



**Bombay Rayon Fashions Limited**  
**Annual Report**  
**2013-14**

# Corporate Information

## Board of Directors

Mr. Janardhan Agrawal - Chairman

Mr. Aman Agrawal - Vice Chairman

Mr. Naseer Ahmed - Joint Vice Chairman

Mr. Prashant Agrawal - Managing Director

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

Mr. Suresh Vishwasrao - Director

Mr. M. M. Agrawal - Director

Mr. Mukul Sarkar - Nominee Director-Exim Bank

Mr. Babu Nambiar - Nominee Director-IDBI Bank

Mr. A. Arumugham - Director

Mr. Uday Mogre - Executive Director -Corporate  
(Resigned w.e.f. 31<sup>st</sup> December, 2013)

## Company Secretary & Compliance officer

Ms. Prachi Deshpande

## Auditors

V. K. Beswal & Associates, Chartered Accountants

## Registered Office

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

Tel: 022 - 3985 8800

Fax: 022 - 3985 8830

CIN: L17120MH1992PLC066880

E-mail: investors@bombayrayon.com

Website: www.bombayrayon.com

## Registrar & Share Transfer Agent

Link Intime India Private Limited.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup, Mumbai-400 078.

Tel: +91 22 2596 3838

Fax: +91 22 2594 6969

Website: www.linkintime.co.in

E-mail: rnt.helpdesk@linkintime.co.in

## Bankers/Term Lenders

Axis Bank Limited

Allahabad Bank

Bank of India

Bank of Maharashtra

Central Bank of India

Corporation Bank

Dena Bank

Export-Import Bank of India

Indian Bank

IDBI Bank Limited

Indian Overseas Bank Limited

ICICI Bank Limited

Karnataka Bank Limited

Karur Vysya Bank Ltd

Oriental Bank of Commerce

Punjab National Bank

State Bank of Bikaner & Jaipur

State Bank of India

State Bank of Hyderabad

State Bank of Mysore

State Bank of Patiala

State Bank of Travancore

Standard Chartered Bank

Union Bank of India

## Listing of Equity Shares

The Company's shares are listed on:

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

# Directors' Report

## Dear Shareholders,

Your Directors have pleasure in presenting their Report on the operations of the Company together with the Annual Audited Accounts for the financial year ended March 31, 2014.

(₹ in crores)

Particulars	March 31, 2014	March 31, 2013
Revenue from Operations	2907.36	3194.79
<b>Profit before Interest, Depreciation and Tax</b>	<b>451.65</b>	820.95
<b>Less:</b> Interest	<b>450.19</b>	239.81
<b>Profit before Depreciation and Tax</b>	<b>1.46</b>	581.14
<b>Less:</b> Depreciation	<b>275.76</b>	271.22
<b>Profit / (Loss) before Extraordinary Items and Tax</b>	<b>(274.30)</b>	309.92
<b>Less:</b> Excess Provision for FBT written back	–	(13.94)
<b>Exceptional Items – Prior Period items (net)</b>	<b>3.80</b>	–
<b>Extra Ordinary Items</b>		
- Stock valuation difference written off	<b>(258.36)</b>	–
- Foreign Exchange Rate fluctuation Loss	<b>(90.92)</b>	–
<b>Less:</b> Provision for taxes (Deferred Tax)	<b>209.91</b>	(107.22)
<b>Profit / (Loss) after tax</b>	<b>(409.87)</b>	188.76
EPS(₹) - Basic	–	14.02
EPS(₹) - Diluted	–	14.02

During the year under review, the Company's debts availed from the Banks/ financial institutions were restructured due to which flow of orders from overseas customers slowed down as the customers were awaiting the status of the Company post implementation of debt restructuring package by the bankers. On account of the same, export sales of the Company has declined substantially from ₹ 1227.17 crores in FY 2012-13 to ₹ 473.20 crores in FY 2013-14.

However though, the Company has strived to enhance the growth of its domestic sales from ₹ 1972.85 crores in FY 12-13 to ₹ 2434.16 crores in FY 13-14, resulting in an increase by almost 23%. Total revenue from operations has reduced to ₹ 2907.62 crores from ₹ 3194.79 crores in FY

2012-13. The net loss incurred for the year was ₹ 409.87 crores after Extra-ordinary items of ₹ 349.28 crores.

## DIVIDEND

Considering the loss for the FY 2013-14, your Directors have decided not to recommend any dividend for the year ended 31st March, 2014.

## RESTRUCTURING OF DEBTS:

Your Company has carried out various expansions since 2005 and all the expansions were completed by the FY. 2012-13. During the execution of various projects, there was huge inventory generated which was required to put at its realizable value. The Management of the Company carried out extensive exercise for valuation of its inventories in the first quarter of FY 2013-14 and an amount of ₹ 258.36 crores was written off as valuation difference. Further, in the same quarter ₹ 90.92 crores was also written off being loss on exchange fluctuation on outstanding working capital limits under foreign currency.

In addition to losses incurred in the first quarter of the financial year, there were other factors which have adversely impacted the profitability and cash flows of the Company like:

- Slowdown in European and US Markets
- Large Scale Expansion
- Advances to Subsidiaries
- Redemption of Commercial Papers
- Delay in receipt of TUFs subsidy and other refunds
- Increase in debt and Financing Cost

resulting in delay in fulfilling the commitment with lenders. On account of the same, the Company approached the lenders and they had referred their total debt of around ₹ 4000 crores to the Corporate Debt Restructuring (CDR) Cell. The CDR Empowered Group formally accepted the Company's proposal on September 26, 2013. Under the regulatory frame work of the Reserve Bank of India (RBI), the CDR forum caters to an official platform for both the lenders and borrowers to amicably and collectively evolve policies for working out debt restructuring plans. The broad contours of this restructuring exercise involves restructuring of repayment schedule for term loans under Technology Upgradation Funds Scheme (TUFs) and Non -TUFs Term Loans, reduction in interest rates, additional facilities in the form of Working Capital Term Loan (WCTL) & Funded Interest Term Loan (FITL) and reduction in interest rate. This debt restructuring will provide the company with breathing space to work on improving operational margins.

## DIRECTORS:

Dr. B. S. Bhesania and Dr. S. B. Agarwal have stepped down from the Company's Board w.e.f August 12, 2013 and August 22, 2013 respectively. Mr. UdayMogre has resigned as Whole – time Director designated as Executive Director – Corporate

w.e.f December 31, 2013. The Board places on record their appreciation for the valuable guidance and services rendered by the three Directors.

In accordance with the provisions of Section 149 and 152 of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, the Company seeks your approval for appointment of Mr. Naseer Ahmed, Mr. Suresh Vishwasrao, Mr. M. M. Agrawal and Mr. A. Arumugham as Independent Directors for the period upto March 31, 2019.

The Company has received Notices under Section 160 of the Companies Act, 2013 from members proposing the appointment of Mr. Naseer Ahmed, Mr. Suresh Vishwasrao, Mr. M. M. Agrawal and Mr. A. Arumugham as Independent Directors of the Company together with requisite deposit.

The Company has also received the requisite disclosures from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under both sub-section (6) of section 149 of the Companies Act, 2013 and under clause 49 of the Listing Agreement with Stock Exchanges.

Mr. Aman Agrawal and Mr. Prashant Agrawal retire by rotation at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment.

The information to shareholders pursuant to the applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement of all the above mentioned Directors is annexed hereto and forms part of this Annual Report.

## **INCREASE OF BORROWING LIMITS AND LIMITS PERTAINING TO PLEDGE/HYPOTHECATION OF COMPANY'S ASSETS:**

On account of Corporate Debt Restructuring, the Company increased its borrowing powers and the limits pertaining to pledge/hypothecation of its assets upto ₹5500 crores pursuant to the provisions of Section 180(1) (a) and Section 180(1)(c) of the Companies Act, 2013 by seeking your approval by way of passing of Special Resolution at the Extra-ordinary General Meeting held on 30th September, 2013.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

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

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. That they have selected such accounting policies in consultation with Statutory Auditors and other experts and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz March 31, 2014 and of the Loss of the Company for that year.

3. That 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. That they have prepared the attached Statement of Accounts for the year ended March 31, 2014 on a going concern basis.

## **CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

Report on the Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges along with a certificate from M/s. V. K. Beswal & Associates, Chartered Accountants, (Firm Registration Number: 101083W), Statutory Auditors confirming compliance is set out in the annexure forming part of this Report. The Management Discussion and Analysis Report on the operations of the Company as required under the Listing Agreement with the Stock Exchanges is also annexed hereto and forms part of this Report.

## **AUDITORS:**

The Statutory Auditors of the Company, M/s V. K. Beswal & Associates, Chartered Accountants, Mumbai (Firm Registration Number: 101083W) shall hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. M/s V. K. Beswal & Associates, Chartered Accountants have expressed their willingness to act as the Statutory Auditors of the Company, and furnished to the Company a certificate that their appointment, if made, would be in conformity with the provisions of Section 139(1) of Companies Act, 2013.

## **AUDITORS' REPORT:**

The observations made by the Statutory Auditors in their Report read with the relevant notes as given in the Notes to Accounts for the year ended March 31, 2014, are self-explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

## **PARTICULARS OF EMPLOYEES:**

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

Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

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

The particulars as prescribed under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure

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of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in annexure to this report.

## **PUBLIC DEPOSITS:**

The Company has not accepted any amount falling within the purview of "Public Deposit" as per the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975.

## **SUBSIDIARY COMPANIES:**

### **(i) Bombay Rayon Holdings Limited (BRHL).**

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

BRHL has registered a Net Profit of ₹ 2.74 crores for the year ended March 31, 2014.

### **(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 loss of GBP 330,903 for the year ended March 31, 2014.

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

BRFL Europe B.V. at Netherlands curtailed its operations to save costs and most of the larger customers are directly dealt from well established service facilities from India offices.

BRFL Europe B.V. has registered a loss of Euro 5.418 for the year ended March 31, 2014.

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

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

The retail operations being not viable in the current prevailing economic scenario are totally closed and the brand 'GURU' is put on license model for various popular products.

BRFL Italia S.r.l, Italy has registered a net loss of Euro 8.284 thousand for the year ended December 31, 2013.

### **(v) STI India Limited (STI).**

The Company is running the unit of STI on job work basis for the manufacturing of yarn and knitted fabric. The part of manufactured yarn is used for captive consumption and balance is sold.

STI has incurred a net Loss of ₹ 6.67 crores for the year ended March 31, 2014.

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

The Company has not taken up any operations yet.

In accordance with general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet & Profit and Loss Account of the subsidiary companies are not attached. However, the financial information of the Subsidiary Company is disclosed in the Annual Report in compliance with the said circular.

## **ACKNOWLEDGEMENTS:**

Your Directors wishes to express its sincere appreciation and thanks to our Bankers, Regulatory authorities, State Government and Central Government, Customers, Suppliers and other stakeholders for their consistent support and cooperation.

Your Directors appreciate the contribution made by the employees of the Company and acknowledge their hard work and dedication. The Directors are thankful to the esteemed shareholders for their support and the confidence reposed in the Company.

**For and on behalf of the Board**

**Janardhan Agrawal**  
*Chairman*

**Place: Mumbai**  
**Date: July 30, 2014**

## Annexures to the Directors' Report

### 1) Conservation of Energy:

#### a) Energy conservation measures taken by the Company

##### (i) Electrical Energy:

- Reducing the maximum demand by evenly distributing the load throughout the day and increasing efficiency of plant and equipment.
- Improving power factor by optimum choice of power factor improvement capacitors.
- 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 equipment by modern & energy efficient equipment.

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 31/03/2014		Year Ended 31/03/2013	
	Fabrics	Garments	Fabrics	Garments
<b>A. Power and Fuel Consumption</b>				
a) Electricity				
Purchase				
Unit (Lacs)	840.03	59.00	736.05	60.89
Total Amount (₹ Lacs)	4278.94	449.59	4036.61	478.29
Rate/Unit (₹)	5.09	7.62	5.48	7.86
b) Own Generation (Through D.G. Set)				
Diesel Oil Consumed (Lac liters)	1.4296	2.56	3.65	5.06
Total Amount (₹ Lacs)	82.14	145.61	172.2	253.39
Avg. Per Liter (₹)	57.46	56.88	47.24	50.03
c) Bio Fuel				
Quantity (M.T.)	5150.92	6754.16	9432.76	3261.95
Amount (In Lacs)	266.56	239.90	489.44	113.93
d) Coal				
Quantity (M.T.)	20114.72	0.00	42696.3	21348.18
Amount (In Lacs)	3976.14	0.00	2057.96	1028.98
<b>B. Consumption Per unit of Production</b>				
Production	156.79 mn mtrs	18.51 mn pcs	162.75 mn mtrs	41.95 mn pcs
Electricity (₹)	5.49/ mtr	4.51/ pcs	4.15/mtr	4.47/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

##### I. Research and development (R & D)

##### 1. Specific areas in which R & D carried out by the company:

Product and quality improvement, development of new designs, products, cost control and energy conservation.

# Bombay Rayon Fashions Limited

## 2. Benefits derived as a result of the above R & D:

Product quality has improved and new products have been introduced.

## 3. Future plan of action:

The Company continues to focus its efforts on innovations in textile development processes.

## 4. Expenditure on R & D: NIL

## II. Technology absorption, adaptation and innovation

### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

The Company has been developing in-house modifications/ improvements in process technology in its various manufacturing sections which, when found suitable, are integrated into the regular manufacturing operation.

### 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. :

High Product quality and increased business potential

### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- a) Technology imported:
- b) Year of import:
- c) Has technology been fully absorbed?
- d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.



Not Applicable as no imported technology is put to use.

## III. Foreign Exchange Earnings and Outgo:

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.

A detailed bifurcation on the Foreign Exchange earnings and outgo is contained in note No. 36, 37 & 38 of and Note to Financial Statements

**For and on behalf of the Board**

**Place: Mumbai**  
**Date: July 30,2014**

**Janardhan Agrawal**  
**Chairman**



# Report on Corporate Governance

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

## 1. Company's Philosophy on Corporate Governance

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

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

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

## 2. Board of Directors

### a) Composition of the Board:

The Company has an optimum combination of Executive and Non-Executive Directors. As on March 31, 2014, the Board comprised of 10 Directors, of which 3 Directors are Executive Directors and 7 Directors are Non-Executive Directors, out of which Mr. Mukul Sarkar and Mr. Babu Nambiar are Nominee Directors appointed by the Export Import Bank of India (EXIM) and Industrial Development Bank of India (IDBI) respectively. The other 4 non executive directors are independent directors.

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

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

Name of Director	Category	No. of Board meetings attended during the year	Whether previous AGM attended	No. of other		
				Directorships*	Committee Memberships #	Committee Chairmanships #
Mr. Janardhan Agrawal (Chairman)	Promoter, Non-Executive; Non- Independent (Chairman)	3	No	3	–	–
Mr. Naseer Ahmed	Non-Executive; Independent	1	No	2	–	1
Mr. Aman Agrawal	Promoter, Executive; Non- Independent (Vice- Chairman)	2	Yes	5	–	–
Mr. Prashant Agrawal (Managing Director)	Promoter, Executive; Non- Independent	6	Yes	6	–	–
Mr. Uday Mogre <sup>(1)</sup>	Executive; Non- Independent	5	Yes	–	–	–
Mr. A. R. Mundra	Executive; Non-Independent	6	Yes	2	–	–
Dr. B. S. Bhesania <sup>(2)</sup>	Non-Executive; Independent	–	No	–	–	–



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Name of Director	Category	No. of Board meetings attended during the year	Whether previous AGM attended	No. of other		
				Directorships*	Committee Memberships #	Committee Chairmanships #
Dr. S. B. Agarwal <sup>(3)</sup>	Non-Executive; Independent	1	No	–	–	–
Mr. Suresh Vishwasrao	Non-Executive; Independent	5	No	1	–	–
Mr. M. M. Agrawal	Non-Executive; Independent	4	No	6	5	2
Mr. A. Arumugham <sup>(4)</sup>	Non-Executive; Independent	1	Yes	2	2	2
Mr. Mukul Sarkar (Nominee Director)	Non-Executive; Independent	5	No	2	1	–
Mr. Babu Namibar (Nominee Director) <sup>(5)</sup>	Non-Executive; Independent	3	Yes	–	–	–

Note: Except that Mr. Aman Agrawal & Mr. Prashant Agrawal being sons of Mr. Janardhan Agrawal, no other director is related directly or indirectly to any other director listed above.

\* Directorships in Private Companies, Foreign Companies and the Companies under Section 25 of the Companies Act, 1956 are excluded.

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

(1) Mr. Uday Mogre resigned from the Company w.e.f. December 31, 2013.

(2) Dr. B. S. Bhesania resigned from the Company w.e.f. August 22, 2013.

(3) Dr. S. B. Agarwal resigned from the Company w.e.f. August 12, 2013.

(4) Mr. A Arumugham appointed as Independent Director of the Company w.e.f. August 22, 2013.

(5) Mr. Babu Namibar appointed as Nominee Director of the Company w.e.f. August 22, 2013.

### b) Re-appointment of Directors:

The details of the Mr. Aman Agrawal and Mr. Prashant Agrawal, Directors liable to retire by rotation at the ensuing Annual General Meeting is provided in Annexure "A" of this Report.

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

Apart from sitting fees for attending Board & Committee meetings, no other fees or commission is paid to the Non-Executive Independent Directors during the financial year.

In accordance with the Special resolution passed by Shareholders of the Company at their Annual General Meeting held on September 15, 2011, Mr. Janardhan Agrawal, the Non – Executive Chairman is entitled for a commission @ 1% of the net profits. However for the year ended March 31, 2014, no commission has been paid in view of loss.

The detail of sitting fees is provided separately in this Report.

### d) Board Meetings and Annual General Meeting:

During the year under review, 6 (Six) Meetings of the Board of Directors of the Company were convened on:

- June 07, 2013 (Adjourned meeting of May 30, 2013)
- August 22, 2013
- November 15, 2013
- July 19, 2013
- September 25, 2013
- February 13, 2014

The Company Secretary has prepared the agenda and the explanatory notes, in consultation with the Managing Director and Executive Director – Finance and circulated the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once every quarter inter alia to review the quarterly results together with the Operations and Performance of the Company pertaining to that quarter. Additional Meetings are held, whenever considered necessary. The draft minutes containing the proceedings of the Meeting of the Board, after incorporating the comments, if any, of the Directors are confirmed by the Board Members at their next Meeting and signed by the Chairman of the meeting thereafter. Senior Management Personnel are called to provide additional inputs for the items being discussed by the Board of Directors whenever necessary. The items in the Agenda are backed by comprehensive background information so as to enable the Board to take appropriate

decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, approvals of the Board are taken wherever necessary for major events. The Board also reviews the Compliance report of all laws applicable to the Company. The Managing Director keeps the Board apprised of the overall performance of the Company.

**e) Code of Conduct**

The Company has adopted a Code of Conduct for the members of the Board and the Senior Management in compliance with the provisions of Clause 49 of the Listing Agreement. All the members of the Board and the Senior Management have affirmed compliance with the Code of Conduct as on March 31, 2014 and a declaration to that effect signed by the Managing Director, forms a part of this Report. The Code of Conduct is also available on Company's web site - [www.bombayrayon.com](http://www.bombayrayon.com).

### 3. Audit Committee

**a) Constitution of Audit Committee:**

The Audit Committee of the Company has been constituted in accordance with the provisions of Section 292A of the Companies Act, 1956, and in terms with Clause 49 of the Listing Agreement with Stock Exchanges.

Due to the resignation of Dr. B.S. Bhesania and Mr. S. B. Agrawal on August 12, 2013 and August 22, 2013 respectively, the Audit Committee was reconstituted during the year.

The Present committee comprises of:

Sr. No.	Name of the Committee Member	Designation
1	Mr. A. Arumugham	Chairman
2	Mr. Suresh Vishwasrao	Member
3	Mr. Mukul Sarkar	Member
4	Mr. A. R. Mundra	Member

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

During the financial year 2013-14, four Audit Committee Meetings were held on:

- June 07, 2013 (Adjourned Meeting of 30th May, 2013)
- August 22, 2013
- November 15, 2013
- February 13, 2014

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

Name of the Committee Member	Designation	No. of meeting held during the year	No. of meetings attended
Dr. S. B. Agarwal*	Chairman	4	1
Dr. B. S. Bhesania*	Member	4	-
Mr. A. R. Mundra	Member	4	4
Mr. Mukul Sarkar	Member	4	4
Mr. A. Arumugham**	Member	4	1
Mr. Suresh Vishawasrao	Member	4	3

\*During the year Dr. S. B. Agarwal and Dr. B. S. Bhesania has resigned from Board on August 12, 2013 and August 22, 2013 respectively.

\*\* inducted as Member w.e.f. August 22, 2013

**c) Attendees:**

The Audit Committee invited Senior Executives, Statutory Auditors & Internal Auditors, whenever it considers appropriate, to be present at its meetings. Ms. Prachi Deshpande, Company Secretary of the Company acted as the Secretary of the Committee for the year 2013-2014.

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

- I. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- II. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- III. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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- IV. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
- V. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- VI. Reviewing, with the management, the Statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue and making appropriate recommendation to the Board to take up steps in this matter.
- VII. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- VIII. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- IX. Discussion with internal auditors on any significant findings and follow up there on.
- X. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- XI. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- XII. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- XIII. Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

**e) Powers of the Audit Committee:**

The Audit Committee is entrusted with the following powers:

1. 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.
2. To seek information from any employee.
3. To obtain from outside legal or other professional advice, if necessary.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

## 4. Remuneration Committee

**a) Re-Constitution of Remuneration Committee:**

During for the year, due to the resignation of Dr. B. S. Bhesania and Dr. S. B. Agrawal from the Board, Remuneration Committee was re-constituted. At present Remuneration Committee comprises of three Non-Executive Independent Directors of which Mr. Mukul Sarkar is Nominee Director.

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

The composition of the Remuneration Committee as on 31st March 2014 is as under:

Sr.No.	Committee Members	Designation
1	Mr. A. Arumugham	Chairman
2	Mr. Suersh Vishwasrao	Member
3	Mr. Mukul Sarkar	Member
4	Mr. Nasser Ahmed	Member

During the year, One Remuneration Committee Meeting was held on August 22, 2013, at which the all the members of Committee were present.

**c) Terms of reference:**

The Committee has the mandate to review and recommend compensation payable to the Managing Director, Whole-time Directors and Senior Management of the Company. One of its functions is to also administer the Company's Stock Option Plans, if any, including the review and grant of the Stock Options to eligible employees under plans, as and when necessary. The Committee reviews the performance of the Whole-time Directors and for the said purpose may have 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:**

Except the Chairman of the Company, all the Non-executive Directors receive sitting fees of ₹ 10,000/- for attending Board Meetings, Audit Committee Meetings and Remuneration Committee Meetings. The sitting fees paid, are within the limits prescribed under the Companies Act, 1956 read with the relevant Rules.

Details of the Sitting fees paid during the year 2013-14 together with the details of Shareholding of the Non-executive Directors as on March 31, 2014 are as under:

Name of the Director	Sitting fees paid (Amount in ₹)		
	Board Meeting	Remuneration Committee	Audit Committee
Dr. B. S. Bhesania*	–	–	–
Mr. Janardhan Agrawal	–	–	–
Dr. S. B. Agarwal*	10000	–	10000
Mr. Naseer Ahmed	10000	–	–
Mr. Mukul Sarkar	50000	10000	40000
Mr. M. M Agrawal	40000	–	–
Mr. Suresh Vishwasrao	50000	10000	30000
Mr. A. Arumugham	10000	10000	10000
Mr. Babu Nambiar	30000	–	–
<b>Total</b>	<b>200000</b>	<b>30000</b>	<b>90000</b>

\* Dr. S. B. Agarwal and Dr. B. S. Bhesania resigned w.e.f. August 12, 2013 and August 22, 2013 respectively.

Mr. Janardhan Agrawal, the Chairman of the Company is entitled to Commission of 1% of the net profits of the Company in accordance with the limits of Section 309 of the Companies Act, 1956. In view of loss for the year ended March 31, 2014 no commission was paid.

**iii) Executive Directors:**

Mr. Aman Agrawal, Vice Chairman, Mr. Prashant Agrawal, Managing Director, and Mr. A. R. Mundra, Executive Director – Finance are the Executive Directors of the Company. The tenure of all the aforesaid Executive Directors is up to 31st May, 2016. On recommendation of the Board and Remuneration Committee, shareholders at their meeting held on 27th September 2013 approved the re-appointment of and payment of remuneration to the said Executive Directors.

Details of remuneration paid to the Executive Directors of the Company during the year ended March 31, 2014 is as under:

(₹ in lacs)

Name of the Executive Director	Designation	Salary & Allowances	Contribution to PF	Total
Mr. Aman Agrawal	Vice-Chairman	240.00	17.26	257.26
Mr. Prashant Agrawal	Managing Director	240.00	17.26	257.26
Mr. A. R. Mundra	Executive Director-Finance	36.00	2.58	38.58
Mr. Uday Mogre#	Executive Director-Corporate	27.00	1.93	28.93

# Mr. Uday Mogre resigned w.e.f. December 31, 2013.

## 5. Shareholders' / Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee looks into members services like transfer/transmission of shares, Dematerialization / Rematerialization requests and various investor complaints like - non-receipt of refund, declared dividends, etc. and takes necessary steps for redressal thereof.

The Committee is a Board level committee headed by the Mr. Janardhan Agrawal, Chairman. The Members of Shareholders' /Investors' Grievance Committee Meetings met four times during the financial year 2013-14:

- June 07, 2013
- August 22, 2013
- November 15, 2013
- February 13, 2014

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

Name of Committee Members	Designation	No. of meetings attended
Mr. Janardhan Agrawal	Chairman	4
Mr. Prashant Agrawal	Member	4
Mr. A. R. Mundra	Member	4

- Ms. Prachi Deshpande, Company Secretary is also the Compliance Officer for the committee.
- All complaints received during the year from Shareholders / Investors were resolved. There were no complaints pending as at the end of the year.
- Share Transfers in Physical Mode:

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

## 6. General Body Meetings

- i) Venue, time and date of holding of the last three Annual General Meetings (AGM) together with the Special resolutions passed thereat is as under:

Year	Date	Time	Venue	Special Resolutions passed
2012-13	27/09/13	4.00 P.M.	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	<p>a. Re-appointment of Mr. Aman Agrawal as a Whole-time Director designated as Vice-Chairman of the Company for the period of 3 years w.e.f. June 01, 2013 to May 31, 2016 on a consolidated remuneration not exceeding ₹ 30,00,000/- per month (inclusive of perquisites and allowances as per Company's Rule as may be agreed to between the Directors and Mr. Aman Agrawal.</p> <p>b. Re-appointment of Mr. Prashant Agrawal as a Managing Director of the Company for the period of 3 years w.e.f. June 01, 2013 to May 31, 2016 on a consolidated remuneration not exceeding RS.30,00,000/- per month (inclusive of perquisites and allowances as per Company's Rule as may be agreed to between the Directors and Mr. Prashant Agrawal.</p> <p>c. Re-appointment of Mr. Uday Mogre as a Whole-time Director designated as executive Director of the Company for the period of 3 years w.e.f. June 01, 2013 to May 31, 2016 on a consolidated remuneration not exceeding ₹ 7,50,000/- per month (inclusive of perquisites and allowances as per Company's Rule as may be agreed to between the Directors and Mr. Uday Mogre.</p>

Year	Date	Time	Venue	Special Resolutions passed
				d. Re-appointment of Mr. A. R. Mundra as a Whole-time Director designated as executive Director of the Company for the period of 3 years w.e.f. June 01, 2013 to May 31, 2016 on a consolidated remuneration not exceeding ₹ 7,50,000/- per month (inclusive of perquisites and allowances as per Company's Rule as may be agreed to between the Directors and Mr. A. R. Mundra.
2011-12	28/09/12	4.30 P.M	Kilachand Conference Room, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	--
2010-11	15/09/11	4.30 P.M	Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020	a. To authorize the Board of Directors of the Company for creation of mortgages/charges for an amount not exceeding ₹ 4,000 crores pursuant to the provisions of Section 293(1) (a) of the Act. b. To authorize the Board of Directors of the Company for borrowing such amount not exceeding ₹ 4,000 Crores pursuant to the provisions of Section 293(1)(d) of the Act. c. Payment of commission to Mr. Janardhan Agrawal, Non-executive Chairman @ 1% of the Net Profit of the Company for a period of five years pursuant to the provisions of Section 309 (5) read with Section 198 (1) of the Act.

**(ii) Extra Ordinary General Meeting:**

Venue, time and date of holding of the last Extra-Ordinary General Meetings together with the Special resolutions passed thereat is as under:

Year	Date	Time	Venue	Resolutions passed
2012-13	30/09/13	9.00 A.M.	Hotel Orchid, Nehru Road, Vile Parle (E), Adjacent To Domestic Airport, Mumbai - 99	a. Authority to the Board of Directors to create, charge, pledge, mortgage and hypothecation of movable and immovable assets of the Company to secure borrowings of the Company up to the limit of ₹ 5500 Crores pursuant to the provision of Section 180 (1) (a) of the Companies Act, 2013. b. Increase in the borrowing capacity of the Company up to the limit of ₹ 5500 Crores pursuant to the provision of Section 180 (1) (c) of the Companies Act, 2013.

iii) The Company did not pass any resolution by way of Shareholders approval through Postal Ballot during the year ended March 31, 2014. No Special Resolution has been proposed to be passed by way of Postal Ballot.

## 7. Disclosures

a) The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2014.

## Bombay Rayon Fashions Limited

- b) Details of Shares held by Non-Executive Directors as on March 31, 2014:

Sr. No	Name of the Non-Executive Director	No. of Shares held
1.	Mr. Janardhan Agrawal	75,76,140

Note: None of the Non-executive Director other than those specified above, holds any Share or Voting Rights of the Company.

- c) No penalty/structure was imposed on the Company during the last three years by any regulatory authority of capital markets.
- d) The Company does not have a Whistle Blower Policy; which is a non-mandatory requirement. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behavior, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee and there are no instances of any such access.
- e) The Managing Director (CEO) & the Executive Director – Finance (CFO) have certified to the Board at their meeting held on July 30, 2014 in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO & CFO Certification for the financial year ended March 31, 2014.
- f) The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement.
- g) The Company has laid down procedures for risk assessment and minimization. This is reviewed by Board to ensure that the management manages the risk through a properly defined framework.
- h) The Standalone as well as Consolidated Financial Statements of the Company are unqualified.
- i) The Code of Conduct for prevention of Insider trading has also been amended from time to time in line with the amendments prescribed by Securities and Exchange Board of India (SEBI) Regulations in this regard. All the Directors on the Board as well as senior level Employees/ Designated Officers of the Company who could be privy to unpublished price sensitive information of the Company are governed by this Code.
- j) The Company does not have any material un-listed Indian subsidiary Company. The Audit Committee and Board reviews the minutes, financial statements together with the significant transactions and working of Un-listed subsidiaries of the Company.
- k) Transfer of unclaimed IPO shares to Suspense account

In accordance with the requirements of Circular No. SEBI/ CFD/ DIL/LA/1/2009/24/04 and pursuant to the Clause 5A of the Listing Agreement with the Stock Exchanges, the Company has opened a Demat account wherein the unclaimed shares issued under the Initial Public Issue have been credited. Brief particulars in this regard are as under:

Unclaimed Shares as on April 1, 2014		Details of Shareholders approached during the Financial Year 2013-14 for the claiming of shares		Details of Shareholders to whom the shares have been transferred during the Financial Year 2013-14		Unclaimed Shares as on March 31, 2014	
No. of share holders	No. of Shares	No. of share holders	No. of Shares	No. of share holders	No. of Shares	No. of share holders	No. of Shares
6	634	–	–	–	–	6	634

\* Note: The Shareholders may please note that the voting rights on the said shares shall remain frozen till the rightful owner of such shares claims the same.

## 8. Means of Communication

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

Name of the Newspaper	Language	Publication
Economic Times	English	Mumbai & Bangalore
Maharashtra Times	Marathi	Mumbai

- The Company uploads its results together with all the official news releases and the presentations made to Institutional Investors and Analysts, if any, on its web-site - [www.bombayrayon.com](http://www.bombayrayon.com)
- Management Discussion and Analysis Report forms a part of this Annual Report.



## 9. General Shareholder Information

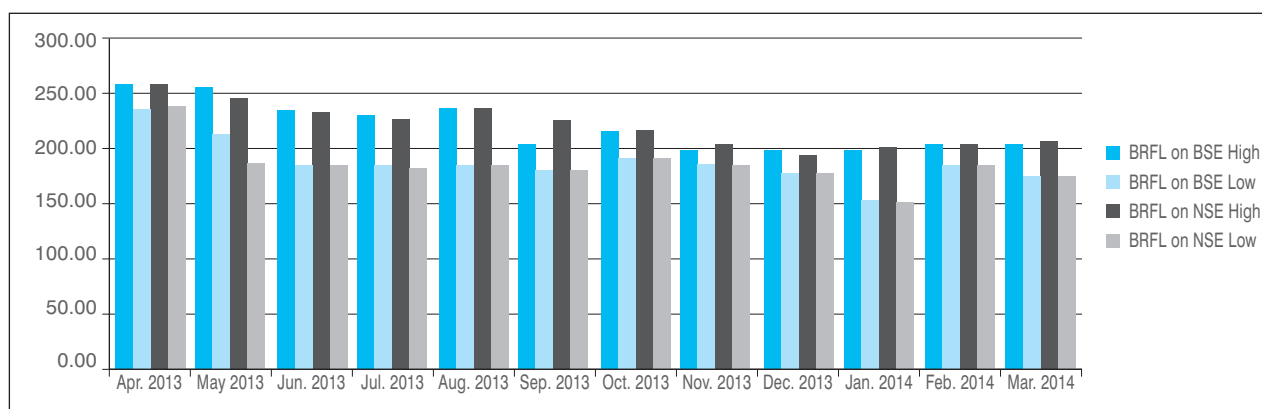
- a) **Date, Time and Venue** Date: September 27, 2014  
Day: Saturday  
Time: 12.30 p.m.  
Venue: Kilachand Conference Room, IMC Chambers, Churchgate, Mumbai 400 020
- b) **Financial Calendar** April 01, 2013 to March 31, 2014
- c) **Date of Book Closures (both days inclusive)** September 20, 2014 (Saturday) to September 27, 2014 (Saturday)
- d) **Registered Office** D - 1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (E), Mumbai - 400 072  
E-mail: investors@bombayrayon.com  
Web-site: www.bombayrayon.com
- e) **Listing on Stock Exchanges** National Stock Exchange of India Limited; and BSE Limited  
The Company has paid Annual Listing fees for year 2014-2015 to both the Stock Exchanges.
- f) **Stock Code** NSE: BRFL  
BSE: 532678
- g) **Tentative calendar of Board Meetings for the financial year 2014-15** Calendar Financial reporting for Quarter ended:
- |               |                 |
|---------------|-----------------|
| June 30, 2014 | By Aug 14, 2014 |
| Sept 30, 2014 | By Nov 14, 2014 |
| Dec 31, 2014  | By Feb 14, 2015 |
| Mar 31, 2015  | By May 30, 2015 |
- h) **ISIN** INE589G01011
- i) **Corporate Identification Number (CIN)** L17120MH1992PLC066880
- j) **Market Price Data:**  
The monthly high and low quotations of shares traded on the BSE Limited and National Stock Exchange of India Limited as follows:

### A. BSE LIMITED & NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Month	BRFL on BSE		BRFL on NSE	
	High	Low	High	Low
April, 2013	259.75	234.05	259.75	234.70
May, 2013	255.00	211.10	245.30	188.50
June, 2013	232.90	185.25	232.40	184.05
July, 2013	230.00	185.05	227.80	181.15
August, 2013	238.70	185.00	236.00	185.15
September, 2013	224.90	180.00	224.70	180.00
October, 2013	217.00	190.05	218.65	190.10
November, 2013	199.90	184.05	204.00	185.10
December, 2013	199.90	176.55	193.00	175.60
January, 2014	199.90	151.55	200.00	151.95
February, 2014	204.80	184.15	203.00	185.20
March, 2014	224.80	173.80	228.00	175.25

# Bombay Rayon Fashions Limited

## Price Movement



### k) Registrar and Share Transfer Agent:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078

Tel: 022 - 2596 3838, Fax: 022 - 2594 6969

Website: www.linkintime.co.in

### l) Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agent of the Company. They execute the share transfer formalities at least once in 15 days.

Shares held in the dematerialized form are electronically traded in through National Securities Depository Limited and Central Depository Services (India) Limited and the Registrar and Share Transfer Agent of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

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

### m) Distribution of Shareholding:

- Distribution of Shareholding as at March 31, 2014:

Shareholding of Nominal Value	No. of Shareholders	% of Total	Shares	% of Total
1- 500	5983	95.7740	428692	0.3185
501-1000	85	1.3607	70970	0.0527
1001-2000	45	0.7203	65380	0.0486
2001-3000	9	0.1441	22633	0.0168
3001-4000	3	0.0480	10117	0.0075
4001-5000	9	0.01441	41482	0.0308
5001-10000	20	0.3202	149277	0.1109
100001 and above	93	1.4887	133811449	99.4142
<b>TOTAL</b>	<b>6247</b>	<b>100.00</b>	<b>13,46,00,000</b>	<b>100.00</b>

- Category wise Shareholding as at March 31, 2014:

Category of Shareholder	No. of Shares	% of Total Share Capital
Promoter Group	124199325	92.27
Mutual Funds and UTI	0	0
Banks/Financial Institutions/ Insurance Companies	681873	0.51
Foreign Institutional Investors	240718	0.18
Private Corporate Bodies	7302145	5.42
Non-Resident Indians	55802	0.04
Clearing Member	301184	0.22
Public	1818953	1.35
Foreign Company	–	–
Depository Receipts	–	–
<b>TOTAL</b>	<b>13,46,00,000</b>	<b>100</b>

**n) Dematerialization of Shares and Liquidity:**

About 99.92% of the shares were in dematerialized form as on March 31, 2014. The equity shares of the Company are traded at BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE).

Physical and Demat Shares as on March 31, 2014		
	No of Shares	Percent
Held in dematerialised form in NSDL	13,15,53,836	97.74
Held in dematerialised form in CDSL	30,41,860	2.26
Physical Shares	4,304	0.003
<b>Total</b>	<b>13,46,00,000</b>	<b>100</b>

**o) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date, likely impact on equity:-**  
There are no GDRs/ADRs/Warrants or any Convertible Instruments pending conversion or any other instrument likely to impact the equity share capital of the Company.

**p) Plant Locations:**

FACTORY LOCATION

WEAVING AND YARN DYEING

– Maharashtra – Navi Mumbai, Sonale and Tarapur, Dist. Thane

– Silvassa

– Karnataka – Bangalore

PROCESSING

– Maharashtra -Tarapur

– Karnataka - Bangalore

GARMENTING

– Maharashtra – Navi Mumbai, Islampur, Latur, Ichalkaranji and Osmanabad

– Karnataka - Bangalore

– Tamilnadu - Chennai

– Kerala – Thiruvananthapuram

**q) Address for Correspondence:**

For any other query relating to shares: For general correspondence:

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup, Mumbai - 400 078.  
Tele: 022 – 2596 3838  
Fax: 022 – 2594 6969 / 2596 0329  
Website: www.linkintime.co.in  
E-mail: rnt.helpdesk@linkintime.co.in

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

**r) Shares held in Electronic Form:**

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

**s) Shares held in Physical Form:**

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

## 10. Code of Conduct

As provided under the Clause 49 of the Listing Agreement with the Stock exchanges, the Senior Management Personnel has confirmed compliance with the Code of Conduct for the year ended March 31, 2014.

# Bombay Rayon Fashions Limited

## CEO & CFO CERTIFICATE

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

- I. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 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.
- II. 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 violate the Company's code of conduct.
- III. 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.
- IV. 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 Agrawal**  
Managing Director

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

Place: Mumbai

Date: July 30, 2014

## ANNEXURE -A

### 1) Name : Mr. Aman Agrawal (Re-appointment)

**Date of Birth: May 21, 1972**

**Date of Appointment: January 31, 2003**

**Educational Qualification: B. com, M.B.A. - Australia**

#### **Experience & Expertise:**

Aman Agrawal has over 20 years of experience in the textile industry. The Group's reputation of being capable of delivering of any sort of complicated yarn dyed fabric is mainly due to his efforts of building in-house expertise of transforming complex designs from drawing board to shop floor. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.

List of other Company in which he holds Directorship as on March 31, 2014

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Reynold Shirting Limited.	8	Best United India Comforts Pvt. Limited.
2	Bombay Rayon Clothing Limited.	9	Bestseller Retail India Pvt. Limited.
3	Bombay Rayon Holdings Limited.	10	Bestseller Wholesale India Pvt. Limited.
4	C.K.M. Investments Pvt. Limited.	11	STI India Limited.
5	Scotts Apparels Pvt. Limited.	12	STISanoh India Limited.
6	Latur Integrated Textile Park Pvt. Limited.	13	Ashwell Holding Company Pvt. Limited.
7	Best United Lifestyles Pvt. Limited.	14	Bluerays Realtors Pvt. Limited.

**Chairman /member of Committees of the Boards of other Companies in which he is Director as on March 31, 2014:**  
**NIL**

**Number of Equity Shares held: 33,38,404 Shares**

**2) Name: Mr. Prashant Agrawal (Re-appointment)****Date of Birth: January 26, 1974****Date of Appointment: September 1, 1997****Educational Qualification: B. Tech Chemical, M.S.-Chemical Engineering & Petroleum Refining (USA)****Experience & Expertise:**

Prashant Agrawal has over 18 years of experience in the textile industry. Mr. Prashant is accredited with development and growth of the Group's export business. The shift of strategic focus from a fabrics company to a fully integrated complete apparel company is due to his vision.

**List of other Company in which he holds Directorship as on March 31, 2014.**

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Reynold Shirting Limited.	11	Bestseller Retail India Pvt.Limited.
2	Bombay Rayon Clothing Limited.	12	Bestseller Wholesale India Pvt.Limited.
3	Scotts Plantations Pvt. Limited.	13	Tarapur Environment Protection Society.
4	Scotts Fashionciti India Limited.	14	GFI Infrastructure Development Pvt. Limited.
5	Bombay Rayon Holdings Limited.	15	Islampur Integrated Textile Park Pvt. Limited.
6	B R Machine Tools Pvt. Limited.	16	Ashwell Holding Company Pvt. Limited.
7	STI Sanoh India Limited.	17	Kagal Industrial Textile Technology Park Pvt. Limited.
8	STI India Limited.	18	Palghar Rolling Mills Pvt. Limited.
9	Best United Lifestyles Pvt. Limited.	19	Bluerays Realtors Pvt. Limited.
10	Clinvent Real Estate Pvt. Limited.	20	Best United India Comforts Pvt. Limited.

**Chairman /member of Committees of the Boards of other Companies in which he is Director as on March 31, 2014:**  
Nil

**Number of Equity Shares held: 61,62,994 Shares****3) Name : Mr. Naseer Ahmed (Appointment as an Independent Director)****Date of Birth: May 22, 1959****Date of Appointment: July 25, 2005****Educational Qualification: B. Com****Experience & Expertise:**

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

**List of other Company in which he holds Directorship as on March 31, 2014**

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Scotts Knits Pvt. Limited.	8	Coppers Coin Realty Pvt. Limited.
2	Scotts Garments Limited.	9	Pedigree Construction Pvt. Limited.
3	Scotts Apparels Pvt. Limited.	10	Inmark Retail Pvt. Limited.
4	Scotts Textile Park Pvt. Limited.	11	TSS Enterprises Pvt. Limited.
5	Scotts Plantations Pvt. Limited.	12	Scotts Infrastructure And Development Pvt. Limited.
6	Scotts Fashionciti India Limited.	13	GFI Infrastructure Development Pvt. Limited.
7	Scotts Wears Pvt. Limited.		

**Chairman /member of Committees of the Boards of other Companies in which he is Director as on March 31, 2014:**  
Scotts Garments Limited:

**Number of Equity Shares held - NIL****4) Name: Mr. M. M. Agrawal(Appointment as an Independent Director)****Date of Birth: August 04, 1950****Date of Appointment: February 09, 2011****Education Qualification: B. E, CAIIB- Part I**

# Bombay Rayon Fashions Limited

## Experience & Expertise:

Mr. M.M. Agrawal is an ex-banker and is having more than 42 years of banking experience. His areas of interest are Private Equity, Strategy, Corporate Governance, Corporate finance, Corporate Social Responsibilities etc.

## List of other Company in which he holds Directorship as on March 31, 2014

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Karuturi Global Limited.	7	Mercator Lines Limited.
2	NSL Renewable Power Pvt. Limited.	8	Paragon Asset Reconstruction Pvt. Limited.
3	Hindustan Powerprojects Pvt. Limited.	9	SREI Mutual Fund Asset Management Pvt. Limited.
4	Essar Power Limited.	10.	NSL Nagapatnam Power And Infratech Limited.
5	Jaguar Overseas Limited.	11.	Essar Power (Jharkhand) Limited.
6	Bhoruka Cogen Power Pvt. Limited.	12.	Vision Drilling Pte. Limited Singapore.

## Chairman /member of Committees of the Boards of other Limited Companies in which he is Director as on March 31, 2014

Sr. No.	Name of The Company	Name of Committee*	Status
1	Jaguar Overseas Limited.	Audit Committee	Member
2	Essar Power Limited.	Audit Committee	Chairman
3	Essar Power Limited.	Remuneration Committee	Chairman
4	Hindustan Powerprojects Pvt. Limited.	Banking Committee	Member
5	NSL Renewable Power Pvt. Limited.	Audit Committee	Member
6	NSL Nagapatnam Power And Infratech Pvt. Limited.	Audit Committee	Member
7	Karuturi Global Limited.	Audit Committee	Member

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

Number of Equity Shares held: NIL

## 5) Name: Mr. Suresh Vishwasrao (Appointment as an independent Director)

Date of Birth: October 04, 1946

Date of Appointment: March 31, 2009

Education Qualification: M. A., CAIIB (Certified Associate Indian Institute of Bankers), Diploma Risk Management – New York University, USA.

## Experience & Expertise:

Mr. Vishwasrao is having more than 44 years of professional experience in Banking regulations, Foreign Exchange Management Act, Loan Syndication, Capital Markets etc. He is an ex-banker.

## List of other Company in which he holds Directorship as on March 31, 2014

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Yuroas Textiles Pvt. Limited.	4	Quest (East India) Advisor Pvt. Limited.
2	Quest Softech (India) Limited.	5	Quest Finlease Pvt. Limited.
3	Quest Profin Advisor Pvt. Limited.		

Suresh Shankar Vishwasrao is a Designated Partner in Shivam Lefepace Developers LLP

Chairman /member of Committees of the Boards of other Companies in which he is Director as on March 31, 2014: Nil

Number of Equity Shares held: NIL

**6) Name : Mr. A. Arumugham (Appointment as an Independent Director)****Date of Birth: October 26, 1942****Date of Appointment: August 22, 2013****Educational Qualification: C.A.****Experience & Expertise:**

Mr. A. Arumugham is a Chartered Accountant with over 36 years of experience in practice. Mr. A. Arumugham has been associated with various large corporate houses and has a sound knowledge in various activities such as fund mobilization, mergers, takeovers, legal compliances, etc.

**List of other Company in which he holds Directorship as on March 31, 2014**

Sr. No.	Name of the Company	Sr. No.	Name of the Company
1	Chemicar Pvt. Limited	9	Scotts Apparels Pvt. Limited
2	Beauty Base Products (India) Pvt. Limited	10	Scotts Wears Pvt. Limited
3	Pedigree Construction Pvt. Limited	11	Inmark Retail Pvt. Limited
4	Tamarind Properties Pvt. Limited.	12	Scotts Knits Pvt. Limited.
5	Annaishola Lodge Pvt. Limited.	14	STI India Limited.
6	Coppers Coin Realty Pvt. Limited.	15	Scotts Garments Limited.
7	C.K.M. Investments Pvt. Limited.	16	Scotts Textile Park Pvt. Limited.
8	Scotts Infrastructure & Development Pvt. Limited.		

**Chairman /member of Committees of the Boards of other Companies in which he is Director as on March 31, 2014:**

Sr. No.	Name of The Company	Name of Committee*	Status
1	Scotts Garments Limited.	Audit Committee	Chairman
2	Scotts Garments Limited.	Remuneration Committee	Member
3	STI India Limited.	Audit Committee	Chairman

**Number of Equity Shares held: NIL**



# Bombay Rayon Fashions Limited

## Auditors Certificate on Corporate Governance

To  
The Members of  
Bombay Rayon Fashions Ltd.

We have examined the compliance of conditions of Corporate Governance by Bombay Rayon Fashions Ltd. (“the Company”) for the year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of 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 conditions of Corporate Governance. It is neither audit, nor an expression of opinion on the financial statements of the Company.

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

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

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

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

**CA K.V. Beswal  
Partner**

**M.No.131054**

**Firm Reg. No. 101083W**

**Place: Mumbai  
Dated: July 30, 2014**

### IMPORTANT COMMUNICATION TO THE SHAREHOLDERS

Ministry of Corporate Affairs has been taken place a ‘Green initiative in Corporate Governance’ by allowing paperless compliance by the Companies and has issued circular stating that services of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the government in full measures, the company hereby requests its members who have not registered their e-mail addresses so far, to register their email addresses with the depository through their concerned depository participants in respect of electronic holding and with the company or its Registrar in respect of physical holding.

# Management Discussion & Analysis

## GENERAL ECONOMIC SCENARIO:-

Uncertainty in the global outlook, caused by the crisis in the Euro area and general economic slowdown, compounded by domestic structural constraints and high inflation resulted in Indian economy to grow at sub 5% growth rate in second consecutive year in 2013-14. India's growth declined from an average of 8.3% during 2004-05 to 2011-12 to an average of 4.7% in 2013-14.

After achieving unprecedented growth of over 9% for three successive years between 2005-06 and 2007-08 and recovering swiftly from the global financial crisis of 2008-09, the Indian economy has been going through challenging times that culminated in lower than 5% growth of GDP at factor cost at constant prices for two consecutive years, i.e. 2012-13 and 2013-14.

However, the scenario is improving fast. Inflation, though above acceptable levels has reduced appreciably. Improvements are also visible on the fiscal front and in the current account balance. Reflecting the above and the expectations of a change for the better, Indian financial markets have surged. Moderation in inflation would help ease the monetary policy stance and revive the confidence of investors, and with the global economy expected to recover moderately, particularly on account of performance in some advanced economies, the economy can look forward to better growth prospects in 2014-15 and beyond.

The Global Scenario Worldwide 2014 appears to be much more encouraging than 2013, with the forces driving the global economic recovery firmly entrenched. The IMF projects that global economic growth will rise from 3% in 2013 to 3.6% in 2014 and to 3.9% in 2015. This is largely due to a turn for the better in the developed economies - estimated to grow 2.25% in 2014, a full percentage point more than in 2013. US GDP growth for 2014 is projected at 2.8%, and in the Euro area at 1.2%, while China's economy is expected to grow at 7.5%. GDP growth in the emerging markets and developing economies is slated to increase from 4.7% in 2013 to 4.9% in 2014, as these regions step up exports to the developed markets.

Continued fiscal easing, loose monetary policy in developed economies and stable commodity prices should boost the global recovery. The nervousness in the financial markets, particularly related to stability of the southern European economies, has abated considerably.

## PERFORMANCE OF INDIAN TEXTILES SECTOR:-

### A. Production Scenario

#### i. Fibre and Filament

Indian textile manufacturing value chain is mainly cotton based. India is also the second largest producer of cotton in the world. In recent years, the cotton output has seen a continuous growth mainly because of higher yields. On the other hand, manmade filament production has decreased while manmade fibre production has shown a muted growth. Going forward, it will be important for India to make deep in-roads in synthetic products to improve upon its global positioning.

#### Indian Fibre and Filament Production

In Mn. Kg.	Cotton	Jute	Man-made Fibre	Man-made Filament	Wool	Silk
2008-09	4,930	1,735	1,066	1,418	43	18
2009-10	5,185	2,023	1,267	1,523	43	20
2010-11	5,763	1,802	1,285	1,550	43	20
2011-12	6,001	1,932	1,234	1,463	44	23
2012-13	6,205	1,674	1,263	1,371	46	24
2013-14	6,375	NA	1,307	1,309	NA	NA

Data published by the Office of Textile Commissioner

#### ii. Spun Yarn

Indian spun yarn output in FY 13-14 was 11% more than that in previous year. In recent years, Indian spun yarn, more specifically - cotton yarn, production sector has become the most competitive globally. Last year the spun yarn production was bolstered by appreciable increase in spun yarn exports from India. Interestingly, main market for Indian cotton yarn was China.

# Bombay Rayon Fashions Limited

## Indian Spun Yarn Production

In Mn. Kg.	Cotton	Blended	100% non-cotton	Total
2008-09	2,948	677	378	4,003
2009-10	2,896	655	361	3,912
2010-11	3,079	707	407	4,193
2011-12	3,490	796	426	4,713
2012-13	3,126	789	457	4,373
2013-14	3,583	828	457	4,868

Data published by the Office of Textile Commissioner

### iii. Fabrics

Total fabric production in India grew by 4% in FY13-14 compared to a negative growth of -3% in FY 12-13. With almost 63 billion square meter fabric production, India is the second largest fabric producer in the world. However, the organized mill sector has a share less than 5% in total fabric production. The role of mill sector in years to come will be crucial to help India achieve global pre-eminence.

## Indian Fabric Production

In Mn. sq.m.	Mill Sector	Handloom	Powerloom	Hosiery	Khadi, Wool & Silk	Total
2008-09	1,781	6,947	34,725	11,804	768	56,025
2009-10	1,796	6,677	33,648	12,077	768	54,966
2010-11	2,016	6,806	36,997	13,702	812	60,333
2011-12	2,205	6,907	38,015	14,634	798	62,559
2012-13	2,313	6,901	37,445	12,946	848	60,453
2013-14	2,418	6,952	38,038	14,541	843	62,792

Data published by the Office of Textile Commissioner

## B. Export Scenario

FY13-14 was the year when India became the second largest exporter of Textile and Apparel in the world. The Textile and Apparel exports out of India stood at US\$ 37.6 billion in FY13-14. This is 14% more than that in FY12-13. In last 5 years, since 2009-10, Indian exports have grown at a CAGR of 13%. The maximum growth was registered in sub-segment of cotton yarn which increased by almost 30% than last year's value.

## Indian Textile and Apparel Exports

Values in US\$ million

ITEMS	2009-2010		2010-2011		2011-2012		2012-2013		2013-2014	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
<b>FIBRE (Tonne)</b>										
Wool / Fine / coarse animal hair	1,106	2	1,538	4	839	3	452	1	308	1.0
Wool Tops	4,770	35	5,003	46	4,998	60	4,376	55	4,128	46.1
Raw Cotton	1,329,123	1,981	1,229,084	2,809	1,953,179	4,439	1,945,630	3,550	1,864,690	3,584.2
MMF	229,460	346	246,876	510	273,564	567	281,088	497	344,600	585.9
Flax & Jute	253,729	63	309,236	106	436,010	134	563,019	128	638,495	158.7
Raw silk	315	2	18	1	42	1	14	1	13	0.8
<b>Sub Total</b>	<b>1,818,503</b>	<b>2,429</b>	<b>1,791,755</b>	<b>3,475</b>	<b>2,668,632</b>	<b>5,203</b>	<b>2,794,579</b>	<b>4,232</b>	<b>2,852,235</b>	<b>4,376.6</b>
<b>FIBRE WASTE (Tonne)</b>										
Wool waste	486	1	1,035	3	2,027	9	1,688	6	1,875	6.8
Cotton waste	28,859	30	29,355	39	50,409	71	69,154	88	82,995	108.6
Waste of man-made fibre	19,121	16	25,497	20	29,025	29	21,350	18	16,150	12.9
Silk waste	1,504	5	1,652	8	1,874	10	1,610	12	1,620	16.4
<b>Sub Total</b>	<b>49,970</b>	<b>52</b>	<b>57,540</b>	<b>70</b>	<b>83,335</b>	<b>119</b>	<b>93,803</b>	<b>124</b>	<b>102,639</b>	<b>144.8</b>
<b>YARN (Tonne)</b>										
Silk yarn	159	4	247	8	178	4	137	3	177	5.2
Woollen yarn including yarn of animal hair.	4,470	36	6,138	56	8,122	103	6,428	79	6,060	69.3

Values in US\$ million

ITEMS	2009-2010		2010-2011		2011-2012		2012-2013		2013-2014	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Cotton Yarn (including sewing thread)	589,022	1,610	696,246	2,700	752,402	2,996	1,109,550	3,548	1,312,703	4,583.7
Flax & Jute	41,638	38	91,717	125	68,658	76	53,891	51	34,477	32.9
Man-made filament yarn	264,714	465	445,481	865	549,699	1,182	601,529	1,188	671,462	1,335.4
100% non-cotton yarn (including sewing thread)	205,352	548	223,706	763	240,283	832	212,126	669	223,459	699.3
<b>Sub Total</b>	<b>1,105,355</b>	<b>2,701</b>	<b>1,463,534</b>	<b>4,517</b>	<b>1,619,343</b>	<b>5,193</b>	<b>1,983,660</b>	<b>5,537</b>	<b>2,248,339</b>	<b>6,725.7</b>
<b>FABRICS (Thousand Sqm)</b>										
Silk fabrics	30,040	267	29,184	340	13,497	185	11,198	141	10,170	127.2
Woollen fabrics	8,029	45	7,435	45	5,889	44	4,389	33	4,990	34.6
Wooven fabrics of cotton	626,935	938	839,148	1,127	967,924	1,588	994,172	1,632	1,202,487	1,720.7
Man-made woven fabrics.	1,242,043	2,055	1,212,896	1,939	1,435,728	2,200	1,463,407	1,791	1,458,879	2,026.6
Flax & Jute	81,853	74	188,545	158	449,804	168	141,680	141	140,783	144.7
Piles & Knitted	262,886	122	336,941	192	426,045	218	431,375	218	427,803	243.1
Special woven fabrics	185,017	212	193,757	230	153,619	238	4,216,527	287	4,884,908	379.5
<b>Sub Total</b>	<b>2,436,803</b>	<b>3,712</b>	<b>2,807,906</b>	<b>4,031</b>	<b>3,452,504</b>	<b>4,640</b>	<b>7,262,748</b>	<b>4,244</b>	<b>8,130,020</b>	<b>4,676.4</b>
<b>RMG (Qty in MN No)</b>										
COTTON	2,205	7,769	2,129	7,985	2,218	9,256	2,140	7,991	2,511	8,521.4
MAN-MADE	307	1,361	322	1,606	430	2,371	558	2,690	931	3,391.9
SILK	32	195	25	158	32	169	28	149	24	147.3
WOOL	76	438	53	346	59	364	104	323	44	351.2
OTHERS	310	957	384	1,110	479	1,550	498	1,796	1,001	2,592.1
<b>Sub Total</b>	<b>2,932</b>	<b>10,720</b>	<b>2,914</b>	<b>11,204</b>	<b>3,218</b>	<b>13,710</b>	<b>3,329</b>	<b>12,949</b>	<b>4,510</b>	<b>15,003.9</b>
<b>MADEUPS (Tonne)</b>										
COTTON	281,631	1,611	408,960	2,025	414,524	2,668	397,636	2,795	418,383	2,919.9
MAN-MADE	61,987	269	63,251	278	108,317	445	123,128	454	167,646	623.0
SILK	1,218	24	838	14	345	7	296	6	291	7.1
WOOL	1,117	12	1,726	15	3,988	20	3,004	16	5,145	20.1
OTHERS	169,608	543	216,186	695	288,254	808	272,824	765	272,760	899.3
<b>Sub Total</b>	<b>515,560</b>	<b>2,459</b>	<b>690,961</b>	<b>3,028</b>	<b>815,427</b>	<b>3,948</b>	<b>796,887</b>	<b>4,036</b>	<b>864,226</b>	<b>4,469.4</b>
<b>OTHER TEXTILE</b>										
Carpets and other textile floor coverings. (Th. Sqm)	160,592	1,052	167,358	1,331	142,562	1,236	167,255	1,423	187,171	1,579.7
Wadding, felt and nonwovens & Othertextile items		295		371		469		504		594.5
<b>Sub Total</b>		<b>1,347</b>		<b>1,702</b>		<b>1,705</b>		<b>1,927</b>		<b>2,174.2</b>
<b>Grand Total</b>		<b>23,420</b>		<b>28,027</b>		<b>34,518</b>		<b>33,049</b>		<b>37,571.0</b>

Data published by the Office of Textile Commissioner

**INDUSTRY OUTLOOK :-**

The industry is at important juncture today. On one hand we are witnessing revival in export markets. EU and US import growth rates have entered positive territory. China is also emerging as a major importer for fibre and yarns. On the other hand, the domestic market itself is poised for strong growth. A stable Government in Centre is expected to provide a stable, predictable policy environment which will improve consumer and industrial sentiments, thereby rejuvenating the economy.

Indian Government is on verge of finalizing a new Textile Policy. The Vision, Strategy and Action Plan for the Policy is already out. In the document it is heartening to see a sea change in Government approach for development of this sector. Not only there are radical changes suggested for bringing fresh investment, but also important recommendations for simplification of existing Government Schemes and Policies along with fiscal and financial support. Earliest implementation of such recommendations will definitely restore the confidence of investors and lenders, alike.

Challenges, nonetheless, are also not few. In global markets, India is yet to gain share of any significance in synthetic products. In the value add garment sector, Bangladesh and Vietnam are outpacing India in most of the major markets. Their duty free access to EU and USA, respectively are one of the reasons for their stellar performance. Indian FTA discussion with EU has yet to gain pace whereas TPP and Pakistan gaining duty free access to EU are issues of major concern.

# Bombay Rayon Fashions Limited

## **OPPORTUNITIES & STRENGTH:**

Organised apparel market is growing at a faster pace than the overall apparel retail market, driven by multiple factors including significant growth in discretionary income and changing lifestyles. Easy availability of credit and use of 'plastic money' have contributed to a strong and growing consumer culture in India. Expansion in the size of the upper middle class and advertisement has led to high brand consciousness and greater spending on luxury products.

The other significant change being awaited by the retail sector is notification of Goods and Service Tax. It will reduce the tax incidence and complexities of doing business in India. Supply chain cost, a key cost item for retailers can be optimized, thus driving profitability.

The biggest opportunity for the Industry is potential growth of domestic market which at present is at the level of more than 9%. More & more global brands are in line to set up their shops to explore this potential. This will definitely be a great opportunity for the companies like us, having an integrated and established manufacturing facilities backed by the latest technologies and processes.

## **WEAKNESS & THREATS:**

In spite of the challenges on account of global conditions, the textile sector In India will get its strength with favorable demographic condition and changing consumption patterns of the young population. The other challenges which have continued to be there with the industry are falling value of Rupees , rising of costs, setting uncontrollable inflationary trends.

## **BUSINESS OVERVIEW:-**

After completion of substantial expansion including acquisition, current year was a bit difficult for the company. The rise of interest rates, repayment of loans, delay in release of subsidies and slowdown in international market affected the working and cash flows of the company. Accordingly, a Corporate Debt Restructuring (CDR) scheme was finalized with the lenders and approved during the year giving reliefs with regard to the rate of interest, repayment schedule and funding of interest for a short period. The total export of the company was substantially lower but the same was made-up by increasing domestic sales to keep the performance in line for the year. The company incurred a total net loss of ₹ 409.87 crores after extraordinary items of ₹ 349.28 crores.

## **RISK AND CONCERNS:-**

The fluctuation in the currency especially against the dollar is becoming problematic for long term booking of orders. Cotton prices are increasing regularly as are other input costs including power and logistics. Natural Gas has become so much costlier that its use as a source of power has become prohibitive which can cause a serious concern in the way ahead.

The company is exposed to the different business risks like credit risk, market risk, regulatory risk and interest rate risk etc. With a view to efficiently manage all such risks the company has put various risk management system and practices. There is a set up of risk policies implemented and monitored by the different committees within the broad policy framework.

## **HUMAN RESOURCE: -**

The human resource is considered as the most valuable asset of the company. The company is dependent upon a big force of skilled employees putting their efforts to create the quality product of international standard. The company has a set up of policies to review and reward the performances and potentials of the employees. The total number of employees of the company as on March 31, 2014 stood at 13,824.

## **CAUTIONARY STATEMENT**

The discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements. No representation is made on the accuracy and comprehensiveness though the same is based on sources believed to be reliable. Utmost care has been taken to ensure that the opinions expressed by us herein contain our view on the significant events having impact on the Company's operations but it is not exhaustive.

# Independent Auditor's Report

To  
The Members of  
Bombay Rayon Fashions Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Bombay Rayon Fashions Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the act") read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3c) of section 211 of The Companies Act, 1956 read with the general circular 15/2013 dated 13th September 2013 of the ministry of corporate affairs in respect of section 133 of the Companies Act, 2013.
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

*Attention is invited to Note No. 27 regarding an amount of ₹ 258.36 crores written off as valuation difference post an extensive exercise of review of inventories undertaken by the management to put it at present realizable values as an extra-ordinary item.*

## Bombay Rayon Fashions Limited

*Attention is invited to Note No 28 regarding accounting for loss as foreign exchange fluctuation amounting to ₹ 90.92 crores on outstanding foreign exchange working capital limits due to exchange rate difference as an extra –ordinary item.*

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- (b) In the case of Statement of Profit and Loss, of the loss for the year ended on that date and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO 101083W

**CA K.V. BESWAL**  
PARTNER

Place : Mumbai  
Dated : 5.06.2014

Membership Number: 131054  
Firm Regn. No.: 101083W



## Annexure to the Auditor's Report of Even Date

(Referred to in paragraph 1 thereof)

1. In respect of fixed assets:
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
  - c) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that there were sale of fixed assets during the year but the fixed assets disposed off did not constitute a substantial part of the fixed assets of the company.
2. In respect of inventories
  - a) As explained to us physical verification of inventories has been conducted during the year by the management at reasonable intervals.
  - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories. During the year an extensive exercise of review of inventories undertaken to put it at present realizable values and ₹ 258.36 crores was written off as valuation difference under extra-ordinary item.
3. In respect of loans, unsecured, granted and taken.
  - a) The Company has granted interest free advances to four subsidiary companies covered in the register maintained u/s 301 of the Companies Act, 1956, the maximum amount outstanding at any time during the year is ₹ 547.28 Crores and the year balance is ₹ 542.67 Crores.
  - b) In our opinion and according to the information and explanations given to us, other terms and conditions are not prima facie prejudicial to the interest of the Company.
  - c) In respect of the said advances amounting to ₹ 210 Crores is repayable within the period of one year and remaining over a period of 5 to 7 years.
  - d) In respect of the said loan, there are no overdue amounts.
  - e) During the year the company has taken loan from one party covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year and year end balance is ₹ 89.19 Crores.
  - f) The Company has taken interest free loan and the other term and condition are prima facie not prejudicial to the interest of the Company.
  - g) There is no overdrawn amount of loan taken.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and fixed assets. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - a) In our opinion and according to the information and explanations given to us the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into 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.

## Bombay Rayon Fashions Limited

6. According to the information and explanations given to us, the Company has not accepted any deposits from public.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. As per the information and explanations provided to us, we are of the opinion that in pursuant to prescribed rules by the central government, the company has maintained cost records u/s. 209(1) (d) of the Companies Act, 1956 however we have not done a detailed examination of the same.
9. In respect of statutory dues:
  - a) Undisputed statutory dues including provident fund, employee state insurance income tax, sales tax, service tax, custom duty, excise duty, cess and other material statutory dues have not been regular deposited with the appropriate authorities.
  - b) Accordingly to the information and explanation given undisputed amounts payable in respect of TDS, TCS, Provident Fund, Employees State Insurance, Service Tax 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 is as under:-

Sr. No.	Name of Head	Amount (₹ In crores )
1	Tax Deducted at Source	2.43
2	Provident Fund	7.94
3	Professional Tax	0.53
4	Employee State Insurance Corporation	0.55
5	Service Tax	1.14
6	Property tax	1.01
	<b>TOTAL</b>	<b>13.60</b>

- c) According to the records of the company, there are no disputed dues of Income Tax, sales tax, customs duty, wealth tax, service tax and excise duty / cess except as under:

Name of the Statute	Amount (₹ In Crores)	Period for which it relates	Forum where dispute is pending
Income Tax Act, 1961	0.10	A Y 2008-09	CIT (A)-41, Mumbai
Income Tax Act, 1961	0.62	A Y 2009-10	ITAT Mumbai
Income Tax Act, 1961	3.15	A Y 2010-11	ITAT Mumbai
Income Tax Act, 1961	0.91	A Y 2010-11	CIT (A)-41, Mumbai

10. The company has no accumulated losses at the end of the financial year. The company has incurred cash loss of ₹ 344.02 crores (after considering Extra ordinary items of ₹ 349.28 crores) in the current financial. However, it has not incurred cash losses in the immediately preceding financial year covered by our audit.
11. In our opinion and according to the information and explanations given to us, there have been delay in repayment of dues to financial institution and banks during the year, which have been subsequently rescheduled by way of Corporate Debt Restructuring (CDR) Scheme, and accordingly, the company could be said to have not defaulted in repayment of principal and interest to CDR lenders as on the Balance Sheet date as per terms of CDR Scheme.
12. According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi/mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
14. As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.

## Annual Report 2013-14

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 has been used for long-term investment by the company.
18. According to the records of the company and the information provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by audit report the company has not issued any debentures.
20. During the year the company has not raised any money by way of public issue.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For V. K. BESWAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO 101083W

Place : Mumbai  
Dated : 5.06.2014

**CA K.V. BESWAL**  
PARTNER  
Membership Number: 131054  
Firm Regn. No.: 101083W

**Balance Sheet** as at 31st March 2014

(₹ In Crores)

Particulars	Note No.	As on March 31, 2014	As on March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1A	134.60	134.60
(b) Reserves and surplus	2	2,576.75	2,986.62
(c) Money Received against share warrant	1B	49.31	49.31
		<b>2,760.66</b>	3,170.53
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3	2,701.36	1,492.99
(ai) Unsecured Loans from promoters		89.19	–
(b) Deferred Tax Liability (Net)	4	114.91	324.82
(c) Long-term provisions	5	6.18	6.28
		<b>2,911.63</b>	1,824.09
<b>Current liabilities</b>			
(a) Short-term borrowings	6	1,727.50	2,116.76
(b) Trade payables	7	792.86	671.93
(c) Other current liabilities	8	229.01	464.18
(d) Short-term provisions	9	45.29	41.92
		<b>2,794.66</b>	3,294.79
<b>TOTAL</b>		<b>8,466.96</b>	8,289.41
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		3,545.73	3,815.97
(ii) Intangible assets		5.98	6.97
(iii) Capital work-in-progress		135.09	128.96
(b) Non-current investments	11	156.79	156.79
(c) Long-term loans and advances	12	375.92	382.42
		<b>4,219.51</b>	4,491.11
<b>Current assets</b>			
(a) Current investments	13	1.40	2.40
(b) Inventories	14	2,446.12	2,261.85
(c) Trade receivables	15	959.47	718.43
(d) Cash and cash equivalents	16	97.63	91.15
(e) Short-term loans and advances	17	742.78	724.42
(f) Other current assets	18	0.05	0.05
		<b>4,247.45</b>	3,798.30
<b>TOTAL</b>		<b>8,466.96</b>	8,289.41
Notes are integral part of the balance sheet & profit & loss account	1-43		

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

Place: Mumbai  
Date : 5.06.2014

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

# Statement of Profit and Loss Account

for the year ended 31st March 2014

(₹ In Crores)

Particulars	Note No.	For the year ending on March 31, 2014	For the year ending on March 31, 2013
Revenue from Operations	19	2,907.36	3,194.79
Other income	20	9.71	19.02
<b>Total Revenue</b>		<b>2,917.07</b>	<b>3,213.82</b>
<b>Expenses:</b>			
Cost of materials consumed	21	1,942.59	1,944.52
Changes in inventories of finished goods & work-in-progress	22	(208.96)	(330.23)
Employee benefits expense	23	256.32	250.92
Finance costs	24	450.19	278.06
Depreciation and amortization expense	25	275.76	271.22
Other expenses	26	475.47	489.40
<b>Total expenses</b>		<b>3,191.37</b>	<b>2,903.89</b>
<b>Profit (Loss) before Exceptional and Extra-ordinary Items and tax</b>		<b>(274.30)</b>	<b>309.92</b>
<b>Exceptional Items</b>			
Prior period items (Net)		3.80	–
<b>Profit (Loss) before Extra-ordinary Items and tax</b>		<b>(270.50)</b>	<b>309.92</b>
<b>Extra Ordinary Items</b>			
Stock Valuation Difference Written Off	27	(258.36)	–
Foreign Exchange Rate fluctuation Loss	28	(90.92)	–
<b>Profit/Loss before Tax</b>		<b>(619.78)</b>	<b>309.92</b>
<b>Adjustment for Tax expense:</b>			
(1) Current tax		0.00	(65.06)
(2) Deferred tax		209.91	(63.73)
(3) MAT credit Entitlement		0.00	21.57
(4) Tax for earlier years [(Short) / Excess]		0.00	(13.94)
<b>Profit (Loss) for the year</b>		<b>(409.87)</b>	<b>188.76</b>
Earnings per equity share: (in ₹)			
Basic		(30.45)	14.02
Diluted		(30.45)	14.02
Notes are integral part of the balance sheet & profit & loss account	1-43		

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

Place: Mumbai  
Date : 5.06.2014

**Cash Flow Statement** for the year ended 31st March 2014

(₹ In Crores)

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax and after Extraordinary items</b>	<b>(619.78)</b>	309.92
<b>Adjustment For :</b>		
Depreciation and amortization expense	275.76	271.22
Finance costs	450.19	278.06
Interest & Dividend Income	(4.39)	(4.72)
Loss on sale of Assets	0.68	0.03
Profit on sale of Investment	0.03	0.66
<b>Operative Profit before Working Capital Changes</b>	<b>102.49</b>	855.17
<b>Adjustment For :</b>		
Trade Receivables	(241.04)	(257.36)
Other Receivables, Loans & Advances	(14.59)	(67.06)
Inventories	(184.27)	(488.75)
Trade, Other payable & Provisions	(497.81)	540.61
<b>Cash Generation from Operations</b>	<b>(835.22)</b>	582.61
Direct Taxes	(2.41)	(72.49)
<b>Net Cash Flow from operating activities</b>	<b>(837.64)</b>	510.12
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase/Sale of Fixed Assets (Net)	(11.35)	(446.56)
Purchase/Sale of Investments (Net)	0.97	8.56
Increase/decrease in Loans and Advances to Subsidiary	2.73	(12.11)
Interest & Dividend Income	4.39	4.72
Net Cash used in investing activities	(3.26)	(445.39)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	1,057.51	186.00
Interest on Term loans & Others	(210.14)	(278.06)
Net Cash used in financing activities	847.37	(92.06)
<b>D. NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
<b>(A+B+C)</b>	<b>6.48</b>	(27.33)
Cash and Cash Equivalents as at 1st April 2013	91.15	118.48
Cash and Cash Equivalents as at 31st March 2014	97.63	91.15

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

Place: Mumbai  
Date : 5.06.2014

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

# Notes to Financial Statements

for the year ended 31st March 2014

## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2014.

### 1. Basis of preparation of financial Statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost basis.

### 2. Revenue Recognition

- a. Domestic sales are accounted for on dispatch of goods to customers. Gross Sales are net of sales returns and Excise Duty.
- b. Export sales are accounted for on the basis of dates of Bill of Lading. Gross Sales are inclusive of incentives/benefits, and net of sales returns.
- c. Revenue from Job work is recognized when services are rendered.

### 3. 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.

### 4. Depreciation on Fixed Assets

Depreciation on Fixed Assets is provided on 'Straight Line Method' at rates prescribed in Schedule - XIV to the Companies Act, 1956.

Depreciation on fixed assets added /disposed off during the year is provided on pro-rata basis.

### 5. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & 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.

### 6. 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 capitalized to the respective assets.

### 7. 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.

### 8. Foreign Currency

- a. Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions or that approximates the actual rate. The realized exchange gains/ losses are recognized in the Profit & Loss account. All foreign currency current assets and liabilities are translated in rupees at the rates prevailing on the date of balance sheet.
- b. In respect of branches, which are integral foreign operations, all transactions are translated at average rates. Branch monetary assets and liabilities are re-stated at the rates prevailing on the date of balance sheet.

### 9. Employee Benefits

- a. Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b. Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The defined benefit obligation is provided for on the basis of an actuarial valuation on projected unit cost method.



## Notes to Financial Statements for the year ended 31st March 2014

- c. Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on basis of an actuarial valuation on projected unit cost method.

### 10. Taxation

- a. 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.
- b. Deferred tax is recognized 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 recognized 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 realized.

### 11. Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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.

### 12. Government Grants:

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

### 13. Provisions, Contingent Liabilities and Contingent Assets:

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

### 14. Segmental Reporting:

The Company is mainly engaged in the business of manufacturing of textiles consisting of yarn, 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 sale for both is separately given, but due to the nature of business the assets/liabilities and expenses for these activities cannot be bifurcated separately.

The Company is also engaged in power generation through coal and windmills & manufacturing of buttons, however the same are not considered as reportable segment in accordance with AS-17.

### Note : 1 Share Capital & Share Warrant

#### 1A Share Capital

(₹ In Crores)

A	Particulars	March 31, 2014		March 31, 2013	
		Numbers	Amount	Numbers	Amount
	<b>Authorised</b>				
	Equity Shares of ₹ 10 each	150,000,000	150.00	150,000,000	150.00
		150,000,000	150.00	150,000,000	150.00
	<b>Issued, Subscribed &amp; fully paid up</b>				
	Equity Shares of ₹ 10 each	134,600,000	134.60	134,600,000	134.60
	<b>Total</b>	<b>134,600,000</b>	<b>134.60</b>	<b>134,600,000</b>	<b>134.60</b>

# Notes to Financial Statements

for the year ended 31st March 2014

## B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	March 31, 2014		March 31, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	134,600,000	134.60	134,600,000	134.60
Shares Issued during the year	-	-	-	-
At the end of the year	134,600,000	134.60	134,600,000	134.60

## C Detail of shareholders holding more than 5% of shares in the company

Name of Shareholder	Equity Shares			
	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Janardan Agarwal	7,576,140	5.63%	7,756,422	5.76%
Reynold Shirting Limited	13,449,947	9.99%	13,600,000	10.10%
Bombay Rayon Clothing Limited	6,602,760	4.91%	7,402,760	5.50%
AAA United B.V.	51,000,400	37.89%	51,000,400	37.89%
Ashwell Holding Company Pvt Ltd.	28,420,000	21.11%	28,420,000	21.11%

## D Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares :</b>	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

## 1B Share Warrant

(₹ in Crores)

Particulars	March 31, 2014		March 31, 2013	
	Number	Amount	Number	Amount
75 lacs warrants at ₹ 263 per warrant upfront money paid 25%	-	49.31	-	49.31

Note: The option for conversion of 75 Lac warrants could not be exercised by the allottee within the prescribed period of 18 months ending on 04.04.2012. The company & allottee had filed an application before Securities & Exchange Board of India (SEBI) for refund of the upfront money of ₹ 4931.25 lacs. The said application was rejected by SEBI Vide its Order dated August 10, 2012 and the appeal made against the said order was dismissed by Securities appellate Tribunal (SAT) vide their order dated June 28, 2013. Further to that, an appeal filed before Supreme Court by the Company and the Promoters is pending, keeping the status quo with no further communication from SEBI in this regard.

## Notes to Financial Statements

for the year ended 31st March 2014

### Note - 2 : Reserve and surplus

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>a. Securities Premium Account</b>		
Opening balance	1,917.82	1,917.82
Closing Balance	1,917.82	1,917.82
<b>b. General reserves</b>		
Opening Balance	37.00	37.00
Closing Balance	37.00	37.00
<b>c. Profit &amp; Loss Account</b>		
Opening Balance	1,031.80	843.04
Add : Profit (Loss) for the year	(409.87)	188.76
Closing Balance	621.93	1,031.80
<b>Total</b>	<b>2,576.75</b>	<b>2,986.62</b>

### Note - 3 : Long term borrowings

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013	As on March 31, 2014	As on March 31, 2013
	Non-current		Current	
<b>Secured</b>				
<b>a) Term Loans</b>				
- From Banks	2,700.86	1,492.43	148.63	353.90
Term Loans from Banks are secured by First pari-passu charge on entire Fixed Assets of the company along with collateral of first pari-passu charge on entire current assets of the Company and further secured by personal gurantee of promoters, corporate guarantees/collaterals provided by the subsidiary company and other companies of promoters, pledge of promoter shares and hypothecation of GURU and BRFL Brands.				
<b>b) Vehicle loans</b>				
- From Banks	0.16	0.29	0.25	0.24
- From Other Parties	0.34	0.27	0.51	0.62
The vehicle loans from the banks and others are secured by hypothecation of specified vehicles against which the finance is obtained				
<b>Total</b>	<b>2,701.36</b>	<b>1,492.99</b>	<b>149.39</b>	<b>354.76</b>

# Notes to Financial Statements

for the year ended 31st March 2014

## Note - 4 : Deferred Tax Liability (Net)

(₹ in Crores)

Particulars		As on March 31, 2014	As on March 31, 2013
<b>Deferred tax liability</b>			
Depreciation as per Companies Act for the year		275.76	271.22
Depreciation as per Income Tax Act for the year		357.31	427.92
Depreciation for Last Year		–	36.07
		81.55	192.77
Deferred tax liability	<b>Total A</b>	27.72	65.52
<b>Deferred tax assets</b>			
Expenditure to be disallowed u/s 43B			
Employee Benefits		5.72	5.27
Carry forward Depreciation		357.31	–
Carry forward business loss		336.08	–
		699.11	5.27
Deferred tax assets	<b>Total B</b>	237.63	1.79
Net Deferred Tax	<b>Total (A-B)</b>	-209.91	63.73
Add: Net Deferred Tax Liability (Opening)		324.82	261.09
<b>Total</b>		114.91	324.82

## Note - 5 : Long Term Provisions

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Employee benefits	6.18	6.28
<b>Total</b>	6.18	6.28

## Note - 6: Short term borrowings

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>Secured</b>		
- Working Capital loans	1,673.58	1,928.24
Working capital Loans from banks are secured by First pari-passu charge on entire current Assets of the Company alongwith collateral of First pari-passu charge on entire Fixed Assets of the Company and further secured by personal guarantee of promoters, corporate guarantees/collaterals provided by the subsidiary company and other companies of promoters, pledge of promoter shares and hypothecation of GURU and BRFL Brands.		
<b>Unsecured</b>		
a) Other Loans		
- From Bank	–	51.94
- From Other Parties	53.92	136.58
<b>Total</b>	1,727.50	2,116.76

# Notes to Financial Statements

for the year ended 31st March 2014

## Note - 7 : Trade payables

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Mirco, small and medium enterprises	0.87	1.01
Others	791.99	670.92
<b>Total</b>	<b>792.86</b>	<b>671.93</b>

The details of amount outstanding to Micro, Small and Medium Enterprises Based on available information is as under :

Particulars	As on March 31, 2014	As on March 31, 2013
Principal amount due and remaining unpaid	0.51	0.91
Interest due on above and unpaid interest	0.36	0.10
Interest paid	–	–
Payment made beyond the appointed date during the year	–	–
Interest due and payable for the period of delay	0.36	0.10
Interest accrued and remaining unpaid	0.36	0.10
Amount of further interest remaining due and payable in succeeding year.	0.36	0.10
<b>Total</b>	<b>0.87</b>	<b>1.01</b>

## Note - 8 : Other Current Liabilities

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
(i) Statutory dues	39.05	40.71
(ii) Outstanding expenses	40.52	26.85
(iii) Current maturities of Term Loans from banks*	148.63	353.90
(iv) Current maturities of Vehicle loans from banks*	0.25	0.24
(v) Current maturities of Vehicle loans from others*	0.51	0.62
*Refer Note No. 3 of the Balance Sheet		
(vi) Interest accrued but not due on borrowings	–	1.15
(vii) Interest accrued & due on borrowings	–	40.65
(viii) Unclaimed Dividend #	0.05	0.06
<b>Total</b>	<b>229.01</b>	<b>464.18</b>

# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

## Note - 9 : Short Term Provisions

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Provision for Current Tax (net)	29.78	32.19
Employee benefits	15.51	9.73
<b>Total</b>	<b>45.29</b>	<b>41.92</b>

## Notes to Financial Statements for the year ended 31st March 2014

### Note - 10 : Fixed Assets

(₹ in Crores)

Particulars	GROSS BLOCK			Depreciation			NET BLOCK	
	As on 1.04.2013	Additions	Deductions/ Adjustments	As on 31.03.2014	For the year	Deduction	As on 31.03.2014	As on 31.03.2013
<b>Tangible Assets</b>								
Land	128.33	0.11	0.06	128.38	-	-	128.38	128.33
Buildings	713.99	0.57		714.56	23.39	-	621.34	644.16
Furniture & Fixtures	64.72	0.98	0.03	65.67	3.83	0.02	49.92	52.78
Office equipment								
Motor Car & Vehicles	15.72	1.05	0.33	16.44	1.54	0.15	8.59	9.26
Plant & Machinery	3,672.29	4.05	5.15	3,671.19	244.59	2.56	2,735.78	2,978.91
Computer	8.08	0.07		8.15	0.88		1.72	2.53
	4,603.13	6.83	5.57	4,604.39	274.23	2.73	3,545.73	3,815.97
<b>Intangible Assets</b>								
Computer -Software	9.16	0.54	-	9.70	1.53		5.98	6.97
Total	4,612.29	7.37	5.57	4,614.09	275.76	2.73	3,551.71	3,822.94
Previous Year	4,243.51	376.30	7.52	4,612.29	271.22	0.54	3,822.94	
Capital Work in Progress							135.09	128.96

# Notes to Financial Statements

for the year ended 31st March 2014

## Note - 11 : Non-current investments

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>TRADE</b>		
Trade Investments	–	–
<b>OTHER THAN TRADE</b>		
<b>SHARES</b>		
<b>Quoted Investment</b>		
<b>In Equity Shares of Subsidiary -fully paid up</b>		
STI India Ltd - 21750000 Shares of ₹ 10 each	64.12	64.12
Market Value ₹ 14.90 crores (PY ₹ 42.96 crores)		
<b>Un quoted Investment</b>		
<b>In Equity Shares of subsidiaries-fully paid up</b>		
DPJ Clothing Ltd 420 Shares of GBP 1 each	13.43	13.43
BRFL Bangladesh Pvt Ltd 17752 Shares of BDT 100/- each	0.12	0.12
Bombay Rayon Holdings Ltd 35142500 Shares of ₹ 10/- each	35.14	35.14
<b>In Equity Shares others - fully paid up</b>		
Islampur Integrated Textiles Park Pvt Ltd. 7500000 Shares of ₹ 10/- each	7.50	7.50
Latur Integrated Textiles Park Pvt Ltd. 7220000 shares of ₹10/- each	7.22	7.22
Jankalyan Sahkari Bank Ltd. 90100 Shares of ₹ 10/- each	0.09	0.09
Scotts Fashionciti India Limited 10000 Shares of ₹ 10/- each	0.01	0.01
Scotts Garments Limited 2000000 Shares of ₹ 10/- each	14.00	14.00
Arihant Organics Pvt Ltd 500 shares of ₹100/- each	4.50	4.50
<b>DEBENTURES</b>		
<b>Unquoted</b>		
<b>In Debentures of subsidiary - fully paid up</b>		
STI India Ltd 32180000 Debentures	10.66	10.66
<b>Total</b>	<b>156.79</b>	<b>156.79</b>

## Note - 12 : Long-term loans and advances

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>a. Security Deposits</b>		
Unsecured, considered good	43.24	47.02
	43.24	47.02
<b>b. Advances to Subsidiaries</b>		
Unsecured, considered good	332.67	335.40
	332.67	335.40
<b>Total</b>	<b>375.92</b>	<b>382.42</b>



# Notes to Financial Statements

for the year ended 31st March 2014

## Note -13 : Current Investments

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
In Mutual Fund unquoted fully paid up		
SBI Magnum Balanced Fund - Growth (217438.574 Units)	-	1.00
SBI Contra Fund - Regular Plan - Dividend (409332.788 Units)	-	1.00
SBI Magnum Income Fund - Regular Plan - Growth 343020.224 Units	1.00	-
CP5G-Union KBC Protection Oriented Fund-Growth 105070 Units	0.10	-
DBG-Union KBC Dynamic Bond Fund-Growth (94086.097 Units)	-	0.10
TATA- Indo Global Infrastructure Fund - Growth 200000 Units	0.20	0.20
Axis Capital Protection Oriented Fund - Series 3 -Growth Plan 99990 Units	0.10	0.10
<b>Total</b>	<b>1.40</b>	<b>2.40</b>

## Note - 14 : Inventories

(As certified by the management)

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
a. Raw Materials (Valued at cost)	878.72	791.64
b. Work-in-progress (Valued at cost)	722.37	631.68
c. Finished goods (Valued at lower of cost or net realisable value)	623.88	642.14
d. Stores and spares (Valued at cost)	221.14	196.38
<b>Total</b>	<b>2,446.12</b>	<b>2,261.85</b>

## Note - 15 : Trade Receivables

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Unsecured, considered good		
Over Six months	99.96	71.84
Others	859.51	646.59
<b>Total</b>	<b>959.47</b>	<b>718.43</b>

# Notes to Financial Statements

for the year ended 31st March 2014

**Note - 16 : Cash and cash equivalents**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Balances with banks On Current Accounts	54.81	48.99
(Balances with bank includes earmarked balance of ₹ 0.08 crores P.Y. ₹ 0.08 crores)		
Bank deposits (Bank deposits with more than 12 months maturity. (₹ 0.09 Crores P.Y. ₹ 7.34 Crores)	41.33	40.89
Cash on hand	1.49	1.27
<b>Total</b>	<b>97.63</b>	<b>91.15</b>

**Note - 17: Short-term loans and advances**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Advances receivable in cash or kind or for value to be received	8.85	6.35
Advances to Subsidiaries	210.00	210.00
Balance with Government Authorities	251.40	240.27
MAT Credit Entitlement	154.66	154.66
Deposits	117.87	113.14
<b>Total</b>	<b>742.78</b>	<b>724.42</b>

**Note - 18 : Other Current Assets**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Insurance claim receivable	0.05	0.05
<b>Total</b>	<b>0.05</b>	<b>0.05</b>

**Note - 19 : Revenue from operations**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Revenue from operations</b>		
Sale of products :		
Finished goods		
Gross Sales	2,907.62	3,200.02
Less: Excise Duty	0.26	5.23
	2,907.36	3,194.79
<b>Total</b>	<b>2,907.36</b>	<b>3,194.79</b>

**Details of Sales**

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Finished goods sold		
Domestic	2,434.16	1,972.85
Export	473.20	1,227.17
<b>Total</b>	<b>2,907.36</b>	<b>3,200.02</b>

## Notes to Financial Statements for the year ended 31st March 2014

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Domestic		
Fabric	2,285.87	1,836.27
Yarn	36.30	70.18
Garment	24.21	41.78
Others	87.78	24.62
<b>Total A</b>	<b>2,434.16</b>	<b>1,972.85</b>
Export		
Fabric	40.47	131.09
Yarn	1.49	15.74
Garment	431.07	1,080.13
Others	0.17	0.21
<b>Total B</b>	<b>473.20</b>	<b>1,227.17</b>
<b>Total (A-B)</b>	<b>2,907.36</b>	<b>3,200.02</b>

### Note - 20 : Other income

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Income	4.39	4.56
Profit on Sale of Investment	0.30	0.65
Profit on Sale of Assets	0.86	0.12
Dividend Income	-	0.16
Exchange fluctuation gain	-	9.84
Miscellaneous Income	4.16	3.69
<b>Total</b>	<b>9.71</b>	<b>19.02</b>

### Note - 21 : Cost of materials consumed

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Inventory at the beginning of the year	791.64	713.26
Less : Valuation Difference W/off *	121.83	-
Add : Purchase	2,151.50	2,022.90
	<b>2,821.31</b>	<b>2,736.16</b>
Less : Inventory at the end of the year	878.72	791.64
<b>Total</b>	<b>1,942.59</b>	<b>1,944.52</b>

\* refer Note No 27

# Notes to Financial Statements

for the year ended 31st March 2014

## Details of Materials Consumed

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Cotton	110.44	157.53
Yarn	59.25	449.09
Fabric	1,747.40	1,084.99
Others	25.50	252.91
<b>Total</b>	<b>1,942.59</b>	<b>1,944.52</b>

## Note - 22 : Increase (-) / decrease (+) in inventories

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Inventory at the end of the year</b>		
Finished Goods	623.88	642.14
Work-in-progress	722.37	631.68
	<b>1,346.25</b>	<b>1,273.82</b>
<b>Inventory at the beginning of the year</b>		
Finished Goods	642.14	416.37
Less : Valuation Difference W/off *	126.11	
Work-in-progress	631.68	527.22
Less : Valuation Difference W/off *	10.42	
	<b>1,137.29</b>	<b>943.59</b>
Increase (-) / decrease (+) in inventories	<b>(208.96)</b>	<b>(330.23)</b>

\* refer Note No 27

## Note - 23 : Employee benefit expenses

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries & wages	225.82	211.12
Contributions to provident and other fund	18.65	28.66
Workmen & Staff welfare expenses	11.85	11.14
<b>Total</b>	<b>256.32</b>	<b>250.92</b>

## Note - 24 : Finance costs

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense	421.50	239.81
Bank Charges	28.69	38.25
<b>Total</b>	<b>450.19</b>	<b>278.06</b>

# Notes to Financial Statements

for the year ended 31st March 2014

## Note - 25 : Depreciation and amortization expenses

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation of tangible assets	274.23	270.49
Amortization of intangible assets	1.53	0.73
<b>Total</b>	<b>275.76</b>	<b>271.22</b>

## Note - 26 : Other expenses

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Stores & spares consumption	78.64	69.99
Packing material and expenses	13.87	24.86
Power and fuel (net)	69.22	64.34
Water charges	8.89	11.79
<b>Job Charges for:</b>		
Yarn	25.34	42.92
Process	0.72	1.29
Weaving	5.92	17.28
Design & development & Others	100.55	96.15
Rent	40.05	33.08
Rates and taxes	3.53	4.18
Insurance	2.61	2.37
Keyman insurance	0.93	0.10
<b>Repair and maintenance</b>		
Plant and machinery	6.52	3.27
Building	0.68	1.44
Vehicles	0.69	0.58
Others	1.70	3.12
Advertising and bussiness promotion	0.71	1.41
Books & Periodicals	0.05	0.04
Commission and brokerage	5.92	11.13
Travelling and conveyance	8.36	11.69
Transportation	40.74	41.46
Communication costs	2.89	4.62
Printing and stationary	1.46	2.22
Legal and professional fees	19.91	7.98
Director's remuneration	5.83	9.15
Directors' sitting fees	0.04	0.03
Auditor's remuneration	0.79	0.64

## Notes to Financial Statements for the year ended 31st March 2014

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Environmental Control Expenses	1.06	6.45
Security Service Charges	6.22	6.69
Donation	0.05	0.66
Loss on sale of Fixed Assets	1.54	0.15
Loss on sale of Investment	0.33	1.31
Exchange fluctuation Loss	9.55	-
Miscellaneous expenses	10.18	7.01
<b>Total</b>	<b>475.47</b>	<b>489.40</b>

### Payment to Auditors

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
For Audit Fee	0.60	0.51
For Tax Audit Fee	0.08	0.05
For Certification & Others	0.11	0.08
<b>Total</b>	<b>0.79</b>	<b>0.64</b>

**Note 27:** In the first quarter of the financial year, an extensive exercise of review of inventory was undertaken by the management to put its present realizable value after completion of all expansion projects and ₹ 258.36 crores was written off as valuation difference under extraordinary item.

**Note 28:** In the first quarter of the financial year, the loss on foreign exchange fluctuation on outstanding working capital limits under foreign currency due to exchange rate difference of ₹ 90.92 crores was accounted for under extra-ordinary item.

**Note 29:** In the month of March, 2014, the Company had declared lock –out at Mill Division located at Dodaballapur, Bengaluru as a part of restructuring exercise. The operations at the said unit were re-started in the month of May, 2014.

**Note 30:** Exception item include prior period Income as follows:

Sr. No.	Particulars	Amount (₹ in crores)
1	Dividend Income	0.80
2	Rental Expenses written back	3.00
	<b>Total</b>	<b>3.80</b>

**Note 31:** To comply with the regulations of Securities and Exchange Board of India related to Minimum Public Shareholding (MPS) the company and the promoters of the company have initiated the steps to increase the public shareholding to 25%.

### Note 32: Corporate debt restructuring (CDR):

- During the year, the Company's proposal for restructuring of its debts was approved by Corporate Debt Restructuring Cell ("CDR Cell") vide Letter of Approval (LOA) dated September 27, 2013. The cut off date (COD) for implementation of CDR was 1st April, 2013. The Company has executed Master Restructuring Agreement ('MRA') with CDR Lenders on September 30, 2013. The details of the Restructuring package as approved by CDR Cell are as under :-
  - Restructuring of repayment schedule for term loans under Technology Upgradation Funds Scheme (TUFS) and Non -TUFS Term Loans, reduction in interest rates, additional facilities in the form of Working Capital Term Loan (WCTL) & Funded Interest Term Loan (FITL)

## Notes to Financial Statements for the year ended 31st March 2014

- b) The promoters to bring contribution equivalent to 25% of the sacrifice amount by lenders. Accordingly promoters have brought in an amount of ₹ 89.19 crores as unsecured loan
- c) Lenders with the approval of CDR EG shall have the right to recompense the reliefs/ sacrifices/ waivers extended by respective CDR Lenders as per the CDR guidelines. The recompense payable is contingent on various factors including improved performance of the Company and many other conditions, the outcome of which is currently materially uncertain. Tentative recompense amount comes to ₹ 526.98 crores.
2. Total Secured Term Loans as on March 31, 2014 (Note 3) comprises of :-

Sr. No.	Particulars	Amount (₹ in crores)
1	Term Loans under TUFS	1033.68
2	Term loans Non – TUFS	881.92
3	Working capital Term Loan (WCTL)	693.85
4	Funded Interest Term Loan (FITL)	240.04
	<b>TOTAL</b>	<b>2849.49</b>

**Note 33:** As per Accounting Standard 15 “Employee Benefits”, the disclosure of Employee benefits as defined in the Accounting Standard are given below:

### Defined Benefit Plan:

#### Gratuity

(₹ In Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>1 Assumption</b>		
Discount Rate	9.31%	8.00%
Salary Escalation	5.00%	5.00%
<b>2 Present value of Obligation</b>		
Present value of obligations as at beginning of year	7.13	6.55
Interest cost	0.57	0.52
Current Service Cost	2.72	3.36
Liability Transferred In	1.26	–
Benefits Paid	(3.50)	(0.61)
Prior Year Charge	–	0.74
Actuarial (gain)/ loss on obligations	(1.22)	(3.43)
Present value of obligations as at end of year	6.96	7.13
<b>3 Fair value of plan assets</b>		
Fair value of plan assets at beginning of year	0.85	0.91
Expected return on plan assets	0.07	0.07
Contributions	–	0.47
Assets Transferred In	0.83	–
Benefits Paid	(0.99)	(0.61)
Actuarial (gain)/ loss on obligations	0.01	0.01
Fair value of plan assets at the end of year	0.78	0.85
<b>4 Actuarial Gain/Loss recognized</b>		
Actuarial (gain)/ loss on obligations	(1.22)	(3.43)
Actuarial (gain)/ loss for the year - plan assets	(0.01)	(0.01)
Actuarial (gain)/ loss on obligations	(1.23)	(3.44)
Actuarial (gain)/ loss recognized in the year	(1.23)	(3.44)



# Notes to Financial Statements

for the year ended 31st March 2014

(₹ In Crores)

	Particulars	As on March 31, 2014	As on March 31, 2013
<b>5</b>	<b>The amounts to be recognized in the balance sheet</b>		
	Present value of obligations as at the end of year	(6.96)	7.13
	Fair value of plan assets as at the end of the year	0.78	0.85
	Funded status	(6.18)	6.28
<b>6</b>	<b>Expenses Recognized in statement of Profit and loss</b>		
	Current Service cost	2.72	3.36
	Interest Cost	0.57	0.52
	Expected return on plan assets	(0.07)	(0.07)
	Net Actuarial (gain)/ loss recognized in the year	(1.23)	(3.44)
	Expenses to be recognized in statement of Profit and loss	1.98	0.64

## Note 34: Related Party Disclosure

### Sr Name of Related Party

- STI India Ltd.
- DPJ Clothing Ltd.
- Bombay Rayon Holdings Ltd.
- BRFL Bangladesh Pvt. Ltd.
- BRFL Europe B.V.
- BRFL Italia S.R.L.

### Relationship

- Subsidiary Company  
Subsidiary Company  
Subsidiary Company  
Subsidiary Company  
Subsidiary Company  
Subsidiary Company

- Latur Integrated Textile Park Pvt. Ltd.
- Islampur Integrated Textile Park Pvt. Ltd.
- STI Sanoh India Limited
- Kagal Industrial Textile Technology Park Pvt. Ltd.
- Reynold Shirting Ltd.
- Bombay Rayon Clothing Ltd.
- Bestsellers Retail India Pvt. Ltd.
- Best United Lifestyles Pvt. Ltd.
- Best United India Comforts Pvt. Ltd.
- Bestseller Wholesale India Pvt. Ltd.
- B. R. Machine Tools Pvt. Ltd.
- Ashwell Holding Company Pvt. Ltd.
- Arihant Organics Pvt. Ltd
- Clinvent Real Estates Pvt Ltd

- Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties  
Other Related Parties

- Mr. Janardan Agarwal, Non Executive Chairman
- Mr. Aman Agarwal, Vice Chairman
- Mr. Prashant Agarwal, Managing Director
- Mr. Uday Mogre, Executive Director –Corporate (upto 31/12/2013)
- Mr. A.R. Mundra, Executive Director –Finance

- Key Managerial Personnel  
Key Managerial Personnel  
Key Managerial Personnel  
Key Managerial Personnel  
Key Managerial Personnel

- Mrs. Bimla Devi Agarwal
- Mrs. Vinita Agarwal

- Relative of KMP  
Relative of KMP

# Notes to Financial Statements

for the year ended 31st March 2014

## Transactions with related parties

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Transaction with Subsidiaries</b>		
Purchase		NIL
Sales	3.46	9.02
Loans/Advances Given / paid	8.19	12.28
Loans & Advances Taken	-	NIL
Share Application Money Given	NIL	0.45
Loan/Advances Received Back	11.43	NIL
Rent paid	0.01	0.01
Job Work Charges Paid	24.97	41.85
<b>Transaction with Other Related Parties</b>		
Rent paid	26.81	34.46
Purchases	2.90	3.51
Sales	0.02	0.83
Sales of Services	NIL	0.29
Rent deposit given	NIL	8.00
Loans/Advances taken	89.19	NIL
Loan/Advances Received Back	1.98	36.49
Loans/Advances Given	NIL	NIL
Advance Received	NIL	20.98
Job Work charges Paid	19.16	32.89
Sales- Job Work Income	0.13	NIL
<b>Transactions with Key Managerial Personnel &amp; their Relatives</b>		
Director Remuneration	5.82	9.27
Rent Deposit Given	NIL	NIL
Rent Paid	NIL	0.54
Donation Paid	NIL	0.44

**Note 35:** Promoters and Subsidiary companies have provided personal/corporate guarantee & collaterals for securing the term loans and working capital loan facilities availed by the company restricted upto the realizable value of assets provided as security.

## Note - 36 : C.I.F. Value of Imports

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
a) Stores & Spares	10.40	9.93
b) Capital Goods	2.94	2.09
c) Raw Materials	52.40	49.29

# Notes to Financial Statements

for the year ended 31st March 2014

**Note - 37 : Expenditure in Foreign Currency**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
a) Foreign Traveling	1.00	0.66
b) Commission on Export Sales	2.25	1.86
c) Business Promotions	0.01	0.17
d) Others	Nil	6.35

**Note - 38 : Earning in Foreign Exchange**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
FOB value of Exports	420.56	1079.76

**Note - 39 : Imported & Indigenous consumption:**

	As on March 31, 2014		As on March 31, 2013	
	Value ₹ in Crores	%	Value ₹ in Crores	%
a) Raw Materials:				
Imported	36.52	1.88%	54.86	2.82 %
Indigenous	1906.07	98.12%	1889.66	97.18%
b) Stores and Spares:				
Imported	12.05	15.32%	12.82	18.32%
Indigenous	66.59	84.68%	57.17	81.68%

**Note - 40 : Contingent Liabilities Not Provided For :**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
a) Bills Discounted with Banks under Letter of credit or otherwise.	67.10	7.14
b) Bank Guarantee	3.34	2.82
c) Disputed demand outstanding related to Income tax (The matters are pending with Income Tax Authorities)	4.78	60.02

**Note - 41 : Capital Commitments**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Estimated amount of Capital Contracts remaining to be executed (net of advances)	Nil	4.07

# Notes to Financial Statements

for the year ended 31st March 2014

**Note - 42 : Earning Per Share**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
a) No of Shares at the beginning of the year	134600000	134600000
b) No of Shares at the beginning of the year	134600000	134600000
c) Weighted average number of Equity Shares outstanding during the year	134600000	134600000
<b>EPS</b>		
a) Net Profit available for Equity Shareholders (₹ in crores)	(409.78)	188.76
b) Basic Earning Per Share (in ₹)	(30.45)	14.02
c) Diluted Earning Per Share (in ₹)	(30.45)	14.02

**Note 43:** Previous year figures have been re-grouped/reclassified wherever/necessary to make them comparable with current year.

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

Place: Mumbai  
Date : 5.06.2014

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

## Bombay Rayon Fashions Limited

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

(₹ In Lacs)

A)	Subsidiary Company	Bombay Rayon Holdings Limited	DPJ Clothing Ltd	BRFL Europe B.V.	BRFL Italia S.r.l.	STI India Ltd	BRFL Bangladesh P Limited
1.	Financial year of the Subsidiary Company ended on	31st March 2014	31st March 2014	31st March 2014	31st March 2014	31st March 2014	31st March 2014
2	Date from which it became subsidiary companies	23rd February, 2007	22nd February, 2007	5th September, 2005	5th May, 2008	27th October, 2010	23rd November, 2010
3	Country of Incorporation	India	U.K.	Netherlands	Italy	India	Bangladesh
4	(a) No. of Shares held by the Company & face value	3,51,42,500 Equity shares of ₹ 10/- each	420 Ordinary Shares of £ 1 each	2,48,000 Ordinary Shares of € 1 each*	50,10,000 Equity shares of € 1*	2,13,79,722 Equity shares of ₹ 10/- each	17,752 Ordinary shares of Tk 100 each
	(b) Extent of holding	100%	70%	100%*	100%*	75%	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, 2014 (₹ in lacs)	274.60	(300.93)	(4.18)	(6744.86)	(666.77)	N.A.
	• For the Previous Financial years of the Subsidiary since it became a Subsidiary (₹ in lacs)	240.80	(163.00)	(5.60)	(5082.41)	(932.71)	N.A.
	(b) Dealt with in the accounts of the Holding Company						
	• For the Financial year ended 31st March 2014	NIL	NIL	NIL	NIL	NIL	
	• For the Previous financial year ended 31st March 2013	NIL	NIL	NIL	NIL	NIL	

\* held by Bombay Rayon Holding Ltd

## Financial Information of Subsidiary Companies for the FY 2013-14

(₹ in lacs)

Particulars	Subsidiary Companies					
	Bombay Rayon Holding Ltd	STI India Ltd	DPJ Clothing Ltd*	BRFL Europe B.V.*	BRFL Italia S.r.l.*	BRFL Bangladesh Pvt Ltd
Capital	3,514.00	2,900.00	0.61	161.00	3,349.00	12.00
Reserves	769.89	(4,725.68)	787.95	654.82	(33,287.00)	15.39
Total Assets	43,482.33	10,008.99	2,374.32	817.43	36,560.30	257.35
Total Liabilities	52,893.75	13,034.60	1,585.77	1.86	66,497.90	229.96
Investments	13,695.57	1,199.93	–	–	–	–
Turnover	512.00	5,572.80	1,444.78	–	4,036.60	–
Profit/(Loss) before Taxation	394.20	(1,050.04)	(300.93)	(4.18)	(8,875.00)	–
Provision for Taxation	119.60	(383.27)	–	–	2,130.14	–
Profit/(Loss) after Taxation	274.60	(666.77)	(300.93)	(4.18)	(6,744.86)	–
Proposed Dividend	–	–	–	–	–	–

\* In case of foreign subsidiaries figures are as considered in the Consolidated Balance Sheet of the Company as on 31.03.2014 after conversion into Indian Rupee.

# Independent Auditors Report on the Consolidation Financial Statements

To,  
The Board of Directors of  
**Bombay Rayon Fashions Limited**

## Report on the Consolidation Financial Statements

1. We have audited the accompanying Consolidated financial statements of BOMBAY RAYON FASHIONS LIMITED (the “Company”) and its subsidiaries (Collectively referred to as (“the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Managements’ Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 (“the Act”) (which continue to be allocable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the ministry of corporate affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors’ Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the management on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31,2014;
  - b) In the case of the Consolidated Statements of Profit and Loss, of the Loss of the Group for the year ended on that date and
  - c) In the case of the Consolidated cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Other Matters

6. Financial statements of certain subsidiaries which reflect total assets (net) of ₹ 683.87 Crores as at march 31, 2014, total revenue (net) of ₹ 60.84 crores and net cashflows amounting to ₹ 1.00 crores for the year then ended have been audited by us.
7. In respect of the financial statement of one of the subsidiary company the reporting dates are January to December. Accordingly the consolidation of the subsidiary have been done from January 2013 to December 2013.



8. We have relied on the unaudited financial statements of certain subsidiaries wherein the group's financial statements reflect total assets (net) of ₹ 400.09 crores as at March 31, 2014/ December 31, 2013, total revenues (net) of ₹54.82 crores and net cash out flows amounting to ₹1.47 crores for the year ended on that date. These unaudited financial statements as approved by the respective Management of these companies have been furnished to us and our report in so far as it relates to the amounts included in respect of subsidiaries is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of other matters.

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

**C. A. K. V. BESWAL**  
PARTNER  
Membership Number-131054  
Firm Regn. No.: 101083W

Place: Mumbai.  
Dated: 5.06.2014

**Consolidated Balance Sheet** as at 31st March 2014

(₹ In Crores)

Particulars	Note No.	As on March 31, 2014	As on March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1A	134.60	134.60
(b) Reserves and surplus	2	2,270.06	2,716.44
(c) Money Received against share warrant	1B	49.31	49.31
		<b>2,453.97</b>	<b>2,900.36</b>
Minority Interest		2.38	2.86
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3	2,701.70	1,493.35
(ai) Unsecured Loans from promoters		89.19	–
(b) Deferred Tax Liability (Net)		–	241.72
(c) Long-term provisions	4	6.59	6.40
		<b>2,797.48</b>	<b>1,741.47</b>
<b>Current liabilities</b>			
(a) Short-term borrowings	5	1,729.51	2,120.87
(b) Trade payables	6	859.94	733.16
(c) Other current liabilities	7	275.60	491.28
(d) Short-term provisions	8	70.71	62.17
		<b>2,935.76</b>	<b>3,407.48</b>
<b>TOTAL</b>		<b>8,189.59</b>	<b>8,052.17</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		3,694.07	3,980.04
(ii) Intangible assets		159.51	159.73
(iii) Capital work-in-progress		138.89	132.25
(b) Deferred Tax Assets		39.82	–
(c) Non-current investments	10	45.32	45.32
(d) Long-term loans and advances	11	102.42	108.62
		<b>4,180.03</b>	<b>4,425.96</b>
<b>Current assets</b>			
(a) Current investments	12	1.40	2.40
(b) Inventories	13	2,481.21	2,320.37
(c) Trade receivables	14	865.15	673.30
(d) Cash and cash equivalents	15	103.13	97.11
(e) Short-term loans and advances	16	557.77	532.09
(f) Other current assets	17	0.90	0.94
		<b>4,009.56</b>	<b>3,626.21</b>
<b>TOTAL</b>		<b>8,189.59</b>	<b>8,052.17</b>
Notes are integral part of the balance sheet & profit & loss account	1-42		

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

Place: Mumbai  
Date : 5.06.2014

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

# Consolidated Statement of Profit and Loss Account

for the year ended 31st March 2014

(₹ In Crores)

Particulars	Note No.	For the year ending on March 31, 2014	For the year ending on March 31, 2013
Revenue from Operations	18	2,994.58	3,301.95
Other income	19	10.50	20.28
<b>Total Revenue</b>		<b>3,005.08</b>	3,322.23
<b>Expenses:</b>			
Cost of materials consumed	20	1,969.89	2,058.83
Changes in inventories of finished goods & work-in-progress	21	(185.31)	(387.77)
Employee benefits expense	22	299.94	290.81
Finance costs	23	450.59	278.77
Depreciation and amortization expense	24	316.22	290.54
Other expenses	25	526.35	553.22
<b>Total expenses</b>		<b>3,377.68</b>	3,084.40
<b>Profit before exceptional and extraordinary items and tax</b>		<b>(372.60)</b>	237.83
Exceptional items		(3.74)	0.01
Profit before extraordinary items and tax		(368.86)	237.82
Extraordinary Items			
Stock Valuation Difference Written Off		258.36	–
Foreign Exchange Rate Fluctuation Loss		90.92	–
<b>Profit before tax</b>		<b>(718.14)</b>	237.82
Adjustment for Tax expense:			
(1) Current tax		(1.19)	(66.16)
(2) Deferred tax		281.54	(50.53)
(3) MAT credit Entitlement		–	21.57
(4) Tax for earlier years		(46.50)	(14.04)
<b>Profit after tax before Minority Interest</b>		<b>(484.29)</b>	128.66
Minority Interest		(0.90)	(0.70)
<b>Profit for the year</b>		<b>(483.39)</b>	129.36
Earnings per equity share: (in ₹)			
Basic		(35.98)	9.56
Diluted		(35.98)	9.56
Notes are integral part of the balance sheet & profit & loss account	1-42		

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

Place: Mumbai  
Date : 5.06.2014

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

# Consolidated Cash Flow Statement

for the year ended 31st March 2014

(₹ In Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and after Extraordinary items	(718.14)	237.83
<b>Adjustment For :</b>		
Depreciation and amortization expense	316.22	290.54
Minority Interest	0.90	–
Finance costs	450.59	278.77
Interest & Dividend Income	(4.65)	(5.02)
Loss on sale of Assets	7.24	(0.16)
Prior Period Adjustment	–	(142.40)
Loss on sale of Investment	0.03	0.66
<b>Operative Profit before Working Capital Changes</b>	<b>52.19</b>	<b>660.22</b>
<b>Adjustment For :</b>		
Trade Receivables	(191.85)	(240.98)
Other Receivables, Loans & Advances	(19.44)	(48.71)
Inventories	(160.84)	(456.18)
Trade, Other payable & Provisions	(465.85)	537.75
<b>Cash Generation from Operations</b>	<b>(785.79)</b>	<b>452.10</b>
Direct Taxes	(53.37)	(56.18)
<b>Net Cash Flow from operating activities</b>	<b>(839.16)</b>	<b>395.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase/Sale of Fixed Assets (Net)	(43.91)	(353.80)
Purchase/Sale of Investments (Net)	0.97	8.69
Increase/(decrease) in Foreign Exchange Fluctuation Reserve	37.01	4.13
Interest & Dividend Income	4.65	5.02
<b>Net Cash used in investing activities</b>	<b>(1.28)</b>	<b>(335.95)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	1,057.49	185.79
Interest on Term loans & Others	(210.54)	(278.77)
Increase/(decrease) in Minority Interest	(0.48)	(0.57)
<b>Net Cash used in financing activities</b>	<b>846.47</b>	<b>(93.55)</b>
<b>D. NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
(A+B+C)	6.03	(33.58)
Opening balance of cash & cash equivalents	97.11	130.69
<b>Closing balance of cash &amp; cash equivalents</b>	<b>103.13</b>	<b>97.11</b>

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

Place: Mumbai  
Date : 5.06.2014

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

## Note - 1 : Significant Accounting Policies for the year ended 31.03.2014 (Consolidated)

### (A) PRINCIPLES OF CONSOLIDATION

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

The Consolidated financial statements have been prepared on following basis:

- (a) The financial statement of the company and components are combined on line –by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group transactions resulting in unrealized profits/losses in accordance with accounting standard (AS) 21 "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.
- (b) In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at exchange rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.
- (c) Minority Interests share of net profit of consolidated components for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (d) Minority Interests share of net assets of consolidated components is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- (e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

### (B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost basis.

### (C) SIGNIFICANT ACCOUNTING POLICIES

#### a. Revenue Recognition

- a) Domestic sales are accounted for on dispatch of goods to customers. Gross Sales are net of sales returns
- b) Export sales are accounted for on the basis of dates of Bill of Lading. Gross Sales are inclusive of incentives/benefits, and net of sales returns.
- c) Revenue from Job work is recognized when services are rendered.

#### 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 & similar taxes in case of foreign subsidiary received, if any.

#### c. Depreciation on Fixed Assets:

- a) Depreciation on Fixed Assets is provided on 'Straight Line Method' at rates prescribed in Schedule - XIV to the Companies Act, 1956.
- b) 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 the asset exceeds its recoverable value. An impairment loss is charged to the profit & 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 capitalized.

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**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. Foreign Currency:**

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

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

**h. Employee Retirement Benefits**

a. Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b. Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The defined benefit obligation is provided for on the basis of an actuarial valuation on projected unit cost method.

c. Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on basis of an actuarial valuation on projected unit cost method.

**i. Taxation**

a) 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.

b) Deferred tax is recognized subject to the consideration of prudence, on timing differences being the difference between taxable incomes 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 recognized 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 realized.

**j. Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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.

**k. Government Grants:**

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

**l. Segmental Reporting:**

The Company is mainly engaged in the business of manufacturing of textiles consisting of yarn, 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 sale for both is separately given, but due to the nature of business the assets/liabilities and expenses for these activities cannot be bifurcated separately.

The Company is also engaged in power generation through coal and windmills & manufacturing of buttons, however the same are not considered as reportable segment in accordance with AS- 17.

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

## m. Provisions, Contingent Liabilities and Contingent Assets:

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

## Note : 1 - Share Capital & Share Warrant

### 1A Share Capital

(₹ in Crores)

A	Particulars	March 31, 2014		March 31, 2013	
		Numbers	Amount	Numbers	Amount
	<b>Authorised</b>				
	Equity Shares of ₹10 each	150,000,000	150.00	150,000,000	150.00
		150,000,000	150.00	150,000,000	150.00
	<b>Issued, Subscribed &amp; fully paid up</b>				
	Equity Shares of ₹10 each	134,600,000	134.60	134,600,000	134.60
	<b>Total</b>	<b>134,600,000</b>	<b>134.60</b>	<b>134,600,000</b>	<b>134.60</b>

### B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	March 31, 2014		March 31, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	134,600,000	134.60	134,600,000	134.60
Shares Issued during the year *	-	-	-	-
At the end of the year	134,600,000	134.60	134,600,000	134.60

### C Detail of shareholders holding more than 5% of shares in the company

Name of Shareholder	Equity Shares			
	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Janardhan Agarwal	7,576,140	5.63%	7,756,422	5.76%
Reynold Shirting Limited	13,449,947	9.99%	13,600,000	10.10%
Bombay Rayon Clothing Limited	6,602,760	4.91%	7,402,760	5.50%
AAA United B.V.	51,000,400	37.89%	51,000,400	37.89%
Ashwell Holding Company Pvt. Ltd.	28,420,000	21.11%	28,420,000	21.11%

### D Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares :</b>	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**1B Share Warrant**

(₹ in Crores)

Particulars	March 31, 2014		March 31, 2013	
	Number	Amount	Number	Amount
75 lacs warrants at ₹263 per warrant upfront money paid 25%	–	49.31	–	49.31

Note: The option for conversion of 75 Lacs warrants could not be exercised by the allottee within the prescribed period of 18 months ending on 04.04.2012. The company & allottee had filed an application before Securities & Exchange Board of India (SEBI) for refund of the upfront money of ₹ 4931.25 lacs. The said application was rejected by SEBI Vide it's Order dated August 10, 2012 and the appeal made against the said order was dismissed by Securities Appellate Tribunal (SAT) vide their order dated June 28, 2013. Further to that, an appeal filed before Supreme Court by the Company and the Promoters is pending, keeping the status quo with no further communication from SEBI in this regard.

**Note - 2 : Reserve and surplus**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>a. Securities Premium Account</b>		
Opening balance	1,955.55	1,955.55
Add : On issue of Equity Shares	–	–
Closing Balance	1,955.55	1,955.55
<b>b. Capital Reserve on Consolidation</b>		
On consolidation of subsidiaries	27.87	28.92
Less : Goodwill as per previous balance sheet	–	1.05
Closing Balance	27.87	27.87
<b>c. General reserves</b>		
Opening balance	37.00	37.00
Add : Transferred from Profit & Loss Account	–	–
Closing Balance	37.00	37.00
<b>d. Capital Reserve</b>	0.40	0.40
<b>e. Profit &amp; Loss Account</b>		
Opening Balance	761.62	775.36
Add : Profit for the year	-483.39	128.66
Less : Prior Period Adjustment as reinstatements of accounts	–	142.40
Closing Balance	278.23	761.62
<b>f. Foreign Exchanges Fluctuation Reserves</b>		
Opening balance	-66.00	-70.13
Add : During the year	37.01	4.13
Closing Balance	-28.99	-66.00
<b>Total</b>	<b>2,270.06</b>	<b>2,716.44</b>



# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

## Note - 3 : Long term borrowings

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>(A) Secured</b>		
<b>a) Term Loans</b>		
- From Banks*	<b>2,701.20</b>	1,492.79
* Term Loans from Banks are secured by First pari-passu charge on entire Fixed Assets of the company alongwith collateral of first pari-passu charge on entire current assets of the Company and further secured by personal gurantee of promoters, corporate gurantees/collaterals provided by the subsidiary company and other companies of promoters, pledge of promoter shares and hypothecation of GURU and BRFL Brands.		
<b>b) Vehicle loans</b>		
- From Banks	<b>0.16</b>	0.29
- From Other Parties	<b>0.34</b>	0.27
The vehicle loans from the banks and others are secured by hypothecation of specified vehicles against which the finance is obtained		
<b>Total</b>	<b>2,701.70</b>	1,493.35

## Note - 4 : Long Term Provisions

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Employee benefits	<b>6.59</b>	6.40
<b>Total</b>	<b>6.59</b>	6.40

## Note - 5: Short term borrowings

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>Secured</b>		
- Working Capital loans	<b>1,675.19</b>	1,932.35
Working capital Loans from banks are secured by First pari-passu charge on entire current Assets of the Company alongwith collateral of First pari-passu charge on entire Fixed Assets of the Company and further secured by personal guarantee of promoters, corporate guarantees/collaterals provided by the subsidiary company and other companies of promoters, pledge of promoter shares and hypothecation of GURU and BRFL Brands.		
<b>Unsecured</b>		
<b>Other Loans</b>		
- From Banks	<b>-</b>	51.94
- From Other Parties	<b>54.32</b>	136.58
<b>Total</b>	<b>1,729.51</b>	2,120.87

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**Note - 6 : Trade payables**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Mirco, small and medium enterprises	0.87	1.01
Others	859.07	732.15
<b>Total</b>	<b>859.94</b>	<b>733.16</b>

The details of amount outstanding to Micro, Small and Medium Enterprises Based on available information is as under :

Particulars	As on March 31, 2014	As on March 31, 2013
Principal amount due and remaining unpaid	0.51	0.91
Interest due on above and unpaid interest	0.36	0.10
Interest paid	–	–
Payment made beyond the appointed date during the year	–	–
Interest due and payable for the period of delay	0.36	0.10
Interest accrued and remaining unpaid	0.36	0.10
Amount of further interest remaining due and payable in succeeding year.	0.36	0.10
<b>Total</b>	<b>0.87</b>	<b>1.01</b>

**Note - 7 : Other Current Liabilities**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
(i) Customer Deposits	0.19	0.22
(ii) Outstanding expenses	61.84	39.21
(iii) Accrued Employee Expenses	1.16	1.09
(iv) Current maturities of Term Loans from banks*	148.63	353.95
(v) Current maturities of Vehicle loans from banks*	0.25	0.24
(vi) Current maturities of Vehicle loans from others*	0.51	0.62
* Refer Note No. 3 of the Balance Sheet		
(vii) Interest accrued but not due on borrowings	–	1.15
(viii) Interest accrued & due on borrowings	–	40.65
(ix) Unclaimed Dividend*	0.05	0.06
(x) Statutory dues	62.97	54.09
<b>Total</b>	<b>275.60</b>	<b>491.28</b>

# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

**Note - 8 : Short Term Provisions**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Provision for Current Income Tax (net)	29.78	35.46
Provision for Other Taxes (net)	23.28	14.85
Employee benefits	17.65	11.86
<b>Total</b>	<b>70.71</b>	<b>62.17</b>

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

## Note No. 9 : Fixed Assets

(₹ in Crores)

Particulars	GROSS BLOCK			Accumulated Depreciation			NET BLOCK	
	Balance as at 01-04.2013	Additions	Disposals	Balance as at 01-04.2013	For the year	Deduction	Balance as at 31-03-2014	Balance as at 01-04.2013
<b>Tangible Assets</b>								
Land	139.30	0.11	0.06	0.73	0.14	-	0.87	138.57
Buildings	819.25	0.57	-	88.59	25.83	-	114.42	730.66
Plant and Equipment	3,881.06	6.74	5.15	843.59	255.86	2.56	1,096.89	3,037.47
Vehicles	16.51	1.05	0.33	6.70	1.61	0.15	8.16	9.81
Computer	8.58	0.07	-	5.96	0.90	-	6.86	2.62
Furniture and Fixtures - Office equipment	80.71	1.00	6.17	19.81	5.19	3.02	21.98	60.90
<b>Total</b>	4,945.42	9.54	11.71	965.38	289.53	5.73	1,249.18	3,694.07
<b>Intangible Assets :</b>								
Goodwill, trademarks, Patents, right liciences etc.	185.62	25.93	-	33.82	25.00	-	58.82	151.80
Computer software	10.57	0.54	-	2.65	1.69	-	4.34	7.92
<b>Total</b>	196.19	26.47	-	36.46	26.69	-	63.15	159.73
Capital Work In Progress								132.25
<b>Total</b>								132.25
<b>Total</b>	5,141.61	36.01	11.71	1,001.84	316.22	5.73	1,312.33	4,272.02
Previous Year	4874.29	386.92	119.6	718.00	290.54	6.70	1,001.84	4,272.02

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**Note - 10 : Non-current investments**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>TRADE INVESTMENTS</b>	-	-
<b>OTHER THAN TRADE INVESTMENTS</b>		
Unquoted Investment		
In Equity Shares others - fully paid up		
Islampur Integrated Textiles Park Pvt Ltd. 7500000 Shares of ₹ 10/- each	7.50	7.50
Latur Integrated Textiles Park Pvt Ltd. 7220000 shares of ₹10/- each	7.22	7.22
Jankalyan Sahkari Bank Ltd. 90100 Shares of ₹ 10/- each	0.09	0.09
Scotts Fashionciti India Limited 10000 Shares of ₹ 10/- each	0.01	0.01
Scotts Garments Limited 2000000 Shares of ₹ 10/- each	14.00	14.00
Arihant Organics Pvt Ltd 500 shares of ₹100 each	4.50	4.50
STI Sanoh India Limited 11999300 Shares of ₹ 10/- each	12.00	12.00
<b>Total</b>	<b>45.32</b>	<b>45.32</b>

**Note - 11 : Long-term loans and advances**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>a. Security Deposits</b>		
Unsecured, considered good	46.54	50.31
	46.54	50.31
<b>b. Capital Advances</b>		
Unsecured, considered good	55.88	58.15
	55.88	58.15
<b>c. Other Loan &amp; Advances</b>		
Secured, considered good	-	0.15
Unsecured, considered good		
Doubtful	24.51	24.51
Less: Provision for doubtful advances	24.51	24.51
	-	0.15
<b>Total</b>	<b>102.42</b>	<b>108.62</b>

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

## Note -12 Current Investments

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>In Mutual Fund unquoted fully paid up</b>		
SBI Magnum Income Fund - Regular Plan - Growth 343020.224 Units	1.00	–
SBI Magnum Income Fund - Regular Plan - Growth 217438.574 Units	–	1.00
SBI Conta Fund-Regular Plan - Dividend 409332.788 Units	–	1.00
DBG-Union KBC Dynamic Bond Fund Growth 94086.097 Units	–	0.10
TATA- Indo Global Infrastructure Fund - Growth 200000.000 Units	0.20	0.20
CP5G- Union KBC Protection Oriented Fund - Growth 105070 Units	0.10	–
AXIS Capital Protection Oriented Fund - Series 3 -Growth Plan 99990.00 units	0.10	0.10
<b>Total</b>	<b>1.40</b>	<b>2.40</b>

## Note - 13 : Inventories

(As certified by the management)

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
a. Raw Materials (Valued at cost)	878.72	791.64
b. Work-in-progress (Valued at cost)	722.37	631.68
c. Finished goods (Valued at lower of cost or net realisable value)	657.29	699.42
d. Stores and spares (Valued at cost)	222.39	197.41
e. Wastage	0.44	0.22
<b>Total</b>	<b>2,481.21</b>	<b>2,320.37</b>

## Note - 14 : Trade Receivables

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Unsecured, considered good		
Over Six months	102.38	87.67
Others	762.77	585.63
<b>Total</b>	<b>865.15</b>	<b>673.30</b>

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**Note - 15 : Cash and cash equivalents**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
<b>Balances with banks</b>		
On current accounts	57.84	54.14
Bank deposits	41.33	40.89
Bank deposits with more than 12 months maturity- ₹0.09Crores (P.Y. ₹ 7.34 Crores)		
Cash on hand	3.96	2.08
<b>Total</b>	<b>103.13</b>	<b>97.11</b>

**Note - 16: Short-term loans and advances**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Advances receivable in cash or kind or for value to be received	9.81	7.22
Balance with Government Authorities	253.03	240.89
MAT Credit Entitlement	154.65	154.66
Deposits	120.25	117.06
Others	20.03	12.26
<b>Total</b>	<b>557.77</b>	<b>532.09</b>

**Note - 17: Other Current Assets**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Insurance claim receivable	0.90	0.90
Interest receivable	–	0.04
<b>Total</b>	<b>0.90</b>	<b>0.94</b>

**Note - 18: Revenue from operations**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Revenue from operations</b>		
Sale of products :		
Finished goods	2,971.93	3,273.01
Waste Sales	–	6.46
Gross Sales	2,971.93	3,279.47
Less: Excise Duty	0.26	5.23
	2,971.67	3,274.24
Sale of Services:		
- Jobwork	14.45	0.35
Others Operating Revenue	8.46	27.36
<b>Total</b>	<b>2,994.58</b>	<b>3,301.95</b>

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**Note - 19 : Other income**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Income	4.65	4.86
Profit on sale of Investment	0.30	0.65
Profit on sale of Fixed Assets	0.86	0.33
Dividend Income	-	0.16
Exchange fluctuation gain	-	9.84
Miscellaneous income	4.69	4.44
<b>Total</b>	<b>10.50</b>	<b>20.28</b>

**Note - 20: Cost of materials consumed**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Inventory at the beginning of the year	791.64	721.34
Less : Valuation Difference W/off*	121.83	
Add : Purchase	2,178.80	2,129.13
	2,848.61	2,850.47
Less : Inventory at the end of the year	878.72	791.64
<b>Total</b>	<b>1,969.89</b>	<b>2,058.83</b>

\*Refer Note No. 29

**Note - 21: Increase (-) / decrease (+) in inventories**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Inventory at the end of the year</b>		
Finished Goods	657.29	699.42
Work-in-progress	722.37	631.68
Wastage	0.44	0.22
<b>Total (A)</b>	<b>1,380.10</b>	<b>1,331.32</b>
<b>Inventory at the beginning of the year</b>		
Finished Goods	699.42	416.01
Less : Valuation Difference W/off*	126.11	-
Work-in-progress	631.68	527.22
Less : Valuation Difference W/off*	10.42	-
Wastage	0.22	0.32
<b>Total (B)</b>	<b>1,194.79</b>	<b>943.55</b>
<b>Total</b>	<b>-185.31</b>	<b>-387.77</b>

\*Refer Note No. 29

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**Note - 22: Employee benefit expenses**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries & wages	258.59	246.84
Contributions to provident and other fund	25.45	30.69
Workmen & Staff welfare expenses	15.90	13.28
<b>Total</b>	<b>299.94</b>	<b>290.81</b>

**Note - 23 : Finance costs**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense	421.63	240.13
Bank Charges	28.96	38.64
<b>Total</b>	<b>450.59</b>	<b>278.77</b>

**Note - 24 : Depreciation and amortization expenses**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation of tangible assets	289.53	285.76
Amortization of intangible assets	26.69	4.78
<b>Total</b>	<b>316.22</b>	<b>290.54</b>

**Note - 25 : Other expenses**

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Stores & spares consumption	82.11	74.39
Packing material and expenses	16.67	27.78
Power and fuel (net)	92.16	88.16
Water charges	8.98	11.98
<b>Job Charges for:</b>		
Yarn	0.37	1.07
Process	0.72	1.29
Weaving	5.92	17.28
Compensation for Risk	-	18.38
Design & development & Others	101.47	96.15
Rent	52.50	45.59
Rates and taxes	3.68	4.29
Insurance	2.85	2.60
Keyman insurance	0.93	0.10
<b>Repair and maintenance</b>		
Plant and machinery	6.91	3.67
Building	0.86	1.58



# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

(₹ in Crores)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Vehicles	0.69	0.58
Others	2.56	3.15
Advertising and bussiness promotion	1.48	1.49
Books & Periodicals	0.06	0.04
Commission and brokerage	5.95	11.13
Travelling and conveyance	9.47	12.73
Transportation	43.79	44.59
Communication costs	3.35	4.78
Printing and stationary	3.56	2.39
Legal and professional fees	25.97	13.05
Director's remuneration	8.44	11.27
Directors' sitting fees	0.04	0.04
Baddebts w/off	–	0.89
Auditor's remuneration	1.60	1.19
Environmental Control Exp	1.06	6.45
Security Service Charges	6.55	6.70
Donation	0.05	0.66
Loss on sale of Assets	8.10	0.17
Loss on sale of Investment	0.33	1.31
Foreign Exchange Loss	9.71	–
Miscellaneous expenses	17.46	36.30
<b>Total</b>	<b>526.35</b>	<b>553.22</b>

## Payments to auditor

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
For Audit Fee	1.37	1.01
For Tax Audit Fee	0.11	0.08
For Certification & Others	0.12	0.10
<b>Total</b>	<b>1.60</b>	<b>1.19</b>

## Note - 26: Contingent Liabilities not provided for

(₹ In Crores)

	Particulars	As on March 31, 2014	As on March 31, 2013
(i)	Bills Discounted with Banks under Letter of credits or otherwise.	67.10	7.14
(ii)	Bank Guarantee	3.34	2.82
(iii)	Claims against the company towards energy charges on Captive Generation.	4.90	4.90
(iv)	Estimated Interest amount payable on confirmed demand for sales and entry tax	0.80	0.73
(v)	Liability towards M/s Maharashtra State Cotton Grower Mktg. Federation on account of pending dispute under court of law.	0.74	0.74

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

(₹ In Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
(vi) Disputed Sales Tax/ Entry Tax Demands	0.64	0.64
(vii) Demand towards Show Cause Notice Issued by Additional commissioner of Central excise in the matter of wrong availment of cenvat on packing material used in packing of cotton waste, amount inclusive of penalty.	0.11	0.11
(viii) Demand towards Show Cause Notice Issued by Excise Department for charging Additional Customs Duty ,including penalty, on the import of HSD on account of which dispute is pending in high court	0.66	0.66
(ix) Demand towards Show Cause Notice Issued by Excise Department for charging Additional Custom Duty, including penalty, on the import of HSD on account of which dispute is pending under Appeal	0.27	0.27
(x) Claim of Gujarat State Co-operative Cotton Federation Limited (GUJCOT) for cotton supplies, interest, carrying charges etc. disputed and not acknowledged by the Company.(Refer Note:27)	103.85	103.85
(xi) Disputed demand outstanding related to Income Tax (The appeals/rectification are pending with income tax authorities)	4.85	60.09

**Note - 27:**

- The Hon'ble BIFR Bench, vide order dated 1st November, 2010 while accepting the report of Operating Agency directed the company to incorporate the dues of GUJCOT in Draft Rehabilitation Scheme (DRS).
- The Company has preferred an appeal against the said order before Appellate Authority for Industrial & Financial Reconstruction (AAIFR) and the AAIFR vide their order dated 6th April, 2011 directed that impugned directions passed by the BIFR shall be subject to the final order passed by AAIFR in the Appeal.
- In the final hearing dated 29th April, 2013 the AAIFR agreed with the submissions of the Company and remanded the case to BIFR with a direction to hear matter on the points raised in appeal before AAIFR. The hearing was scheduled on 22nd January,2014. However the same was not heard as the bench did not function on the said date. No further date of hearing has been notified.

**Note -28: Capital Commitments**

(₹ in Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
Estimated amount of Capital Contracts remaining to be executed (net of advances)	7.30	12.48

**Note 29:** In the first quarter of the financial year, an extensive exercise by the management was undertaken post completion of all expansion to review the inventories on account of the difference in the valuation, non-moving stock an amount of ₹ 258.36 crores was written off as an extra ordinary item during the year.

**Note 30:** In the first quarter of the financial year, the management has written off as an extra ordinary item an amount of ₹90.92 crores as foreign exchange fluctuation loss on account of the outstanding foreign currency working capital limits utilized by the company.

**Note 31:** In the month of March, 2014, the holding company had declared lock –out at Mill Division located at Dodaballapur, Bengaluru as a part of restructuring exercise. The operations at the said unit were re-started in the month of May, 2014.

**Note 32:** Exceptional item includes prior period items as follows:

Sr. No.	Particulars	Amount (₹ in crores)
1	Dividend Income	0.80
2	Rental Expenses written back	3.00
3	Other Expenses	(0.06)
	<b>Total</b>	<b>3.74</b>

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**Note 33:** To comply with the regulations of Securities and Exchange Board of India related to Minimum public Shareholding (MPS) the company and the promoters of the company has initiated the steps to increase the public shareholding to 25%.

## Note 34 - Corporate debt restructuring (CDR):

- 1 During the year, the Company's proposal for restructuring of its debts was approved by Corporate Debt Restructuring Cell ("CDR Cell") vide Letter of Approval (LOA) dated September 27, 2013. The cut off date (COD) for implementation of CDR was 1st April, 2013. The Company has executed Master Restructuring Agreement ('MRA') with CDR Lenders on September 30, 2013. The details of the Restructuring package as approved by CDR Cell are as under :-
  - a) Restructuring of repayment schedule for term loans under Technology Upgradation Funds Scheme (TUFS) and Non -TUFS Term Loans, reduction in interest rates, Additional facilities in the form of working capital term loan (WCTL) & Funded Interest Term Loan (FITL)
  - b) The promoters to bring contribution equivalent to 25% of the sacrifice amount by lenders. Accordingly promoters have brought in an amount of ₹ 89.19 crores as unsecured loan
  - c) Lenders with the approval of CDR EG shall have the right to recompense the reliefs/ sacrifices/ waivers extended by respective CDR Lenders as per the CDR guidelines. The recompense payable is contingent on various factors including improved performance of the Company and many other conditions, the outcome of which is currently materially uncertain. Tentative recompense amount comes to ₹ 526.98 crores.
- 2 Total Secured Term Loans as on March 31, 2014 (Note 3) comprises of :-

Sr. No.	Particulars	Amount (₹ in crores)
1	Term Loans under TUFS	1033.68
2	Term loans Non – TUFS	881.92
3	Working capital Term Loan (WCTL)	693.85
4	Funded Interest Term Loan (FITL)	240.04
	<b>TOTAL</b>	<b>2849.49</b>

## Note - 35: Related Party Disclosure

### Name of the Related Party

#### (A) Related parties where common control exists

- A Reynold Shirting Ltd.
- B Bombay Rayon Clothing Ltd.
- C Bestsellers Retail India Pvt. Ltd.
- D Best United Lifestyles Pvt. Ltd.
- E Best United India Comforts Pvt. Ltd.
- F Bestseller Wholesale India Pvt. Ltd.
- G B. R. Machine Tools Pvt. Ltd.
- H Latur Integrated Textile Park Pvt. Ltd.
- I Islampur Integrated Textile Park Pvt. Ltd.
- J STI Sanoh India Ltd.
- K Kagal Industrial Textile Technology Park Pvt. Ltd.
- L Ashwell Holding Company Pvt. Ltd.
- M Clinvent Real Estate Pvt. Ltd.
- N Arihant Organics Pvt. Ltd.

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

## (B) Key Managerial Personnel

Name of Personnel	Designation
A Mr. Janardan Agrawal	Non Executive Chairman
B Mr. Aman Agrawal	Vice Chairman
C Mr. Prashant Agrawal	Managing Director
D Mr. Uday Mogre( Upto 31/12/2013)	Executive Director –Corporate
E Mr. A.R. Mundra	Executive Director –Finance
F Dr. R.B. Baheti	Non Executive Chairman
G Mrs. Bimla Devi Agarwal	Relative of Director
H Mrs. Vinita Agarwal	Relative of Director

## (C) Transactions with Related Parties

(₹ in Crores)

Particulars	Current year	Previous year
<b>Transaction with Other Related Parties</b>		
Rent paid	26.81	34.46
Purchase	2.90	3.51
Sales	0.02	0.83
Sales of Services	NIL	0.29
Rent deposit given	NIL	8.00
Loans & Advances Taken	89.19	NIL
Loans & Advances Given	1.00	NIL
Loan & Advances received Back	2.98	36.49
Advance Received	NIL	20.98
Job Work charges Paid	19.16	32.89
Sales – Job Work Income	0.13	NIL
Rental Income	5.12	4.80
<b>Transaction with Other Related Parties</b>		
Director Remuneration	6.94	10.35
Rent Paid	NIL	0.54
Donation Paid	NIL	0.44

**Note - 36:** Promoters and Subsidiary company provided personal/corporate guarantee & collaterals for securing the Term Loans and working capital loan facilities availed by the company restricted upto the realizable value of assets provided as security.

## Note - 37: Earnings Per Share

₹ in Crore

Sr. No.	Particulars	As at 31.03.2014	As at 31.03.2013
(i)	No. of shares at the beginning of the year	134600000	134600000
(ii)	No. of Shares at the end of the year	134600000	134600000
(iii)	Weighted average number of Equity Shares outstanding during the year	134600000	134600000
	EPS		
(i)	Net Profit available for Equity Shareholder (₹ In Crore)	(483.39)	129.36
(ii)	Basic Earning Per Share (in ₹)	(35.98)	09.56
(iii)	Diluted Earning Per Share (in ₹)	(35.98)	09.56

# Notes to Consolidated Financial Statements

for the year ended 31st March 2014

**Note - 38:**

(₹ in Crores)

Particulars	Current year	Previous year
<b>C.I.F. Value of Imports:</b>		
(a) Stores & Spares	10.66	10.67
(b) Capital Goods	2.94	2.97
(c) Raw Materials	52.40	49.29

**Note - 39:**

(₹ in Crores)

Particulars	Current year	Previous year
<b>Expenditure in Foreign Currency</b>		
(a) Traveling	1.01	0.68
(b) Commission on Export Sales	2.25	1.86
(c) Business Promotions	0.01	0.17

**Note - 40: Earning in Foreign Exchange**

(₹ In Crores)

Particulars	As on March 31, 2014	As on March 31, 2013
FOB value of Exports	422.12	1079.76

**Note - 41:** In respect of the financial statements the subsidiary company M/s. BRFL Italia SRL the reporting dates have changed from March 31, 2014 to December 31, 2013. As a result the consolidation of this subsidiary has been done only for a period of 12 months i.e. January 01, 2013 to December 31, 2013 for the year ended March 31, 2014.

**Note - 42:** Previous year figures have been re-grouped / reclassified wherever necessary to make them comparable with current year.

As per our report attached  
For **V. K.Beswal & Associates**  
Chartered Accountants

**CA. K.V.Beswal**  
Partner  
Membership Number - 131054  
Firm Reg No.:101083W

Place: Mumbai  
Date : 5.06.2014

For and on behalf of Board of Directors  
**Prashant Agrawal**  
Managing Director

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

**Prachi Deshpande**  
Company Secretary

## Notice

**NOTICE is hereby given that the Twenty First Annual General Meeting of the Shareholders of BOMBAY RAYON FASHIONS LIMITED** will be held on Saturday, September 27, 2014 at Kilachand Conference Room, Indian Merchant Chambers, Churchgate, Mumbai-400 020 at 12.30 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended March 31, 2014 and the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Aman Agrawal (DIN - 00019534), who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Prashant Agrawal, (DIN - 00019464), who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint M/s. V. K. Beswal & Associates, Chartered Accountants [Firm Registration No. 101083W], as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 (statutory modification(s) or re-enactment thereof, for the time being in force), the new draft Articles of Association of the Company be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.”  
“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, things and take all such actions as may be deemed necessary, proper or expedient to give effect to this resolution.”
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 149, sub Section (2) of Section 150 and sub Section (2) of Section 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. Naseer Ahmed, (DIN -00027095), Director of the Company, in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a Shareholder proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to March 31, 2019, and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.  
RESOLVED FURTHER THAT any one of the Directors of the Company or the Company Secretary, be and is hereby authorised to do all such acts, deeds and things as are necessary to give effect to the resolution.”
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 149, sub Section (2) of Section 150 and sub Section (2) of Section 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. M. M. Agrawal, (DIN-00681433), Director of the Company, in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a Shareholder proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to March 31, 2019, and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.  
RESOLVED FURTHER THAT any one of the Directors of the Company or the Company Secretary, be and is hereby authorised to do all such acts, deeds and things as are necessary to give effect to the resolution.”
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 149, sub Section (2) of Section 150 and sub Section (2) of Section 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. Suresh Vishwasrao, (DIN- 00837235), Director of the Company, in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a Shareholder proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to March 31, 2019, and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.”

RESOLVED FURTHER THAT any one of the Directors of the Company or the Company Secretary be and is hereby authorised to do all such acts, deeds and things as are necessary to give effect to the resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 149, sub Section (2) of Section 150, sub Section (2) of Section 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, Mr. A. Arumugham, (DIN-00350163), Director of the Company, in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a Shareholder proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to March 31, 2019, and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.

RESOLVED FURTHER THAT any one of the Directors of the Company or the Company Secretary be and is hereby authorised to do all such acts, deeds and things as are necessary to give effect to the resolution.”

**By Order of the Board of Directors**

Place: Mumbai  
Date: 30th July, 2014

**Janardhan Agrawal**  
*Chairman*

**REGISTERED OFFICE:**

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND, AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A 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 (Forty Eight) hours before the time fixed for the commencement of the meeting. Proxies submitted on behalf of the companies, etc, must be supported by appropriate resolution/authority, as applicable. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of notice in writing is given to the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Corporate Members are requested to send a duly certified true copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
5. Any members proposes to seek any clarification on the accounts requested to send the queries to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply to the same in the meeting.
6. The Register of Directors’ and Key Managerial Personnel and their Shareholding maintained under Section 170 and Register of contracts or arrangement in which director are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
7. The Register of the Members and the Share Transfer Books of the Company will remain closed from, Saturday, 20th September, 2014 to Saturday, 27th September, 2014.
8. The Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013, for Special Business, setting out all material facts and the statement of particulars of Directors seeking appointment/re-appointment, as required under Clause 49 of the Listing Agreement are annexed hereto. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
9. Members are requested to bring their copy of Annual Report and attendance slip to the meeting.
10. The Annual Accounts of the Subsidiary Companies shall be available at the Registered Office of the Company for inspection by any shareholder.
11. Copies of the accounts of subsidiaries required by any shareholders will be provided on written request to the Company Secretary of the Company at the Registered Office of the Company.



## Bombay Rayon Fashions Limited

12. Relevant documents referred to in the accompanying Notice and the Statements are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
13. Members who hold share(s) in dematerialized form are requested to write their Client ID and DP ID and those who hold share(s) in physical form are requested to write their folio number in the attendance slip.
14. Members who would like to receive notices, letters, annual reports, documents and any other correspondence by electronic mode are requested to register their email addresses and changes therein, from time to time, with Company's Registrar and Transfer Agent in respect of share(s) held in physical form and with respective Depository Participants (DP) where the share(s) are held in dematerialized form. Shareholders holding share(s) in physical form can send their email address for registration to [investors@bombayrayon.com](mailto:investors@bombayrayon.com) quoting the Folio Number and Name of the Company.
15. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL). The instructions for members for voting electronically are as under:-

**(A) The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on September 22, 2014 at 9.30 a.m. to 5.30 p.m. and ends on September 23, 2014 at 9.30 a.m. to 5.30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (September 20, 2014) of may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



- (xi) Click on the EVSN for the relevant <BOMBAY RAYON FASHIONS LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they should create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

16. Mr. Himanshu Kamdar, Practising Company Secretary (Membership No. 5171) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

17. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.bombayrayon.com](http://www.bombayrayon.com) and will be communicated to the Stock Exchanges on which the Company’s equity shares are listed.

**By Order of the Board of Directors**

Place: Mumbai  
Date: 30th July, 2014

**Janardhan Agrawal**  
*Chairman*

**REGISTERED OFFICE:**

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

## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

### Item No. 5

The existing AOA are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of Companies Act, 1956 and some regulations in existing AOA are no longer in conformity with the Act in view of the recent notification of Companies Act, 2013 and rules there under.

With the coming into force of the Act several regulations of the existing AOA of the Company require alteration or deletion in several articles. Given this position, it is considered expedient to wholly replace the existing AOA by a new set of Articles. For that purpose Company is adopted table "F"

As per the provisions of Section 14 of the Companies Act, 2013, alteration in Articles of Association of the Company will require to be approved by the shareholders of the Company by way of Special Resolution and hence placed for seeking approval of shareholders.

Copy of existing and New Articles of Association of the Company will be available for inspection by members during 10.30 a.m. to 6.30 p.m. at the Registered Office of the Company during to September 23, 2014 till the date of Annual General Meeting.

The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders.

Your Board recommends this resolution to seek your approval for amendment for adoption of new set of Articles of Association.

None of the persons specified in Section 102 of the Companies Act, 2013, namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons or the entities comprising the interest of Promoters, Directors or Key Managerial Persons, are concerned or interested in the above resolutions.

### Item Nos. 6 to 9:

As per the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder, an Independent Director shall hold office for a term of up to five consecutive years. In the opinion of the Board, Mr. Naseer Ahmed, Mr. M. M. Agrawal, Mr. Suresh Vishwasrao and Mr. A. Arumugham qualify to be Independent Directors in accordance with the conditions specified under Section 149(6) of the Companies Act, 2013 for such appointment. The said Independent Directors shall not be liable to retirement by rotation.

The Company has received Notices in writing from a member of the Company along with the deposit of ₹ 100,000/- per Notice, as per the provisions of Section 160 of the Companies Act, 2013, signifying his intention to propose the candidatures of Mr. Naseer Ahmed, Mr. M. M. Agrawal, Mr. Suresh Vishwasrao and Mr. A. Arumugham respectively, for the office of Directors of the Company.

The copies of the notices as aforesaid and a copy of draft letters of appointment of the aforesaid four (4) Directors as Independent Directors setting out the terms and conditions would be available for inspection by the members at the Company's Registered Office during the working hours on all working days upto the date of AGM and the said documents shall also be placed at the meeting.

Brief resume of Mr. Naseer Ahmed, Mr. M. M. Agrawal, Mr. Suresh Vishwasrao and Mr. A. Arumugham, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/chairmanship of Board Committees, shareholding and relationships between directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance report forming part of Annual Report.

Mr. Naseer Ahmed, Mr. M. M. Agrawal, Mr. Suresh Vishwasrao and Mr. A. Arumugham, deemed to be interested or concerned in their respective resolution for appointment. Apart from the said directors, none of the persons specified in Section 102 of the Companies Act, 2013 namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons or the entities comprising the interest of Promoters, Directors or Key Managerial Persons, are concerned or interested in the above resolutions.

Your Directors recommend the resolutions as mentioned in Item Nos. 6, 7, 8 & 9 of the Notice for your approval.

**By Order of the Board of Directors**

Place: Mumbai  
Date: 30th July, 2014

**Janardhan Agrawal**  
Chairman

### REGISTERED OFFICE:

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



# BOMBAY RAYON FASHIONS LIMITED

Registered Office: D-1st Floor, Oberoi Gardens Estates, Chandivali Farms Road,  
Chandivali, Andheri (East), Mumbai – 400 072. • Tel: 022-3985 8800 • Fax: 022-3985 8830  
Website: www.bombayrayon.com Email: investor@bombayrayon.com  
CIN: L17120MH1992PLC066880

## ATTENDANCE SLIP

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]  
21st Annual General Meeting

Registered Folio No./DP ID No./ Client ID No.	
No. of shares	

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 21st Annual General Meeting of the Company to be held at Kilachand Conference Room, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020 on Saturday, 27th September, 2014 at 12.30 p.m.

\_\_\_\_\_  
Name of the member / proxy (in BLOCK letters)

\_\_\_\_\_  
Signature of the member / proxy

Note: Please fill up the attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.



# BOMBAY RAYON FASHIONS LIMITED

Registered Office: D-1st Floor, Oberoi Gardens Estates, Chandivali Farms Road,  
Chandivali, Andheri (East), Mumbai – 400 072. • Tel: 022-3985 8800 • Fax: 022-3985 8830  
Website: www.bombayrayon.com Email: investor@bombayrayon.com  
CIN: L17120MH1992PLC066880

## ATTENDANCE SLIP

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]  
21st Annual General Meeting

Name of the Member(s)	
Address	
Email ID	
Folio No. / Client ID	DP ID:

I/we, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

Name Address	Email-ID	Signature : _____ or falling him/her
Name Address	Email-ID	Signature : _____ or falling him/her
Name Address	Email-ID	Signature : _____ or falling him/her



As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of Bombay Rayon Fashions Limited, to be held on Saturday, 27th September, 2014 at 12.30 p.m. at Kilachand Conference Room, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai 400 020, and/or any adjournment(s) thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars	Voting		
		For	Against	Abstain
<b>Ordinary Business</b>				
1.	Adoption of Audited Financial Statements of the Company for the financial year ended March 31, 2014, including the audited Balanced Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.			
2.	To appoint a director in place of Mr. Aman Agrawal (DIN: 00019534), who retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.			
3.	To appoint a director in place of Mr. Prashant Agrawal (DIN: 00019464), who retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.			
4.	To appoint Statutory Auditors to hold office from the conclusion of this AGM till the conclusion of next AGM and to authorize the Directors to fix their remuneration.			
<b>Special Business</b>				
5.	Approval and Adoption of New Set of Articles of Association			
6.	Appointment of Mr. Naseer Ahmed (DIN 00027095) as an Independent Director			
7.	Appointment of Mr. M. M. Agrawal(DIN 00681433) as an Independent Director			
8.	Appointment of Mr. Suresh Vishwasrao (DIN 00837235) as an Independent Director			
9.	Appointment of Mr. A. A. arumugham (DIN 00350163) as an Independent Director			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Proxy Holder(s) : \_\_\_\_\_

Signature of Shareholder(s) : \_\_\_\_\_

Affix  
₹ 1.00  
Revenue  
Stamp

Note:

1. Proxy need not be member.
2. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the Meeting.
3. It is optional to indicate your preference. If you leave the "for", "against" or "abstain" column blank, your proxy will be entitled to vote in the manner as he/she may deem appropriate.





**BRFL**

Bombay Rayon Fashions Limited

**Bombay Rayon Fashions Limited**  
[www.bombayrayon.com](http://www.bombayrayon.com)