



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

2005-2006

One hundred and forty first annual report

**ANNUAL GENERAL MEETING — 25TH JULY, 2006 AT
PATKAR HALL, SIR VITHALDAS THACKERSEY MARG,
MUMBAI 400 020 — 3.45 p.m.**

The Bombay Burmah Trading Corporation, Limited

ONE HUNDRED AND FORTY FIRST ANNUAL REPORT 2005-2006 CONTENTS

	<i>Page</i>
The Bombay Burmah Trading Corporation, Limited	1
Location of Corporation's Tea/Coffee Estates and Factories	2
Board of Directors	3
Notice of Annual General Meeting	4-16
10 Years' Financial Review	17
Directors' Report	18-27
Section 212 Statement	28-29
Management Discussion and Analysis	30-36
Corporate Governance	37-50
Auditors' Report	51-55
Balance Sheet	56
Profit and Loss Account	57
Schedules 1 to 22	58-88
Cash Flow Statement	89-90
Auditors' Report on Consolidated Financial Statements	91
Consolidated Balance Sheet	92
Consolidated Profit and Loss Account	93
Schedules 1 to 22, forming part of Consolidated Balance Sheet and Profit and Loss Account	94-117
Consolidated Cash Flow Statement	118-119
Summarised Statement of financials of Subsidiary Companies	120-121

The Bombay Burmah Trading Corporation, Limited

The Bombay Burmah Trading Corporation, Limited

**LOCATION OF CORPORATION'S
TEA/COFFEE ESTATES AND FACTORIES**

Tea and Coffee Estates	<p>(1) Mudis Group of Estates, Mudis P.O. 642 117, Coimbatore District, Tamil Nadu State.</p> <p>(2) Singampatti Group of Estates — Manjolai P.O. 627 420, Tirunelveli District, Tamil Nadu State.</p> <p>(3) Dunsandle Estate — Dunsandle P.O., Ootacamund 643 005, Nilgiri Dist., Tamil Nadu State.</p> <p>(4) Elk Hill Group of Estates — Post Box No. 12, Sidapur, P. & T.O. 571 253, South Coorg, Karnataka State.</p> <p>(5) Usambara Group, Marvera and Herkulu Estate, P.O. Box 22, Soni, Tanzania.</p>
Formica India	<p>: Akurdi, Pune 411 035, Maharashtra State.</p> <p>Plot No. 23 to 26 and 46 to 48, Sector 5, II E, Panth Nagar Industrial Estate, Rudrapur, Udham Singh Nagar, Uttaranchal 263 153.</p>
BCL Springs	<p>: M.I.D.C. Industrial Area, Plot F-13, Chikalthana, Aurangabad-431 210, Maharashtra State.</p> <p>: K-103, MIDC, Waluj, Aurangabad-431 133, Maharashtra State.</p>
Weighing Products	<p>: Plot 304, GIDC, Valsad Industrial Estate, Gundlav, Valsad-396 035, Gujarat State.</p>
Malaysian Branch	<p>: Suite 628, 6th Floor, Pan Global Plaza, Jalan Wong Ah Fook 80000, Johor Bahru, Malaysia.</p>

The Bombay Burmah Trading Corporation, Limited

ANNUAL REPORT 2005-2006

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.

B. N. B. TAO, Esq., (w.e.f. 21.3.2006)

A. PANJWANI, Esq., *Managing Director*

J. N. WADIA, Esq., *Deputy Managing Director*

SR. VICE PRESIDENT (FINANCE)

S. R. MODI, Esq.

VICE PRESIDENT (FINANCE) & CO. SECRETARY

V. VERMA, 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 Forty First 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 25th day of July, 2006 at 3.45 p.m. for the purpose of transacting the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2006 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. A. K. Hirjee, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Keshub Mahindra, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. E. Udawadia, 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 modification, the following Resolution as an Ordinary Resolution:
 "RESOLVED THAT M/s. Fraser & Ross, Chartered Accountants be and are hereby appointed as the Branch Auditors for auditing the accounts of the branches of the Corporation in South India, for the current financial year, at the remuneration and on terms and conditions 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 an 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 Section 372A and subject to the other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby granted to the Board of Directors of the Corporation to invest the funds of the Corporation, upto an amount not exceeding Rs. 50,00,00,000/- (Rupees Fifty Crores only) by acquiring the equity shares of The Bombay Dyeing & Manufacturing Company Limited, in one or more tranches, from its wholly owned subsidiary company, Sea Wind Investment and Trading Company Limited notwithstanding that the aggregate of the proposed investments together with the loans made to any company, guarantees given, securities provided and other investments already made by the Corporation shall be in excess of the higher of (i) 60% of the aggregate of paid-up share capital and free reserves or (ii) 100% of its free reserves computed as at the beginning of the financial year in which the investments in the equity shares are made by the Corporation.

RESOLVED FURTHER THAT the Board of Directors of the Corporation be and is hereby authorised to decide and finalise the terms and conditions of the above investments in securities and to execute all deeds, documents and writings and to do all such acts, deeds, matters and things as may be necessary and/or expedient for implementing and giving effect to this Resolution."

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 of Mr. Ashok Panjwani, Managing Director of the Corporation, set out in the Agreement dated 28th November, 2002 between the Corporation and Mr. Panjwani as amended by the Supplemental Agreement dated 26th August, 2004 between the Corporation and Mr. Panjwani, being revised in the manner and to the extent set out below for and in respect of the period 1st July, 2006 upto the expiry of his term 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 (4) below.

(1) Salary:

Basic Salary shall stand increased from Rs. 26,64,000/- per annum to Rs. 46,50,000/- per annum.

(2) Commission:

Commission at the discretion of the Board which shall not qualify for the Corporation's contribution to Provident Fund and Superannuation Fund.

- (3) Where in any financial year during the currency of tenure of Mr. Ashok Panjwani as the 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, commission, allowances and perquisites as may be fixed by the Board, not exceeding the aforesaid limit for the expiry of his term 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.

- (4) 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, commission, 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.1,20,00,000/- per annum.

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 herein above, all other terms of his appointment as Managing Director of the Corporation including his remuneration as approved by the Members at the Extraordinary General Meeting held on 26th November, 2002 and the Annual General Meeting held on 24th August, 2004 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."

The Bombay Burmah Trading Corporation, Limited

10. 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, set out in the Agreement dated 28th November, 2002 between the Corporation and Mr. Jeh Wadia as amended by the Supplemental Agreement dated 26th August, 2004 between the Corporation and Mr. Jeh Wadia, being revised in the manner and to the extent set out below for and in respect of the period 1st July, 2006 upto the expiry of his term 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.

(1) Salary:

Basic Salary shall stand increased from Rs. 21,00,000/- per annum to Rs. 36,54,000/- per annum.

(2) Commission:

Commission 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 of 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 the monetary value of such perquisites being restricted 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, commission, allowances and perquisites as may be fixed by the Board, not exceeding the aforesaid limits for the expiry of his term 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, commission, perquisites and other benefits and amenities 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.1,20,00,000/- per annum.

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 herein above, all other terms of his appointment as Deputy Managing Director of the Corporation including his remuneration as approved by the Members at the

Annual Report 2005-2006

Extraordinary General Meeting held on 26th November, 2002 and the Annual General Meeting held on 24th August, 2004 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."

By Order of the Board,

VINOD VERMA

Vice President (Finance) &
Company Secretary

Registered Office:

9, Wallace Street,
Fort,
Mumbai 400 001.

Dated, the 29th day of May, 2006

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.

A blank form of proxy is enclosed and, if intended to be used, it should be returned to the Corporation duly completed not less than forty-eight hours before the time appointed for this Annual General Meeting.

2. In respect of Item Nos. 8 to 10, 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, 11th July, 2006 to Tuesday, 25th July, 2006 (both days inclusive).
4. Warrants in respect of Dividend, if declared, will be paid to the Members on or after 1st August, 2006. 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 25th July, 2006. In respect of shares held in dematerialised form in the depository system, the Dividend will be paid to the beneficial owner(s) as per the list provided by the depositories for this purpose.
5. Members to note that the Registrars and Share Transfer Agents will be mandatorily printing on the dividend warrants as advised by the Securities and Exchange Board of India, the Members' Bank Account details. Those Members who have not furnished their Bank Account details may furnish the same to Registrars and Share Transfer Agents on or before 10th July, 2006. Members holding shares in dematerialised form must therefore give instructions regarding their Bank Account details to their Depository Participants. The Corporation or Registrars and Share Transfer Agents shall not act on any request received directly from Members for changes in their Bank Account details.
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, 1999 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

The Bombay Burmah Trading Corporation, Limited

transferred to the Investor Education and Protection Fund established in accordance with Section 205C of the Companies Act, 1956, together with interest accrued thereon.

9. The Corporation has listed its equity shares at (1) Bombay Stock Exchange Ltd. (Regional Stock Exchange), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and (2) National Stock Exchange of India Ltd., 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 both 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 as the same will not be distributed at the Meeting.
12. Requirement under the Listing Agreement:

Pursuant to the requirement of Clause 49 of the Listing Agreement, the required information pertaining to the three Directors, Mr. A. K. Hirjee, Mr. Keshub Mahindra and Mr. D. E. Udhwadia, who retire by rotation and being eligible, offer themselves for re-appointment, is furnished below:

Mr. A. K. HIRJEE:

Mr. A. K. Hirjee, 67, was the Managing Director of the Corporation from 1st October, 1988 till 30th September, 1998. He was appointed as the Director of the Corporation on 1st October, 1998 and is the Vice-Chairman of the Corporation since 25th January, 2000.

Mr. Hirjee is B.A. (Hons.), LL.B. (Hons.), Barrister-at-Law and Fellow of London Business School. He has 42 years of experience in different areas of business management and his expertise extends to finance, banking, legal, commercial, industrial and general administration. Mr. Hirjee has been actively associated with leading charitable institutions.

Mr. Hirjee holds 350 shares of the Corporation.

Other Directorships: The Bombay Dyeing & Manufacturing Co. Ltd., Gherzi Eastern Ltd., Atlas Copco (India) Ltd. (Chairman), Nowrosjee Wadia & Sons Ltd., Wadia BSN India Ltd., Britannia Industries Ltd., Citurgia Biochemicals Ltd., HDFC Trustee Co. Ltd. (Chairman), National Peroxide Ltd., 8 foreign companies and 1 private company.

Committee Memberships: Audit Committee of the Boards of The Bombay Burmah Trading Corporation Ltd., Atlas Copco (India) Ltd. (Chairman), and HDFC Trustee Co. Ltd. (Chairman), Remuneration Committee of the Boards of The Bombay Burmah Trading Corporation Ltd., Atlas Copco (India) Ltd. (Chairman) and The Bombay Dyeing & Manufacturing Co. Ltd., Shareholders'/Investors' Grievance Committee of the Boards of Atlas Copco (India) Ltd., and Britannia Industries Ltd. and also Shareholders'/Investors' Grievance and Ethics & Compliance Committee of the Board of The Bombay Dyeing & Manufacturing Co. Ltd.

Mr. KESHUB MAHINDRA:

Mr. Keshub Mahindra, 82, is a B.Sc. graduate from Wharton University of Pennsylvania, U.S.A. He joined Mahindra & Mahindra Ltd. in 1947 as a Director and became the Chairman in 1963. He is also the Chairman of the Board of Governors of Mahindra United World College of India. He has been associated with various organisations including educational institutions like University of Pennsylvania, Institute for the Advanced Study of India, New Delhi, International Advisory Board of University of Pennsylvania, Centre for the Advanced Study of India, Philadelphia.

Mr. Mahindra has contributed actively in the deliberations of various organisations such as Bombay Chamber of Commerce & Industry (BCCI), Associated Chambers of Commerce & Industry of India (ASSOCHAM), Employers' Federation of India, Indo-American Society. He is the former President of BCCI, ASSOCHAM and Employers' Federation of India and former Chairman of Indian Institute of Management, Ahmedabad.

Mr. Mahindra had been appointed by the Government of India to serve on a number of Committees including the Sachar Commission on Company Law & MRTP, Central Advisory Council of Industries. Mr. Mahindra is the recipient of several awards including International Awards.

Mr. Mahindra does not hold any shares of the Corporation either by himself or beneficially for any other person.

Other Directorships: Mahindra & Mahindra Ltd. (Chairman), Mahindra Ugine Steel Co. Ltd. (Chairman), Mahindra Holdings & Finance Ltd. (Chairman), Housing Development Finance Corporation Ltd. (Vice-Chairman), The Bombay Dyeing & Manufacturing Co. Ltd. and 2 private companies.

Committee Memberships: Remuneration/Compensation Committee of the Boards of Mahindra & Mahindra Ltd., Housing Development Finance Corporation Ltd. (Chairman) and The Bombay Dyeing & Manufacturing Co. Ltd. (Chairman), Share Transfer and Shareholders'/Investors' Grievance Committee of the Board of Mahindra & Mahindra Ltd. (Chairman).

Mr. D. E. UDWADIA:

Mr. D. E. Udwadia, 66, M.A., LL.B., is a Solicitor and Advocate by profession. He has been a partner of M/s. Udwadia & Udeshi, Solicitors & Advocates, Mumbai, since July, 1997. Prior to this, he was a partner of M/s. Crawford Bayley & Co., Solicitors and Advocates, for over 22 years. His firm and he are legal advisors to many Indian companies, multinational corporations and foreign banks having a presence in India.

Mr. Udwadia does not hold any shares of the Corporation either by himself or beneficially for any other person.

Other Directorships: ADF Foods Ltd., AstraZeneca Pharma India Ltd. (Chairman), ABB Ltd., Coromandel Fertilizers Ltd., Eureka Forbes Ltd., Macmillan India Ltd. (Vice Chairman), Mechanalysis (India) Ltd., ITD Cementation India Ltd., Sundaram-Clayton Ltd., Wyeth Ltd., JM Morgan Stanley Pvt. Ltd. (a subsidiary of a public company) and 5 private companies.

Committee Memberships: Audit Committee of the Boards of Coromandel Fertilizers Ltd., Macmillan India Ltd., AstraZeneca Pharma India Ltd., ITD Cementation India Ltd., Sundaram-Clayton Ltd. and Wyeth Ltd, Shareholders Grievance Committee of the Boards of AstraZeneca Pharma India Ltd. (Chairman), Remuneration Committee of the Boards of Macmillan India Ltd., ITD Cementation India Ltd. (Chairman) and Wyeth Ltd. (Chairman).