



Global Vision. Local Execution.



Bombay Rayon Fashions Limited Annual Report 2008-09

CONTENTS

01	Global vision. Local execution
08	Financial Snapshot
10	Message from the Chairman
12	Board of Directors
13	Corporate Information
14	Notice
23	Directors' Report
30	Report on Corporate Governance
43	Management Discussion and Analysis
49	Auditor's Report
52	Balance Sheet
53	Profit and Loss Account
54	Schedules
67	Cash Flow Statement
68	Balance Sheet Abstract and Company's General Business Profile
69	Statement under Section 212 of the Companies Act, 1956 relating to Subsidiary Companies
70	Financial Information of Subsidiary Companies
71	Auditor's Report on Consolidated Financial Statements
72	Consolidated Balance Sheet
73	Consolidated Profit and Loss Account
74	Schedules forming part of Consolidated Financial Statements
86	Consolidated Cash Flow Statement

Global vision. Local execution.

The world is flat.

And in our business, it is getting flatter. Over the years, we have seen a shift in business processes to benefit the customer. To ensure the customer gets the best fashion at the most competitive prices and in the most desired environment, the fashion (textile) trade has got intelligent.

In this intellect, somewhere lies the specialist approach. Today, there are fashion houses that put efforts to build and establish brands to win the trust of customers and focus on selling through direct retailing. They outsource everything else. To people who do it the best. And then there are specialist players like Bombay Rayon Fashions Limited (BRFL) who take this mantle upon themselves to design and deliver in the fastest time and lowest cost the most fashionable garments.

That's the essence of the business we serve.

It's global, yet dominated locally by companies like ours. And we at BRFL are also a global company with designers and retail operations in Europe along with a completely integrated manufacturing set up in India. More than 50% of our revenues are generated from geographies beyond India. We provide seamless solutions to retailers and fashion houses from Manhattan to Manchester to Milan.

With local execution capability and the vision to be a global company with global scale, we are stitching together the fast changing fashion needs with the world's best costing.

As the character of the business added scale and integration, our EBIDTA margins have expanded in the last 5 years to 24.29%, and with it, grew the ROCE to 18.80% in 2008-09.

A result of our global vision and local execution.



Global fashion. Local fusion.

We do not just stitch.
We create. We think. We design. We differentiate. We lead. We dominate.

Unlike most other garment manufacturers, BRFL does not simply 'stitch' garments. We are a complete partner to any global fashion house. Like an in-house machinery that takes the burden of understanding fashion and fashion trends off them and helps them concentrate on building the brand and retailing by creating experiences in the store that helps customers buy more.

Our integrated design-led solutions enable us to conceive the idea, create the fabric, design the look, stitch the garment and present the entire season's fashion to the client.

This is how.

Our design team works closely with our research and development team to innovate and develop unique and fashion forward fabrics. They interact regularly with our fabric manufacturing department as well as with our international design staff, to review market trends and the popularity of our latest products.

Our global design team in India, Netherlands, Italy, UK, Denmark and USA respond to style changes in the apparel industry by maintaining a continuous programme of style, colour and fabric selection. They regularly attend trade and fashion shows and shop at fashion forward stores in USA and Europe to keep in touch with the current trends and consumer preferences.

They then come up with their own style, right from the fabric to the finished garment. They choose the colour, the silhouette, the style, the drape, the fit, the cut and the finish.

We catch global fashion trends. And we deliver in scale through its fusion with local manufacturing. We are a 'concept to collection' providers.

Each garment creates a strong international appeal. This has led to a proven track record of creating designs that resonate with customers and deliver healthy, long-term growth to retailers.

Yes, we are different.

Global penetration. Local integration.

The global textile and apparel trade is USD 580 billion. BRFL has been seizing this opportunity and growing aggressively.

We will soon manufacture 235 million metres fabric every year. We will soon make 75 million garments per annum.

And our garments are sold across Europe and USA.

Every year, we penetrate more into the global fashion space. Helping this penetration is our ability to deliver a 'concept to collection' business strategy with Indian costs and Indian sensibilities.

Present across the entire value chain - from yarn dyeing to processing of fabric to design to finished garments, our integrated operations enable us to provide seamless solutions to customers across the globe.

- Economies of scale enable us to provide fashion at competitive rates.
- Control of raw material supply enables shorter lead time, an essential for the fast-changing fashion world.
- Our in-house design capabilities offer customers the latest fashion trends across the globe.
- Integrated operations enable us to control and ensure quality at all stages and compete in the global arena.
- Our retail operations help us build a direct contact with the customer and understand their choice and preferences.

This scale was a result of our aggression, both organic and inorganic. We have acquired large established garment manufacturing facilities in the last five years, each providing us global scale and expertise.

An Indian leader, making things happen. That's us.





Global size. Local wise.

Thinking big and building a sizable global business is a dream and an opportunity that we are pursuing.

And we have been aggressive about it. One of the key drivers helping us achieve our ability to build a global business of size has been our embracing the latest technology and machines. We believe technology plays a critical role in our vision to dominate the global fashion business. With world-class manufacturing at India costs, we are absorbing every beneficial technological development the world witnesses and has access to.

This is how.

- All our machines boast of the latest available technology. The new machinery allows monitoring of the machine operation on-line by machine manufacturers, hence solving technical problems in real time. High machine uptime and speeds lead to high productivity and efficiencies.
- All machines are getting integrated to our DATATEX ERP system where in all production data, recipes, chemical and dyes consumption are monitored on a continuous basis.
- We have the latest machines from leading manufacturers in Europe for the dyeing process. This helps us maintain a low liquer ratio and enables low consumption of dyes and chemicals and as well as quick changes of batches.
- The latest air jet looms operating at 1000 rpm and latest weaving preparatory ensure minimum breakages in weaving, resulting in higher efficiency.
- We have the latest Inspection, Packing and Warehousing system from the first Company in India to have this technology. This is completely automated resulting in very high efficiency.
- Besides, packing and warehousing done through RFID gives real time information of the entire warehouse to users through ERP (DATATEX). Identification and retrieval of fabric rolls are also available at the click of the mouse.

We are big believers of the ability, technology has to change the course and direction of businesses as well as generate more revenue out of less.

And we will continue to use technology to drive our vision and not just support it.

Financial Snapshot

	2007-08	Rs. in million 2008-09
Key Operating Figures		
Total Income	9,438.71	13,471.88
Earnings Before Interest, Taxes and Depreciation (EBITDA)	2,292.72	3,260.74
Depreciation	318.52	447.75
Profit Before Tax	1,715.90	2,153.37
Profit After Tax	1,211.30	1,484.98
Key Financial Figures		
Equity Share Capital	630.00	691.00
Reserve and Surplus	5,289.65	7,873.18
Net Worth	6,045.92	11,894.18
Investments	580.75	3,322.79
Gross Block	4,629.51	9,564.97
Net Block	4,114.64	8,577.42
Net Current Assets	6,040.16	10,657.49

NET SALES
Rs. **13,424** million

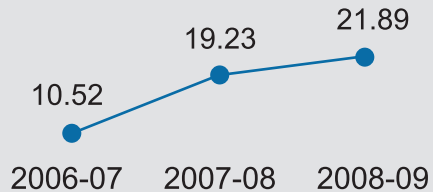


EBITDA
An increase of
42%
in 2008-09

DEBT/EQUITY



EARNINGS PER SHARE (in Rs.)



PROFIT
AFTER TAX
An increase of
23%
in 2008-09





Message from the Chairman

Dear Shareholders,

BRFL is an integral part of the global fashion world. The world went through a serious turmoil in the last 18 months, precipitated by the global liquidity crisis. One of the most affected segment was consumer spending in USA and Europe, the world's largest markets. Both economies are expected to de-grow as consumer decided either to postpone or avoid new spends.

However, in one of the most challenging business environments for the global fashion world, we grew our revenues and profits by 44.80% and 23% and our EBIDTA margins to 24.29%. In fact, 2008-09 was the best year for us.

And that's where our strategy and vision have got a validation.

BRFL set out to make a difference, differently. We saw an opportunity in one of the oldest businesses in the world. To create a uniquely integrated global company that spans across the value chain from yarn dyeing to apparels. An integral part of our vision is the move into the higher value - added end of the high fashion international market by offering them a fashion collection in the fastest possible time at the lowest possible cost. And that's why we don't just manufacture. We also think for them. We understand fashion trends, create designs, present to them the look for the next season and supply to them the fastest and at the lowest cost, thanks to both our completely integrated operations as well as the India advantage.

Such has been the value that we add to the client that while we could increase the volume of fabrics and garments, our realization has also increased by 1.35x and 1.22x at the same time. A massive volume growth and value growth.



"In one of the most challenging business environments for the global fashion world, we grew our revenues and profits by 44.80% and 23% and EBIDTA margins to 24.29%"

Besides, five years back, exports were less than 5% of our revenues. Despite a 39% rise in revenues, exports today account for 65% of our revenues. A validation of our leadership, dominance and acceptance of our business model. Helping us achieve this is not only been our ability to grow to global scale, but also the growing need for the world to look at countries beyond China, which currently accounts for 60% of global garment manufacturing. We are emerging as a profitable solution for our customers.

BRFL has been aggressively doing two things simultaneously. One, integrating both ahead and at the back through organic and inorganic routes. Two, we are also enhancing capacities across the value chain from fabrics to garments. In the current year, we will commission our largest fabric manufacturing facility at Tarapur in Maharashtra with yarn dyeing, weaving and processing capabilities. Simultaneously, the garment manufacturing facilities at different locations in Maharashtra will go in stream.

As an emerging leader in this business with a vision to become a global leader in both cost as well as

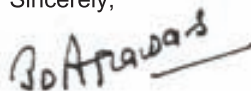
efficiency, we are cognizant of our responsibility towards creating value for our shareowners.

In March 2009, the Company received Rs. 333 crores by way of Share Application Money for further Equity Share Capital (18,000,000 shares representing 20% of the emerging share capital) from AAA United B.V., a company incorporated under the laws of Netherlands on preferential basis. The said investor is a wholly owned subsidiary of Aktieselskabet af 1/8 2004, a company constituted under the laws of Denmark.

And we feel, we are still young. We are in the right place at the right time with the right ingredients to lead and dominate the space we so love. The time is opportune. The signs are promising.

I thank you all for your continued support.

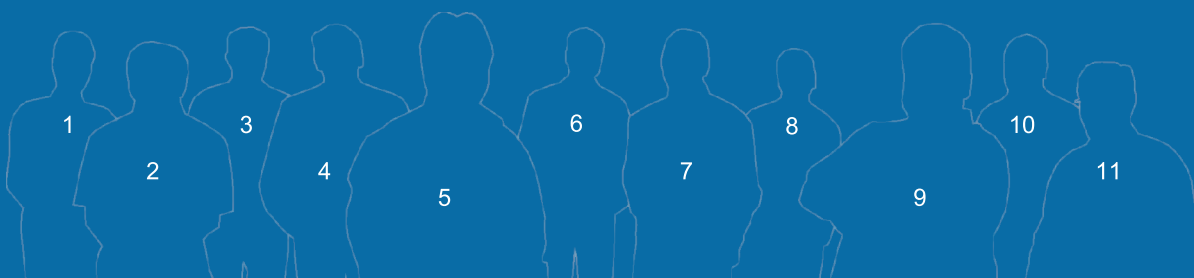
Sincerely,



Janardan Agarwal
Chairman



Board of Directors



1. Mr. S. B. Agarwal
Director

2. Dr. Pravin P. Shah
Director

3. Mr. A. Arumugham
Director

4. Mr. A .R. Mundra
Executive Director - Finance

5. Mr. Prashant Agarwal
Managing Director

6. Dr. B. S. Bhesania
Director

7. Mr. John Mathew
Nominee Director - EXIM Bank

8. Mr. Uday Mogre
Executive Director - Corporate

9. Mr. Aman Agarwal
Vice Chairman

10. Mr. Suresh Vishwasrao
Director

11. Mr. Naseer Ahmed
Joint Vice Chairman

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
Dr. B. S. Bhesania	Director
Mr. S. B. Agarwal	Director
Dr. Pravin P. Shah	Director
Mr. Suresh Vishwasrao	Additional Director
Mr. A. Arumugham	Additional Director
Mr. John Mathew	Nominee Director - EXIM Bank

COMPANY SECRETARY

Ms. Prachi Deshpande

AUDITORS

V. K. Beswal & Associates, Chartered Accountants

BANKERS/TERM LENDERS

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

Export-Import Bank of India

IDBI Bank Limited

Karur Vysya Bank Limited

Oriental Bank of Commerce

Punjab National Bank

Standard Chartered Bank

State Bank of Hyderabad

State Bank of India

State Bank of Indore

State Bank of Mysore

State Bank of Patiala

State Bank of Travancore

REGISTERED OFFICE

BOMBAY RAYON FASHIONS LIMITED

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

REGISTRAR & SHARE TRANSFER AGENT

LINK INTIME INDIA PRIVATE LTD.

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

LISTING OF EQUITY SHARES (Listing fees paid)

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

Notice

NOTICE is hereby given that the Sixteenth Annual General Meeting of **Bombay Rayon Fashions Limited** will be held on Wednesday, 30th September, 2009 at Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020 at 9.30 a.m., 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 2009 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. Uday Mogre, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. B. S. Bhesania, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. B. Agarwal, 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 till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Suresh Vishwasrao, who was appointed as an Additional Director of the Company with effect from 31st March, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and whose term expires at the Sixteenth Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. Suresh Vishwasrao for the office of a Director of the Company, be and is hereby

appointed as a Director of the Company whose period of office shall be subject to retirement by rotation.”

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

“RESOLVED THAT Mr. A. Arumugham, who was appointed as an Additional Director of the Company with effect from 31st March, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and whose term expires at the Sixteenth Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. A. Arumugham for the office of a Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be subject to retirement by rotation.”

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

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

and as applicable, of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or/and all other appropriate and/or concerned authorities, and clarifications issued by such authorities from time to time and subject to such applicable conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot in one or more foreign markets or domestic markets, equity shares and/or instruments convertible into or linked to equity shares, optionally or otherwise, including but not limited to Global Depository Receipts (GDR's)/American Depository Receipts (ADR's)/Foreign Currency Convertible Bonds (FCCB's) or any combination thereof {hereinafter referred to as "Securities") for an aggregate sum upto Rs. 500,00,00,000/- (Rupees Five Hundred Crores only) with or without green shoe option equivalent in Indian and/or any other currency(ies) inclusive of such premium, as may be decided by the Board, to Indian/Foreign/Resident/Non-resident Investors (whether Institutions, Corporate Bodies, Mutual Funds/Trusts/Foreign Institutional Investors/Banks and/or individuals, or otherwise and whether or not such investors are members, promoters, Directors or their relatives/associates, of the Company) through Public Issue(s), Private Placement(s), Preferential issue(s) or combination thereof or through Qualified Institutional Placement (QIP) in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 {SEBI (ICDR) Regulations} Guidelines, 2000, if applicable, and to such categories of investors and in such tranche or tranches, at such price or prices whether at a discount or premium to market price or prices in such manner and on such terms and conditions as the Board may in its discretion decide in consultation with the Book Runner(s)/Lead Manager(s), Underwriter(s), Advisor(s) to the Issue,

so as to enable the Company to get the Securities listed at any Stock Exchanges in India and/or Luxemburg/London/New York/Singapore/Hong Kong Stock Exchanges and/or any of the Overseas Stock Exchanges."

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

1. the 'Relevant Date' on the basis of which the price of the securities shall be determined as specified under applicable law, shall be the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of the Securities;
2. the allotment of securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by the SEBI (ICDR) Regulations from time to time; and
3. the securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange in India or except as may be permitted from time to time by the SEBI (ICDR) Regulations;"

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

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

“RESOLVED FURTHER THAT the underlying equity shares so issued shall rank pari passu with the existing equity shares of the Company in all respects.”

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

“RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of Securities in international offering may have all or any term or combination of terms in accordance with the international practice,”

“RESOLVED FURTHER THAT the securities issued in international offering shall be deemed to have been made abroad in the markets and/or at the place of issue of the Securities in international markets and shall be governed by English or American law or any other law as may be decided by the Board, as the case may be.”

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

“RESOLVED FURTHER THAT the Company and/or any entity, agency or body authorized and/or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchanges within or outside

India) and under the forms and practices prevalent in the international market for Securities listing and trading, in the stock/securities exchange so that the convertible securities or ADRs and/or GDRs are registered or listed.”

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

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

“RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such arrangements/agreements with any Lead Manager(s)/ Underwriter(s)/Guarantor(s)/ Depository(ies)/Custodians/ Stabilizing Agent(s)/ Registrar(s)/ Banker(s)/ Advisor(s) and all such agencies and to remunerate them by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of Securities and other expenses, if any or the like .”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may in its absolute discretion, deem necessary, desirable or expedient and listing thereof with the stock exchange(s) as considered appropriate by the Board and to resolve and settle all questions and

difficulties that may arise in the proposed issue, offer and allotment of any of the said equity shares/ Securities or other convertible securities (other than warrants), utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

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

“RESOLVED THAT pursuant to Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with and subject to the provisions of the Memorandum and Articles of Association of the Company, as also the provisions of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, {SEBI (ICDR) Regulations}, the Listing Agreement entered into between the Company and Bombay Stock Exchange Limited (“BSE”), National Stock Exchange of India Limited (“NSE”), the guidelines and clarifications issued by the Securities and Exchange Board of India (“SEBI”) in relation to preferential issues and other applicable regulations/guidelines issued by one or more authorities as may be applicable for the time being and subject to all such approvals, permissions, consents and sanctions of any such authorities, as may be necessary in this regard, and subject to such applicable conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (“Board”) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot

upto 1,00,00,000 (One Crore) Optionally Convertible Warrants (“Warrants”) convertible into 1,00,00,000 equity shares of Rs. 10 each (Equity Shares) to Reynold Shirting Limited, an entity belonging to promoter/promoter group of the Company and also to seek listing of equity shares arising out of conversion of warrants in one or more tranches on the stock exchange(s) in consultation with Advisor(s) appointed for the said purpose, as may be deemed appropriate, fit and proper by the Board of Directors of the Company (“Board”) (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution).”

“RESOLVED FURTHER THAT each Warrant shall be convertible at the option of the Warrant holder within a period of 18 months from the date of issue, into one Equity Share of Rs. 10/- for cash at an exercise price of Rs. 193/- per equity share (including premium), with Rs. 48.25 being payable upfront for each Warrant at the time of allotment of the Warrant and adjustable against the final exercise price and to issue and allot Equity Shares resulting from the exercise of the Warrants to such extent and on such other terms and conditions, in one or more tranches as may be decided by the Board in accordance with Chapter VIII of SEBI (ICDR) Regulation, as amended, (‘the Regulations’).”

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

“RESOLVED FURTHER THAT the relevant date for the preferential issue as per the SEBI (ICDR) Regulations, as amended upto date, for determination of the applicable price of the issue of abovementioned Warrants and Equity Shares arising out of conversion of warrants is 31st August 2009 i.e. 30 days prior to the date of Annual General Meeting.”

“RESOLVED FURTHER THAT the Equity Shares underlying the Warrants shall rank pari passu with the existing Equity Shares of the Company”

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

instruments as the Board may in its absolute discretion deem necessary, expedient or desirable.”

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

“RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of the Warrants.”

By order of the Board
For **Bombay Rayon Fashions Limited**

Place: Mumbai
Date : September 1, 2009

Janardan Agarwal
Chairman

REGISTERED OFFICE:

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty eight hours) before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from Saturday, 19th September, 2009 to Wednesday, 30th September, 2009 (Both days inclusive).
4. The Dividend, after declaration, will be paid to those shareholders, whose names stand on the Register of Members on 30th September, 2009. 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 30th September, 2009.

5. Details of the Directors seeking appointment/ re-appointment is furnished in the Report on the Corporate Governance forming part of the Annual Report.
6. 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.
7. As per the provisions of the Companies Act, 1956 facility for making nomination is available for shareholders, in respect of the shares held by them. Nomination Forms can be obtained from the Registrars/ Secretarial Department of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 7 & 8 :

Mr. Suresh Vishwasrao and Mr. A. Arumugham were appointed as Additional Directors of the Company during the year pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company. The term of office(s) as Additional Directors of Suresh Vishwasrao and Mr. A. Arumugham shall expire at the 16th Annual General Meeting of the Company pursuant to the provisions of the said section. In the meantime, the Company has received notices under Section 257 of the said act from shareholders proposing the respective candidatures of Mr. Suresh Vishwasrao and Mr. A. Arumugham for the offices of Directors of the Company. The Board recommends the appointment of Mr. Suresh Vishwasrao and Mr. A. Arumugham as Directors of the Company.

The resolutions vide Item No. 7 and 8 are therefore proposed for the approval of the Members.

Except Mr. Suresh Vishwasrao and Mr. A. Arumugham, none of the Directors shall be deemed to be concerned or interested in the said resolution.

Item No. 9

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

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

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

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

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

Your Directors recommend the resolution for your approval.

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

Item No. 10

Your Company proposes to issue upto 1,00,00,000 (One Crore) Optionally Convertible Warrants ("Warrants") to Reynold Shirting Limited, an entity belonging to promoter/promoter group of the Company. Each warrant, at the option of the warrant holder, shall be convertible into one equity share of Rs.10/- at an exercise price of Rs.193/- (including premium) within a period of 18 months from the date of issue.

The Company shall receive Rs.48.25 per Warrant at the time of the allotment of the Warrants, being consideration equal to 25% of the exercise price of the Warrants and the balance

shall be received at the time of conversion of the Warrants into Equity Shares. If the proposed allottee does not exercise option for conversion of the Warrants into Equity Shares or exercises option for conversion of a part of the Warrants into Equity Shares, then the 25% advance, to the extent that it pertains to Warrants not converted, shall be forfeited.

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

The “relevant date” for the above purpose means the date thirty days prior to the date of General Meeting held to consider the proposed issue under Section 81(1A) of the Companies Act, 1956. As the date of the ensuing Annual General Meeting of the Shareholders is 30th September 2009, the “relevant date” is 31st August 2009.

Pursuant to the SEBI Regulations for Preferential Issues, the price at which the Equity Shares arising out of conversion of Warrants are to be issued as computed on the above basis, works out to approx. Rs. 192.25. In comparison, the Equity Shares arising out of conversion of Warrants, if opted, are proposed to be issued at Rs.193/- (including premium) per share.

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

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

Disclosures required pursuant to the SEBI (ICDR) Regulations for Preferential Issues:

(a) Objects of the Issue through preferential allotment:

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

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

The allotment is proposed to be made to Reynold Shirting Limited., an entity belonging to the promoter/promoter group in which Mr. Janardan Agarwal, Mr. Aman Agarwal and Mr. Prashant Agarwal, existing Directors and Promoter group persons are interested. None of the Directors and/or Key Management Personnel shall subscribe to the offer.

Considering that the allotment is proposed to be made to promoter group, the proposed allotment of warrants and / or equity shares arising thereon shall not result in any change in management control.

(c) Shareholding pattern before and after preferential allotment:

Sr. No.	Category	Pre-allotment in terms of Equity Shares		Post allotment in terms of Equity Shares #	
		No.	%	No.	%
A.	Promoters				
	Reynold Shirting Limited (Allottee under Preferential issue)	35,50,000	4.07	1,35,50,000	13.95
	Others	2,99,09,160	34.34	2,99,09,160	30.81
	Total Promoters holding (A)	3,34,59,160	38.41	4,44,59,160	44.76
B.	Public Shareholding				
1.	Institutions Mutual Funds/ Foreign Institutional Investors/ Financial Institutions/ Banks/Venture Capital Funds	2,35,42,376	27.03	2,35,42,376	24.25
	Total (B1)	2,35,42,376	27.03	2,35,42,376	24.25
2.	Non-Institutions				
	a) Bodies Corporate (including clearing members)	2,46,27,174	28.27	2,46,27,174	25.36
	b) Individuals	54,71,290	6.29	54,71,290	5.63
	Total (B2)	3,00,98,464	34.56	3,00,98,464	30.99
	Total Public Shareholding B= (B1 + B2)	5,36,40,840	61.59	5,36,40,840	55.24
	Total (A+B)	8,71,00,000	100.00	9,71,00,000	100.00

Notes :

The allotment of 1,00,00,000 Equity Shares arising out of conversion of Warrants shall be made only if the Warrantholder exercises the option for conversion of the Warrants issued. Accordingly, the shareholding pattern after preferential allotment may vary to the extent of warrants in respect of which option not exercised for conversion into Equity Shares.

Post-preferential shareholding pattern may further vary to the extent of change in paid-up share capital, if any, on account of further issue of shares proposed vide Resolution No.9.. before exercise of option for conversion of warrants into equity shares.

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

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

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

Name	Identity of the Proposed Allottee	Number of Shares held pre-preferential allotment (A)	Number of Shares proposed to be allotted (B) #	Total number of shares to be held post preferential allotment (A) + (B) #	% of Post Preferential Issue Equity Share Capital #
Reynold Shirting Limited	Entity/Company belonging to Promoter/Promoter Group	35,50,000	1,00,00,000	1,35,50,000	13.95

The allotment of 1,00,00,000 Equity Shares arising out of conversion of Warrants shall be made only if the Warrantholder exercises the option for conversion of the Warrants issued. Accordingly, the number of Equity Shares and percentage of

Equity Shares to be held by the proposed allottee after preferential allotment may vary to the extent of Warrants in respect of which option not exercised for conversion into Equity Shares.

Post-preferential shareholding pattern may further vary to the extent of change in paid-up share capital, if any, on account of further issue of shares proposed vide Resolution No.9 before exercise of option for conversion of warrants into equity shares.

(f) Undertaking:

The Company undertakes to recompute the price of the specified securities in terms of the provisions of SEBI (ICDR) Regulations, in case, if required to do so. If the amount payable on account of recomputation of price is not paid within the time stipulated in aforesaid regulation, the specified securities shall continue to be lock-in till time such amount is paid by the proposed allottee upon full conversion of warrants.

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

In the event, the shareholding of the promoter/promoter group crosses the limit specified vide the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("the said regulations") by virtue of exercise of option for conversion of warrants into equity shares, then in such case, the acquirer shall forthwith initiate steps for compliance with the provisions of the said regulations.

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

The Board of Directors believes that the proposed preferential issue is in the best interest of the Company and its members.

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

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company or to such holders otherwise than in proportion to the capital paid up, requires prior approval of the shareholders in general meeting by a Special Resolution. The Board of Directors, therefore, recommends the resolution proposed vide Item No.10 of the Notice for approval in accordance with the requirements of Sections 81, 81(1A) of the Companies Act, 1956 read with the SEBI (ICDR) Regulations for Preferential Issues.

Mr. Janardan Agarwal, Mr. Aman Agarwal and Mr. Prashant Agarwal, Directors, shall be deemed to be concerned or interested to the extent of their being promoters and/or Directors in Reynold Shirting Limited, the proposed allottee. Except the above named Directors, none of the Directors of the Company shall be deemed to be interested or concerned in passing of the above resolution and the Board recommends that the same be passed.

By order of the Board
For **Bombay Rayon Fashions Limited**

Place: Mumbai
Date : September 1, 2009

Janardan Agarwal
Chairman

Directors' Report

Dear Shareholders,

Your Directors have great pleasure to present their Report together with the Audited Accounts for the year ended 31st March 2009.

Financial results

(Rs. in Lacs)

Particulars	31.03.2009	31.03.2008
Sales	1,34,240.03	92,706.41
Profit before Interest, Depreciation and Tax	32,607.41	22,927.23
Less: Interest	6,596.29	2,582.97
Profit before Depreciation and Tax	26,011.12	20,344.26
Less: Depreciation	4,477.47	3,185.23
Profit Before Tax	21,533.65	17,159.03
Less: Provision for Taxes (including Deferred)	6,683.81	5,046.05
Profit after Tax	14,849.84	12,112.98
Add - Balance brought forward	16,747.16	6,389.79
- Profit available for appropriations	31,597.00	18,502.77
APPROPRIATIONS:		
Add - Transfer on amalgamation	604.11	—
Less - Transfer to General Reserve	800.00	650.00
- Additional Dividend	91.50	—
- Corporate Dividend Tax on Additional Dividend	15.55	—
- Proposed Dividend	1,306.50	945.00
- Corporate Dividend Tax	222.04	160.61
- Balance Carried Forward	29,765.52	16,747.16
EPS (Rupees)		
- Basic	21.89	19.23
- Diluted	17.30	17.53

Result of operations

During the year under review, your Company has recorded the total income of Rs. 134,240.03 lacs against Rs. 92,706.41 lacs in the previous year, an increase of 1.45 times. The export turnover had a quantum jump to Rs. 87,369.43 lacs from Rs. 42,109.26. The current year's figures are after considering the effect of merger of Leela Scottish Lace Private Ltd., a wholly-owned subsidiary of the Company during the financial year. The Profit after Tax (PAT) for the year increased from Rs. 12,112.98 lacs to Rs. 14,849.84 lacs, a growth of 1.23 times over the previous financial year.

Dividend

The major expansion projects of your Company are expected to be completed by third quarter of the current financial year and your Directors thought it prudent to conserve the resources for smooth operations of these expanded capacities. Your Directors accordingly have recommended a dividend of Rs. 1.50 per Equity Share (15%) aggregating to Rs. 1,528.54 lacs (including Corporate Dividend Tax) for the financial year 2008-09, subject to the approval of the members at the ensuing Annual General Meeting.

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

Share capital

(i) **Authorised Share Capital**

In accordance with the Order dated 26th November 2008 passed by Hon'ble High Court of Judicature at Bombay approving the Scheme of Amalgamation of wholly-owned subsidiary – Leela Scottish Lace Private Limited.; with the Company, the Authorised Share Capital of the Company has increased from Rs. 70 crores to Rs. 120 crores.

(ii) **Allotment of Equity Shares**

- (a) During the current financial year, the Company has allotted 61,00,000 Equity Shares of Rs. 10/- each fully paid up at a premium of Rs. 197/- per share on conversion of warrants to the Promoters. The paid-up capital of the Company thereby increased to Rs. 69.10 crores.
- (b) After the close of financial year under review, your Company on 22nd April, 2009 has allotted 1,80,00,000 Equity Shares of Rs. 10/- each fully paid-up for cash at a premium of Rs. 175/- per Equity Share aggregating Rs. 333 crores on preferential allotment basis to AAA United B.V., a Company incorporated under the laws of The Netherlands. In view of the same, the total paid-up Equity Share Capital of the Company now stands increased to Rs. 87.10 crores.

Business development

(i) **Amalgamation:**

With a view to strengthen our core operations, the wholly-owned subsidiary of the Company namely Leela Scottish Lace Private Limited., engaged in similar business activities was merged with the Company. The Company has been able to achieve benefit of combined reserves and cash flows besides efficient and economical control

and conduct over the business activities. The Scheme of Amalgamation was approved by the Hon'ble High Court of Judicature at Bombay vide it's Order dated 26th November, 2008.

(ii) **Expansions:**

Expansion of Processing and Garmenting capacities:

During the year under review, your Company has been able to successfully complete its expansion for fabric manufacturing by commissioning the processing facility at Tarapur, Maharashtra and Garmenting facilities at various locations in Karnataka and Maharashtra.

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

Your Company is executing further expansion of its manufacturing facilities of yarn dyeing, weaving, processing and garmenting at various locations in Maharashtra. The required term loans have already been tied up and equity has already been brought in. All the facilities are expected to go into stream by the second quarter of the current financial year.

Further expansion of Processing and Weaving:

The plans have already been finalized for expansion of new fabric weaving capacities at Islampur, Maharashtra in Integrated Textile Park and processing capacities at Tarapur, Maharashtra.

The Term Loans raised shall be under Technology Upgradation Fund Scheme (TUFs) entitling the company an interest subsidy of 5% and in addition capital subsidy of 10% on total investment in Processing and Garment Machineries.

(iii) **Equity fund raised:**

During the financial year under review, your Company has received Rs. 333 crores by way of Share Application Money for further Equity Share Capital from AAA United B.V., a company incorporated under the laws at The Netherlands on preferential basis. The said investor is a wholly-owned subsidiary of Aktieselskabet af 1/8 2004, a company constituted under the laws of Denmark which is primarily engaged in the business of

trade and investment and has a direct and/or indirect stake in several companies including in Bestseller A/S, which are primarily engaged in the business of designing, developing, selling and marketing of clothing products.

The allotment of shares was made on 22nd April, 2009, after obtaining necessary approval from the shareholders of the Company in their meeting held on 22nd April, 2009.

The proceeds of the preferential allotment shall be utilized for working capital requirements, finance/ acquisition for new projects and businesses and other Corporate purposes.

Directors

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

Mr. Suresh Vishwasrao and Mr. A. Arumugham who were appointed as Additional Directors with effect from 31st March, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, would vacate their respective office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notices under Section 257 of the said act from shareholders proposing the respective candidature of the said Additional Directors for the offices of Directors of the Company. Accordingly, resolutions have been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointments of Mr. Suresh Vishwasrao and Mr. A. Arumugham as Directors of the Company.

Corporate governance

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

Auditors

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

Auditors' report

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

Fixed deposits

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

Directors' responsibility statement

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. They have selected such accounting policies in consultation with Statutory Auditors and other Experts and applied them consistently and made 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, 2009 and of the Profit of the Company for that year.
3. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the attached Statement of Accounts for the year ended March 31, 2009 on a going concern basis.

Particulars of employees

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

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

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

Subsidiary companies

(i) **Bombay Rayon Holdings Limited** (formerly known as *Bombay Rayon Retail Ltd*) (BRHL)

During the year under review, the object of the Company was changed to carry out the business of holders, arrangers, providers of services of various nature. Consequent on change in the main object of the Company, the name of the Company was changed to Bombay Rayon Holdings Ltd w.e.f. 5th June, 2009. BRHL holds 100% equity of BRFL Europe B.V., Netherlands & BRFL Italia S.r.l., Italy.

BRHL has incurred loss of Rs. 3.87 lacs for the year ended 31st March, 2009.

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

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

DPJ Clothing Ltd has registered net profit of £ 330,880 for the year ended 31st March 2009.

(iii) **BRFL Europe B.V., Netherlands**

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

BRFL Europe B.V. has registered net profit of Euro 363,050 for the year ended 31st March, 2009.

During the current financial year BRFL Europe B. V. has been Subsidiary of BRHL.

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

The Court of Parma, Italy vide its Order dated 22nd October, 2008 has transferred the business of Brand 'GURU' and other retail business of Jam Session Holding S.r.l. (Jam Session) to BRFL Italia S.r.l. (BRFL Italia). Prior to the aforesaid transfer, BRFL Italia was carrying out the business on lease since 7th May, 2008 pursuant to an agreement between BRFL Italia and Jam Session.

The Company owns the popular 'GURU' brand and is into the business of retailing of readymade garments as well as other accessories in Europe. The Company is presently having retail outlets spread all over Europe mainly at Netherlands, Portugal, Italy.

The operations were successfully re-established after taking over the Brand & Retail business and for current year the scale of operations and period being lower, the Company has incurred a net loss of Euro 2.96 million for the period ended 31st March 2009.

During the current financial year 2008-09, BRFL Italia S.r.l. has become a subsidiary of BRHL.

The Government of India, Ministry of Corporate Affairs, vide its letter dated 6th August, 2009 granted its approval under Section 212(8) of the Companies Act, 1956, exempting the Company from attaching the full text of the financial statements of the subsidiaries of the Company.

Pursuant to the said approval, necessary disclosures are made in respect of the said subsidiaries in this Annual Report along with the statement pursuant to Section 212 of the Companies Act, 1956.

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

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

Acknowledgements

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: September 1, 2009

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 & 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 31.03.2009		Year Ended 31.03.2008	
	Fabrics	Garments	Fabrics	Garments
A. Power and Fuel Consumption				
a) Electricity				
1. Purchase				
Unit (Lacs)	203.72	64.33	155.88	48.71
Total Amount (Rs. Lacs)	1,085.93	349.14	745.41	276.83
Rate/ Unit (Rs.)	5.33	5.43	4.78	5.69
b) Own generation (Through D.G. Set)				
Diesel Oil Consumed (Lac Ltrs)	6.13	6.92	5.23	6.90
Total Amount (Rs. Lacs)	228.59	255.18	194.43	252.47
Avg. Per Ltr. (Rs.)	37.29	36.88	37.17	36.59
c) Bio Fuel				
Quantity (M.T)	-	2,173.76	-	1,639.86
Amount (in lacs)	-	75.40	-	54.92
d) Coal				
Quantity (M.T)	25,225.68	-	6,900.55	-
Amount (in lacs)	1,182.38	-	252.47	-
B. Consumption Per unit of Production	58.18 Million mtrs	32.07 Million pcs	55.33 Million mtrs	15.26 Million pcs
Production				
Electricity (Rs.)	2.26/ Mtr	4.10/pcs	1.70/ Mtr	3.47/ pcs

2) Technology Absorption:

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

FORM B

Disclosure of particulars with respect to absorption

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 |
| b) Year of import: | | as no imported |
| c) Has technology been fully absorbed? | | technology is |
| d) If not fully absorbed, areas where this
has not taken place, reasons therefore and future plans of action. | | put to use. |

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. 18 and 19 of Schedule "S" of accounts.

For and on behalf of the Board

Janardan Agarwal

Chairman

Place: Mumbai

Date: September 1, 2009

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 principles of good Corporate Governance. Keeping in 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. The Company is committed to continue with its efforts & initiatives to sustain stakeholders confidence by adopting and continuing good practices, which is at the heart of effective corporate governance.

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

2. Board of Directors

(a) Composition of the Board:

As on 31st March, 2009, the Board of Directors comprises of 12 directors, of which 4 are Executive Directors and 8 are Non-Executive Directors. The Chairman of the Board is a Non-Executive Promoter Director and one half of the Board comprises of Independent Directors.

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	Category of Directorship	No. of Other Directorships*	Memberships #	
			Chairman	Member
Mr. Janardan Agarwal	Promoter, Non-Executive; Non-Independent	3	—	—
Mr. Aman Agarwal	Promoter, Executive; Non-Independent	4	—	—
Mr. Naseer Ahmed	Non-Executive; Non-Independent	2	—	—
Mr. Prashant Agarwal	Promoter, Executive; Non-Independent	4	—	—
Mr. A. R. Mundra	Executive; Non-Independent	—	—	—
Mr. Uday Mogre	Executive; Non-Independent	—	—	—
Dr B. S. Bhesania	Non-Executive; Independent	2	1	3
Mr. S. B. Agarwal	Non-Executive; Independent	2	1	—
Dr. Pravin P. Shah	Non-Executive; Independent	4	—	6
Mr. John Mathew	Nominee of EXIM Bank, Independent	1	—	1
Mr. Suresh Vishwasrao \$	Non-Executive; Independent	—	—	—
Mr. A. Arumugham \$	Non-Executive; Independent	2	—	—

Note: Except Mr. Aman Agarwal & Mr. Prashant Agarwal who 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 and Shareholders' Grievance Committee have been considered.

\$ Appointed w.e.f 31st March, 2009.

(b) Appointment/Re-appointment of Directors:**(i) Re-appointment of Directors –**

Following directors are eligible for re-appointment at the ensuing Annual General Meeting –

- **Mr. Uday Mogre –**

Mr. Uday Mogre is working with the Company since July 2004. He has over 27 years of experience in project financing, marketing and SAP. He holds a Bachelor degree in technology (Chemical Engineering) from Laxminarayan Institute of Technology, Nagpur and has completed Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad.

Mr. Uday Mogre is also a Director in Islampur Integrated Textile Park Pvt. Ltd. He does not hold membership/ chairmanship in Board Committees of any other Company.

As on 31st March 2009, Mr. Uday Mogre held 39,832 Equity Shares in the Company.

- **Dr. B. S. Bhesania –**

Dr. B. S. Bhesania appointed on the Board of Directors of the Company as an Independent Director on 25th July, 2005. He is a Senior Partner in M/s. Mulla & Mulla & Craigie Blunt & Caroe, Solicitors & Advocates with specialization in areas of shipping laws, corporate laws, property laws, etc. He is B.Sc., LL.M., and Ph.D. Law from University of Mumbai and practices as an Advocate in High Court, Mumbai and Supreme Court of India, and as Solicitor, High Court, Mumbai, Supreme Court of England & Wales and Supreme Court of Hong Kong.

Other Directorships held by Dr. B. S. Bhesania along with Chairmanship/

Membership, if any, held in Board Committees thereto are as under:

	Name of the Company	Membership	Chairmanship
1	Trent Limited	2	—
2	Bhansali Engineering & Polymers Limited	1	1
3	Jaymyad Investments Pvt. Ltd.	—	—

As on 31st March 2009, Dr. B. S. Bhesania held 2,848 Equity Shares in the Company.

- **Mr. S. B. Agarwal –**

Mr. S. B. Agarwal was appointed on the Board of Directors of the Company as an Independent Director on 25th July, 2005 and has over 43 years of professional experience. He was Business Head for global textile companies in Aditya Birla Group having textile units at various locations in India and abroad. He was President and Chief Executive Officer of Rajasthan Spinning Mills (Bhilwara Group). He has also worked with J. C. Mills, Gwalior a Birla Group Company.

Other Directorships held by Mr. S. B. Agarwal along with Chairmanship/ Membership, if any, held in Board Committees thereto are as under:

	Name of the Company	Membership	Chairmanship
1	Banswara Syntex Ltd.	—	—
2	Rani Sati Trading Co. Pvt. Ltd.	—	—
3	Zarhan Laxmi Trading Co. Pvt. Ltd.	—	—
4	Technocraft Industries (India) Ltd.	—	1
5	Bhagwan Computerpersonal Pvt. Ltd.	—	—

As on 31st March 2009, Mr. S. B. Agarwal did not hold any Equity Shares in the Company.

- (ii) Following directors were appointed as Additional Directors on the Board of the Company on 31st March, 2009;

● **Mr. Suresh Vishwasrao –**

Mr. Suresh Vishwasrao has been appointed on the Board of Directors of the Company as an Additional Director on 31st March, 2009. He is an ex-banker possessing over 40 years of professional experience. Mr. Vishwasrao has wide experience in banking regulations, Foreign Exchange Management Act, loan syndication(s), capital market activities, etc.

Mr. Vishwasrao is also a Director in Yuroz Textiles Private Ltd. He does not hold any directorship or chairmanship in this Company.

As on 31st March 2009, Mr. Suresh Vishwasrao held 3,000 Equity Shares in the Company.

● **Mr. A. Arumugham –**

Mr. A. Arumugham has been appointed on the Board of Directors of the Company as an Additional Director on 31st March, 2009. He is a Chartered Accountant with over 35 years of experience in practice. Mr. Arumugham has been associated with various large corporate houses and has sound knowledge in various activities such as fund mobilization, mergers and takeovers, legal compliances, etc.

Other Directorships held by Mr. A. Arumugham along with Chairmanship / Membership, if any, held in Board Committees thereto are as under:

	Name of the Company
1	Scotts Garments Ltd.
2	Arora Fashions Ltd.
3	Scotts Infrastructure & Development Pvt. Ltd.
4	Scotts Apparels Pvt. Ltd.
5	Pedigree Constructions Pvt. Ltd.

6	CKM Investments Pvt. Ltd.
7	Scotts Dresses Pvt. Ltd.
8	Scotts Wears Pvt. Ltd.
9	Scotts Knits Pvt. Ltd.
10	Tamarind Properties Pvt. Ltd.
11	Chemicarb Pvt. Ltd.

Mr. Arumugham does not hold any membership or chairmanship in any of the aforesaid companies.

As on 31st March 2009, Mr. A. Arumugham did not hold any Equity Shares in the Company.

(c) Non-Executive Directors' compensation and disclosures:

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

(d) Board Meetings and Annual General Meeting:

The Board meets at least once a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues relating to the business of the Company.

The agenda is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, approvals of the Board are taken wherever necessary for major issues. The Board also reviews the compliance report of all laws applicable to the Company. The Managing Director keeps the Board apprised of the overall performance of the Company.

During the year under review, the Board met 9 times. The number of Board Meetings held, dates on which held are as follows:

24th April, 2008	26th July, 2008	31st January, 2009
16th June, 2008	14th August, 2008	24th March, 2009
30th June, 2008	31st October, 2008	31st March, 2009

The previous Annual General Meeting of the Company was held on 30th September 2008. 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 previous Annual General Meeting
Mr. Janardan Agarwal	3	No
Mr. Aman Agarwal	4	Yes
Mr. Naseer Ahmed	4	No
Mr. Prashant Agarwal	8	Yes
Mr. A.R. Mundra	9	Yes
Mr. Uday Mogre	8	Yes
Dr. B.S Bhesania	3	Yes
Mr. S. B. Agarwal	5	Yes
Dr. Pravin. P. Shah	4	Yes
Mr. John Mathew	6	No
Mr. Suresh Vishwasrao*	N.A	N.A
Mr. A. Arumugham*	N.A	N.A

* Appointed on 31st March 2009.

(e) Code of Conduct:

The Company has adopted Code of Conduct for its Senior Managerial Personnel and the Directors. The Code of Conduct is posted on the Company's website at the following link:-

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

Further, all the Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

3. Audit Committee

(a) Constitution of Audit Committee:

The Audit Committee comprises of five members, of which four are Non-Executive Independent Directors and one Executive Director. Three members of the Committee are the members of the Institute of Chartered Accountants of India.

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

During the financial year 2008-09, 4 Committee Meetings were held. The dates on the which meeting were held during the year are as follows:

30th June, 2008	31st October, 2008
26th July, 2008	31st January, 2009

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

Committee Members	Designation	No. of Meetings Attended
Dr. Pravin P. Shah	Chairman	3
Mr. S. B. Agarwal	Member	4
Dr. B. S. Bhesania	Member	2
Mr. A. R. Mundra	Member	4
Mr. John Mathew*	Member	—

* Appointed w.e.f 31st January, 2009.

(c) Attendees:

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

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

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (iv) Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be stated 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 the management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- (v) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- (vi) Reviewing with the management, the Statement of uses/applications of funds raised through an issue (Public issue, Rights 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 agency monitoring the utilization of proceeds of public or right issue and making appropriate recommendation to the Board to take up steps in this matter.

- (vii) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (ix) Discussion with internal auditors on any significant findings and follow up there on.
- (x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (xiii) Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

(e) Powers of the Audit Committee:

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

- (i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies

Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary.

- (ii) Seek information from any employee.
- (iii) Obtain outside legal or other professional advice, if necessary.
- (iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee

(a) Constitution of Remuneration Committee:

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

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

The composition of the Remuneration Committee is as under:

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

No meeting of the Remuneration Committee Meeting was held during the financial year ended 31st March, 2009.

(c) Terms of reference:

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

(d) Remuneration Policy:

(i) Management Staff:

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

(ii) Non-Executive Directors:

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

The Board of Directors at their Meeting held on 6th July, 2005 had approved payment of sitting fees of Rs. 2500/- for each meeting of Board of Directors, meeting of the Audit Committee Meeting and Remuneration Committee. Details of the sitting fees paid during the year 2008-09 are as under:

Name of the Director	Sitting fees paid (Rs.)	
	Board Meeting	Audit Committee
Dr. Pravin P. Shah	10000	7500
Dr. B.S. Bhesania	7500	5000
Mr. S.B. Agarwal	12500	10000
Mr. Naseer Ahmed	10000	—
Mr. John Mathew	15000	—
Total	55000	22500

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, 2009, to the Chairman amounted to Rs. 221.51 lacs.

(iii) Executive Directors:

The Vice Chairman, Managing Director, Executive Director-Finance and Executive Director-Corporate are the Executive Directors in the Company. The tenure of all the aforesaid Executive Directors is for a period of 3 years with effect from 1st June, 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, 2009 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	91.21	6.90	98.11
Mr. Prashant Agarwal	Managing Director	91.21	6.90	98.11
Mr. A.R. Mundra	Executive Director – Finance	22.81	1.72	24.53
Mr. Uday Mogre	Executive Director – Corporate	22.81	1.72	24.53

5. Shareholders'/Investors' Grievance Committee

(a) Constitution and Composition of Shareholders'/Investors' 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. Six Shareholders'/Investors' Grievance Committee Meetings were held during the financial year 2008-09 i.e. on:

3rd May, 2008	26th July, 2008
23rd May, 2008	31st October, 2008
30th June, 2008	31st January, 2009

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

Committee Member	Designation	No. of meetings Attended
Mr. Janardan Agarwal	Chairman	3
Mr. Prashant Agarwal	Member	4
Mr. A. R. Mundra	Member	6

- (b) Ms. Prachi Deshpande, Company Secretary is also the Compliance Officer for the committee.
- (c) 7 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.

6. General Body Meetings

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

Financial year	Date	Time	Location of the Meeting
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
2007-08	30/09/08	4.30 P.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020

- ii) Details of Special Resolutions passed in the previous three AGMs:

Date of AGM	Particulars of Special Resolutions passed thereat
29th August, 2006	No Special Resolution was passed at this AGM.
30th August, 2007	<p>i) Appointment of Mr. Aman Agarwal as Vice Chairman of the Company for a period of 3 years with effect from 1st June, 2007 to 31st May, 2010.</p> <p>ii) Appointment of Mr. Prashant Agarwal as Managing Director of the Company for a period of 3 years with effect from 1st June, 2007 to 31st May, 2010.</p> <p>iii) Appointment of Mr. Uday Mogre as Executive Director – Corporate of the Company for a period of 3 years with effect from 1st June, 2007 to 31st May, 2010.</p> <p>iv) Appointment of Mr. A R Mundra as Executive Director - Finance of the Company for a period of 3 years with effect from 1st June, 2007 to 31st May, 2010.</p>
30th September, 2008	No Special Resolution was passed at this AGM.

- iii) During the year 2008-09, no special resolution has been passed by Postal Ballot.
- iv) No special resolution is proposed to be passed through Postal Ballot. Resolutions, if any passed during the current year by postal ballot shall be in accordance with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

7. Other Disclosures

- 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, 2009.
- ii) Details of Shares held by Non-Executive Directors as on 31st March, 2009

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1.	Mr. Janardan Agarwal	75,99,422
2.	Mr. Naseer Ahmed	Nil
3.	Dr. B. S. Bhesania	2,848
4.	Mr. S. B. Agarwal	Nil
5.	Dr. Pravin P. Shah	3,016
6.	Mr. John Mathew	Nil
7.	Mr. Suresh Vishwasrao	3,000
8.	Mr. A. Arumugham	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 Managing Director (CEO) & the Executive Director – Finance (CFO) have furnished certificate to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended 31st March, 2009.
- v) The financial statements of the Company are unqualified.

- vi) The Company does not have any material non-listed Indian subsidiary company. The Audit Committee and Board reviews the minutes, financial statements, significant transactions and working of the unlisted subsidiary companies.

8. Means of Communication

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

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

- The website of the Company where results are displayed - www.bombayrayon.com
- The Company's website also displays all official news releases.

vii) Market Price Data:

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

Month	Bombay Stock Exchange			National Stock Exchange		
	High (in Rs.)	Low (in Rs.)	Volume (in Nos.)	High (in Rs.)	Low (in Rs.)	Volume (in Nos.)
April, 2008	396.00	285.25	1617863	398.00	286.00	5146952
May, 2008	418.00	342.25	1768267	419.90	340.15	5442652
June, 2008	379.00	275.10	1193141	386.05	274.00	3010811
July, 2008	348.00	231.00	2774507	347.90	231.00	4548927
August, 2008	386.00	313.00	1638362	387.00	293.30	4198626
September, 2008	392.00	286.60	1805611	391.90	285.00	3781206
October, 2008	305.00	117.00	4303353	305.50	115.80	9814355
November, 2008	203.00	107.00	1512949	208.55	109.10	3678967
December, 2008	144.00	97.00	3301777	144.00	96.20	8784923
January, 2009	145.00	81.00	3122159	144.80	82.10	7729958
February, 2009	115.00	83.00	1822629	115.00	80.25	6261770
March, 2009	156.85	80.30	11493277	156.75	80.05	27893118

9. General Shareholder Information

i) Annual General Meeting:

Day, Date and : 30th September, 2009 at 9.30 a.m
Time

Venue : Walchand Hirachand Hall,
Indian Merchants' Chamber,
IMC Marg, Churchgate,
Mumbai - 400 020.

ii) Financial Year : April to March

iii) Date of Book : 19th September, 2009 to
Closure 30th September, 2009
(both days inclusive)

iv) Dividend : on or after 5th October, 2009
Payment Date

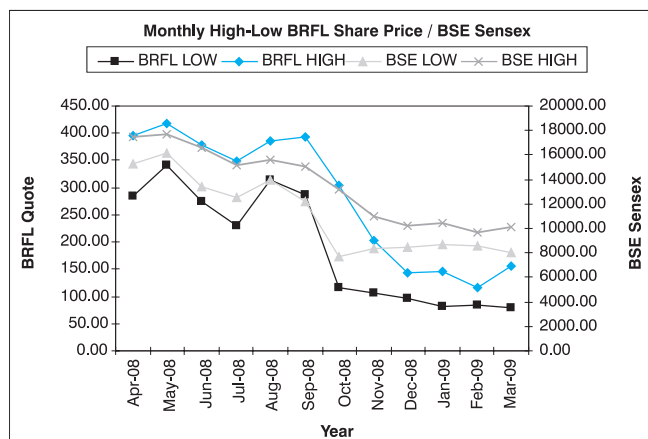
v) Listing at : The Company's shares are
Stock listed on the following Stock
Exchanges Exchanges:

- Bombay Stock Exchange Limited ("BSE")
- National Stock Exchanges of India Ltd ("NSE")

The Company has paid the listing fees to the Stock Exchanges within the prescribed time.

vi) Stock Code/ : NSE – BRFL
Symbol BSE – 532678

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



- ix) Registrar and Share Transfer Agents:

Link Intime India Private Ltd.
(Formerly: Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup, Mumbai-400 078.

- x) 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 positions 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 concerned shareholders.

- xi) Distribution of Shareholding:

- Distribution of Shareholding as at March 31, 2009:

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
Upto 5000	10,352	92.78	93,33,060	1.35
5001-10000	342	3.07	26,33,990	0.38
10001-20000	157	1.40	23,82,300	0.34
20001-30000	50	0.45	12,78,060	0.19
30001-40000	24	0.22	8,39,960	0.12
40001-50000	23	0.20	10,77,330	0.16
50001-100000	46	0.41	33,74,900	0.49
100001 and above	164	1.47	67,00,80,400	96.97
Total	11,158	100.00	69,10,00,000	100.00

- Category wise Shareholding as at March 31, 2009:

Category	No. of Shares	%
Promoter Group	33459160	48.42
Mutual Funds and UTI	6468115	9.36
Banks/ Financial Institutions/ Insurance Companies	200025	0.29
Foreign Institutional Investors	17526119	25.36
Private Corporate Bodies	4940172	7.15
Non-Resident Indians	842689	1.22
Clearing Member & Trust	516064	0.75
Public	5147656	7.45
Total	6,91,00,000	100

- xii) Dematerialisation of Shares and Liquidity:

About 99.28% of the shares have been dematerialized as on March 31, 2009. The equity shares of the Company are traded at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

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

The Company has not issued any GDRs / ADRs.

xiv) Plant Locations:

Factory Location	Activity
Maharashtra:	
(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
(vi) C-7, Tarapur Industrial Area, MID C, Tarapur	Processing
(vii) Sakanewadi & Sanja & Sarola Village, Taluka Osmanabad	Garment Manufacturing
Bangalore:	
(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 - 562 123	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 - 560 058	Garment Manufacturing
(vi) Sy. No 78/3, Yeshwanthpur, 3rd Cross Road, Bangalore	Garment Manufacturing

Factory Location	Activity
(vii) Plot No./Survey No.21 to 32 (P), SW – 52, KIADB Apparel Park, Near Railway Station, Doddaballapur - 561 203	Yarn Dyeing, Weaving, Processing of fabrics & Garment Manufacturing
(viii) Plot No. 27A, S. No. 133 (P) & 135 – part, Bidadi Industrial Area, Ramnagar District, Bangalore	Garment Manufacturing
(ix) Plot No. N 2, 4th Cross, 1st Stage, Peenya Indl. Area, Bangalore - 560 058	Garment Manufacturing
(x) No.58, 3rd Phase, Peenya Industrial Area, Bangalore - 560 058	Garment Manufacturing
(xi) 85/P, 2nd Stage, Industrial Layout, Yeshwanthpur, Bangalore - 560 022	Garment Manufacturing
(xii) No. 505, 12th Mile, Kengeri Hobli, Mysore Road, Bangalore-560 060	Garment Manufacturing
(xiii) 42/2 (old No. 1017 Ward # 10), Rajaji Nagar, Bangalore - 560 022	Garment Manufacturing
(xiv) No. 40, 4th Main Road, 3rd Phase, Peenya Industrial Area, Bangalore - 560 058	Garment Manufacturing
(xv) No. 72/2, S.R.S. Road, Peenya Village, Bangalore - 560 058.	Garment Manufacturing
(xvi) 26/1 A2, 26/1 B2, 8th Mile, T.M. Industrial Area, Mysore Road, Bangalore - 560 059	Garment Manufacturing
(xvii) 320, 320/5, Mysore Road, Opp. BHEL, Bangalore - 560 026	Garment Manufacturing
(xviii) 85/O, 2nd Stage, Industrial Layout, Yeshwanthpur, Bangalore - 560 022	Garment Manufacturing
Chennai -	
(i) B -11, Industrial Estate, Ambattur, Chennai - 600 058	Garment Manufacturing
(ii) Super A 8 & 9 Gundy Industrial Estate, Chennai - 600 032	Garment Manufacturing
(iii) No. 41, IInd main Road, Industrial Estate, Ambattur, Chennai - 600 058	Garment Manufacturing
Other:	
(i) 227/3 Khanvel Main Road, Kherdi, Silvassa	Weaving of Fabrics
(ii) Plot No. A-18, Kinfra Apparel Park, Thumba, Thiruvananthapuram, Kerala	Garment Manufacturing
(iii) Survey No. 311/1, Menamkulam Village, Kinfra International Apparel Park, Thiruvananthapuram, Kerala	Garment Manufacturing

xv) Address for Correspondence:

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

Link Intime India Pvt. Ltd.
(formerly know as Intime Spectrum Registry Ltd.)
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup, Mumbai-400 078.
Tele: 022 – 2596 3838
Fax: 022 – 2594 6969 / 2596 0329

For general correspondence:

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

10. Code of Conduct

This is to certify that in line with the requirements of Clause 49 of the Listing Agreement, all the Directors of the Board and Senior Management Personnel have solemnly affirmed that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management Personnel' during the financial year 2008-09.

Place: Mumbai

PRASHANT AGARWAL

Date : June 29, 2009

Managing Director

11. CEO & CFO Certificate

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

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

- 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.

- 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.
- 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.
- We have indicated to the Auditors and the Audit Committee -
 - significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

PRASHANT AGARWAL
Managing Director

A. R. MUNDRA
Executive Director – Finance

Place : Mumbai
Date : June 29, 2009

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, 2009, 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: June 29, 2009

Membership Number: 48195

Management Discussion and Analysis

1. Economic overview

After a long spell of resounding economic success, in FY09 the world economy began crumbling under the impact of the US sub-prime housing crisis, excessive capitalism fuelled by heightened consumerism and irrational credit and lending policies adopted by the international banking and financial community. The ramifications of this financial meltdown were severe, with global stock markets plummeting and a severe downturn in economic and employment activity across the globe. India, as a prominent player in the global economy, was unable to escape completely unscathed. However, despite the economy's failure to cross 9% growth as was being averaged since the past four years, India's GDP crossed projections of sub 6% growth to manage 6.7% growth in FY09.

The ability of the Indian economy to weather the rough economic tide can be attributed to lower dependence on exports, government spending on infrastructure and strong agricultural growth. Moreover, the recent victory of the Congress-led UPA government and its coalition allies in the 15th Lok Sabha elections has managed to restore market sentiment substantially with hopes of a swifter revival in the economy. Despite the global scenario, Indian Prime Minister Mr. Manmohan Singh has projected that the economy will grow at 7-7.5% this fiscal and could even reach 8-9% growth. Moreover, with emerging markets posting reasonably good growth as compared to advanced economies that continue to grapple against economic turbulences, India is now flooded with global money to the tune of USD 1 billion per week.

2. Industry overview

With an estimated net worth of more than USD 550 billion, the global textile and apparel industry is one of the largest contributors to the global economy. The new Agreement on Textiles and Clothing (ATC) has helped create a free, healthy and transparent international textile trade route for all countries. China and India have been one of the biggest beneficiaries of this agreement. The change in product mix towards higher value-added

products has also differentiated India from regional peers and contributed towards higher prize realizations and better margins.

Indian textiles, handlooms and handicrafts are exported to more than 100 countries, with the US being the largest buyer. Readymade garments (RMG) are the largest export segment, accounting for almost 41% of total textile exports. RMG exports were worth USD 8.59 billion in 2008-09, an increase of 4.86% over the corresponding period in 2007-08.

In order to increase the competitiveness of the Indian textile sector, the government has undertaken the following pro-active measures over the past few years:

- Allowing 100% FDI in the textile industry
- Proposal to set up state-of-the art infrastructural and production facilities for handicrafts, handlooms as well as decentralized power loom clusters with a minimum of 5,000 looms (handlooms and power looms) through the adoption of a Comprehensive Cluster Development approach. The following mega-clusters were undertaken in 2008-09:
 - Handlooms in Varanasi (Uttar Pradesh) and Sibsagar (Assam)
 - Handicrafts in Narsapur (Andhra Pradesh) and Moradabad (Uttar Pradesh)
 - Power looms in Bhiwandi (Maharashtra) and Erode (Tamil Nadu)
- In 2007-08, the Government's Plan allocation of textiles stood at Rs. 2,243 crores. In 2008-09, the Plan Allocation shot up by 11.45% (Rs. 2,500 crores).
- De-reservation of the knitwear, woven apparel industry and hosiery from the Small Scale Industries (SSI) sector.

The global economic turmoil witnessed during the current year significantly impacted textile exports, (about 13% of all exports), especially to key markets like the United States and Europe. While global demand was a problem for all textile exporting nations, Indian companies also faced problems on the supply side.

The government hiked the minimum support price for cotton – which mills must pay farmers – by up to 40% for medium staple cotton to boost raw cotton exports, but that raised costs for manufacturers, making textile exports unattractive. High power and real estate costs as well as more expensive credit proved to be significant challenges for companies through most of 2008.

The firming of the Indian rupee against the dollar in 2009, after declining 19% last year has also made exports less competitive. According to the textile ministry, textile exports were flat in the year to March 2009 from a year ago, when they stood at USD 22 billion. The industry, which is highly labour-intensive, is projected to have lost 1 million jobs in 2008-09 and may continue to see 100,000 job losses every second month until recovery kicks in.

The government is trying to reduce taxes and interest rates to provide some relief to the sector and get exports back to their earlier growth rate of 7-8%. Stimulus packages were announced in December 2008 and January 2009 to revive the sector. Some of the initiatives include:

Additional allocation of USD 285.66 million to clear the entire backlog in TUFS, which would enhance cash flow of the exporters.

- Additional fund of USD 224.42 million for refund of terminal excise duty.
- The government in the interim budget presented in February 2009 extended the interest subsidy of 2% till 30th September, 2009.
- Analysts project that revival in the global economy in the next two years coupled with government stimuli and domestic demand will revive growth in the textile sector in the future. The industry has also become more competitive by embracing modern technology, work processes and building strong brand equity.

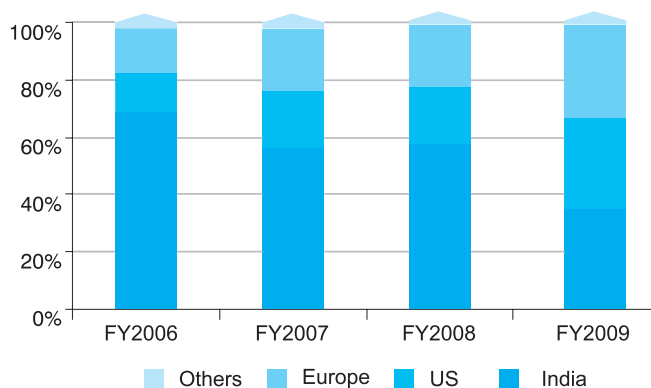
3. Business overview

Bombay Rayon Fashions Limited (BRFL) is one of India's most dynamic and reputed, vertically integrated textile companies, engaged in the manufacture of a variety of

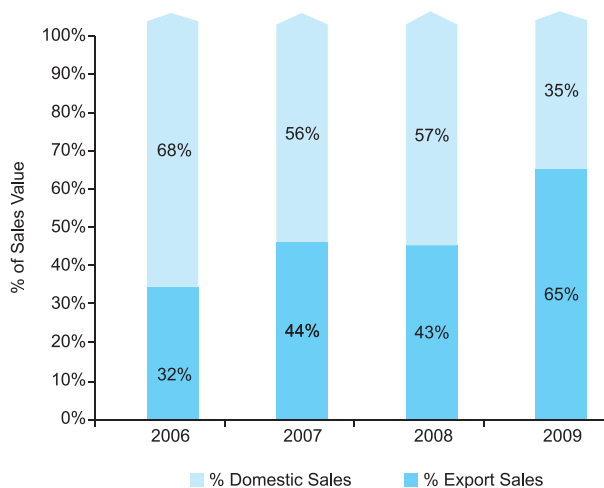
fabrics and garments from modern production facilities. With a strong presence across the entire value chain of design, yarn dyeing, weaving, fabric processing, garment manufacturing and retail, the Company has been scaling up over the past few years in an endeavour to become a global leader in fashion garments.

The Company caters to both the domestic as well as the export market through an extensive marketing and distribution network. In the domestic market, fabric is sold under the brand name 'Bombay Rayon' to garment manufacturers and retailers. A significant percentage of the fabric produced is also used for captive consumption. In the export market, fabric is exported to the Middle East and European countries while 100% of the garment production is exported to US and the European Union.

Geographic distribution of sales



Sector-wise distribution of sales



We have significantly grown our operations over the past 3 years through organic growth, expanding our infrastructure and capabilities as well as through acquisitions.

The year 2008-09 was another satisfactory year for BRFL. We grew our revenues, expanded our operating margins, and, once again, achieved a record level of earnings.

Just as importantly, we continued to push forward strategically. We completed the amalgamation of Leela Scottish Lace Pvt. Ltd. (Leela) with BRFL. The consolidation of operations of Leela is highly synergistic with our existing business and should yield operational benefits for us. On consolidated basis the EBIDTA for the year in comparison to increase in sales is lower due to working of business at Leela during the year. With total garment business getting consolidated with the Company now, it will be comparable.

BRFL now operates 32 manufacturing facilities (including 1 sampling unit) across several locations including Bangalore, Chennai, Thiruvananthapuram, Navi Mumbai, Silvassa, Sonale, Ichalkaranji, Chennai, Tarapur, Latur and Osmanabad. Our entire operations are based on the use of cutting-edge technology and automation. This not only ensures consistency and high quality but also leads to a shorter production cycle.

In May 2009, the Company's Bangalore facility was awarded the SA 8000:2001 certification by the Certification Body of TUV Asia Pacific Ltd., for establishing and applying a social accountability system for the manufacture, processing and supply of textile fabrics.

In March 2009, the Company has received Rs. 333 crores by way of Share Application Money for Equity Share Capital from AAA United B.V., a company incorporated under the laws at Netherlands on preferential basis. The said investor is a wholly owned subsidiary of Aktieselskabet af 1/8 2004, company constituted under the laws of Denmark.

The Company intends to use the funds generated by way of this preferential issue for augmenting working capital requirements, finance/acquisition for new projects and businesses and other corporate purposes.

4. Opportunities

The global textile and apparel industry, worth approximately USD 550 billion, is well on its way to grow to around USD 700 billion by 2010 and close to USD 805 billion by 2015. The abolition of quotas in 2005 has led to the creation of new opportunities in the textile and apparel sector with existing companies as well as new entrants displaying a keen desire to capture a larger share of the pie. India is expected to represent around 20% of global trade by 2010.

The Indian textile and apparel industry, currently a USD 52 billion industry is slated to reach USD 115 billion by 2012. High growth is likely to resume once the global economy recovers. This applies to the domestic textile industry as well. India's strong fundamentals including a growing young population, rapid urbanization, rising disposable incomes and the inception and success of organized retailing in India will boost local demand. The domestic market is projected to increase from approximately USD 34.6 billion currently to around USD 60 billion by 2012.

Further, the Indian textile sector is likely to get a major boost in the next few months with the government planning a slew of initiatives. Mr. Dayanidhi Maran, the textiles minister unveiled the ministry's 100-day agenda in June 2009 which includes setting up an expert group to formulate a national fibre policy. Two new integrated textile parks – one each in Surat and Vishakapatnam – would be ready for commissioning in the next three months involving an investment of Rs. 500 crores to Rs. 1000 crores each.

The existing Technology Upgradation Fund Scheme (TUFS) that enables textile firms to acquire technical know-how will be expanded to benefit more sectors. A programme to train 50,000 weavers will also be launched.

The textile ministry is targeting an annual growth of 8-10% for the sector by investing Rs. 300 billion every year to generate 10 million jobs in the next five years. The Company's strengths including design prowess, quick turnaround time due to vertically integrated facilities, high quality standards and strong experience will enable it to leverage the opportunities available.

5. Outlook

BRFL has prepared a blueprint to create sustainable growth going forward. It envisions becoming a complete apparel company, scaling up to become a global leader in fashion garments. To accomplish this vision, BRFL intends to increase its fabric and garment manufacturing capacities while simultaneously becoming the lowest cost producer of fabrics in the world. BRFL will continue to focus on creating innovative designs and catering to the high value added end of the international market.

The Company also plans to grow its business organically through establishment new facilities and inorganically by acquiring new facilities. The emphasis is on retaining old customers while simultaneously adding new clientele. BRFL is also exploring tie ups for its garment manufacturing facilities in Japan, China and India. Given the long term outlook on the Indian textile and apparel industry and the opportunities that exist within it as well as the strengths of the Company to maximize these opportunities, the future of BRFL looks promising.

6. Risks management

The Company is operating in an environment that is becoming more and more competitive. As it gets into the expansion mode, it is poised to exploit several new opportunities. The Company ensures that the risks it undertakes are commensurate with better returns. Through strategic focus, forward thinking and contingency planning, the Company has devised a risk management policy to control risks involved in all corporate activities in order to maximize opportunities

and minimize adversity. While concerns such as shortage of manpower and technological obsolescence remain, these are threats faced by the entire industry.

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 rise in interest rates, inflation, rupee appreciation, changes in tax, trade, fiscal and monetary policies, scarcity of credit etc. However, given the resilience of the economy in the face of recession, strong fundamentals including favourable demographics, rapid urbanization, rising disposable incomes and consumption etc, the Company does not expect to be significantly affected by this risk in the long term.

Competition Risk

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

The Company believes it has sufficient mitigation in place to counter this risk. BRFL has a significant share and substantial brand goodwill in the market. Its design prowess and quick turnaround time give it a significant edge over its peers. Long-term relationships with clients, high productivity, low labour costs, manufacturing flexibility and an experienced management team are some of the other strengths of the Company. Significant expansion of capacities is in the pipeline with the Company moving up the value chain by offering higher value added products, thus creating a differential between itself and its competitors.

Fashion Risk

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

BRFL is renowned globally for its design prowess. Full time designers are stationed in international fashion destinations like New York and Amsterdam who travel all over USA and Europe, keeping track of the latest trends

in fashion and communicating the same to the design team in India. The Company also 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. This ensures swifter execution and delivery of designs to the market. Besides, BRFL's manufacturing capabilities are diversified across a wide variety of fabrics including cotton, nylon, polyester, linen and blends. This hedges the Company against changing trends in fashion. 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.

BRFL is entering into forward contracts and availing Packing Credit in Foreign Currency for its export sales as measures to mitigate currency risk. Quick turnaround time also protects the Company from currency fluctuations. Besides, the Company is working towards reducing the cost of production as well as contract cycles. The Company also follows the normal prudence of hedging its receivables. Thus, BRFL believes it has sufficient mitigation in place.

Labour Risk

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

The Company has tailored its human resource policy in such a way that it helps create a motivated work force. All of its units enjoy cordial industrial relations. The Company has not experienced any work stoppages or significant labour disruptions during its operational history and thus, it believes its exposure to this risk is limited.

Concentration Risk

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

BRFL has a multi-market, multi-segment presence that mitigates the risk of a slowdown in demand from any

one market or segment. The Company has a diversified client base consisting of renowned international retailers and buying houses as well as garment manufacturers, retailers and dealers in the domestic market. Thus, the Company does not expect to be significantly affected by this risk.

7. Internal control systems and their adequacies

In any industry, the processes and internal control systems play a critical role in the health of the company. BRFL's well defined organisational 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. The management information system provides timely and accurate information for effective control. Rigorous business planning as well as expense, capital and manpower budgeting processes ensure that progress is monitored against targets, and control is exercised on all major expenses, so that actual spending is in accordance with the budgets.

8. Discussion on financial performance

Income: The Company recorded total income of Rs. 1,34,240.03 lacs as compared to Rs. 92,706.41 lacs for the previous year, an increase of 1.45 times.

EBIDTA: The Company's EBIDTA stood at Rs. 32,607.41 lacs against Rs. 22,927.23 lacs in 2007-08, an increase of 1.42 times.

PAT: The Profit After Tax (PAT) of the company increased from Rs. 12,112.98 lacs in 2007-08 to Rs. 14,849.84 lacs in 2008-09, an increase of 1.23 times.

9. Material developments in human resources

Material and financial resources have little significance in an organisation unless they are augmented by competitive human resources. In recent times, with the business environment growing highly competitive, it is only the competencies of human resources that can enable an organisation to achieve optimum results. At BRFL, human resources have been accorded the highest priority. The Company has implemented sound policies for the growth, training, development and progress of its work force. Concerted efforts have been made to ensure that the work environment enables the development of skills and knowledge, establishes a commensurate correlation between performance and reward, enhances work satisfaction, promotes equal opportunity and ensures the safety

and sound health of all members of the organisation. As on March 31, 2009, BRFL's employees stood at 34,338.

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 31st March, 2009 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 enclosed the annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 - d. In our opinion and to the best of our information and according to the explanations given to us,

the Balance Sheet, Profit & Loss & Cash Flow Statement Account are prepared in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1961.

- e. On the basis of written representations received from directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 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 **31st March, 2009**,
 - 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

C. A. R. P. LADDHA

[Partner]

Place : Mumbai

Date : June 29, 2009

Membership Number - 48195

Annexure to the Auditor's Report of Even Date

(Referred to in paragraph 1 thereof)

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
- c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that there were sale of fixed assets during the year but the fixed assets disposed off did not constitute a substantial part of the fixed assets of the company. 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. a) As explained to us physical verification of inventories has been conducted during the year by the management at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. During the year the company has not granted any loans to parties covered in the registered maintained under section 301 of the Companies Act, 1956.

In view of our comments above, clauses (iii) (b) (c) and (d) of the said order are not applicable to the company.

During the year the company has not taken any loans to parties covered in the registered maintained under section 301 of the Companies Act, 1956.

In view of our comments above, clause (iii) (e) (f) and (g) of the said order is not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and fixed assets. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
5. a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in section 301 of the Act, if any have been entered in to the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices, which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provision of Clause (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. As per the information and explanations provided to us, we are of the opinion that in pursuant to prescribed rules by the central government, the company has maintained cost records u/s. 209(1) (d) of the Companies Act, 1956 however we have not done a detailed examination of the same.

9. a) According to the records of the company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it, which were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable .
- b) According to the records of the company, there are no disputed dues of sales tax, customs duty, wealth tax, service tax and excise duty / cess except as under :

Name of Statute	Amount (Rs.)	Period for which it relates	Forum where dispute is pending
Income Tax Act, 1961	9,95,922	AY 2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	620,991	AY 2004-05	Income Tax Appellant Tribunal, Mumbai
Income Tax Act, 1961	25,64,986	AY 2003-04	Income Tax Appellant Tribunal, 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. As per the information and explanations given to us the company is generally regular in making the repayments due to the banks & financial institution and as at 31.03.2009 there are no overdue amounts.
12. According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi/mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
14. As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, debentures and other investments.
15. The company has given guarantees in connection with loan taken by the subsidiaries from banks or financial institutions. In our opinion, the terms and conditions of the guarantees given are not prejudicial to the interest of the 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 Act.
19. During the period covered by audit report the company has not issued any debentures.
20. During the year the company has not raised any money by way of public issue.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For V. K. BESWAL & ASSOCIATES
Chartered Accountants

C.A. R. P. LADDHA

[Partner]

Place : Mumbai

Date : June 29, 2009

Membership Number - 48195

Balance Sheet as at March 31, 2009

(Rs. in Lacs)			
Particulars	Schedule	31.03.2009	31.03.2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	6,910.00	6,300.00
Reserve and Surplus	B	78,731.83	52,896.47
Advance Money Received for convertible Warrants		—	1,262.70
Share Application Money		33,300.00	—
		<u>118,941.83</u>	<u>60,459.17</u>
LOAN FUNDS			
Secured	C	166,044.65	66,672.64
Unsecured	D	5,503.81	4,763.33
		<u>171,548.46</u>	<u>71,435.97</u>
DEFERRED TAX LIABILITIES		6,614.25	2,240.99
TOTAL		297,104.54	134,136.13
APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross Block		95,649.67	46,295.10
Less: Depreciation		9,875.44	5,148.75
Net Block		85,774.23	41,146.35
Capital work-in-progress		71,527.54	26,780.65
		<u>157,301.77</u>	<u>67,927.00</u>
INVESTMENTS	F	33,227.90	5,807.52
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	47,514.11	32,170.45
Sundry Debtors	H	31,072.22	20,183.65
Cash and Bank Balances	I	3,144.32	5,518.77
Advances to Subsidiaries		23,153.83	202.68
Loans and advances	J	15,436.98	12,881.52
		<u>120,321.46</u>	<u>70,957.07</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	11,616.10	7,086.06
Provisions	L	2,130.49	3,469.40
		<u>13,746.59</u>	<u>10,555.46</u>
NET CURRENT ASSETS		<u>106,574.87</u>	<u>60,401.61</u>
TOTAL		297,104.54	134,136.13
NOTES TO ACCOUNTS	S		

As per our report of even date

For V. K. BESWAL & ASSOCIATES

Chartered Accountants

CA R. P. LADDHA

Partner

M. No. 48195

Prachi Deshpande

Company Secretary

Place : Mumbai

Dated : June 29, 2009

Aman Agarwal

Vice-Chairman

Prashant Agarwal

Managing Director

A R Mundra

Executive Director - Finance

Uday Mogre

Executive Director - Corporate

Profit and Loss Account for the year ended March 31, 2009

(Rs. in Lacs)

Particulars	Schedule	31.03.2009	31.03.2008
INCOME			
Gross Sales	M	134,240.03	92,706.41
Less : Excise Duty		—	95.36
Net Sales		134,240.03	92,611.05
Other Income	N	478.75	1,776.08
Increase/(Decrease) in stocks	O	7,709.82	9,899.99
TOTAL		142,428.60	104,287.12
EXPENDITURE			
Cost of Materials	P	81,263.26	65,633.37
Manufacturing and other expenses	Q	28,557.93	15,726.52
Interest & Financial Charges	R	6,596.29	2,582.97
Depreciation		4,477.47	3,185.23
TOTAL		120,894.95	87,128.09
PROFIT BEFORE TAXATION		21,533.65	17,159.03
Provision for Taxation			
Current tax		2,428.20	4,103.00
Deferred tax		4,156.94	900.05
Fringe benefit tax		79.72	43.00
Short/(Excess) Provision for Tax in-respect of earlier years		18.95	—
PROFIT AFTER TAXATION		14,849.84	12,112.98
Balance brought forward		16,747.16	6,389.79
PROFIT AVAILABLE FOR APPROPRIATIONS		31,597.00	18,502.77
Add: Transferred on Amalgamation		604.11	—
Less: Additional Dividend		(91.50)	—
Corporate Dividend Tax on Additional Dividend		(15.55)	—
Transferred to General Reserve		(800.00)	(650.00)
Proposed Dividend		(1,306.50)	(945.00)
Corporate Dividend Tax		(222.04)	(160.61)
BALANCE CARRIED TO BALANCE SHEET		29,765.52	16,747.16
Basic E.P.S. (Rs.)		21.89	19.23
Diluted E.P.S. (Rs.)		17.30	17.53
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

CA R. P. LADDHA
 Partner
 M. No. 48195

Prachi Deshpande
 Company Secretary

A R Mundra
 Executive Director - Finance

Uday Mogre
 Executive Director - Corporate

Place : Mumbai
 Dated : June 29, 2009

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

(Rs. in Lacs)

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE A		
SHARE CAPITAL		
Authorised		
12,00,00,000 (7,00,00,000) Equity Shares of Rs. 10/- each	12,000.00	7,000.00
Issued, Subscribed and Paid-up		
6,91,00,000 (6,30,00,000) Shares of Rs. 10/- each, fully paid-up	6,910.00	6,300.00
Out of the above:		
1) 1,15,87,600 Equity Shares were issued as fully paid-up pursuant to scheme of Amalgamation		
2) 39,98,000 Equity Shares were issued as fully paid-up bonus shares by capitalisation of Profit and Loss Account.		
	6,910.00	6,300.00
SCHEDULE B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	35,349.31	35,460.94
Add: Addition during the year	12,017.00	—
	47,366.31	35,460.94
Less: Deduction during the year	—	111.63
	47,366.31	35,349.31
General Reserve		
As per last Balance Sheet	800.00	150.00
Add: Transferred from Profit and Loss Account	800.00	650.00
	1,600.00	800.00
Profit and Loss Account	29,765.52	16,747.16
	78,731.83	52,896.47
SCHEDULE C		
SECURED LOANS		
Term loans		
From Banks	108,122.64	39,931.76
Working Capital Loans		
From Banks	57,588.23	26,470.02
Others		
Vehicles loans from Banks	289.70	190.59
Vehicles loans from Others	44.08	80.27
	166,044.65	66,672.64
SCHEDULE D		
UNSECURED LOANS		
From Banks	5,503.81	4,763.33
	5,503.81	4,763.33

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

SCHEDULE E

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 1.04.08	Additions on Amalgamation	Additions	Deductions	As on 31.03.09	up to 31.03.08	Additions on Amalgamation	Deduction	For the period	As on 31.03.09	As on 31.03.08	As on 31.03.08
Land	658.82	4155.00	2150.79	0.72	6963.89	0.00	0.00	0.00	0.00	0.00	6963.89	658.82
Buildings	8427.05	3429.00	7179.42	11.62	19023.85	347.07	70.62	5.90	395.92	807.71	18216.14	8079.98
Furniture & Fixtures & Office equipment	961.83	280.45	766.36	6.35	2002.29	106.34	10.81	1.39	90.36	206.12	1796.17	855.49
Motor Car & Vehicles	841.01	49.50	406.31	167.91	1128.91	151.72	2.58	37.07	97.09	214.32	914.59	689.29
Plant & Machinery	35078.93	7641.80	23495.53	217.95	65998.31	4429.87	221.39	21.54	3816.63	8446.35	57551.96	30649.06
Computer	327.46	100.56	104.42	0.00	532.42	113.75	9.72	0.00	77.47	200.94	331.48	213.71
Total	46295.10	15656.30	34102.85	404.55	95649.67	5148.75	315.13	65.89	4477.46	9875.44	85774.23	41146.35
Previous Year	32564.24	0.00	13749.57	18.71	46295.10	1969.27	0.00	5.75	3185.23	5148.75	41146.35	
Capital Work in Progress											71527.54	26780.65

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE F		
INVESTMENTS (AT COST) NON-TRADE		
Long Term		
Equity Shares - Fully paid (Unquoted)		
Jankalyan Sahkari Bank Ltd. (90100 Shares of Rs. 10/- each)	9.01	9.01
Scotts Fashioncity India Limited (10000 Shares of Rs. 10/- each)	1.00	1.00
Scotts Garments Limited (2000000 Shares of Rs. 10/- each)	1,400.00	0.00
Islampur Integrated Textiles Park Pvt. Ltd. (7500000 Shares of Rs. 10/- each)	750.00	0.00
Latur Integrated Textiles Park Pvt. Ltd. (1900000 shares of Rs. 10/- each)	190.00	0.00
Investment in subsidiaries		
BRFL EUROPE B.V. (18,000 Ordinary Shares of Euro 1 each)	—	9.74
DPJ Clothing Ltd. – (420 Equity Shares of GBP 1 each, fully paid up)	1,342.77	1,342.77
Bombay Rayon Holding Ltd. – 35142500 (100000) Shares of Rs. 10/- each	3,514.25	10.00
Leela Scottish Lace Private Limited (40000000 Equity Share of Rs. 10/- each)	—	4,000.00
Investment in Mutual Fund		
Reliance Money Manager Fund – Inst Option (999208.853 Units)	10,003.44	—
Reliance Short Term Fund – Retail Plan (D) (93910461.470 Units)	10,001.56	—
SBI Premier Liquid Fund – Super Inst – Daily Dividend (24923285.3925 Units)	2,500.43	—
UTI Liquid Cash Plan Institutional – Daily Income (196227.858 Units)	2,000.44	—
UTI Wealth Builder – Fund Series II (D) Payout (195599.022 Units)	20.00	—
UTI Wealth Builder – Fund Series II (D) Reinvest (195599.022 Units)	20.00	—
Fidelity Ultra Short Term Debt Fund – Super Inst (9997500.6248 Units)	1,000.00	—

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

(Rs. in Lacs)		
PARTICULARS	31.03.2009	31.03.2008
SCHEDULE F (contd.)		
INVESTMENTS (AT COST) NON-TRADE (contd.)		
Fidelity India Special Situations Fund – Growth Plan (70781.427 Units)	10.00	—
Fidelity India Growth Fund (116306.118 Units)	10.00	—
Fidelity Mixed Maturity Plan – Series – I (100000 Units)	10.00	—
Fidelity Equity Fund – Growth (40162.256 units)	10.00	—
Fidelity Equity Fund Dividend Option (69335.307 Units)	15.00	15.00
SBI Capital Protection Oriented Fund Series-1 (2000000 Units)	200.00	200.00
Tata Indo Global Infrastructure Fund – Growth (200000 Units)	20.00	20.00
UTI-Infrastructure Advantage Fund Series-1 Growth Plan (2000000 Units)	200.00	200.00
	33,227.90	5,807.52
SCHEDULE G		
INVENTORIES (As certified by the Management)		
Raw Materials	19,221.99	12,552.65
Work-in-Progress	12,978.32	8,556.33
Finished Goods	13,659.89	10,372.06
Stores, Spares and Packing Materials	1,653.91	689.41
	47,514.11	32,170.45
SCHEDULE H		
SUNDRY DEBTORS (Unsecured)		
Considered good		
Exceeding six months	982.77	684.26
Others	30,089.45	19,499.39
	31,072.22	20,183.65
SCHEDULE I		
CASH AND BANK BALANCES		
Cash in hand	63.13	14.36
Balances with scheduled banks		
on current accounts	1,030.96	5,113.83
on deposit accounts	2,018.55	160.87
on margin accounts	4.86	229.71
Cheque/Fund in transit	26.82	0.00
	3,144.32	5,518.77

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

(Rs. in Lacs)

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE J		
LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	3,687.46	1,493.76
Deposits	6,060.72	6,386.28
Balance with Govt. Authorities	5,688.80	5,001.48
	15,436.98	12,881.52
SCHEDULE K		
CURRENT LIABILITIES		
Sundry Creditors	9,229.73	6,845.05
Others Liabilities	2,386.37	241.01
	11,616.10	7,086.06
SCHEDULE L		
PROVISIONS		
Employees Benefits	228.59	195.32
For taxation (Net of Advance Tax & TDS)	373.36	2,168.47
Proposed Dividend	1,306.50	945.00
Tax on Proposed Dividend	222.04	160.61
	2,130.49	3,469.40
SCHEDULE M		
GROSS SALES		
Domestic	46,870.60	50,597.15
Exports	87,369.43	42,109.26
	134,240.03	92,706.41
SCHEDULE N		
OTHER INCOME		
Dividends	22.31	237.14
Interest	310.21	670.09
Foreign Exchange Rate Difference	—	554.05
Profit on Sale of Investment	7.09	264.50
Miscellaneous income	139.14	50.30
	478.75	1,776.08
SCHEDULE O		
INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished goods	10,372.06	5,056.01
Work-in-Progress	8,556.33	3,972.39
Less : Closing Stock		
Finished goods	13,659.89	10,372.06
Work-in-Progress	12,978.32	8,556.33
	7,709.82	9,899.99

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

	(Rs. in Lacs)	
PARTICULARS	31.03.2009	31.03.2008
SCHEDULE P		
COST OF MATERIALS		
Opening Stock	12,552.65	8,137.79
Add: Purchases	87,932.60	70,048.23
	100,485.25	78,186.02
Less: Closing Stock	19,221.99	12,552.65
	81,263.26	65,633.37
SCHEDULE Q		
MANUFACTURING AND OTHER EXPENSES		
Stores, Dyes & Chemicals & Spares Consumed	1,790.53	1,298.66
Packing Material Consumed	668.01	534.20
Payment to and Provisions for Employees:		
Salaries, Wages and other Benefits	10,731.88	4,158.56
Contribution to Provident Fund and other Funds	1,319.68	791.32
Workmen & Staff welfare expenses	197.38	78.16
Power & Fuel	2,646.84	1,902.13
Job Charges for:		
Process	841.70	837.77
Weaving	833.75	788.51
Design & Development & others	1,063.27	1,264.47
Repairs & Maintenance:		
Buildings	20.58	7.96
Plant & Machinery	188.70	116.40
Vehicles	8.88	11.69
Others	66.24	23.86
Rent, Rates & Taxes	1,023.84	427.60
Insurance	138.06	38.77
Keyman Insurance	9.68	10.26
Legal & Professional Charges	125.83	64.28
Auditors' Remuneration	20.51	12.85
Travelling & Conveyance	668.10	311.74
Transportation	1,677.00	1,012.49
Advertisement, Publicity & Business Promotion	80.17	86.01
Books & Periodicals	9.71	4.89
Directors' Remuneration	466.78	399.97
Directors' Sitting Fees	0.78	0.85
Commission	622.39	357.84
Communications	512.46	167.45
Printing & Stationery	282.63	217.62
Environmental Control Expenses	664.60	458.15
Foreign Exchange Rate Difference	1,020.64	0.00
Miscellaneous expenses	697.08	318.71
Donation	3.57	16.09
Loss on sale of Assets	156.66	7.26
	28,557.93	15,726.52
SCHEDULE R		
INTEREST & FINANCIAL CHARGES		
Interest on Fixed Loans	2,982.55	601.40
Interest on Others & Financial Charges	3,613.74	1,981.57
	6,596.29	2,582.97

Schedule forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March 2009

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR YEAR ENDED 31.03.2009

SCHEDULE - S

(1) SIGNIFICANT ACCOUNTING POLICIES:

(I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

(II) SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

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 as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e) Expenditure during construction period

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

f) Investments

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

g) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on moving weighted average

Schedule forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

basis, Cost of Work in Process and Manufactured Goods includes material, labour and 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 and Loss Account. All foreign currency current assets/liabilities are translated in rupees at the rates prevailing on the date of balance sheet. Exchange fluctuations for Loans in foreign currency for acquisition of Capital Assets are added/subtracted out of the value of the assets.

i) Employee benefits

Gratuity and leave encashment

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

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

Provident Fund

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

j) Taxation

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

Schedule forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

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 and Others are secured by Hypothecation of specified Vehicles against which the finance is obtained.

(Rs. in Lacs)

(3) Contingent Liabilities not provided for:	31.03.2009	31.03.2008
(a) Corporate guarantees given by the Company for its subsidiary- for the facilities given by banks/suppliers.	7,014.00	11,354.27
(b) Export Bills Discounted with Banks under Letter of Credits or otherwise.	5,079.32	2,290.00
(4) Disputed demand outstanding related to Income tax (The matters are pending with Income Tax Authorities).	41.82	34.86
(5) Capital Commitment		
Estimated amount of capital contracts remaining to be executed (net of advances).	1,430.25	5,831.07
(6) (a) During the year the company has allotted 61,00,000 equity shares of Rs.10/- each fully paid up at a premium of Rs. 197/- per share on conversion of warrants to the promoters.		
(b) During the year, the Company has received Rs. 333 crores from AAA United B.V., a company incorporated under the Laws of The Netherlands, as Share Application Money towards the subscription of 1,80,00,000 equity shares of Rs. 10/- each at a premium of Rs. 175/- on the preferential allotment basis. On receipt of shareholders approval on 22nd April 2009, the said shares were allotted to AAA United B.V.		
(7) Pursuant to the order dated 26th November 2008, passed by the Hon'ble High Court at Mumbai and filing of the necessary forms with Registrar of Companies, Mumbai the wholly-owned subsidiary of the Company, Leela Scottish Lace Private Limited, stands amalgamated into the Company from the appointed date.		
(8) The Company has acquired the Garment Manufacturing Business of 'Maryan Apparel Private Limited' having its unit at Thiruvananthapuram with installed capacity of 8,000 pieces per day for the total consideration of Rs 14.74 crores on 30th June, 2008.		
(9) Some of the fixed assets added under the scheme of Amalgamation of the Subsidiary company, are in the process of the transfer in the name of the Company.		

Schedule forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

	(Rs. in Lacs)	
	31.03.2009	31.03.2008
(10) Auditors' Remuneration		
Audit Fees	17.09	8.43
Tax Audit Fees	2.76	1.12
Certification works & other matters	0.66	3.30
	<u>20.51</u>	<u>12.85</u>
(11) Managerial Remuneration		
	31.03.2009	31.03.2008
A. Remuneration to whole time Directors		
(i) Salaries & allowances	228.03	211.69
(ii) Contribution to provident fund	17.24	15.25
B. Commission to Non Executive Chairman @ 1% of Net Profit	221.51	173.03
	<u>466.78</u>	<u>399.97</u>
C. Computation of Net Profit in accordance with Sec. 349 of the Companies Act, 1956		
Profit before Taxes as per Profit and Loss Account	21,533.65	17,159.03
Add: Managerial Remuneration	466.78	399.97
Directors' Sitting Fees	0.78	0.85
Loss on Sale of Fixed Assets	156.66	7.26
	<u>22,157.87</u>	<u>17,567.11</u>
Less: Profit on sale of Investments	7.09	264.50
Net Profit	<u>22,150.78</u>	<u>17,302.61</u>

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

As on 31.03.2009

1. Assumption	
Discount Rate	8.00%
Salary Escalation	5.00%
2. Present value of Obligation	
Present value of obligations as at beginning of year	139.12
Interest cost	11.13
Current Service Cost	13.36
Benefits Paid	31.44
Actuarial (gain)/loss on obligations	13.02
Present value of obligations as at end of year	275.53

Schedule forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

(Rs. in Lacs)

3. Fair value of plan assets

Fair value of plan assets at beginning of year	9.96
Expected return on plan assets	0.98
Contributions	43.25
Benefits Paid	31.44
Actuarial (gain)/ loss on obligations	Nil
Fair value of plan assets at the end of year	55.97
Funded status	164.10

4. Actuarial Gain/Loss recognized

Actuarial (gain)/loss on obligations	13.02
Actuarial (gain)/loss for the year - plan assets	Nil
Actuarial (gain)/loss on obligations	13.02
Actuarial (gain)/loss recognized in the year	13.02

5. The amounts to be recognized in the balance sheet

Present value of obligations as at the end of year	275.53
Fair value of plan assets as at the end of the year	55.97
Funded status	164.1

6. Expenses Recognised in statement of Profit and loss

Current Service cost	22.64
Interest Cost	11.13
Expected return on plan assets	0.98
Net Actuarial (gain)/loss recognized in the year	13.02
Expenses recognised in statement of Profit and Loss	50.23

(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 Rs. 15.09 Lacs.

(14) Computation of Deferred Tax	As per IT	As per Books	Timing Difference	Deferred Tax Asset/(Liabilities)
Depreciation for the year	17,051.58	4,477.47	(12,574.11)	(4,273.94)
Expenses U/s 35D & 35DD	312.88		(312.88)	(106.00)
MAT Credit				211.74
Gratuity & Leave Encashment			33.12	11.26
Deferred Tax Assets /(Liabilities) for the year				(4,156.94)

(15) Earning Per Share	31.03.2009	31.03.2008
(a) Net profit after tax available for equity shareholders (Rs. in lacs)	14,849.84	12,112.98
(b) No. of shares (wighted average)	67,829,863	63,000,000
(c) Basic earning per share (Rs.)	21.89	19.23
(d) Diluted earning per share (Rs.)	17.30	17.53

Schedule forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

(16) Related Party Disclosure

Name of the Related Party

(A) Subsidiary Companies

BRFL Europe B.V.
DPJ Clothing Ltd.
Bombay Rayon Holdings Ltd.
BRFL Italia S.R.L.

(B) Other related parties

(a) Reynold Shirting Ltd.
(b) Bombay Rayon Clothing Ltd.
(c) Bestsellers Retail India Pvt. Ltd.
(d) Best United Lifestyles Pvt. Ltd.
(e) Best United India Comforts Pvt. Ltd.

(C) SPV formed for Special Integrated Textiles Parks

Islampur Integrated Textile Park Pvt Ltd
Latur Integrated Textile Park Pvt Ltd

		(Rs. in Lacs)
	31.03.2009	31.03.2008
(D) (i) Transactions with Related Parties		
(a) Lease Rentals Paid		
Reynold Shirting Ltd	72.25	70.92
Bombay Rayon Clothing Limited	—	90.00
(ii) Transactions with Subsidiaries		
(a) Investments		
Leela Scottish Lace Pvt. Ltd.	—	400.00
Bombay Rayon Holdings Ltd.	3,504.25	10.00
(b) Commission Paid	—	—
BRFL Europe B.V.	546.29	223.99
(c) Share Application Money given		
BRFL Europe B.V.	—	6.37
Bombay Rayon Holdings Ltd.	—	59.29
(d) Sales		
DPJ Clothing Ltd	721.36	2,017.12
Leela Scottish Lace Pvt. Ltd.	—	996.27
BRFL Italia S.R.L.	795.46	—
(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 2009 (Contd.)

(E) 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

(Rs. in Lacs)

	31.03.2009	31.03.2008
--	------------	------------

(F) Transactions with Key Personnel and their Relatives

(i) Directors remuneration	466.78	399.97
----------------------------	--------	--------

(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	15,528.86	10,780.32
Raw Materials	4,853.66	3,053.50
Stores & Spares	217.05	204.75
TOTAL	20,599.57	14,038.57

(19) Expenditure in Foreign Currency

Travelling	215.09	139.76
Business Promotions	32.87	66.36
Commission	780.13	294.52
Others	152.50	—
TOTAL	1,180.59	500.64

(20) Earning in Foreign Exchange

FOB Value of Exports	84,602.87	38,800.57
----------------------	-----------	-----------

Particulars in respect of Stock and Sales of Finished Goods, cost of material consumed.

(As Valued & Certified by the Management)

(21) INSTALLED CAPACITY

Descriptions	Unit	31.03.2009	31.03.2008
Fabrics	Million Metres	120.00	50.00
Garments	Million Pieces	73.80	28.80

Schedule forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

				(Rs. in Lacs)	
(a) ACTUAL PRODUCTION (Including Job Work)		31.03.2009		31.03.2008	
Fabrics	Million Metres	58.18		55.33	
Garments	Million Pieces	32.07		15.26	
(b) TURNOVER		Qty.		Qty.	
Fabrics	Million Metres	43.18	48,748.48	48.86	53,097.57
Garments	Million Pieces	31.32	85,196.82	14.64	39,481.03
Others			294.73		127.81
TOTAL		134,240.03		92,706.41	
Descriptions	Unit	Qty		Qty	
(c) OPENING 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	
(d) CLOSING STOCK					
Fabrics	Million Metres	9.37	9,848.14	7.99	8,293.51
Garments	Million Pieces	1.63	3,811.75	0.88	2,078.55
TOTAL		13,659.89		10,372.06	
(e) CONSUMPTION OF MATERIALS					
Yarn	Millions Kgs.	8.49	14,687.75	4.81	8,613.87
Fabrics	Million Metres	70.41	61,550.34	68.82	55,470.77
Others			5,025.17		1,548.73
TOTAL		81,263.26		65,633.37	
(f) IMPORTED & INDIGENOUS CONSUMPTION					
(i) Raw Materials :					
Imported		4,622.18	5.68%	3,069.88	4.68%
Indigenous		76,641.08	94.32%	62,563.49	95.32%
		81,263.26	100.00%	65,633.37	100.00%
(ii) Stores & Spares:					
Imported		218.22	12.19%	188.37	14.50%
Indigenous		1,572.31	87.81%	1,110.29	85.50%
		1,790.53	100.00%	1,298.66	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

CA R. P. LADDHA

Partner

M. No. 48195

Prachi Deshpande

Company Secretary

Aman Agarwal

Vice-Chairman

Prashant Agarwal

Managing Director

A R Mundra

Executive Director - Finance

Uday Mogre

Executive Director - Corporate

Place : Mumbai

Dated : June 29, 2009

Cash Flow Statement for the year ended March 31, 2009

(Rs. in lacs)		
Particulars	31.03.2009	31.03.2008
Cash Flow from Operating Activities (A)		
Net Profit before Tax	21,533.65	17,159.03
Adjustments for:		
Loss on Sale of Fixed Assets	156.66	7.26
Depreciation	4,477.47	3,185.23
(Profit)/Loss on Sale of Investment	(7.09)	(264.50)
Interest & Dividend Exp./(Income)	(332.52)	(907.23)
Interest and financial charges	6,596.29	2,582.97
Operating Profit before Working Capital Changes	32,424.46	21,762.74
Adjustments for:		
(Increase)/Decrease in Inventories	(15,343.66)	(14,659.07)
(Increase)/Decrease in Debtors	(10,888.57)	(9,983.19)
(Increase)/Decrease in Loans and Advances	(2,555.46)	(5,736.91)
(Increase)/Decrease in Advances to Subsidiaries	(22,951.15)	—
Increase/(Decrease) in Current liabilities	4,530.04	720.20
Cash Generated from Operations	(14,784.34)	(7,896.23)
Direct Taxes Paid / Deducted	(4,072.39)	(2,007.93)
Net Cash Flow from Operating Activities	(18,856.73)	(9,904.16)
Cash Flow from Investing Activities (B)		
(Purchase)/Sale of Fixed Assets (Net)	(78,667.72)	(35,718.99)
(Purchase)/Sale of Investments (Net)	(27,413.29)	8,033.67
Additional Fixed Assets on Amalgamation	(15,341.17)	—
Interest and Dividend Income Received	332.52	907.23
Net Cash Flow from Investing Activities	(121,089.66)	(26,778.09)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital on premium	610.00	—
Proceeds from Security Premium Account	10,754.30	—
Proceeds from Share Application Money	33,300.00	—
Accumulated Profit due to Amalgamation	604.10	—
Share Issue Expenses adjusted against Securities Premium A/c	—	(111.63)
Proceeds from Secured Loans	99,372.01	34,716.34
Proceeds from Unsecured Loans	740.48	3,374.19
Interest & Financial charges	(6,596.29)	(2,582.97)
Dividend Paid (including tax)	(1,212.66)	(921.34)
Net Cash Flow from Financing Activities	137,571.94	34,474.59
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	(2,374.45)	(2,207.66)
Cash and Cash Equivalents at the Beginning of the Year	5,518.77	7,726.43
Cash and Cash Equivalents at the end of the Year	3,144.32	5,518.77

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

Aman Agarwal
 Vice-Chairman

Prashant Agarwal
 Managing Director

CA R. P. LADDHA
 Partner
 M. No. 48195

Prachi Deshpande
 Company Secretary

A R Mundra
 Executive Director - Finance

Uday Mogre
 Executive Director - Corporate

Place : Mumbai
 Dated : June 29, 2009

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 31 03 2009
Date Month Year

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

Public Issue NIL Right Issue NIL

Bonus Issue NIL Private Placement NIL

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

Total Liabilities 31085113 Total Assets 31085113

Sources of Funds

Paid-up Capital 691000 Reserve and Surplus 7873183

Secured Loans 16604465 Unsecured Loans 550381

Deferred Tax Liability /Assets - - 631425

Application of Funds

Net Fixed Assets 15730177 Investments 3322790

Net Current Assets 10657487 Misc. Expenditure NIL

Accumulated Losses NIL

4 Performance of Company (Amount in Rs. Thousand)

Turnover (Gross Revenue) 13424003 Total Expenditure 11315813

Profit/Loss Before Tax 2153365 Profit/Loss After Tax 1484984

Earning Per Share in Rs. 21.89 Dividend Rate% - - 15

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

Item Code No. (ITC Code) 5208

Product Description WOVEN FABRIC OF COTTON

Item Code No. (ITC Code) 5211

Product Description WOVEN FABRIC OF COTTON
MIXED MAINLY OR SOLELY
WITH MAN MADE FIBRE

Item Code No. (ITC Code) 6205

Product Description MENS OR BOYS SHIRTINGS

Item Code No. (ITC Code) 6206

Product Description WOMENS OR GIRLS BLOUSES
SHIRTS AND SHIRT BLOUSES

Statement under Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

A)	Subsidiary Company	Bombay Rayon Holdings Limited	DPJ Clothing Ltd	BRFL Europe B.V.	BRFL Italia S.r.l.
1.	Financial year of the Subsidiary Company ended on	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
2	Date from which it became subsidiary companies	23rd February, 2007	22nd February, 2007	5th September, 2005	5th May, 2008
3	Country of Incorporation	India	U.K.	Netherlands	Italy
4	(a) No. of Shares held by the Company & face value	3,51,42,500 equity shares of Rs. 10/- each	420 Ordinary Shares of £ 1 each	248000 Ordinary Shares of €1 each*	50,10,000 equity shares of € 1 *
	(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, 2009	(Rs. 3.87 lacs)	Rs. 239.94 lacs	Rs.238.25 lacs	(Rs. 1585.03 lacs)
	• For the Previous Financial years of the Subsidiary since it became a Subsidiary	N. A	Rs. 287.22 lacs	Rs.32.80 lacs	N. A
	(b) Dealt with in the accounts of the Holding Company				
	• For the Financial year ended 31st March 2009	NIL	NIL	NIL	NIL
	• For the Previous financial year ended 31st March 2009	NIL	NIL	NIL	NIL

* held by Bombay Rayon Holdings Ltd.

Financial Information of Subsidiary Companies for the FY 2008-09

(Rs in lacs)

Particulars	Subsidiary Companies			
	Bombay Rayon Holdings Ltd	DPJ Clothing Ltd*	BRFL Europe B.V.*	BRFL Italia S.r.l.*
Capital	3,514.25	0.44	170.90	3,452.38
Reserves	(3.87)	1,067.56	167.38	1,860.43
Total Assets	22,865.44	2,624.97	445.72	39,921.04
Total Liabilities	22,864.75	1,877.37	107.44	34,451.21
Investments	3,509.69	-	-	-
Turnover	-	5,549.01	46.79	12,495.27
Profit/(Loss) before Taxation	(3.87)	239.94	285.24	(2,208.24)
Provision for Taxation	-	-	46.99	(623.18)
Profit/(Loss) after Taxation	(3.87)	239.94	238.25	(1,585.06)
Proposed Dividend	0	0	0	0

* In case of foreign subsidiaries figures are as considered in the Consolidated Balance Sheet of the Company as on 31.03.2009 after conversion into Indian Rupee.

Auditors' Report on Consolidated Financial Statements

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

1. We have examined the attached Consolidated Balance Sheet of **BOMBAY RAYON FASHIONS LIMITED** and its subsidiaries as at 31st March, 2009 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of **BOMBAY RAYON FASHIONS LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have conducted the audit of the financial statements of two of the subsidiaries – Leela Scottish Lace Private Limited and Bombay Rayon Holdings Ltd. The financial statements of other subsidiaries have been compiled by qualified accountants as per the relevant provisions of Law applicable in respective Countries and on which we have relied for the purpose of our examination of the Consolidated Financial Statements.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of **BOMBAY RAYON FASHIONS LIMITED** and its aforesaid subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of consolidated statement of affairs of **BOMBAY RAYON FASHIONS LIMITED** and its subsidiaries as at 31st March, 2009
 - ii) in the case of Consolidated Profit and Loss Account, of the profit of **BOMBAY RAYON FASHIONS LIMITED** and its subsidiaries for the year ended on that date; and
 - iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of **BOMBAY RAYON FASHIONS LIMITED** and its subsidiaries for the year ended on that date.

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

CA R. P. Laddha
Partner

Membership Number 48195

Place : Mumbai
Dated : June 29, 2009

Consolidated Balance Sheet as at March 31, 2009

(Rs. in Lacs)

	Schedule	31.03.2009	31.03.2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	6,910.00	6,300.00
Reserve and Surplus	B	78,057.64	54,103.72
Advance Money Received for convertible Warrants			1,262.70
Share Application Money		33,300.00	—
		118,267.64	61,666.42
LOAN FUNDS			
Secured	C	166,386.72	86,321.02
Unsecured	D	13,791.16	5,755.55
		180,177.88	92,076.57
DEFERRED TAX LIABILITIES			
Foreign Exchange Fluctuation Reserve		5,996.05	2,462.74
		639.40	—
TOTAL		305,080.97	156,205.73
APPLICATION OF FUNDS			
FIXED ASSETS			
	E		
Goodwill		841.77	841.77
Gross Block		117,178.37	62,238.38
Less: Depreciation		10,616.79	5,557.36
Net Block		106,561.58	56,681.02
Capital work-in-progress		71,527.54	26,780.65
		178,089.12	83,461.67
INVESTMENTS			
	F	28,370.88	445.01
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	G	55,017.69	39,106.00
Sundry Debtors	H	36,380.33	23,205.17
Cash and Bank Balances	I	6,397.16	6,815.82
Loans and advances	J	21,715.03	15,116.93
		119,510.21	84,243.92
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	K	19,198.30	9,352.92
Provisions	L	2,384.78	3,603.12
Minority Interest		320.40	306.54
		21,903.48	13,262.58
NET CURRENT ASSETS		97,606.73	70,981.34
Miscellaneous Expenditure		172.47	0.77
Foreign Exchange Fluctuation Reserve		—	475.17
TOTAL		305,080.97	156,205.73
NOTES TO ACCOUNTS	S		

As per our report of even date

For V. K. BESWAL & ASSOCIATES

Chartered Accountants

CA R. P. LADDHA

Partner

M. No. 48195

Prachi Deshpande

Company Secretary

Place : Mumbai

Dated : June 29, 2009

Aman Agarwal

Vice-Chairman

Prashant Agarwal

Managing Director

A R Mundra

Executive Director - Finance

Uday Mogre

Executive Director - Corporate

Consolidated Profit and Loss Account for the year ended March 31, 2009

(Rs. in Lacs)

Particulars	Schedule	31.03.2009	31.03.2008
INCOME			
Gross Sales	M	151,451.31	109,000.55
Less: Excise Duty		–	95.36
Net Sales		151,451.31	108,905.19
Other Income	N	649.75	1,985.88
Increase/(Decrease) in stocks	O	7,709.82	11,637.91
TOTAL		159,810.88	122,528.98
EXPENDITURE			
Cost of Materials	P	88,070.24	72,168.08
Manufacturing and other expenses	Q	39,906.02	25,214.76
Interest & Financial Charges	R	6,862.64	3,758.93
Depreciation		5,125.20	3,516.82
TOTAL		139,964.10	104,658.59
PROFIT BEFORE TAXATION		19,846.78	17,870.39
Provision for Taxation			
Current tax		2,475.19	4,334.57
Deferred tax		3,533.76	1,116.22
Fringe benefit tax		79.72	58.66
Minority Interest		71.98	86.16
Short/(Excess) Provision for Tax in-respect of earlier years		18.95	–
PROFIT AFTER TAXATION		13,667.18	12,274.78
Balance brought forward		17,954.24	6,313.81
PROFIT AVAILABLE FOR APPROPRIATIONS		31,621.42	18,588.59
Less: Additional Dividend & Corporate Dividend Tax		107.05	–
Transferred to General Reserve		800.00	650.00
Proposed Dividend		1,306.50	945.00
Corporate Dividend Tax		222.04	160.61
Exchange rate difference Adjustment		94.66	(1,121.26)
BALANCE CARRIED TO BALANCE SHEET		29,091.17	17,954.24
Basic E. P. S. (Rs.)		19.78	19.48
Diluted E. P. S. (Rs.)		15.92	17.76
NOTES TO ACCOUNTS	S		

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

Aman Agarwal
Vice-Chairman

CA R. P. LADDHA
Partner
M. No. 48195

Prachi Deshpande
Company Secretary

Prashant Agarwal
Managing Director

A R Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Place : Mumbai
Dated : June 29, 2009

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

(Rs. in Lacs)

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE A		
SHARE CAPITAL		
Authorised		
12,00,00,000 (7,00,00,000) Equity Shares of Rs. 10/- each	12,000.00	7,000.00
Issued, Subscribed and Paid-up		
6,91,00,000 (6,30,00,000) Shares of Rs. 10/- each, fully paid-up	6,910.00	6,300.00
Out of the above:		
1) 1,15,87,600 Equity Shares were issued as fully paid-up pursuant to scheme of Amalgamation		
2) 39,98,000 Equity Shares were issued as fully paid-up bonus shares by capitalisation of Profit and Loss Account.		
	6,910.00	6,300.00
SCHEDULE B		
RESERVE AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	35,349.31	35,460.94
Add: Addition during the year	12,017.00	—
	47,366.31	35,460.94
Less: Deduction during the year (Refer note 7 of Notes to Accounts)	—	111.63
	47,366.31	35,349.31
General Reserve		
As per last Balance Sheet	800.00	150.00
Add: Transferred from Profit and Loss Account	800.00	650.00
	1,600.00	800.00
Capital Reserve	0.16	0.17
Profit and Loss Account	29,091.17	17,954.24
	78,057.64	54,103.72
SCHEDULE C		
SECURED LOANS		
Term loans		
From Banks	108,200.86	51,371.16
Working Capital Loans		
From Banks	57,852.08	34,679.00
Others		
Vehicles loans from Banks	289.70	190.59
Vehicles loans from Others	44.08	80.27
	166,386.72	86,321.02
SCHEDULE D		
UNSECURED LOANS		
From Banks	13,791.16	5,755.55
	13,791.16	5,755.55

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

SCHEDULE E

FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.04.08	Additions	Deductions	As on 31.03.09	Upto 31.03.08	Deduction	For the period	As on 31.03.09	As on 31.03.09	As on 31.03.08
Goodwill	—	4,257.13	—	4,257.13	—	—	185.90	185.90	4,071.23	—
Trademarks, patent right Licenses etc.	—	16,510.56	—	16,510.56	—	—	403.31	403.31	16,107.25	—
Land	4,813.82	2,150.78	0.72	6,963.88	—	—	—	—	6,963.88	4,813.82
Buildings	12,028.65	7,179.42	11.62	19,196.45	439.37	5.90	398.92	832.39	18,364.06	11,589.28
Furniture & Fixtures and Office equipment	1,400.99	1,233.05	6.36	2,627.68	163.54	1.39	140.54	302.69	2,324.99	1,237.45
Motor Car & Vehicles	890.51	420.27	167.91	1,142.87	154.30	36.95	97.97	215.32	927.55	736.21
Plant & Machinery	42,751.72	23,487.94	217.95	66,021.71	4,667.34	21.53	3,818.43	8,464.24	57,557.47	38,084.38
Computer	352.69	105.40	—	458.09	132.81	—	80.13	212.94	245.15	219.89
Total	62,238.38	55,344.55	404.56	117,178.37	5,557.36	65.77	5,125.20	10,616.79	106,561.58	56,681.02
Previous Year	32,845.86	29,414.61	22.09	62,238.38	2,046.40	5.86	3,516.82	5,557.36	5,6681.02	
Capital Work in Progress									71,527.54	26,780.65

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE F		
INVESTMENTS (AT COST) NON-TRADE		
Long Term		
Equity Shares – Fully paid (Unquoted)		
Jankalyan Sahkari Bank Ltd. (90100 Shares of Rs. 10/- each)	9.01	9.01
Scotts Fashioncity India Limited (10000 Shares of Rs. 10/- each)	1.00	1.00
Scotts Garments Limited (2000000 Shares of Rs. 10/- each)	1,400.00	—
Islampur Integrated Textiles Park Pvt. Ltd. (7500000 Shares of Rs. 10/- each)	750.00	—
Latur Integrated Textiles Park Pvt. Ltd. (1900000 shares of Rs. 10/- each)	190.00	—
Investment in Mutual Fund		
Reliance Money Manager Fund – Inst Option (999208.853 Units)	10,003.44	—
Reliance Short Term Fund – Retail Plan (D) (93910461.470 Units)	10,001.56	—
SBI Premier Liquid Fund – Super Inst – Daily Dividend (24923285.3925 Units)	2,500.43	—
UTI Liquid Cash Plan Institutional – Daily Income (196227.858 Units)	2,000.44	—
UTI Wealth Builder – Fund Series II (D) Payout (195599.022 Units)	20.00	—
UTI Wealth Builder – Fund Series II (D) Reinvest (195599.022 Units)	20.00	—
Fidelity Ultra Short Term Debt Fund – Super Inst (9997500.6248 Units)	1,000.00	—

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

(Rs. in Lacs)

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE F (contd.)		
INVESTMENTS (AT COST) NON-TRADE (contd.)		
Fidelity India Special Situations Fund – Growth Plan (70781.427 Units)	10.00	—
Fidelity India Growth Fund (116306.118 Units)	10.00	—
Fidelity Mixed Maturity Plan – Series – I (100000 Units)	10.00	—
Fidelity Equity Fund – Growth (40162.256 units)	10.00	—
Fidelity Equity Fund Dividend Option (69335.307 Units)	15.00	15.00
SBI Capital Protection Oriented Fund Series-1 (2000000 Units)	200.00	200.00
Tata Indo Global Infrastructure Fund – Growth (200000 Units)	20.00	20.00
UTI-Infrastructure Advantage Fund Series-1 Growth Plan (2000000 Units)	200.00	200.00
	28,370.88	445.01
SCHEDULE G		
INVENTORIES (As certified by the Management)		
Raw Materials	19,221.99	17,013.32
Work-in-Progress	12,978.32	9,143.77
Finished Goods	21,163.47	11,522.54
Stores, Spares and Packing Materials	1,653.91	750.21
Goods in Transit	—	676.16
	55,017.69	39,106.00
SCHEDULE H		
SUNDRY DEBTORS (Unsecured)		
Considered good		
Exceeding six months	982.77	1,759.45
Others	35,397.56	21,445.72
	36,380.33	23,205.17
SCHEDULE I		
CASH AND BANK BALANCES		
Cash in hand	90.70	26.18
Balances with scheduled banks		
on current accounts	2,889.11	6,361.35
on deposit accounts	2,030.17	160.87
on margin accounts	4.86	267.42
Cheque/Fund in transit	1,382.32	—
	6,397.16	6,815.82

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

(Rs. in Lacs)

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE J		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for Value to be received	9,775.55	3,315.04
Deposits	6,071.29	6,784.29
Balance with Govt. Authorities	5,868.19	5,017.60
	21,715.03	15,116.93
SCHEDULE K		
CURRENT LIABILITIES		
Sundry Creditors	15,436.08	7,628.40
Others Liabilities	3,762.22	1,724.52
	19,198.30	9,352.92
SCHEDULE L		
PROVISIONS		
Employees Benefits	228.59	195.32
For taxation (Net of Advance Tax & TDS)	627.65	2,302.19
Proposed Dividend	1,306.50	945.00
Tax on Proposed Dividend	222.04	160.61
	2,384.78	3,603.12
SCHEDULE M		
GROSS SALES		
Domestic	64,961.66	55,667.21
Exports	86,489.65	53,333.34
	151,451.31	109,000.55
SCHEDULE N		
OTHER INCOME		
Dividends	22.31	237.14
Interest	310.30	670.09
Foreign Exchange Rate Difference	—	554.05
Profit on Sale of Investment	7.09	264.50
Miscellaneous income	310.05	260.10
	649.75	1,985.88
SCHEDULE O		
INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Finished goods	10,372.06	5,056.01
Work-in-Progress	8,556.33	3,972.39
Less: Closing Stock		
Finished goods	13,659.89	11,522.54
Work-in-Progress	12,978.32	9,143.77
	7,709.82	11,637.91

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

(Rs. in Lacs)

PARTICULARS	31.03.2009	31.03.2008
SCHEDULE P		
COST OF MATERIALS		
Opening Stock	12,922.61	8,520.07
Add: Purchases	101,873.21	80,661.33
	114,795.82	89,181.40
Less: Closing Stock	26,725.58	17,013.32
	88,070.24	72,168.08
SCHEDULE Q		
MANUFACTURING AND OTHER EXPENSES		
Stores, Dyes & Chemicals & Spares Consumed	1,790.53	1,752.72
Packing Material Consumed	668.01	534.20
Payment to and Provisions for Employees:		
Salaries, Wages and other Benefits	13,537.14	8,489.26
Contribution to Provident Fund and other Funds	1,319.68	1,330.00
Workmen & Staff welfare expenses	1,100.50	204.51
Power & Fuel	2,650.88	2,470.96
Job Charges for:		
Process	841.70	1,164.32
Weaving	833.75	788.51
Design & Development & others	8,023.48	1,433.79
Repairs & Maintenance:		
Buildings	20.90	17.11
Plant & Machinery	188.70	148.26
Vehicles	8.87	11.69
Others	73.25	135.54
Rent, Rates & Taxes	1,043.48	869.09
Insurance	141.94	54.08
Keyman Insurance	9.68	10.30
Legal & Professional Charges	135.44	98.21
Auditors' Remuneration	28.26	27.49
Travelling & Conveyance	724.15	485.89
Transportation	2,099.58	1,386.49
Advertisement, Publicity & Business Promotion	216.08	102.53
Books & Periodicals	9.72	4.89
Directors' Remuneration	542.85	483.30
Directors' Sitting Fees	0.78	0.85
Commission	369.36	224.26
Communications	537.04	348.02
Printing & Stationery	285.29	294.93
Environmental Control Expenses	664.59	458.16
Foreign Exchange Rate Difference	727.04	–
Miscellaneous expenses	1,153.12	1,861.07
Donation	3.57	16.99
Loss on sale of Assets	156.66	7.34
	39,906.02	25,214.76
SCHEDULE R		
INTEREST & FINANCIAL CHARGES		
Interest on Fixed Loans	2,988.03	1,452.78
Interest on Others & Financial Charges	3,874.61	2,306.15
	6,862.64	3,758.93

Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2009

SCHEDULE - S

NOTES ON ACCOUNTS (CONSOLIDATED)

I. SIGNIFICANT ACCOUNTING POLICES

(1) 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 as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

e) Expenditure during construction period

The expenditure incurred and attributable interest and financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project and 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 and 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 and Loss Account. All foreign currency current assets/liabilities are translated in rupees at the rates prevailing on the date of balance sheet. Exchange fluctuations for Loans in foreign currency for acquisition of Capital Assets are added/subtracted out of the value of the assets.

i) Employee Retirement benefits

Gratuity and leave encashment

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

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

Provident Fund

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

Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

j) Taxation

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

(2) Notes to Accounts

(1) Borrowing Cost

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

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

(Rs. in Lacs)

(3) Contingent Liabilities not provided for:	31.03.2009	31.03.2008
(a) Corporate guarantees given by the Company for its subsidiary - for the facilities given by banks/suppliers.	7,014.00	11,354.27
(b) Export Bills Discounted with Banks under Letter of Credits or otherwise.	5,079.32	2,290.00
(4) Disputed demand outstanding related to Income tax (The matters are pending with Income Tax Authorities)	41.82	34.86
(5) Capital Commitment		
Estimated amount of capital contracts remaining to be executed (net of advances)	1,430.25	5,831.07
(6) (a) During the year the company has allotted 61,00,000 equity shares of Rs. 10/- each fully paid up at a premium of Rs. 197/- per share on conversion of warrants to the promoters.		
(b) During the year, the Company has received Rs. 333 crores from AAA United B.V., a company incorporated under the Laws of The Netherlands, as Share Application Money towards the subscription of 1,80,00,000 equity shares of Rs. 10/- each at a premium of Rs. 175/- on the preferential allotment basis. On receipt of shareholders approval on 22nd April 2009, the said shares were allotted to AAA United B.V.		
(7) Pursuant to the order dated 26th November 2008, passed by the Hon'ble High Court at Mumbai and filing of the necessary forms with Registrar of Companies, Mumbai the wholly-owned subsidiary of the Company, Leela Scottish Lace Private Limited., stands amalgamated into the Company from the appointed date.		

Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

- (8) The Company has acquired the Garment Manufacturing Business of 'Maryan Apparel Private Limited' having its unit at Thiruvananthapuram with installed capacity of 8,000 pieces per day for the total consideration of Rs 14.74 crores on 30th June, 2008.
- (9) Some of the fixed assets added under the scheme of Amalgamation of the Subsidiary company, are in the process of the transfer in the name of the Company.
- (10) 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.

	31.03.2009	(Rs. in Lacs) 31.03.2008
(11) Auditors' Remuneration		
Audit Fees	24.84	22.79
Tax Audit Fees	2.76	1.40
Certification works & other matters	0.66	3.30
	28.26	27.49
(12) Managerial Remuneration		
A. Remuneration to whole time Directors		
(i) Salaries & allowances	228.03	217.31
(ii) Contribution to provident fund	17.24	15.31
B. Commission to Non Executive Chairman @ 1% of Net Profit	221.51	173.03
	466.78	405.65
Remuneration of Directors of DPJ Clothing Ltd.	76.07	77.65
C. Computation of Net Profit in accordance with Sec. 349 of the Companies Act, 1956		
Profit before Taxes as per Profit and Loss Account	21,533.65	17,159.03
Add: Managerial Remuneration	466.78	399.97
Directors' Sitting Fees	0.78	0.85
Loss on Sale of Fixed Assets	156.66	7.26
	22,157.87	17,567.11
Less: Profit on sale of Investments	7.09	264.50
Net Profit	22,150.78	17,302.61

- (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 Rs. 15.09 Lacs.

(14) Computation of Deferred Tax	As per IT	As per Books	Timing Difference	Deferred Tax Asset /(Liabilities)
Depreciation for the year	17,051.58	4,477.47	(12,574.11)	(4,273.94)
Expenses U/s 35D & 35DD	312.88		(312.88)	(106.00)
MAT Credit				211.74
Gratuity & Leave Encashment			33.12	11.26
Deferred Tax Assets /(Liabilities) for the year				(4,156.94)
Add: Deferred tax on Account of				
BRFL Italia s.r.l				623.18
Total Deferred tax				(3,533.76)

Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

(Rs. in Lacs)

(15) Earning Per Share	31.03.2009	31.03.2008
(a) Net profit after tax available for equity shareholders (Rs. in Lacs)	13,667.17	12,274.78
(b) No. of Shares (weighted average)	67,829,863	63,000,000
(c) Basic Earning per Share (Rs.)	20.15	19.48
(d) Diluted Earning per Share (Rs.)	15.92	17.76

(16) Related Party Disclosure

Name of the Related Party

(A) Subsidiary Companies

BRFL Europe B.V.
DPJ Clothing Ltd.
Bombay Rayon Holdings Ltd.
BRFL Italia S.R.L.

(B) Other related parties where common control exists

(a) Reynold Shirting Ltd.
(b) Bombay Rayon Clothing Ltd.
(c) Bestsellers Retail India Pvt. Ltd.
(d) Best United Lifestyles Pvt. Ltd.
(e) Best United India Comforts Pvt. Ltd.

(C) SPV formed for Special Integrated Textiles Parks

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

	31.03.2009	31.03.2008
(D) (i) Transactions with Related Parties		
(a) Lease Rentals Paid		
Reynold Shirting Ltd	72.25	70.92
Bombay Rayon Clothing Limited	—	90.00
(ii) Transactions with Subsidiaries		
(a) Investments		
Leela Scottish Lace Pvt. Ltd.	—	400.00
Bombay Rayon Holdings Ltd.	3,504.25	10.00
(b) Commission Paid	—	—
BRFL Europe B.V.	546.29	223.99
(c) Share Application Money given		
BRFL Europe B.V.	—	6.37
Bombay Rayon Holdings Ltd.	—	59.29
(d) Sales		
DPJ Clothing Ltd	721.36	2,017.12
Leela Scottish Lace Pvt. Ltd.	—	996.27
BRFL Italia S.R.L.	795.46	—
(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 Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

(E) 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

(F) Transactions with Key Personnel and their Relatives

(Rs. in Lacs)

	31.03.2009	31.03.2008
(i) Directors remuneration	542.85	483.30

(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	15,528.86	10,780.32
Raw Materials	4,853.66	3,053.50
Stores & Spares	217.05	204.75
TOTAL	20,599.57	14,038.57

(19) Expenditure in Foreign Currency

Travelling	215.09	139.76
Business Promotions	32.87	66.36
Commission	780.13	294.52
Others	152.50	—
TOTAL	1,180.59	500.64

(20) Earning in Foreign Exchange

FOB Value of Exports	84,602.87	38,800.57
----------------------	-----------	-----------

Schedule forming part of the Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2009 (Contd.)

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

(21) INSTALLED CAPACITY			(Rs. in Lacs)		
Descriptions	Unit	31.03.2009		31.03.2008	
Fabrics	Million Metres	120.00		50.00	
Garments	Million Pieces	73.80		28.80	
(a) ACTUAL PRODUCTION					
(Including Job Work)					
Fabrics	Million Metres	58.18		55.33	
Garments	Million Pieces	32.07		15.26	
(b) TURNOVER					
		Qty.		Qty.	
Fabrics	Million Metres	43.18	48,748.48	48.86	53,097.57
Garments	Million Pieces	31.32	85,196.82	14.64	39,481.03
Others			294.73		127.81
TOTAL		134,240.03		92,706.41	
(c) OPENING 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	
(d) CLOSING STOCK					
Fabrics	Million Metres	9.37	9,848.14	7.99	8,293.51
Garments	Million Pieces	1.63	3,811.75	0.88	2,078.55
TOTAL		13,659.89		10,372.06	
(e) CONSUMPTION OF MATERIALS					
Yarn	Millions Kgs.	8.49	14,687.75	4.81	8,613.87
Fabrics	Million Metres	70.41	61,550.34	68.82	55,470.77
Others			5,025.17		1,548.73
TOTAL		81,263.26		65,633.37	
(f) IMPORTED & INDIGENOUS CONSUMPTION					
(i) Raw Materials:					
Imported		4,622.18	5.68%	3,069.88	4.68%
Indigenous		76,641.08	94.32%	62,563.49	95.32%
		81,263.26	100.00%	65,633.37	100.00%
(ii) Stores & Spares:					
Imported		218.22	12.19%	188.37	14.50%
Indigenous		1,572.31	87.81%	1,110.29	85.50%
		1,790.53	100.00%	1,298.66	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

CA R. P. LADDHA
Partner
M. No. 48195

Prachi Deshpande
Company Secretary

Aman Agarwal
Vice-Chairman

Prashant Agarwal
Managing Director

A R Mundra
Executive Director - Finance

Uday Mogre
Executive Director - Corporate

Place : Mumbai
Dated : June 29, 2009

Consolidated Cash Flow Statement for the year ended March 31, 2009

(Rs. in Lacs)

Particulars	31.03.2009	31.03.2008
Cash Flow from Operating Activities (A)		
Net Profit before Tax	19,846.78	17,870.39
Adjustments for:		
Loss on Sale of Fixed Assets	156.66	7.34
Depreciation	5,125.20	3,516.82
(Profit)/Loss on Sale of Investment	(7.09)	(264.50)
Interest & Dividend Exp./ (Income)	(332.61)	(907.23)
Interest and financial charges	6,862.64	3,758.93
Operating Profit before Working Capital Changes	31,651.58	23,981.75
Adjustments for:		
(Increase)/Decrease in Inventories	(15,911.69)	(20,740.99)
(Increase)/Decrease in Debtors	(13,175.16)	(12,980.53)
(Increase)/Decrease in Loans and Advances	(6,598.10)	(7,889.30)
Increase/(Decrease) in Current liabilities	9,845.38	1,993.39
Cash Generated from Operations	5,812.01	(15,635.68)
Direct Taxes Paid / Deducted	(4,215.59)	(2,121.61)
Net Cash Flow from Operating Activities	1,596.42	(17,757.29)
Cash Flow from investing Activities (B)		
(Purchase)/Sale of Fixed Assets (Net)	(99,909.31)	(51,380.84)
(Purchase)/Sale of Investments (Net)	(27,918.78)	12,043.66
(Increase)/Decrease in Goodwill	-	-
Interest and Dividend Income Received	332.61	907.23
(Increase)/Decrease in Foreign Exchange Fluctuation Reserve	1,114.57	(463.42)
(Increase)/Decrease in Misc. Expenditure not w/off	(171.70)	(0.77)
Exchange rate difference Adjustment	(94.66)	1,121.26
Net Cash Flow from Investing Activities	(126,647.27)	(37,772.88)
Cash Flow from Financing Activities (C)		
Proceeds from Issue of Share Capital on premium	610.00	-
Proceeds from Security Premium Account	10,754.30	-
Proceeds from Share Application Money	33,300.00	-
Share Issue Expenses adjusted against Securities Premium A/c	-	(111.63)
Proceeds from Secured Loans	80,065.70	54,264.49
Proceeds from Unsecured Loans	8,035.61	4,366.41
Interest & Financial charges	(6,862.64)	(3,758.93)
Dividend Paid (including tax)	(1,212.66)	(921.34)
Increase in Minority Interest	(58.12)	-
Net Cash Flow from Financing Activities	124,632.19	53,839.00
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	(418.66)	(1,691.17)
Cash and Cash Equivalents at the Beginning of the Year	6,815.82	8,506.99
Cash and Cash Equivalents at the end of the Year	6,397.16	6,815.82

As per our report of even date

For V. K. BESWAL & ASSOCIATES

Chartered Accountants

CA R. P. LADDHA

Partner

M. No. 48195

Prachi Deshpande

Company Secretary

Place : Mumbai

Dated : June 29, 2009

Aman Agarwal

Vice-Chairman

Prashant Agarwal

Managing Director

A R Mundra

Executive Director - Finance

Uday Mogre

Executive Director - Corporate

BOMBAY RAYON FASHIONS LIMITED

PROXY FORM

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

I / We _____ of _____
 _____ being a Shareholder/Shareholders of BOMBAY RAYON FASHIONS LIMITED hereby
 appoint _____ of _____
 _____ of failing him/her _____ of _____
 _____ as my/our Proxy to attend and vote for me/us and on my/
 our behalf at the Sixteenth Annual General Meeting of the Company to be held on Wednesday, 30th September, 2009 at 9.30
 a.m. and at any adjournment thereof.

Signed on this _____ day of _____ 2009

Signature of Shareholder _____

Affix
 Re 1.00
 Revenue
 Stamp

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

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

BOMBAY RAYON FASHIONS LIMITED

ATTENDANCE SLIP

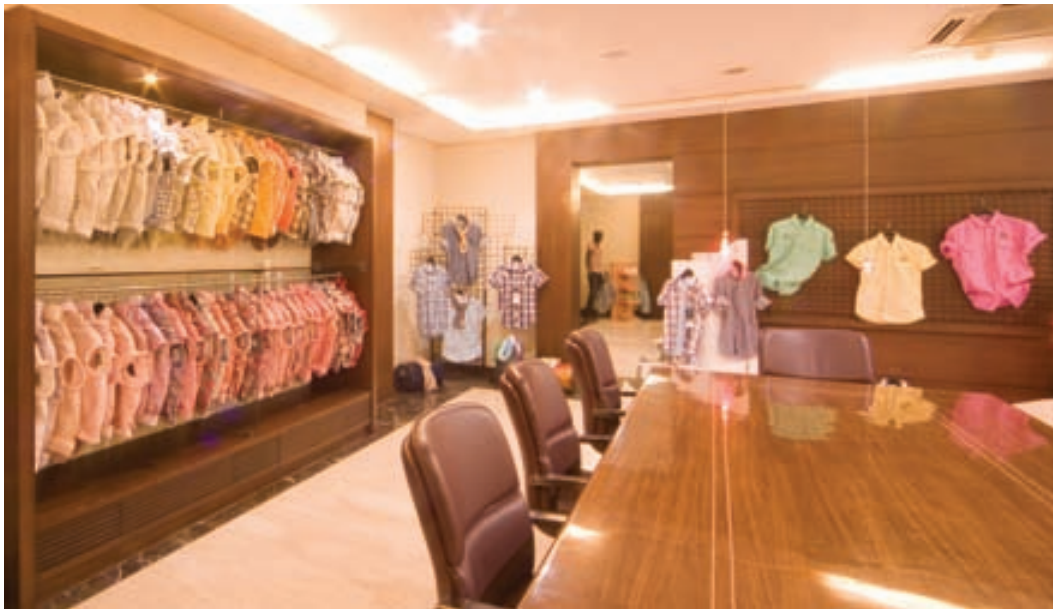
Registered Office: : D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai - 400 072

I/We hereby record my/our presence at the Sixteenth Annual General Meeting of the Company at Walchand Hirachand Hall,
 Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai – 400 020, on Wednesday, 30th September, 2009 at 9.30 a.m.

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

Name of Proxy/Representative, if any _____

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





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