



**The
Bombay Burmah Trading Corporation, Limited.**

2003-2004

One hundred and thirty-ninth annual report

Annual Report 2003-2004

**ANNUAL GENERAL MEETING — 24TH AUGUST, 2004 AT
PATKAR HALL, SIR VITHALDAS THACKERSEY MARG,
MUMBAI 400 020 — 4.00 p.m.**

The Bombay Burmah Trading Corporation, Limited

ONE HUNDRED AND THIRTY-NINTH ANNUAL REPORT 2003-2004

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The Bombay Burmah Trading Corporation, Limited

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LOCATION OF CORPORATION'S TEA/COFFEE ESTATES AND FACTORIES

Tea and Coffee Estates	: (1) Mudis Group of Estates, Mudis P.O. 642 117, Coimbatore District, Tamil Nadu.
	(2) Singampatti Group of Estates — Manjolai P.O. 627 420, Tirunelveli District, Tamil Nadu.
	(3) Dunsandle Estate — Dunsandle P.O., Nilgiri Dist., Tamil Nadu State.
	(4) Elk Hill Group of Estates — Post Box No. 12, Sidapur, P. & T.O. 571 253, South Coorg, Karnataka State.
	(5) Usambara Group, Marvera and Herkulu Estates, P.O. Box 22, Soni, Tanzania.
Formica India	: Akurdi, Pune 411 035.
BCL Springs	: M.I.D.C. Industrial Area, Plot F-12-A, Chikalthana, Aurangabad-431 210.
	: K-103, MIDC, Waluj, Aurangabad.
Afcoset Balances	: Plot 304, GIDC, Valsad Industrial Estate, Gundlav, Valsad-396 035.
Malaysian Branch	: Suit 628, 6th Floor, Pan Global Plaza, Jalan Wong Ah Fook 80000, Johor Bahru, Malaysia.

The Bombay Burmah Trading Corporation, Limited

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DIRECTORS

NUSLI N. WADIA, Esq., *Chairman*
A. K. HIRJEE, Esq., *Vice Chairman*
KESHUB MAHINDRA, Esq.
FIELD MARSHAL S. H. F. J. MANEKSHAW, M. C.
J. MATTHAN, Esq.
M. L. APTE, Esq.
D. E. UDWADIA, Esq.
P. K. CASSELS, Esq.
S. P. TAO, Esq.
B. N. B. TAO, Esq., *Alternate Director to Mr. S. P. TAO*
A. PANJWANI, Esq., *Managing Director*
J. N. WADIA, Esq., *Deputy Managing Director*

SECRETARY

N. H. DATANWALA, Esq.

REGISTERED OFFICE

9, WALLACE STREET, FORT, MUMBAI 400 001.
Tel. No. 2207 9351 (4 lines)

PRINCIPAL BANKERS

HDFC BANK LIMITED
UTI BANK LIMITED
KOTAK MAHINDRA BANK LIMITED

AUDITORS

C. C. CHOKSHI & CO.
Chartered Accountants

SOLICITORS

CRAWFORD BAYLEY & CO.
UDWADIA & UDESHI

The Bombay Burmah Trading Corporation, Limited

NOTICE

NOTICE is hereby given that the One Hundred and Thirty-Ninth Annual General Meeting of the Members of the Corporation will be held at Patkar Hall, Sir Vithaldas Thackersey Marg, Mumbai 400 020, on Tuesday, the 24th day of August, 2004 at 4.00 p.m. for the purpose of transacting the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Nusli N. Wadia, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Field Marshal S. H. F. J. Manekshaw, M. C., who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. J. Matthan, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s C.C. Chokshi & Co., Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.
7. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT the audit of the accounts of the branches of the Corporation in south India, be carried out by M/s. Fraser & Ross, Chartered Accountants, and that they be and are hereby appointed Branch Auditors for the current financial year at a remuneration to be fixed by the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to appoint, in consultation with M/s. C.C. Chokshi & Co., the Corporation's Auditors, in respect of the audit of the accounts of the Corporation's branch offices outside India, a person who is either qualified for appointment as auditor of the Corporation under Section 226 of the Companies Act, 1956 or as accountant duly qualified to act as an auditor of the accounts of such branch offices, for the current financial year in accordance with the laws of the concerned countries and to fix the remuneration and the terms and conditions of their appointment as branch auditors.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 (‘the Act’) read with and in accordance with the conditions specified in Scheduled XIII to the Act and subject to the approval of the Central Government, if any required, approval be and is hereby accorded to the remuneration, including perquisites, of Mr. Ashok Panjwani, Managing Director of the Corporation, for the period 1st July, 2004 to 23rd June, 2007 being increased in the manner and to the extent set out below and RESOLVED THAT the Board of Directors (hereinafter referred to as “the Board” which expression shall also include the Remuneration Committee of the Board) be and is hereby authorised to alter the remuneration of Mr. Panjwani in such manner and to such extent as the Board may from time to time determine within the limit specified in clause (5) below.

(1) Salary:

Basic Salary shall stand increased from Rs. 19,80,000/- per annum to Rs. 22,20,000/- per annum.

(2) Performance Bonus:

- (i) Minimum of 50% of Basic Salary i.e. Rs.11,10,000/- per annum which shall be included for the Corporation's contribution to Provident Fund and Superannuation Fund.

- (ii) Incremental Bonus over the minimum of 50%, at the discretion of the Board which shall not qualify for the Corporation's contribution to Provident Fund and Superannuation Fund.

(3) Perquisites:

- (a) Housing accommodation provided by the Corporation or House Rent Allowance.
 - (b) Other perquisites such as business promotion expenses, soft furnishing, house maintenance, gas & electricity, servants' wages, subscription to books and periodicals, medical reimbursement, leave travel assistance for self and family, club subscription (excluding entrance fees), and other benefits and amenities, other than contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and encashment of leave, in accordance with the Rules of the Corporation, shall stand increased from Rs. 8,75,000/- per annum to Rs.10,80,000/- per annum.
- (4) Where in any financial year during the currency of tenure of Mr. Ashok Panjwani as Managing Director of the Corporation, the Corporation has no profits or its profits are inadequate, Mr. Panjwani shall be entitled to the remuneration by way of salary, performance bonus, allowances and perquisites as may be fixed by the Board, not exceeding the aforesaid limits for a period not exceeding 3 years subject to compliance with the applicable provisions of Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government.
- (5) Subject always to the limits contained in Sections 198 and 309 of the Act, the Corporation may at its sole discretion pay such remuneration by way of salary, performance bonus and perquisites and other benefits and amenities as may be determined by the Board from time to time, at its discretion, in accordance with the Rules of the Corporation, which shall not exceed a maximum limit of Rs. 80,00,000/- per annum.
- (6) For the purpose of computing the aforesaid limits, perquisites will be valued as per the Income Tax Rules, 1962 wherever applicable and provisions for use of Corporation's car for the official duties and telephone at residence, including payment for local calls and long distance official calls, shall not be included in such computation.

RESOLVED FURTHER THAT the Board may at its discretion from time to time fix Mr. Panjwani's remuneration within the maximum remuneration specified herein and revise such remuneration from time to time within the maximum limits specified herein.

RESOLVED FURTHER THAT except for the modification in the manner and to the extent specified hereinabove, all other terms of his appointment as Managing Director of the Corporation as approved by the Members at the Extraordinary General Meeting held on 26th November, 2002 shall remain unaltered.

AND RESOLVED FURTHER THAT the Board of Directors of the Corporation be and is hereby authorised to enter into a Supplemental Agreement on behalf of the Corporation with Mr. Panjwani incorporating the terms and conditions set out above."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') read with and in accordance with the conditions specified in Scheduled XIII to the Act and subject to the approval of the Central Government if any required, approval be and is hereby accorded to the remuneration, including perquisites, of Mr. Jeh Wadia, Deputy Managing Director of the Corporation, for the period 1st July, 2004 to 30th June, 2007 being increased in the manner and to the extent set out below and RESOLVED THAT the Board of Directors (hereinafter referred to as "the Board" which expression shall also include the Remuneration Committee of the Board) be and is hereby authorised to alter the remuneration of Mr. Wadia in such manner and to such extent as the Board may from time to time determine within the limit specified in clause (5) below.

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(1) Salary:

Basic Salary shall stand increased from Rs.12,00,000/- per annum to Rs. 16,80,000/- per annum.

(2) Performance Bonus:

- (i) Minimum of 50% of Basic Salary i.e. Rs. 8,40,000/- per annum which shall be included for the Corporation's contribution to Provident Fund and Superannuation Fund.
- (ii) Incremental Bonus over the minimum of 50%, at the discretion of the Board which shall not qualify for the Corporation's contribution to Provident Fund and Superannuation Fund.

(3) Perquisites:

- (a) House Rent Allowance @ 50% of Basic Salary shall stand increased from Rs. 6,00,000/- per annum to Rs. 8,40,000/- per annum.
- (b) Other perquisites such as business promotion expenses, soft furnishing, house maintenance, gas & electricity, servants' wages, subscription to books and periodicals, medical reimbursement, leave travel assistance for self and family, club subscription (excluding entrance fees), and other benefits and amenities, other than contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and encashment of leave, in accordance with the Rules of the Corporation shall stand increased from Rs. 3,60,000/- per annum to Rs. 7,20,000/- per annum.
- (4) Where in any financial year during the currency of tenure of Mr. Jeh Wadia as Deputy Managing Director of the Corporation, the Corporation has no profits or its profits are inadequate, Mr. Jeh Wadia shall be entitled to the remuneration by way of salary, performance bonus, allowances and perquisites as may be fixed by the Board, not exceeding the aforesaid limits for a period not exceeding 3 years subject to compliance with the applicable provisions of Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government.
- (5) Subject always to the limits contained in Sections 198 and 309 of the Act, the Corporation may at its sole discretion pay such remuneration by way of salary, perquisites, bonus as may be determined by the Board from time to time and perquisites and other benefits and amenities as may be determined by the Board from time to time in accordance with the rules of the Corporation, which shall not exceed a maximum limit of Rs. 80,00,000/- per annum.
- (6) For the purpose of computing the aforesaid limits, Perquisites will be valued as per the Income Tax Rules, 1962 wherever applicable and provisions for use of Corporation's car for the official duties and telephone at residence including payment for local calls and long distance official calls shall not be included in such computation.

RESOLVED FURTHER THAT the Board may at its discretion from time to time fix Mr. Jeh Wadia's remuneration within the maximum remuneration specified herein and revise such remuneration from time to time within the maximum limits specified herein.

RESOLVED FURTHER THAT except for the modification in the manner and to the extent specified hereinabove, all other terms of his appointment as Deputy Managing Director of the Corporation as approved by the Members at the Extraordinary General Meeting held on 26th November, 2002 shall remain unaltered.

AND RESOLVED FURTHER THAT the Directors of the Corporation be and are hereby authorised to enter into a Supplemental Agreement on behalf of the Corporation with Mr. Jeh Wadia incorporating the terms and conditions set out above."

Registered Office:
9, Wallace Street,
Fort, Mumbai 400 001.

Dated, the 29th day of June, 2004.

By Order of the Board,
N. H. DATANWALA
Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE CORPORATION.
2. In respect of Item Nos. 8 and 9, an Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Corporation will remain closed from Tuesday, 10th August, 2004 to Tuesday, 24th August, 2004 (both days inclusive).
4. Warrants in respect of Dividend, if declared, will be paid to the Members on or after 30th August, 2004. Dividend will be payable on and from that date to those Members whose names appear in the Register of Members at the close of business on 24th August, 2004. In respect of shares held in dematerialised form in the depository system, the Dividend will be paid to the beneficial owner as per the list provided by the depositories for this purpose.
5. Members are requested to immediately notify the Registrars and Share Transfer Agents or the Depository Participants (in case of shares which have been dematerialised) of any change in their address and/or bank account details to ensure correct and prompt receipt of the Dividend warrants.
6. Members are advised, in their own interest that all communications to the Corporation or its Registrars and Share Transfer Agents which would have the effect of amending the permanent details of their ledger folio, should be signed by all the Members registered under that ledger folio.
7. Members who have not encashed the Dividend warrant(s) so far for the financial year ended 31st March, 1997, or any subsequent dividend payment(s) are requested to make their claim to the Corporation.
8. All amounts transferred to the Unpaid Dividend Account of the Corporation and remaining unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund, together with interest accrued thereon, in accordance with Section 205C of the Companies Act, 1956.
9. The Corporation has listed its equity shares at (1) The Stock Exchange, Mumbai (Regional Stock Exchange), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and (2) National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/ I, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051. The Annual Listing Fee as prescribed has been paid to each of these Stock Exchanges.
10. Members/Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
11. Members are requested to bring their copies of the Annual Report at the time of attending the Meeting.
12. Requirement under the Listing Agreement:
Pursuant to the requirements of paragraph VII (F) of Clause 49 of the Listing Agreement, details of the three Directors, Mr. Nusli N. Wadia, Field Marshal S. H. F. J. Manekshaw and Mr. J. Matthan, who retire by rotation and being eligible, offer themselves for re-appointment, are furnished below :

Mr. Nusli N. Wadia:

Mr. Nusli N. Wadia, 60, was inducted on the Corporation's Board on 28th October, 1980 and has been the Chairman of the Corporation since 27th July, 1982. Mr. Wadia has contributed actively in the deliberations of various organizations like Cotton Textiles Export Promotion Council (TEXPROCIL), Associated Chambers of Commerce and Industry of India (ASSOCHAM), Millowners' Association (MOA) etc. He is the former Chairman of TEXPROCIL and MOA.

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Mr. Wadia was appointed on the Prime Minister's Council on Trade and Industry in 1998, 1999 and 2000. He was the Convenor of the Special Group Task Force on Food and Agro Industries Management Policy in September, 1998. He was a Member of the Special Subject Group to review regulations & procedures to unshackle the Indian Industry and on the Special Subject Group on Disinvestment.

Mr. Wadia has made a name for himself in public affairs also and has been actively associated with leading charitable institutions. He is also on the Managing Committee of the Nehru Centre, Mumbai. Further, he is a member of the Confederation of Indian Industry (CII), National Executive Council.

Other Directorships: The Bombay Dyeing & Manufacturing Co. Ltd. (Chairman), Britannia Industries Ltd. (Chairman), Gherzi Eastern Ltd., Nowrosjee Wadia & Sons Ltd. (Chairman & Managing Director), Tata Iron & Steel Co. Ltd., Tata Chemicals Ltd., Atul Ltd., Wadia BSN India Ltd. (Chairman), Tata Motors Ltd., EIH Ltd., 4 foreign companies and 1 private company.

Committee Memberships: Remuneration Committee of the Boards of The Bombay Dyeing & Manufacturing Co. Ltd., The Bombay Burmah Trading Corporation Ltd., Britannia Industries Ltd., EIH Ltd. and Tata Motors Ltd. (Chairman).

Field Marshal S.H.F.J. Manekshaw, M.C. :

Field Marshal S.H.F.J. Manekshaw, M.C. 90, has the honour of being the first Indian to be bestowed with the title of "Field Marshal" by the Government of India and is a well-known and widely respected personality. He is also on the Board of several leading companies as listed below.

Other Directorships: Nagarjuna Agro Tech Ltd. (Chairman), Nagarjuna Fertilizers & Chemicals Ltd. (Chairman), Muller & Phipps (India) Ltd. (Chairman), Foods & Inns Ltd. (Chairman), Finns Frozen Food Ltd. (Chairman), Indian Metals & Ferro Alloys Ltd., CIFCO Finance Ltd., EIH Ltd., A. V. Thomas Industrial Products Ltd., Indian Charge Chrome Ltd., Britannia Industries Ltd., Goetze (India) Ltd. and 1 foreign company.

Committee Memberships: Audit Committee of the Boards of Britannia Industries Ltd. (Chairman), EIH Ltd. (Chairman), and The Bombay Burmah Trading Corporation Ltd. Remuneration Committee of the Boards of Britannia Industries Ltd. (Chairman), Indian Metals & Ferro Alloys Ltd. (Chairman), The Bombay Burmah Trading Corporation Ltd., EIH Ltd. and A. V. Thomas Industrial Products Ltd. and also Shareholders'/Investors' Grievance Committee of the Boards of The Bombay Burmah Trading Corporation Ltd. (Chairman) and Nagarjuna Fertilizers & Chemicals Ltd. (Chairman).

Mr. J. Matthan:

Mr. J. Matthan, 83, is B.A. (Hons.) in Mathematics and Statistics from Madras University. He joined The New India Assurance Co. Ltd. in 1945, became the Managing Director of Life Insurance Corporation of India in 1977 and became its Chairman in 1978. He has in recent years been actively involved in many charitable institutions like Medico Pastoral Association and Nava Jeevana Nilaya.

Other Directorships: Mac Charles (India) Ltd. and Phisicare Healthcare Services (P) Ltd.

Committee Memberships: Audit Committee of the Boards of The Bombay Burmah Trading Corporation Ltd. (Chairman) and Mac Charles (India) Ltd. (Chairman). Remuneration Committee of the Board of The Bombay Burmah Trading Corporation Ltd. (Chairman).

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Item Nos. 8 and 9:

Mr. Ashok Panjwani:

At the Extraordinary General Meeting of the Members held on 26th November, 2002 ("EGM") the Members of the Corporation approved the appointment of Mr. Ashok Panjwani as Managing Director of the Corporation for a period of five years effective from 24th June, 2002 to 23rd June, 2007, on the remuneration, perquisites and other terms and conditions of his appointment as Managing Director of the Corporation set out in Agreement dated 28th November, 2002 between the Corporation and Mr. Panjwani.

Mr. Jeh Wadia:

At the said EGM the Members of the Corporation also approved the appointment of Mr. Jeh Wadia as Deputy Managing Director of the Corporation for a period of five years effective from 24th October, 2002 to 23rd October, 2007 on the remuneration, perquisites and other terms and conditions of his appointment as Deputy Managing Director of the Corporation set out in Agreement dated 28th November, 2002 between the Corporation and Mr. Wadia.

The Remuneration Committee of the Board of Directors of the Corporation ("Board") at its meeting held on 21st October, 2003 reviewed and recommended to the Board the increase in the basic salary payable to Mr. Panjwani from Rs. 18,00,000/- to Rs. 19,80,000/- per annum and Mr. Wadia from Rs. 9,00,000/- to Rs. 12,00,000/- per annum, with effect from 1st July, 2003.

Both Mr. Panjwani and Mr. Wadia have successfully taken over the responsibilities assigned to them. The Corporation has shown a satisfactory turnaround in performance and achieved significant improvement in its operations and working results. Further the strategic vision shown by them has put the Corporation on to a growth trajectory. The Remuneration Committee of the Board in its meeting held on 29th June, 2004 has approved and recommended to the Board the increase in the remuneration and perquisites of Mr. Panjwani and Mr. Wadia with effect from 1st July, 2004 in the manner and to the extent described in the Resolutions at Item Nos. 8 and 9 of the Notice respectively.

The Board has accepted the aforesaid recommendations of the Remuneration Committee and Resolutions at Item Nos. 8 and 9 are being placed before the Members of the Corporation for their consideration. All other terms and conditions and benefits available to Mr. Panjwani, Managing Director of the Corporation and Mr. Wadia, Deputy Managing Director of the Corporation remain unchanged.

Approval of the Members is required under Sections 198, 269, 309 and 310 of the Companies Act, 1956 ("the Act") read with Schedule XIII to the Act for the proposed modification/revision of the terms of appointment of Mr. Panjwani and Mr. Wadia since the same exceeds the limits prescribed by the Act and which were approved by the shareholders at the EGM. Moreover, the Resolutions at Item Nos. 8 and 9 envisage payment of minimum remuneration under Schedule XIII to the Act in case of absence or inadequacy of profits to the extent prescribed from time to time. The Resolutions passed by the members at the EGM for appointment of/and remuneration and perquisites payable to Mr. Ashok Panjwani as Managing Director of the Corporation and Mr. Jeh Wadia, Deputy Managing Director of the Corporation will be modified only in the manner and to the extent as set out in the Resolutions at Item Nos. 8 and 9.

The Board commends the Resolutions at Item Nos. 8 and 9 for your approval.

Mr. Ashok Panjwani and Mr. Jeh Wadia are interested in the Resolutions at Item Nos. 8 and 9 of the Notice respectively in as much as they relate to the revision of their respective remuneration. Mr. Nusli N. Wadia, Chairman of the Corporation, being the father of Mr. Jeh Wadia is interested in the Resolution at Item No. 9 of the Notice in as much as it relates to the revision of the remuneration payable to Mr. Jeh Wadia by the Corporation. The material terms of the revision in remuneration of Mr. Ashok Panjwani and Mr. Jeh Wadia respectively set out in extenso in the text of the Resolutions