estimated to be worth USD 60 billion and exports valued at USD 50 billion. Textile exports stood at USD

20.5 billion in 2007-08. This figure is likely to increase by 20% during the current fiscal and grow to USD 40 billion by 2010.

BRFL's expertise, experience, high quality and vertically integrated execution capabilities are factors that will help the Company leverage the plethora of opportunities that lie ahead.

### 5. Outlook

Considering the imminent boom in the global textile and apparel industry, it is safe to say that the future of the Company looks very promising. Vision 2010 for textiles, formulated by the Government of India aims to increase the size of the Indian textile and apparel industry to USD 85 billion with exports amounting to USD 50 billion. BRFL is fully prepared to participate in this opportunity with aggressive expansion plans and growth strategies. The Company expects 2008-09 to be an inflection point for the business, preparing BRFL for higher growth then on.

The Company is the largest garment manufacturer in India. BRFL has a strong client base, low labour costs, high productivity and enjoys economies of scale. The Company displays manufacturing diversity with machines compatible to cotton, nylon, polyester, linen and blends to hedge against changing trends in fashion, hence retaining full capacity. BRFL has an experienced management team and a highly innovative design team that churns out 5 new designs on a daily basis. The Company has a consistent track record of project implementation without significant cost and time overruns.

BRFL's vision is to become a complete apparel company. This will be accomplished by moving up the value chain to higher value added products through its vertically integrated business, increasing fabric and garment manufacturing capacities, growing business organically through new product launches and inorganically by acquiring new facilities. With continued focus on innovative designs, the Company aims to become the lowest cost producer of fabrics in the world by creating the best manufacturing facilities. BRFL also aims to become the largest producer of fabrics and garments in the country and



a significant global player, with focus on the high - margin garment segment.

To achieve its vision, BRFL is expanding its capacities across the value chain. 10.5 million kg p.a. capacity is being added to yarn dyeing facilities to take the total capacity to 11.9 million kg p.a.; 180 million metres p.a. capacity is being added to fabric production facilities to take the total capacity to 235 million metres p.a. and 15 million pieces p.a. capacity is being added to garment production facilities to take the total capacity to 75 million pieces p.a. New manufacturing units are also being set up in Maharashtra (for fabric and garments) and Bangalore, Karnataka (for garments). BRFL is on a lookout for strategic international tie-ups for garment manufacturing with companies in India, Japan and China to expand its global footprint. The Company believes this is just the beginning and the best is yet to come.

## 6. Risks and Concerns

As the Company gets into the expansion mode in a competitive environment, it is bound to undertake risks as it capitalizes on several new opportunities. The Company ensures that the risks it assumes are commensurate with better returns.

### Economic Risk

***The business is substantially affected by the prevailing economic conditions in India.***

Factors that may adversely affect the Indian economy and in turn the business include slowdown in GDP growth, rise in interest rates, inflation, changes in tax, trade, fiscal and monetary policies, etc.

However, given the estimate of at least 8% growth in the economy till 2010, rising per capita disposable income, burgeoning consumer spending, rapid change in consumer preference towards high-end, value added products and increased organized retail penetration with global majors sourcing from and setting up base in India, the Company does not expect to be significantly affected by this risk.

### Labour Risk

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

India is one of the cheapest countries in the world in terms of labour cost. Over the years, the Company has had no history of labour disputes. All of its units enjoy cordial industrial relations. Thus, the Company feels that the risk is substantially mitigated, if not completely.

### Fashion Risk

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

BRFL has an in-house Design Unit where a team of designers come out with 5 new designs on a daily basis, based on current fashion trends in the domestic and international market. The Company has a lower lead time of 60 days in comparison to the industry average of 90 days, which for fast track delivery is even lower at 30 days. BRFL's manufacturing diversity implies that machines are compatible with a wide variety of fabrics including cotton, nylon, polyester, linen and blends, thus always retaining full capacity. This hedges against changing trends in fashion. BRFL also works closely with its customers. Thus, the Company believes it has sufficient mitigation in place.

### Currency Risk

***This risk arises from the exposure to foreign currency and the volatility associated with the underlying currencies.***

The Company follows the normal prudence of hedging its receivables. Short order lead times also protect the Company from the effects of currency fluctuations. Further, BRFL is working towards reducing contract cycles as well as the cost of production. Simultaneously, the Company is entering into forward contracts and increasing prices and raw material imports as measures to mitigate currency risk.

#### Competition Risk

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

The textile and apparel industry in India is growing at a fast pace. With the phase-out of the quota system since 1st January 2005 and the incentives given by the Government, the industry has become even more competitive.

BRFL has generated considerable brand goodwill in the market. The Company's significant market share, long-term relationships with clients, high productivity, low labour costs, short lead time, manufacturing flexibility, in-house Design Unit and experienced management team give BRFL a considerable edge over its peers. Significant expansion of capacities is also in the pipeline. The Company is also moving up the value chain by offering higher value added products, thus differentiating itself from its competition. Hence, BRFL believes that this risk is sufficiently mitigated.

#### Concentration Risk

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

The Company's client base consists of garment manufacturers, retailers and dealers in the domestic market as well as reputed international buying houses and retailers in the overseas market. No buyer accounts for more than 10% of the Company's sales. Besides, BRFL's multi-market, multi-segment presence mitigates the risk of downturn in demand from any particular market or segment. Thus, the Company does not expect to be significantly affected by this risk.

Concerns like shortage of skilled manpower and technological obsolescence remain. However, these are threats faced by the entire industry. With superior methodologies and innovative processes and systems, the Company is well positioned to lead a high growth path.

#### 7. Internal control systems and their adequacies

The Company's well defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

#### 8. Discussion on financial performance

**Income:** The Company recorded a total turnover of Rs. 92706.41 lacs as compared to Rs. 48989.69 lacs for the previous year, an increase by 1.89 times.

**EBIDTA:** The Company's EBIDTA stood at Rs. 22927.23 lacs against Rs. 9906.49 lacs in 2006-07, an increase by 2.31 times.

**PAT:** The Profit After Tax (PAT) of the Company increased from Rs. 5441.35 lacs in 2006-07 to Rs. 12112.98 lacs in 2007-08, an increase by 2.23 times.

Overall, the Company is on a strong growth path and its efforts to improve efficiency, productivity and profitability will improve overall returns.

#### 9. Material developments in human resources

Human resources are an integral and important part of any organization. One of the key pillars of the Company's success has been its people. BRFL has always recognized the importance of human capital and valued it highly. The Company has put in place sound policies for the growth and progress of its employees. Lot of emphasis and efforts are made to create a working environment that will encourage innovation, enhance work satisfaction and build a merit driven organization. The Company's human resource vision is to create a committed workforce through people enabling

processes and knowledge sharing practices based upon its value system. As on 31<sup>st</sup> March 2008, BRFL consolidated had 24,233 employees on its payrolls.

#### 10. Cautionary statement

Statements in the Management Discussion and Analysis describing the Company's objectives, 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 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 31<sup>st</sup> March, 2008 and also the Profit and Loss Account & Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1) As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956. We enclose 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts;

- d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account & Cash Flow Statement are prepared in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from directors as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956, required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in so far as it relates to the **Balance Sheet** of the state of affairs of the Company as at **31<sup>st</sup> March, 2008**,
  - ii. in so far as it relates to the **Profit & Loss Account** of the **Profit** of the Company for the year ended on that date, and
  - iii. in so far as it related to the **Cash Flow Statement**, of the Cash Flows for the year ended on that date.

For **V. K. Beswal & Associates**  
*Chartered Accountants*

**R. P. Laddha**  
*Partner*

Place : Mumbai  
Dated : 30th June, 2008.

Membership Number - 48195

## ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE

(Referred to in paragraph 1 thereof)

1) In respect of fixed assets

- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
- c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that there were sale of fixed assets during the period 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.

2) In respect of Inventories

- a) As explained to us physical verification of inventories has been conducted during the period by the management at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.

- 3) The company has neither taken nor granted any loans and advances in the nature of loans to parties covered in the register maintained under section 301 of the Companies Act, 1956, hence the question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the company, whether reasonable steps for recovery/repayment of over-dues of such loans are taken does not arise.
- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods/services and assets. Further on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
- 5)
  - 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 has 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 period, have been made at prices, which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

- 6) According to the information and explanations given to us, the Company has not accepted any public deposits.
- 7) In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
- 8) As informed to us, the cost records pursuant to the section 209 (1) (d) of the Companies Act. 1956, in respect of products manufactured by the Company have been maintained. However, we have not done the detailed examination of the same.
- 9)
  - a) According to the records of the company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it.
  - b) According to information and explanation given there were no undisputed amounts payable in respect of Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other statutory dues which remained outstanding as at 31<sup>st</sup> March, 2008 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	9,20,999	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 / financial institutions.
- 12) According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi / mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
- 14) As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, and debentures and other investments.
- 15) The company has given guarantee in connection with loans taken by a Subsidiary Company.
- 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 Companies Act, 1956.

- 19) During the year covered by audit report the company has not issued any debentures.
- 20) During the year the company has not raised any money by way of public issue.
- 21) Based upon the audit procedures performed and information and explanations given by the

management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For V. K. Beswal & Associates**  
*Chartered Accountants*

**R. P. Laddha**  
*Partner*

Place : Mumbai  
Dated : 30th June, 2008.

Membership Number - 48195

# BALANCE SHEET

(Rs. In Lacs)

As at 31st March	Schedules	2008	2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	6,300.00	6,300.00
Reserve and Surplus	B	52,896.47	42,000.73
Advance Money Received for Convertible Warrants		1,262.70	1,262.70
		<b>60,459.17</b>	<b>49,563.43</b>
<b>LOAN FUNDS</b>			
Secured	C	66,672.64	31,956.30
Unsecured	D	4,763.33	1,389.14
		<b>71,435.97</b>	<b>33,345.44</b>
DEFERRED TAX LIABILITIES		<b>2,240.99</b>	<b>1,340.94</b>
<b>TOTAL</b>		<b>134,136.13</b>	<b>84,249.81</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	E		
Gross Block		46,295.10	32,564.24
Less : Depreciation		5,148.75	1,969.27
Net Block		41,146.35	30,594.97
Capital work-in-progress		26,780.65	4,805.52
		<b>67,927.00</b>	<b>35,400.49</b>
<b>INVESTMENTS</b>	F	<b>5,807.52</b>	<b>13,576.68</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	G	32,170.45	17,511.38
Sundry Debtors	H	20,183.65	10,200.45
Cash and Bank Balances	I	5,518.77	7,726.44
Loans and advances	J	13,084.20	7,347.29
		70,957.07	42,785.56
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	K	7,086.06	6,508.15
Provisions	L	3,469.40	1,004.77
		10,555.46	7,512.92
<b>NET CURRENT ASSETS</b>		<b>60,401.61</b>	<b>35,272.64</b>
<b>TOTAL</b>		<b>1,34,136.13</b>	<b>84,249.81</b>
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

Place : Mumbai  
Dated : 30th June, 2008

**Aman Agarwal**  
Vice-Chairman

**A. R. Mundra**  
Executive Director-Finance

**Prachi Deshpande**  
Company Secretary

**Prashant Agarwal**  
Managing Director

**Uday Mogre**  
Executive Director-Corporate

# PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

For the year ended 31st March	Schedules	2008	2007
<b>INCOME</b>			
Gross Sales	M	92,706.41	48,989.69
Less : Excise Duty		95.36	51.52
<b>Net Sales</b>		92,611.05	48,938.17
Other Income	N	1,776.08	709.70
Increase /(Decrease) in stocks	O	9,899.99	4,146.97
<b>TOTAL</b>		1,04,287.12	53,794.84
<b>EXPENDITURE</b>			
Cost of Materials	P	65,633.37	34,236.66
Manufacturing and other expenses	Q	15,726.52	9,651.69
Interest & Financial Charges	R	2,582.97	1,301.73
Depreciation		3,185.23	1,044.91
<b>TOTAL</b>		87,128.09	46,234.99
<b>PROFIT BEFORE TAXATION</b>		17,159.03	7,559.85
Provision for Taxations			
Current tax		4,103.00	881.00
Deferred tax		900.05	1,192.08
Fringe benefit tax		43.00	39.28
Short /(Excess) Provision for Tax in-respect of earlier years		—	6.14
<b>PROFIT AFTER TAXATION</b>		12,112.98	5,441.35
Balance brought forward		6,389.79	2,019.78
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		18,502.77	7,461.13
Transferred to General Reserve		650.00	150.00
Proposed Dividend		945.00	787.50
Corporate Dividend Tax		160.61	133.84
<b>BALANCE CARRIED TO BALANCE SHEET</b>		16,747.16	6,389.79
Basic E.P.S. (Rs.)		19.23	10.52
Diluted E.P.S. (Rs.)		17.53	9.41
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

Place : Mumbai  
Dated : 30th June, 2008

**Aman Agarwal**  
Vice-Chairman

**A. R. Mundra**  
Executive Director-Finance

**Prachi Deshpande**  
Company Secretary

**Prashant Agarwal**  
Managing Director

**Uday Mogre**  
Executive Director-Corporate

# SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

31.03.2008      31.03.2007

**SCHEDULE A****SHARE CAPITAL****Authorised**

7,00,00,000 Equity shares of Rs. 10 each

7,000.00

7,000.00

**Issued, Subscribed and Paid-up**

6,30,00,000 Shares of Rs. 10 each, fully paid-up

6,300.00

6,300.00

**Out of the above :**

- 1) 1,15,87,600 (1,15,87,600) equity shares were issued as fully paid-up pursuant to scheme of Amalgamation.
- 2) 39,98,000 (39,98,000) equity shares were issued as fully paid-up bonus shares by capitalisation of Profit & Loss Account.

**6,300.00****6,300.00****SCHEDULE B****RESERVE AND SURPLUS****Securities Premium Account**

As per Last Balance Sheet

35,460.94

8,418.67

Add : Addition During the Year

—

28,040.63

35,460.94

36,459.30

Less : Deduction during the year (Refer note 7 of Notes to Accounts)

111.63

998.36

**35,349.31****35,460.94****General Reserve**

As per Last Balance Sheet

150.00

—

Add: Transferred from Profit &amp; Loss Account

650.00

150.00

800.00

150.00

**Profit and Loss Account**

16,747.16

6,389.79

**52,896.47****42,000.73****SCHEDULE C****SECURED LOANS****Term loans**

From Banks

39,931.76

16,865.07

**Working Capital Loans**

From Banks

26,470.02

14,934.97

**Others**

Vehicle loans from Banks

190.59

101.86

Vehicle loans from Others

80.27

54.40

**66,672.64****31,956.30****SCHEDULE D****UNSECURED LOANS**

From Banks

4,763.33

1,389.14

**4,763.33****1,389.14**

# SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

(Rs. In Lacs)

**SCHEDULE-E****FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.04.07	Additions	Deductions	As on 31.03.08	up to 31.03.07	Deduction	For the year 07-08	As on 31.03.08	As on 31.03.08	As on 31.03.07
Land	469.33	189.49	0.00	658.82	0.00	0.00	0.00	0.00	658.82	469.33
Buildings	4693.55	3733.50	0.00	8427.05	148.92	0.00	198.15	347.07	8,079.98	4,544.63
Furniture Fixtures & Office equipment	603.16	358.67	0.00	961.83	62.18	0.00	44.16	106.34	855.49	540.98
Motor Car & Vehicles	443.07	416.65	18.71	841.01	85.32	5.75	72.15	151.72	689.29	357.75
Plant & Machinery	26,120.89	8,958.04	0.00	35,078.93	1,602.75	0.00	2,827.12	4,429.87	30,649.06	24,518.14
Computer	234.24	93.22	0.00	327.46	70.10	0.00	43.65	113.75	213.71	164.14
<b>Total</b>	<b>32,564.24</b>	<b>13,749.57</b>	<b>18.71</b>	<b>46,295.10</b>	<b>1,969.27</b>	<b>5.75</b>	<b>3,185.23</b>	<b>5,148.75</b>	<b>41,146.35</b>	<b>30,594.97</b>
Previous Year	7838.88	24863.36	138.00	32564.24	968.65	44.29	1044.91	1969.27	30594.97	
Capital Work in Progress									<b>26780.65</b>	<b>4805.52</b>

**SCHEDULE F****31-03-08**

31-03-07

**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

Kalayan Janta Sahkari Bank Ltd. (25000 Shares of Rs. 10/- each)

—

2.50

Scotts Fashionciti India Limited (10000 Shares of Rs. 10/- each)

1.00

—

**Investment in subsidiaries**

BRFL Europe B.V. (18,000 Equity Shares of Euro 1 each, fully paid-up.)

9.74

9.74

DPJ Clothing Ltd. (420 Equity Shares of GBP 1 each, fully paid-up.)

1,342.77

1,342.77

Bombay Rayon Retail Ltd. (100000 Equity Shares of Rs. 10/- each, fully paid-up.)

10.00

—

Leela Scottish Lace Private Limited. (40000000 Equity Shares of Rs. 10/- each, fully paid-up.)

4,000.00

—

**Current****Mutual Funds - (Unquoted) Unit of Rs. 10/- each**

HDFC FMP 90D February 2007 (4) - Wholesale Plan Dividend - Payout (15000000 Units)

—

1,500.00

ING Vysya Fixed Maturity Fund Series-XX-Dividend Option (10000000 Units)

—

1,000.00

JM Fixed Maturity Fund - Series IV - Quarterly Plan 4-F-3-Dividend Plan (10076569.184 Units)

—

1,007.66

Principal PNB Fixed Maturity Plan (FMP-35) 91 Days- Series VIII - Feb 07 (10000000 Units)

—

1,000.00

Reliance Fixed Horizon Fund II - Quarterly Plan - Series II - Institutional Dividend Plan (20000000 Units)

—

2,000.00

Reliance Fixed Horizon Fund II Qtr. Plan Series V Institutional Dividend Plan (15000000 Units)

—

1,500.00

# SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

(Rs. In Lacs)

	31-03-08	31-03-07
<b>SCHEDULE F : INVESTMENTS (AT COST) NON-TRADE (contd.)</b>		
Reliance Floating Rate Fund-Daily Dividend Reinvestment Plan (19921343.443 Units)	—	2,005.00
SBI Debt Fund Series-90 Days (February 07) - Growth (10000000 Units)	—	1,000.00
SBI Debt Fund Series-90 Days (January 07) - Growth (2000000 Units)	—	200.00
SL121D SBI One India Fund-Dividend (10000000 Units)	—	1,000.00
Fidelity Equity Fund Dividend Option (69335.307 Units)	15.00	—
SBI Capital Protection Oriented Fund Series -1 (2000000 Units)	200.00	—
Tata Indo Global Infrastructure Fund - Growth (200000 Units)	20.00	—
UTI-Infrastructure Advantage Fund Series - 1 Growth Plan (2000000 Units)	200.00	—
	<b>5,807.52</b>	<b>13,576.68</b>
<b>SCHEDULE G</b>		
<b>INVENTORIES (As certified by the Management)</b>		
Raw Materials	12,552.65	8,137.79
Work-in-Progress	8,556.33	3,972.39
Finished Goods	10,372.06	5,056.01
Stores, Spares and Packing Materials	689.41	345.19
	<b>32,170.45</b>	<b>17,511.38</b>
<b>SCHEDULE H</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
<b>Considered good</b>		
Exceeding six months	684.26	826.74
Others	19,499.39	9,373.71
	<b>20,183.65</b>	<b>10,200.45</b>
<b>SCHEDULE I</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	14.36	16.85
Balances with scheduled banks		
on current accounts	5,113.83	4,648.79
on deposit accounts	160.87	500.00
on margin accounts	229.71	1,382.35
Cheques in hand	—	1,178.45
	<b>5,518.77</b>	<b>7,726.44</b>



# SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)

(Rs. In Lacs)

	31-03-08	31-03-07
<b>SCHEDULE J</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	1,493.76	1,098.08
Advance Share Application Money to Wholly owned Subsidiary	202.68	137.01
Deposits	6,386.28	3,080.18
Balance with Excise & Customs, VAT & Other Govt. Authorities	5,001.48	3,032.02
	<b>13,084.20</b>	<b>7,347.29</b>
<b>SCHEDULE K</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	6,845.05	5,975.75
Others Liabilities	241.01	532.40
	<b>7,086.06</b>	<b>6,508.15</b>
<b>SCHEDULE L</b>		
<b>PROVISIONS</b>		
Gratuity and leave encashment	195.32	53.03
For taxation (Net of Advance Tax & TDS)	2,168.47	30.40
Proposed Dividend	945.00	787.50
Tax on Proposed Dividend	160.61	133.84
	<b>3,469.40</b>	<b>1,004.77</b>
<b>SCHEDULE M</b>		
<b>GROSS SALES</b>		
Domestic	50,469.34	27,623.83
Exports	42,109.26	21,340.84
Others	127.81	25.02
	<b>92,706.41</b>	<b>48,989.69</b>
<b>SCHEDULE N</b>		
<b>OTHER INCOME</b>		
Dividends on Investment	237.14	180.63
Interest (TDS Rs. 133.74 Lacs - previous year Rs. 46.63 Lacs)	670.09	216.00
Foreign Exchange Rate Difference	554.05	134.73
Profit on Sale of Investments	264.50	1.76
Miscellaneous income	50.30	176.58
	<b>1,776.08</b>	<b>709.70</b>
<b>SCHEDULE O</b>		
<b>INCREASE/(DECREASE) IN STOCKS</b>		
Opening Stock		
Finished goods	5,056.01	2,814.30
Work-in-Progress	3,972.39	2,067.13
Less : Closing Stock		
Finished goods	10,372.06	5,056.01
Work-in-Progress	8,556.33	3,972.39
	<b>9,899.99</b>	<b>4,146.97</b>

# **SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (Contd.)**

(Rs. In Lacs)

	31-03-08	31-03-07
<b>SCHEDULE P</b>		
<b>COST OF MATERIALS</b>		
Opening Stock	8,137.79	3,305.47
Add : Purchases	70,048.23	39,068.98
	78,186.02	42,374.45
Less : Closing Stock	12,552.65	8,137.79
	<b>65,633.37</b>	<b>34,236.66</b>
<b>SCHEDULE Q</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Stores, Dyes & Chemicals & Spares Consumed	1,298.66	443.56
Packing Material Consumed	534.20	198.23
<b>Payment to and Provisions for Employees :</b>		
Salaries, Wages and Bonus	4,158.56	2,326.14
Contribution to Provident Fund and other Funds	791.32	902.19
Workmen & Staff welfare expenses	78.16	40.34
<b>Power &amp; Fuel</b>	1,902.13	416.74
<b>Job Charges for:</b>		
Process	837.77	1,251.28
Weaving	788.51	655.66
Design & Development & others	1,264.47	953.99
<b>Repairs &amp; Maintenance :</b>		
Buildings	7.96	10.04
Plant & Machinery	116.40	96.89
vehicles	11.69	11.25
Others	23.86	18.82
Rent, Rates & Taxes	427.60	254.94
Insurance	38.77	41.99
Keyman Insurance	10.26	14.34
Legal & Professional Charges	64.28	40.23
Auditors' Remuneration	12.85	9.66
Travelling & Conveyance	311.74	246.27
Transportation	1,012.49	830.51
Advertisement, Publicity & Business Promotion	86.01	57.27
Books & Periodicals	4.89	3.14
Directors' Remuneration	399.97	147.28
Directors' Sitting Fees	0.85	0.93
Commission	357.84	193.15
Communications	167.45	142.57
Printing & Stationery	217.62	116.19
Environmental Control Expenses	458.15	—
Miscellaneous expenses	318.71	221.03
Donation	16.09	3.99
Loss on sale of Assets	7.26	3.07
	<b>15,726.52</b>	<b>9,651.69</b>
<b>SCHEDULE R</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Interest on fixed loans	601.40	136.98
Interest on Others & Financial Charges	1,981.57	1,164.75
	<b>2,582.97</b>	<b>1,301.73</b>

# SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

## 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 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.

##### 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.

## SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)

Rs. In Lacs

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

<b>(3) Contingent Liabilities not provided for :</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
Corporate guarantee given by the Company for its wholly owned subsidiary for		
Term Loan given by a bank	11,354.27	—
<b>(4)</b> Disputed demand outstanding related to Income tax (The matter is pending with Income Tax Appellate Tribunal, Mumbai.)	34.86	34.86
<b>(5)</b> Capital Commitment Estimated amount of capital contracts remaining to be executed (net of advances).	5,831.07	1,033.84
<b>(6)</b> During the year 2006-07 the Company had 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. The option has been exercised on 16th June, 2008.		
<b>(7)</b> In accordance with the provisions of Section 78 (2) (c) of the Companies Act, 1956, Securities Premium Account has been utilised to write off share issue expenses of Rs.111.63 Lacs incurred for further raising of equity capital by issue of equity shares in the previous year by way of Qualified Institutions Placement as per SEBI Guidelines to QIBs.		

# SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)

Rs. In Lacs

31-03-08

31-03-07

- (8) (a) During the year, the newly floated wholly owned subsidiary of the company Bombay Rayon Apparels Private Limited (now known as M/s. Leela Scottish Lace Private Limited) has aquired the Garments Business of Leela Scottish Lace Private Limited. (now known as Leela Lace Software Solutions Private Limited.) from 18th August, 2007.
- (b) On approval of the Board, the Company has filed the Petition under sections 391 & 394 of the Companies Act, 1956 with the Hon'ble High Court, Mumbai alongwith the Scheme of Amalgamation for merger of its wholly owned Subsidiary Company M/s. Leela Scottish Lace Private Limited., w.e.f. 1st October, 2007 (appointed date) into itself. The proceedings are continued and approval of Court is awaited.
- (9) The company has acquired the Garments Manufacturing Business known as "LNJ Apparel" a unit of RSWM Limited having installed capacity of 8000 pecies per day of at a total consideration of Rs. 25.50 crores as on 18th October, 2007.
- (10) Some of the fixed assets added under the scheme of amalgamation and by the acquisition of the firm, are in the process of the transfer in the name of the Company.

**(11) Auditors' Remuneration**

Audit Fees	8.43	5.06
Tax Audit Fees	1.12	0.67
Certification works & other matters	3.30	3.93
	<b>12.85</b>	<b>9.66</b>

**(12) Managerial Remuneration****A. Remuneration to whole time Directors**

(i) Salaries & allowances	211.69	64.98
(ii) Contribution to provident fund	15.25	5.21

**B. Commission to Non Executive Chairman @ 1% of Net Profit**

	173.03	77.09
	<b>399.97</b>	<b>147.28</b>

**C. Computation of Net Profit in accordance with Sec. 349 of the Companies Act, 1956**

Profit Before Taxes as per Profit & Loss Account	17,159.03	7,559.85
<b>Add:</b> Managerial Remuneration	399.97	147.28
Directors' Sitting Fees	0.85	0.93
Loss on Sale of Fixed Assets	7.26	3.07
	<b>17,567.11</b>	<b>7,711.13</b>
<b>Less:</b> Profit on sale of Investments	264.50	1.76
<b>Net Profit</b>	<b>17,302.61</b>	<b>7,709.37</b>

- (13) On the basis of information available with the Company, amount due to small scale industrial undertaking and outstanding for more than 30 days is NIL

**(14) Computation of Deferred Tax**

	As per IT	As per Books	Timing Difference	Defferred Tax Asset / (Liabilities)
Depreciation for the year	5,986.47	3,185.23	(2,801.24)	(952.14)
Gratuity & Leave Encashment		47.06	47.06	15.99
Expenses U/s 35D & 35DD		106.21	106.21	36.10
Defferred Tax Assets /(Liabilities) for the year				<b>(900.05)</b>

# **SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)** **Rs. In Lacs**

31-03-08      31-03-07

## **(15) Earning Per Share**

(a) Net profit after tax available for equity shareholders (Rs. In lacs)	12,112.98	5,441.35
(b) No. of Shares	63,000,000	51,745,337
(c) Basic Earning per share (Rs.)	19.23	10.52
(d) Diluted Earning per Share (Rs.)	17.53	9.41

## **(16) Related Party Disclosure**

### **Name of the Related Party**

#### **(A) Subsidiary Companies**

BRFL Europe B.V.  
DPJ Clothing Ltd.  
Leela Scottish Lace Pvt. Ltd.  
Bombay Rayon Retail Ltd.

#### **(B) Other related parties where common control exists**

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

#### **(B) (I) Transactions with Related Parties**

(i) Purchase of finished / unfinished goods		
Reynold Shirting Ltd	—	380.76
(ii) Rendering of services (Job charges)		
Reynold Shirting Ltd	—	71.78
(iii) Lease Rentals Paid		
Reynold Shirting Ltd	70.92	49.89
Bombay Rayon Clothing Limited	90.00	—

#### **(II) Transactions with Subsidiary**

(a) Investments		
DPJ Clothing Ltd	—	1,342.77
Leela Scottish Lace Pvt. Ltd.	400.00	—
Bombay Rayon Retail Ltd.	10.00	—
(b) Commission Paid		
BRFL Europe B.V.	223.99	59.86
(c) Share Application Money given		
BRFL Europe B.V.	6.37	137.01
Bombay Rayon Retail Ltd.	59.29	—
(d) Sales		
DPJ Clothing Ltd	2,017.12	471.35
Leela Scottish Lace Pvt. Ltd.	996.27	—
(e) Purchases		
Leela Scottish Lace Pvt. Ltd.	4,852.18	—
(f) Services Charges Paid		
Leela Scottish Lace Pvt. Ltd.	35.71	—



# SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)

Rs. In Lacs

31-03-08

31-03-07

**(C) Key Managerial Personnel**

	<b>Name of Personnel</b>	<b>Designation</b>
(a)	Mr. Janardan Agarwal	Non Executive Chairman
(b)	Mr. Aman Agarwal	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 Personnel and their Relatives**

(i)	Directors' Remuneration	399.97	147.28
(ii)	Consideration paid for buying of office premises to Mr. Prashant Agarwal	—	60.50

**(17) Segmental Reporting**

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

**(18) C.I.F. Value of Imports**

Capital Goods	10,780.32	11,241.90
Raw Materials	3,053.50	1,835.35
Stores & Spares	204.75	4.00
<b>TOTAL</b>	<b>14038.57</b>	<b>13081.25</b>

**(19) Expenditure in Foreign Currency**

Travelling	139.76	81.77
Bussiness Promotions	66.36	14.33
Commission	294.52	142.20
Others	—	195.76
<b>TOTAL</b>	<b>500.64</b>	<b>434.06</b>

**(20) Earning in Foreign Exchange**

FOB Value of Exports	38,800.57	20,274.32
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**Particulars in respect of Stock and Sales of Finished Goods, cost of material consumed.****(21) INSTALLED CAPACITY**

<b>Description</b>	<b>Unit</b>		
Fabrics	Million Metres	50.00	50.00
Garments	Million Pieces	28.80	19.20

# SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)

Rs. In Lacs

31-03-08

31-03-07

**(a) ACTUAL PRODUCTION**

(Including Job Work)

Fabrics	Million Metres	55.33	36.18
Garments	Million Pieces	15.26	7.10

**(b) TURNOVER**

		Qty.		Qty.	
Fabrics	Million Metres	48.86	53097.57	26.54	29,420.94
Garments	Million Pieces	14.64	39481.03	7.04	19,543.73
Others			127.81		25.02
<b>TOTAL</b>			<b>92706.41</b>		<b>48,989.69</b>

**(c) OPENING STOCK**

Fabrics	Million Metres	5.68	4,430.93	2.82	2,223.50
Garments	Million Pieces	0.26	625.08	0.21	590.80
<b>TOTAL</b>			<b>5,056.01</b>		<b>2,814.30</b>

**(d) CLOSING STOCK**

Fabrics	Million Metres	7.99	8,293.51	5.68	4,430.93
Garments	Million Pieces	0.88	2,078.55	0.26	625.08
<b>TOTAL</b>			<b>10,372.06</b>		<b>5,056.01</b>

**(e) CONSUMPTION OF MATERIALS**

Yarn	Millions Kgs.	4.81	8,613.87	4.46	7017.59
Fabrics	Million Metres	68.82	55,470.77	34.61	26998.89
Others			1,548.73		220.18
<b>TOTAL</b>			<b>65,633.37</b>		<b>34,236.66</b>

**(f) IMPORTED & INDIGENOUS CONSUMPTION**

%

(i) Raw Materials :					
Imported		3,069.88	4.68%	1,710.42	5.00 %
Indigenous		62,563.49	95.32%	32,526.24	95.00 %
		<b>65,633.37</b>	<b>100.00%</b>	<b>34,236.66</b>	<b>100.00 %</b>
(ii) Stores & Spares					
Imported		188.37	14.50%	6.35	1.43 %
Indigenous		1,110.29	85.50%	437.21	98.57 %
		<b>1,298.66</b>	<b>100.00%</b>	<b>443.56</b>	<b>100.00 %</b>

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

As per our report of even date

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

Chartered Accountants

**Aman Agarwal**

Vice-Chairman

**Prashant Agarwal**

Managing Director

**R. P. Laddha**

Partner

M. No. 48195

**A. R. Mundra**

Executive Director-Finance

**Uday Mogre**

Executive Director-Corporate

**Prachi Deshpande**

Company Secretary

Place : Mumbai

Dated : 30th June, 2008

# CASH FLOW STATEMENT

(Rs. In Lacs)

For the year ended	31.03.2008	31.03.2007
<b>Cash Flow from Operating Activities (A)</b>		
Net Profit before Tax	17,159.03	7,559.85
<b>Adjustments for:</b>		
Loss on Sale of Fixed Assets	7.26	3.07
Depreciation	3,185.23	1,044.91
(Profit)/Loss on Sale of Investment	(264.50)	(1.76)
Interest & Dividend Exp./ (Income)	(907.23)	(396.64)
Interest and financial charges	2,582.97	1,301.73
<b>Operating Profit before Working Capital Changes</b>	<b>21,762.74</b>	<b>9,511.17</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in Inventories	(14,659.07)	(9,175.99)
(Increase) / Decrease in Debtors	(9,983.19)	(6,738.86)
(Increase) / Decrease in Loans and Advances	(5,736.91)	(4,465.51)
Increase / (Decrease) in Current liabilities & provisions	720.20	3,486.92
<b>Cash Generated from Operations</b>	<b>(7,896.23)</b>	<b>(7,275.48)</b>
Direct Taxes Paid / Deducted	<b>(2,007.93)</b>	<b>(1,151.64)</b>
<b>Net Cash Flow from Operating Activities</b>	<b>(9,904.16)</b>	<b>(8,427.12)</b>
<b>Cash Flow from investing Activities (B)</b>		
(Purchase) / Sale of Fixed Assets (Net)	(35,718.99)	(24,448.61)
(Purchase) / Sale of Investments (Net)	8,033.67	(12,573.67)
Interest and Dividend Income Received	907.23	396.64
<b>Net Cash Flow from Investing Activities</b>	<b>(26,778.09)</b>	<b>(36,732.44)</b>
<b>Cash Flow from Financing Activities (C)</b>		
Proceeds from Issue of Share Capital on premium	—	29442.66
Proceeds from Issue of convertible warrants	—	1262.70
Share Issue Expenses adjusted against Securities Premium A/c	(111.63)	(998.36)
Proceeds from Secured Loans	34,716.34	23,545.16
Proceeds from Unsecured Loans	3,374.19	301.63
Interest & Financial charges	(2,582.97)	(1,301.73)
Dividend Paid (including tax)	(921.34)	(558.49)
<b>Net Cash Flow from Financing Activities</b>	<b>34,474.59</b>	<b>51,693.57</b>
<b>Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)</b>	<b>(2,207.66)</b>	<b>6,534.01</b>
Cash and Cash Equivalents at the Beginning of the Year	7,726.43	1,171.42
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>5,518.77</b>	<b>7,726.43</b>

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

**R. P. Laddha**  
Partner  
M. No. 48195

Place : Mumbai  
Dated : 30th June, 2008

**Aman Agarwal**  
Vice-Chairman

**A. R. Mundra**  
Executive Director-Finance

**Prachi Deshpande**  
Company Secretary

**Prashant Agarwal**  
Managing Director

**Uday Mogre**  
Executive Director-Corporate

## STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

A)	Subsidiary Company	BRFL Europe B.V.	DPJ Clothing Ltd	Bombay Rayon Retail Limited	Leela Scottish Lace Private Limited.
1.	Financial year of the Subsidiary Company ended on	31st March 2008	31st March 2008	31st March 2008	31st March 2008
2	Date from which it became subsidiary company	5th September, 2005	22nd February, 2007	23rd February, 2007	26th June, 2007
3	Country of Incorporation	Netherlands	U. K.	India	India
4	(a) No. of Shares held by the Company & face value	18000 Ordinary Shares of €1 each	420 Ordinary Shares of £ 1 each	1,00,000 equity shares of Rs. 10/- each	4,00,00,000 equity shares of Rs. 10/- each
	(b) Extent of holding	100%	70%	100%	100%
5.	Net aggregate amount of subsidiary's Profit/ (Loss) so far as it concerns the members of the Holding Company				
	(a) Not dealt with in the accounts of the Holding Company				
	• For the Financial Year ended 31st March, 2008	Rs. 32.80 Lacs	Rs. 287.21 Lacs	—	Rs. 604.11 Lacs
	• For the Previous Financial years of the Subsidiary since it became a Subsidiary	(Rs. 87.05 Lacs)	Rs. 13.21 Lacs	N. A	N. A
	(b) Dealt with in the accounts of the Holding Company				
	• For the Financial year ended 31st March, 2008	NIL	NIL	NIL	NIL
	• For the Previous Financial years of the Subsidiary since it became a Subsidiary	NIL	N.A	N.A	N.A

# 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.**, **DPJ CLOTHING LIMITED**, **LEELA SCOTTISH LACE PRIVATE LIMITED** and **BOMBAY RAYON RETAIL LIMITED**.

1. We have examined the attached Consolidated Balance Sheet of **BOMBAY RAYON FASHIONS LIMITED** and its subsidiaries as at 31<sup>st</sup> March, 2008 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of **BOMBAY RAYON FASHIONS LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have conducted the audit of the financial statements of two of the subsidiaries Leela Scottish Lace Private Limited and Bombay Rayon Retail Ltd. The financial statements of other subsidiaries have been compiled by qualified accountants as per the relevant provisions of Law applicable in respective Countries and on which we have relied for the purpose of our examination of the Consolidated Financial Statements.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of **BOMBAY RAYON FASHIONS LIMITED** and its aforesaid subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Consolidated Balance Sheet, of consolidated statement of affairs of **BOMBAY RAYON FASHIONS LIMITED** and its subsidiaries as at 31<sup>st</sup> March, 2008;
  - 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 : 30th June, 2008.

Membership Number - 48195

# CONSOLIDATED BALANCE SHEET

(Rs. In Lacs)

As at 31st March	Schedule	2008	2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	6,300.00	6,300.00
Reserve and Surplus	B	54,103.72	41,924.75
Advance Money Received for Convertible Warrants		1,262.70	1,262.70
		<b>61,666.42</b>	<b>49,487.45</b>
<b>LOAN FUNDS</b>			
Secured	C	86,321.02	32,056.53
Unsecured	D	5,755.55	1,389.14
		<b>92,076.57</b>	<b>33,445.67</b>
DEFERRED TAX LIABILITIES		<b>2,462.74</b>	<b>1,346.84</b>
<b>TOTAL</b>		<b>156,205.73</b>	<b>84,279.96</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	E		
Goodwill		841.77	841.77
Gross Block		62,238.38	32,845.86
Less :- Depreciation		5,557.36	2,046.40
<b>Net Block</b>		<b>57,522.79</b>	<b>31,641.23</b>
Capital work- in -progress		26,780.65	4,805.52
		<b>84,303.44</b>	<b>36,446.75</b>
<b>INVESTMENTS</b>	F	<b>445.01</b>	<b>12,224.17</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	G	39,106.00	18,365.01
Sundry Debtors	H	23,205.17	10,224.63
Cash and Bank balances	I	6,815.82	8,506.99
Loans and advances	J	15,116.93	7,227.62
		<b>84,243.92</b>	<b>44,324.25</b>
<b>Less :- CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	K	9,352.92	7,501.82
Provisions	L	3,603.12	1,004.77
Minority Interest		306.54	220.38
		<b>13,262.58</b>	<b>8,726.97</b>
<b>NET CURRENT ASSETS</b>		<b>70,981.34</b>	<b>35,597.28</b>
Miscellaneous Expenditure		0.77	
Foreign Exchange Fluctuation Reserve		475.17	11.75
<b>TOTAL</b>		<b>156,205.73</b>	<b>84,279.96</b>
NOTES TO ACCOUNTS	S		

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

**Aman Agarwal**  
Vice-Chairman

**Prashant Agarwal**  
Managing Director

**R. P. Laddha**  
Partner  
M. No. 48195

**A. R. Mundra**  
Executive Director-Finance

**Uday Mogre**  
Executive Director-Corporate

Place : Mumbai  
Dated : 30th June, 2008

**Prachi Deshpande**  
Company Secretary



# CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

For the year ended 31st March	Schedules	31-03-08	31-03-07
<b>INCOME</b>			
Gross Sales	M	1,09,000.55	48,934.02
Less : Excise Duty		95.36	51.52
<b>Net Sales</b>		<b>1,08,905.19</b>	48,882.50
Other Income	N	1,985.88	792.64
Increase /(Decrease) in stocks	O	11,637.91	5,000.61
<b>TOTAL</b>		<b>1,22,528.98</b>	54,675.75
<b>EXPENDITURE</b>			
Cost of Materials	P	72,168.08	34,695.00
Manufacturing and other expenses	Q	25,214.76	10,088.20
Interest & Financial Charges	R	3,758.93	1,308.98
Depreciation		3,516.82	1,051.74
<b>TOTAL</b>		<b>1,04,658.59</b>	47,143.92
<b>PROFIT BEFORE TAXATION</b>		<b>17,870.39</b>	7,531.83
Provision for Taxations			
Current tax		4,334.57	891.77
Deferred tax		1,116.22	1,192.30
Fringe benefit tax		58.66	39.28
Short /(Excess) Provision for Tax in respect of earlier years		—	6.14
Minority Interest		86.16	5.66
<b>PROFIT AFTER TAXATION</b>		<b>12,274.78</b>	5,396.68
Balance brought forward		6,313.81	1,988.47
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		<b>18,588.59</b>	7,385.15
Less: Transferred to General Reserve		650.00	150.00
Proposed Dividend		945.00	787.50
Corporate Dividend Tax		160.61	133.84
Add:- Other Adjustments		1,121.26	—
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>17,954.24</b>	6,313.81
BASIC E.P.S. (Rs.)		19.48	10.43
DILUTED E.P.S. (Rs.)		17.76	9.33
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

Place : Mumbai  
Dated : 30th June, 2008

**Aman Agarwal**  
Vice-Chairman

**A. R. Mundra**  
Executive Director-Finance

**Prachi Deshpande**  
Company Secretary

**Prashant Agarwal**  
Managing Director

**Uday Mogre**  
Executive Director-Corporate

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

	31.03.2008	31.03.2007
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
7,00,00,000 Equity shares of Rs. 10 each	7,000.00	7,000.00
<b>Issued, Subscribed and Paid-up</b>		
6,30,00,000 Shares of Rs. 10 each, fully paid-up	6,300.00	6,300.00
<b>Out of the above :</b>		
1) 1,15,87,600 (1,15,87,600) equity shares were issued as fully paid-up pursuant to scheme of Amalgamation .		
2) 39,98,000 (39,98,000) equity shares were issued as fully paid-up bonus shares by capitalisation of Profit & Loss Account.		
	<b>6,300.00</b>	<b>6,300.00</b>
<b>SCHEDULE B</b>		
<b>RESERVE AND SURPLUS</b>		
<b>Securities Premium Account</b>		
As per Last Balance Sheet	35,460.94	8,418.67
Add : Addition During the Year	—	28,040.63
	35,460.94	36,459.30
Less : Deduction during the year (Refer note 7 of Notes to Accounts)	111.63	998.36
	<b>35,349.31</b>	<b>35,460.94</b>
<b>General Reserve</b>		
As per Last Balance Sheet	150.00	—
Add: Transferred from Profit & Loss Account	650.00	150.00
	800.00	150.00
<b>Profit and Loss Account</b>	17,954.24	6,313.81
Capital Reserve	0.17	
	<b>54,103.72</b>	<b>41,924.75</b>
<b>SCHEDULE C</b>		
<b>SECURED LOANS</b>		
<b>Term loans</b>		
From Banks	51,371.16	16,965.30
<b>Working Capital Loans</b>		
From Banks	34,679.00	14,934.97
<b>Others</b>		
Vehicle loans from Banks	190.59	101.86
Vehicle loans from Others	80.27	54.40
	<b>86,321.02</b>	<b>32,056.53</b>
<b>SCHEDULE D</b>		
<b>UNSECURED LOANS</b>		
From Banks	5,755.55	1,389.14
	<b>5,755.55</b>	<b>1,389.14</b>

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

(Rs. In Lacs)

**SCHEDULE-E****FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.07	Additions	Deductions	As on 31.03.08	up to 31.03.07	Deduction	For the year 2007-08	As on 31.03.08	As on 31.03.08	As on 31.03.07
Land	469.33	4344.49	0.00	4813.82	0.00	0.00	0.00	0.00	4813.82	469.33
Buildings	4861.43	7167.22	0.00	12028.65	167.37	0.00	272.00	439.37	11589.28	4694.06
Furniture Fixtures & Office equipment	660.68	741.22	0.91	1400.99	90.43	0.01	73.12	163.54	1237.45	570.25
Motor Car & Vehicles	443.07	468.62	21.18	890.51	85.32	5.85	74.83	154.30	736.21	357.75
Plant & Machinery & Electrical Installation	26151.88	16599.84	0.00	42751.72	1617.03	0.00	3050.31	4667.34	38084.38	24534.85
Computers	259.47	93.22	0.00	352.69	86.25	0.00	46.56	132.81	219.89	173.22
<b>Total</b>	<b>32845.86</b>	<b>29414.61</b>	<b>22.09</b>	<b>62238.38</b>	<b>2046.40</b>	<b>5.86</b>	<b>3516.82</b>	<b>5557.36</b>	<b>56681.02</b>	<b>30799.46</b>
Previous Year	7867.42	25116.44	138.00	32845.86	972.95	44.29	1051.74	2046.40	30799.46	
Capital Work in Progress (including Advances)									26780.65	4805.52

**SCHEDULE F****31-03-08**

31-03-07

**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

Kalayan Janta Sahkari Bank Ltd. (10000 Shares of Rs. 10/- each)

—

2.50

Scotts Fashionciti India Limited (10000 Shares of Rs. 10/- each)

1.00

—

**Investment in subsidiaries**

BRFL Europe B.V. (18,000 Equity Shares of Euro 1 each, fully paid up.)

—

—

DPJ Clothing Ltd (420 Equity Shares of GBP 1 each, fully paid up.)

—

—

Bombay Rayon Retail Ltd (100000 Shares of Rs. 10/- each, fully paid up.)

—

—

Leela Scottish Lace Private limited (40000000 Shares of Rs. 10/- each, fully paid up.)

—

—

**Current****Mutual Funds - (Unquoted) Unit of Rs. 10/- each**

HDFC FMP 90D February 2007 (4) - Wholesale Plan Dividend - Payout (15000000 Units)

1,500.00

ING Vysya Fixed Maturity Fund Series-XX-Dividend Option (10000000 Units)

1,000.00

JM Fixed Maturity Fund - Series IV - Quarterly Plan 4-F-3-Dividend Plan (10076569.184 Units)

—

1,007.66

Principal PNB Fixed Maturity Plan (FMP-35) 91 Days- Series VIII - Feb 07 (10000000 Units)

—

1,000.00

Reliance Fixed Horizon Fund II - Quarterly Plan- Series II- Institutional Dividend Plan (20000000 Units)

—

2,000.00

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

(Rs. In Lacs)

	31.03.2008	31.03.2007
<b>SCHEDULE F : INVESTMENTS (AT COST) NON-TRADE (contd.)</b>		
Reliance Fixed Horizon Fund II QTR. Plan Series V Institutional Dividend Plan (15000000 Units)	—	1,500.00
Reliance Floating Rate Fund-Daily Dividend Reinvestment Plan (19921343.443 Units)	—	2,005.00
SBI Debt Fund Series-90 Days (February 07) -Growth (10000000 Units)	—	1,000.00
SBI Debt Fund Series-90 Days (January 07) -Growth (2000000 Units)	—	200.00
SL121D SBI One India Fund-Dividend (10000000 Units)	—	1,000.00
Fidelity Equity Fund Dividend Option (69335.307 Units)	15.00	—
SBI Capital Protection Oriented Fund Series -1 (2000000 Units)	200.00	—
Tata Indo Global Infrastructure Fund - Growth (200000 Units)	20.00	—
UTI-Infrastructure Advantage Fund Series - 1 Growth Plan (2000000 Units)	200.00	—
	<b>445.01</b>	<b>12,224.17</b>
<b>SCHEDULE G</b>		
<b>INVENTORIES (As certified by the Management)</b>		
Raw Materials	17,013.32	8,137.79
Work- in -Progress	9,143.77	3,972.39
Finished Goods	11,522.54	5,438.29
Stores, Spares and Packing Materials	750.21	345.18
Goods in Transit	676.16	471.36
	<b>39,106.00</b>	<b>18,365.01</b>
<b>SCHEDULE H</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
<b>Considered good</b>		
Exceeding six months	1,759.45	826.74
Others	21,445.72	9,397.89
	<b>23,205.17</b>	<b>10,224.63</b>
<b>SCHEDULE I</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	26.18	71.65
Balances with scheduled banks		
on current accounts	6,361.35	5,374.55
on deposit accounts	160.87	500.00
on margin accounts	267.42	1,382.35
Cheques in hand	—	1,178.45
	<b>6,815.82</b>	<b>8,506.99</b>

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

(Rs. In Lacs)

	31.03.2008	31.03.2007
<b>SCHEDULE J</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	3,315.04	1,114.67
Advance Share Application Money to Wholly owned Subsidiary	—	—
Deposits	6,784.29	3,080.18
Balance with Excise & Customs, VAT & Other Govt. Authorities	5,017.60	3,032.77
	<b>15,116.93</b>	<b>7,227.62</b>
<b>SCHEDULE K</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	7,628.40	6,969.42
Others Liabilities	1,724.52	532.40
	<b>9,352.92</b>	<b>7,501.82</b>
<b>SCHEDULE L</b>		
<b>PROVISIONS</b>		
Gratuity and leave encashment	195.32	53.03
For taxation (Net of Advance Tax & TDS)	2,302.19	30.40
Proposed Dividend	945.00	787.50
Tax on Proposed Dividend	160.61	133.84
	<b>3,603.12</b>	<b>1,004.77</b>
<b>SCHEDULE M</b>		
<b>GROSS SALES</b>		
Domestic	55,505.53	28,039.51
Exports	53,333.34	20,869.49
Others	161.68	25.02
	<b>109,000.55</b>	<b>48,934.02</b>
<b>SCHEDULE N</b>		
<b>OTHER INCOME</b>		
Dividends on Investment	237.14	180.63
Interest (TDS Rs. 46.63 Lacs - previous year Rs. 46.63 Lacs)	670.09	298.94
Foreign Exchange Rate Difference	554.05	134.73
Profit on Sale of Investments	264.50	1.76
Miscellaneous income	260.10	176.58
	<b>1,985.88</b>	<b>792.64</b>
<b>SCHEDULE O</b>		
<b>INCREASE/(DECREASE)IN STOCKS</b>		
Opening Stock		
Finished goods	5,056.01	2,814.30
Work- in- Progress	3,972.39	2,067.13
Less : Closing Stock		
Finished goods	11,522.54	5,438.29
Work- in- Progress	9,143.77	3,972.39
Goods in Transit		471.36
	<b>11,637.91</b>	<b>5,000.61</b>

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

(Rs. In Lacs)

	31.03.2008	31.03.2007
<b>SCHEDULE P</b>		
<b>COST OF MATERIALS</b>		
Opening Stock	8,520.07	3,305.47
Add :- Purchases	80,661.33	39,527.32
	89,181.40	42,832.79
Less :- Closing Stock	17,013.32	8,137.79
	<b>72,168.08</b>	<b>34,695.00</b>
<b>SCHEDULE Q</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Stores, Dyes & Chemicals & Spares Consumed	1,752.72	443.56
Packing Material Consumed	534.20	198.23
<b>Payment to and Provisions for Employees :</b>		
Salaries, Wages and Bonus	8,489.26	2,406.50
Contribution to Provident Fund and other Funds	1,330.00	910.98
Workmen & Staff Welfare Expenses	204.51	40.39
Power & Fuel	2,470.96	417.97
<b>Job Charges for:</b>		
Process	1,164.32	1,370.48
Weaving	788.51	655.66
Design & Development & others	1,433.79	953.99
<b>Repairs &amp; Maintenance :</b>		
Buildings	17.11	10.04
Plant & Machinery	148.26	96.89
Vehicles	11.69	11.25
Others	135.54	18.96
Rent, Rates & Taxes	869.09	266.45
Insurance	54.08	42.37
Keyman Insurance	10.30	14.34
Legal & Professional Charges	98.21	40.33
Auditors' Remuneration	27.49	17.10
Travelling & Conveyance	485.89	284.89
Transportation	1,386.49	999.85
Advertisement, Publicity & Business Promotion	102.53	68.02
Books & Periodicals	4.89	3.14
Directors' Remuneration	483.30	159.55
Directors' Sitting Fees	0.85	0.93
Commission	224.26	133.28
Communications	348.02	162.28
Printing & Stationery	294.93	117.40
Envirmental Control Expences	458.16	-
Miscellaneous Expenses	1,861.07	231.31
Donation	16.99	3.99
Loss on sale of Assets	7.34	3.07
	<b>25,214.76</b>	<b>10,088.20</b>



# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (CONTD.)

(Rs. In Lacs)

	31.03.2008	31.03.2007
<b>SCHEDULE R</b>		
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Interest on fixed loans	1,452.78	136.98
Interest on Others & Financial Charges	2,306.15	1,172.00
	<b>3,758.93</b>	<b>1,308.98</b>

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

**SCHEDULE - S : NOTES TO ACCOUNTS (CONSOLIDATED)**

**1 SIGNIFICANT ACCOUNTING POLICIES:**

**I. PRINCIPLES OF CONSOLIDATION.**

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

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

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

**(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

## SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)

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**

Transactions 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 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 except specific assets.

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)** **Rs. In Lacs**

31.03.2008 31.03.2007

(c) The Vehicle Loans from the Banks & Others are secured by Hypothecation of specified Vehicles against which the finance is obtained.		
<b>(3) Contingent Liabilities not provided for :</b>		
Corporate guarantee given by the Company for its subsidiary company for Term Loan given by a Bank	11,354.27	—
<b>(4)</b> Disputed demand outstanding related to Income tax (The matter is pending with Income Tax Appellate Tribunal , Mumbai.)	34.86	34.86
<b>(5) Capital Commitment</b>		
Estimated amount of capital contracts remaining to be executed (net of advances).	5,831.07	1,033.84
<b>(6)</b> During the year 2006-07 the Company had 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 are 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. The option has been exercised on 16.06.2008.		
<b>(7)</b> 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.111.63 Lacs incurred for further raising of equity capital by issue of equity shares in the previous year by way of Qualified Institutions Placement as per SEBI Guidelines to QIBs.		
<b>(8) (a)</b> During the year, the newly floated wholly owned subsidiary of the Company Bombay Rayon Apparels Private Limited (now known as M/s. Leela Scottish Lace Private Limited) has aquired the Garments Business of Leela Scottish Lace Pvt. Ltd. (now known as Leela Lace Software Solutions Pvt. Ltd.) from 18th August, 2007.		
<b>(b)</b> On approval of the Board, the Company has filed the Petition under Section 391 & 394 of the Companies Act, 1956 with the Hon'ble High Court, Mumbai alongwith the Scheme of Amalgamation for merger of its wholly owned Subsidiary Company M/s. Leela Scottish Lace Private Limited w.e.f. 1st October, 2007 (appointed date) into itself. The proceedings are continued and approval of Court is awaited.		
<b>(9)</b> The Company has acquired the Garments Manufacturing Business known as "LNJ Apparel" a unit of RSWM Limited having installed capacity of 8000 pieces per day of at a total consideration of Rs. 25.50 crores as on 18th October 2007.		
<b>(10)</b> Some of the fixed assets added under the scheme of amalgamation of and by the acquisition of the firm are in the process of the transfer in the name of the Company.		
<b>(11) Auditors' Remuneration</b>		
Audit Fees	22.79	12.50
Tax Audit Fees	1.40	0.67
Certification works & other matters	3.30	3.93
	<b>27.49</b>	<b>17.10</b>
<b>(12) Managerial Remuneration</b>		
<b>A. Remuneration to whole time Directors</b>		
(i) Salaries & allowances	217.31	64.98
(ii) Contribution to provident fund	15.31	5.21
<b>B. Commission to Non Executive Chairman @ 1%</b>		
	173.03	77.09
	<b>405.65</b>	<b>147.28</b>
Remuneration of Directors of DPJ Clothing Ltd.	77.65	12.27

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)** **Rs. In Lacs**

31.03.2008 31.03.2007

**C. Computation of Net Profit in accordance with Sec. 349 of the Companies Act, 1956**

Profit before Taxes as per Profit & Loss Account	17,159.03	7,559.85
<b>Add:</b> Managerial Remuneration	399.97	147.28
Directors' Sitting Fees	0.85	0.93
Loss on Sale of Fixed Assets	7.26	3.07
	17,567.11	7,711.13
<b>Less:</b> Profit on sale of Investments	264.50	1.76
<b>Net Profit</b>	<b>17,302.61</b>	<b>7,709.37</b>

- (13) On the basis of information available with the Company, amount due to small scale industrial undertaking and outstanding for more than 30 days is NIL

**(14) Computation of Deferred Tax**

	As per IT	As per Books	Timing Difference	Deferred Tax Asset / (Liabilities)
Depreciation for the year	5,986.47	3,185.23	(2,801.24)	(952.14)
Gratuity & Leave Encashment	47.06	—	47.06	15.99
Expenses u/s 35D & 35DD	106.21	—	106.21	36.10
Deferred Tax Assets /(Liabilities) for the year				(900.05)
Add:- Deferred tax on Account of				
DPJ Clothing Ltd.				0.16
Leela Scottish Lace Pvt. Ltd.				(216.33)
Total Deferred tax				(1,116.22)

**(15) Earning Per Share**

(a) Net profit after tax available for equity shareholders (Rs.In lacs)	12,274.78	5,396.68
(b) No. of Shares (Weighted Average)	63,000,000	51,745,337
(c) Basic Earning per share (Rs.)	19.48	10.43
(d) Diluted Earning per Share (Rs.)	17.76	9.33

**(16) Related Party Disclosure**

**Name of the Related Party**

**(A) Subsidiary Companies**

BRFL Europe B.V.  
DPJ Clothing Ltd.  
Leela Scottish Lace Pvt. Ltd.  
Bombay Rayon Retail Ltd.

**(B) Other related parties where common control exists**

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

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)** **Rs. In Lacs**

31.03.2008 31.03.2007

**(B) (i) Transactions with Related Parties**

(i) Purchase of finished / unfinished goods

Reynold Shirting Ltd	—	380.76
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(ii) Lease charges Paid

Reynold Shirting Ltd	70.92	49.89
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(iii) Rendering of services (Job charges)

Reynold Shirting Ltd	—	71.78
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(iv) Rent Paid

Bombay Rayon Clothing Limited	90.00	—
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**(ii) Transactions with Subsidiary**

(a) Investments

DPJ Clothing Ltd	—	1,342.77
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Leela Scottish Lace Pvt. Ltd.	400.00	—
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Bombay Rayon Retail Ltd.	10.00	—
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(b) Commission Paid

BRFL Europe B.V.	223.99	59.86
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(c) Share Application Money given

BRFL Europe B.V.	6.37	137.01
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Bombay Rayon Retail Ltd.	59.29	—
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(d) Sales

DPJ Clothing Ltd	2,017.12	471.35
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Leela Scottish Lace Pvt. Ltd.	996.27	—
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(e) Purchases

Leela Scottish Lace Pvt. Ltd.	4,852.18	—
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(f) Services Charges Paid

Leela Scottish Lace Pvt. Ltd.	35.71	—
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**(C) Key Managerial Personnel**

**Name of Personnel**

**Designation**

(a) Mr. Janardan Agarwal

Non Executive Chairman

(b) Mr. Aman Agarwal

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 Personnel and their Relatives**

(i) Directors remuneration	399.97	147.28
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(ii) Consideration paid for buying of office premises to Mr. Prashant Agarwal	—	60.50
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**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)**

Rs. In Lacs

31.03.2008

31.03.2007

**(17) Segmental Reporting**

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

**(18) C.I.F. Value of Imports**

Capital Goods	10,798.04	11,241.90
Raw Materials	7,195.23	1,835.35
Stores & Spares	214.92	4.00
<b>TOTAL</b>	<b>18208.55</b>	<b>13081.25</b>

**(19) Expenditure in Foreign Currency**

Travelling	147.00	81.77
Business Promotions	66.36	14.33
Commission	294.52	142.20
Others	6.76	195.76
<b>TOTAL</b>	<b>514.64</b>	<b>434.06</b>

**(20) Earning in Foreign Exchange**

FOB Value of Exports	38,800.57	20,274.32
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**Particulars in respect of Stock and Sales of Finished Goods, cost of material consumed. (Standalone)****(21) INSTALLED CAPACITY**

Descriptions	Unit		
Fabrics	Million Metres	50.00	50.00
Garments	Million Pieces	28.80	19.20

**(a) ACTUAL PRODUCTION**

(Including Job Work)

Fabrics	Million Metres	55.33	36.18
Garments	Million Pieces	15.26	7.10

**(b) TURNOVER**

		Qty.		Qty.	
Fabrics	Million Metres	48.86	53097.57	26.54	29,420.94
Garments	Million Pieces	14.64	39481.03	7.04	19,543.73
Others			127.81		25.02
<b>TOTAL</b>			<b>92706.41</b>		<b>48,989.69</b>

**(c) OPENING STOCK**

Fabrics	Million Metres	5.68	4,430.93	2.82	2,223.50
Garments	Million Pieces	0.26	625.08	0.21	590.80
<b>TOTAL</b>			<b>5,056.01</b>		<b>2,814.30</b>

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)** **Rs. In Lacs**

		31.03.2008		31.03.2007	
(d) CLOSING STOCK					
Fabrics	Million Metres	7.99	8,293.51	5.68	4,430.93
Garments	Million Pieces	0.88	2,078.55	0.26	625.08
	TOTAL		10,372.06		5,056.01
(e) CONSUMPTION OF MATERIALS					
Yarn	Millions Kgs.	4.81	8,613.87	4.46	7017.59
Fabrics	Million Metres	68.82	55,470.77	34.61	26998.89
Others			1,548.73		220.18
	TOTAL		65,633.37		34,236.66
(f) IMPORTED & INDIGENOUS CONSUMPTION					
(i) Raw Materials :					%
Imported		3,069.88	4.68%	1,710.42	5.00 %
Indigenous		62,563.49	95.32%	32,526.24	95.00 %
	TOTAL	65,633.37	100.00%	34,236.66	100.00 %
(ii) Stores & Spares					%
Imported		188.37	14.50%	6.35	1.43 %
Indigenous		1,110.29	85.50%	437.21	98.57 %
	TOTAL	1,298.66	100.00%	443.56	100.00 %

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

As per our report of even date

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

Chartered Accountants

**Aman Agarwal**

Vice-Chairman

**Prashant Agarwal**

Managing Director

**R. P. Laddha**

Partner

M. No. 48195

**A. R. Mundra**

Executive Director-Finance

**Uday Mogre**

Executive Director-Corporate

**Prachi Deshpande**

Company Secretary

Place : Mumbai

Dated : 30th June, 2008

# CASH FLOW STATEMENT

(Rs. In Lacs)

For the year ended	31.03.2008	31.03.2007
<b>Cash Flow from Operating Activities (A)</b>		
Net Profit before Tax	17870.39	7531.84
<b>Adjustments for:</b>		
Loss on Sale of Fixed Assets	7.34	3.07
Depreciation	3516.82	1051.74
(Profit)/Loss on Sale of Investment	(264.50)	(1.76)
Interest & Dividend Exp./ (Income)	(907.23)	(479.57)
Interest and financial charges	3758.93	1308.98
<b>Operating Profit before Working Capital Changes</b>	<b>23981.75</b>	<b>9414.29</b>
Adjustments for:		
(Increase) / Decrease in Inventories	(20740.99)	(10029.62)
(Increase) / Decrease in Debtors	(12980.53)	(6763.04)
(Increase) / Decrease in Loans and Advances	(7889.30)	(4357.07)
Increase / (Decrease) in Current liabilities & provisions	1993.39	4447.14
<b>Cash Generated from Operations</b>	<b>(15635.68)</b>	<b>(7288.30)</b>
Direct Taxes Paid / Deducted	(2121.61)	(1167.91)
<b>Net Cash Flow from Operating Activities</b>	<b>(17757.29)</b>	<b>(8456.21)</b>
<b>Cash Flow from Investing Activities (B)</b>		
(Purchase) / Sale of Fixed Assets (Net)	(51380.84)	(24613.50)
(Purchase) / Sale of Investments (Net)	12043.66	(11230.91)
(Increase)/Decrease in Goodwill	—	(841.77)
Interest and Dividend Income Received	907.23	479.57
(Increase)/Decrease in Foreign Exchange Fluctuation reserve	(463.42)	(11.75)
(Increase) / Decrease in Misc. Expenditure not w/off	(0.77)	—
Other Adjustments	1121.26	
<b>Net Cash Flow from Investing Activities</b>	<b>(37772.88)</b>	<b>(36218.35)</b>
<b>Cash Flow from Financing Activities (C)</b>		
Proceeds from Issue of Share Capital on premium	—	29442.66
Proceeds from Issue of Convertible Warrant	—	1262.70
Share Issue Expenses adjusted against Securities Premium A/c	(111.63)	(998.36)
Proceeds from Secured Loans	54264.49	23645.39
Proceeds from Unsecured Loans	4366.41	301.63
Interest & Financial charges	(3758.93)	(1308.98)
Dividend paid (including tax)	(921.34)	(558.49)
Increase in Minority interest	—	220.38
<b>Net Cash Flow from Financing Activities</b>	<b>53839.00</b>	<b>52006.94</b>
<b>Net (Decrease) / (Increase) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1691.17)</b>	<b>7332.38</b>
Cash and Cash Equivalents at the Beginning of the Year	8506.99	1174.61
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>6815.82</b>	<b>8506.99</b>

As per our report of even date

For **V. K. BESWAL & ASSOCIATES**  
Chartered Accountants**Aman Agarwal**  
Vice-Chairman**Prashant Agarwal**  
Managing Director**R. P. Laddha**  
Partner  
M. No. 48195**A. R. Mundra**  
Executive Director-Finance**Uday Mogre**  
Executive Director-Corporate**Prachi Deshpande**  
Company SecretaryPlace : Mumbai  
Dated : 30th June, 2008

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILES

### 1 Registration Details

Registration No.	L	1	7	1	2	0	M	H	1	9	9	2	P	L	C	0	6	6	8	8	0
Balance Sheet Date	3	1	0	3	2	0	0	8													
	Date		Month		Year																

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

Public Issue						N	I	L							N	I	L
Bonus Issue						N	I	L							N	I	L

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

Total Liabilities	1	4	4	6	9	1	6	0	Total Assets	1	4	4	6	9	1	6	0
<b>Sources of Funds</b>																	
Paid-up Capital			6	3	0	0	0	0	Reserve and Surplus		5	2	8	9	6	4	7
Secured Loans		6	6	6	7	2	6	4	Unsecured Loans			4	7	6	3	3	3
Deferred Tax Liability /Assets			2	2	4	0	9	9									
<b>Application of Funds</b>																	
Net Fixed Assets		6	7	9	2	7	0	0	Investments		-	5	8	0	7	5	2
Net Current Assets		6	0	4	0	1	6	1	Misc. Expenditure						N	I	L
Accumulated Losses						N	I	L									

### 4 Performance of Company (Amount in Rs. Thousand)

Turnover (Gross Revenue)		9	2	7	0	6	4	1	Total Expenditure		7	7	3	2	3	4	6
Profit/Loss Before Tax		1	7	1	5	9	0	3	Profit/Loss After Tax		1	2	1	1	2	9	8
Earning Per Share in Rs.				1	9	.	2	3	Dividend Rate%					-	-	1	5

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

Item Code No. (ITC Code)	5	2	0	8																				
Product Description	W	O	V	E	N		F	A	B	R	I	C		O	F		C	O	T	T	O	N		
Item Code No. (ITC Code)	5	2	1	1																				
Product Description	W	O	V	E	N		F	A	B	R	I	C		O	F		C	O	T	T	O	N		
	M	I	X	E	D		M	A	I	N	L	Y		O	R		S	O	L	E	L	Y		
	W	I	T	H		M	A	N		M	A	D	E		F	I	B	R	E					
Item Code No. (ITC Code)	6	2	0	5																				
Product Description	M	E	N	S		O	R		B	O	Y	S		S	H	I	R	T	I	N	G	S		
Item Code No. (ITC Code)	6	2	0	6																				
Product Description	W	O	M	E	N	S		O	R		G	I	R	L	S		B	L	O	U	S	E	S	
	S	H	I	R	T	S		A	N	D		S	H	I	R	T		B	L	O	U	S	E	S

## BOMBAY RAYON FASHIONS LIMITED

**Registered Office:** D-1<sup>st</sup> Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai 400 072

### PROXY FORM

I / We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a Shareholder/Shareholders of BOMBAY RAYON FASHIONS LIMITED hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as my/our Proxy to attend and vote for me/us  
and on my/our behalf at the 15th Annual General Meeting of the Company to be held on Tuesday, 30th September, 2008 at 4.30 P.M  
and at any adjournment thereof.

Affix  
Re.1.00  
Revenue  
Stamp

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2008

\_\_\_\_\_  
Signature of Shareholder

#### Note:

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

Name		No. of Shares held	
Address		Folio No.	
		DP ID / Client ID	

## BOMBAY RAYON FASHIONS LIMITED

**Registered Office:** : D-1<sup>st</sup> Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai 400 072

### ATTENDANCE SLIP

I/We hereby record my/our presence at the 15<sup>th</sup> Annual General Meeting of the Company at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020, on Tuesday, 30<sup>th</sup> September, 2008 at 4.30 P.M.

Name		No. of Shares held	
Address		Folio No.	
		DP ID / Client ID	

Name of Proxy/Representative, if any \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder(s)/Proxy/Representative





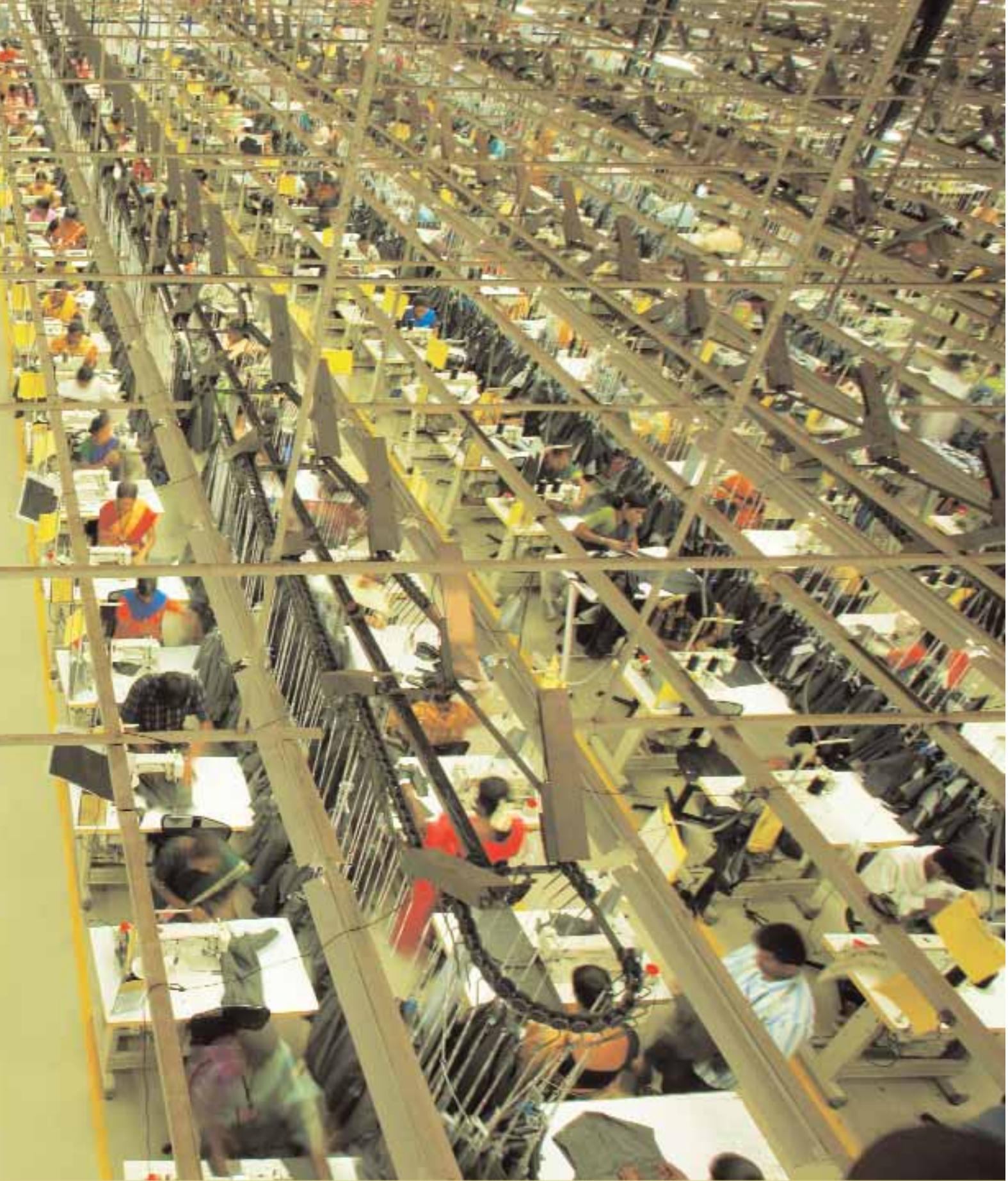






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