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THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

ESTABLISHED 1879

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ANNUAL REPORT AND ACCOUNTS
1998-1999

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THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

DIRECTORS
Nusli N. Wadia, *Chairman*
N. M. Wagle, *Vice-Chairman*
Keshub Mahindra
Shantanu N. Desai
R. N. Tata
R. A. Shah
K. F. Rustamji
Dr. H. N. Sethna
H. R. Thanawalla
S. S. Kelkar, *Executive Director*
P. V. Kuppuswamy, *Executive Director*
P. Malik, *Executive Director*
Rear Admiral M. M. Chopra, *(Retd.)*
Venu Srinivasan
S. Ragothaman, *Nominee Director*

SENIOR VICE-PRESIDENT
N. Santhanam, *Senior Vice-President (Corporate Affairs)*

VICE-PRESIDENTS
R. Bhargava, *Vice-President (Exports)*
S. K. Chakrabarti, *Vice-President (Manufacturing)*
T. M. Das, *Vice-President — Manufacturing (DMT)*
D. S. Gagrat, *Vice-President (Special Projects)*
T. A. Krishnan, *Vice-President (Materials)*
P. K. Mukherjee, *Vice-President (Production, Planning and Product Development)*
P. R. Parthasarthy, *Vice-President & Chief Executive (Group Security)*
G. S. Shrikhande, *Vice-President (Apparels)*

GENERAL MANAGERS/CHIEF EXECUTIVES
S. K. Gupta, *General Manager (Operations)*
R. Kalaignanam, *General Manager (Projects)*
M. H. Kulkarni, *Comptroller*
V. K. Maheshwari, *General Manager (Spring Mills)*
P. V. Nadgonde, *Chief Executive (Properties)*
R. L. Patil, *General Manager (Engineering)*
S. Patki, *General Manager (I. T.)*
N. S. Rao, *General Manager (Textile Mills)*
R. V. Sarma, *General Manager (Finance)*
R. V. Sinha, *General Manager (Sales)*

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SECRETARY
P. Govindan

BANKERS
ABN Amro Bank N.V.
ANZ Grindlays Bank Ltd.
Banque Nationale De Paris
Canara Bank
Credit Lyonnais
Deutsche Bank AG
The Hongkong and Shanghai Banking Corporation Ltd.
Standard Chartered Bank
State Bank of India
Union Bank of India

ADVOCATES & SOLICITORS
Messrs. Desai & Diwanji
Messrs. Crawford Bayley & Co.
Messrs. Mulla & Mulla and Craigie Blunt & Caroe

AUDITORS
Messrs. A. F. Ferguson & Co.

REGISTERED OFFICE
Neville House, J. N. Heredia Marg,
Ballard Estate, Mumbai-400 001.

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NOTICE

The 119th Annual General Meeting of the Members of The Bombay Dyeing & Manufacturing Company Limited will be held at the Birla Matushri Sabhagar, 19 Marine Lines, Mumbai 400 020, on Friday, the 23rd July, 1999 at 3.45 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 1999, and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare a dividend.

3. To appoint a Director in the place of Mr. N. M. Wagle, who retires by rotation, and being eligible, offers himself for reappointment.

4. To appoint a Director in the place of Mr. K. Mahindra, who retires by rotation, and being eligible, offers himself for reappointment.

5. To appoint a Director in the place of Mr. R. A. Shah, who retires by rotation, and being eligible, offers himself for reappointment.

6. To appoint a Director in the place of Dr. H. N. Sethna, who retires by rotation, and being eligible, offers himself for reappointment.

7. To appoint a Director in the place of Mr. H. R. Thanawalla, who retires by rotation, and being eligible, offers himself for reappointment.

8. To appoint Messrs. A. F. Ferguson & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

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Special Business:

To consider and, if thought fit, to pass with or without modification the following Resolutions:

9. As an Ordinary Resolution:

   "RESOLVED THAT Rear Admiral M. M. Chopra (Retd.) be and is hereby appointed a Director of the Company."

10. As a Special Resolution:

    "RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Managing or Wholetime Director such sum by way of commission not exceeding in the aggregate one per cent per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 for each of the five financial years of the Company commencing from 1st April, 2000 be paid to and distributed amongst such Directors of the Company [excluding Managing Director(s) and Wholetime Director(s)] as may be determined by the Board, the proportion and manner of such payment and distribution to be as the Board may from time to time decide.

    RESOLVED FURTHER THAT if at any time during the aforesaid period of five financial years commencing from 1st April, 2000, the Company does not have a Managing or Wholetime

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Director, such sum by way of commission not exceeding in the aggregate three per cent per annum of the net profits of the Company computed in the manner laid down in the said Section 198 be paid to and distributed amongst such Directors of the Company, as may be determined by the Board, for the then residual unexpired part of the aforesaid period of five years, the proportion and manner of such payment and distribution to be as the Board may from time to time decide.

RESOLVED FURTHER, for the sake of clarification, that the remuneration aforesaid shall be exclusive of the fees payable to a Director for each Meeting of the Board or a Committee of the Board attended by him."

11. As an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Financial Institutions and Debenture Trustees, and subject to such other consents, sanctions, approvals or permissions, as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) to sell, lease, transfer or otherwise dispose of the Company's undertaking at Roha, District Raigad, in the State of Maharashtra together with all rights, liabilities, title, interest, licences, permits, consents, employees, pending contracts etc. in case of sale at a consideration for the value of the undertaking at not less than Rs. 334 lacs and in case of lease for an annual lease rental of not less than Rs. 50 lacs.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise all the terms and conditions relating to the sale, lease, transfer or disposal otherwise of the aforesaid undertaking.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable, and to finalise, sign and execute all such applications, agreements, deeds, Memorandum of understanding, conveyances, assignments, other documents and writings as it may consider necessary, expedient and proper for the purpose of giving effect to this Resolution."

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12. As an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Financial Institutions and Debenture Trustees, and subject to such other consents, sanctions, approvals or permissions, as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) to sell, lease, transfer or otherwise dispose of the Company's undertaking at Jamnagar, in the State of Gujarat, together with all rights, liabilities, title, interest, licences, permits, consents, employees, pending contracts etc. in case of sale at a consideration for the value of the undertaking at not less than Rs. 500 lacs and in case of lease for an annual lease rental of not less than Rs. 75 lacs.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise all the terms and conditions relating to the sale, lease, transfer or disposal otherwise of the aforesaid undertaking.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable, and to finalise, sign and execute all such applications, agreements, deeds, Memorandum of understanding, conveyances, assignments, other documents and writings as it may consider necessary, expedient and proper for the purpose of giving effect to this Resolution."

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Notes:

(a) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business is annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

(c) The Register of Members of the Company will be closed from Thursday, the 1st July, 1999 to Friday, the 23rd July, 1999, both days inclusive.

(d) Dividend if any that may be declared at the Meeting, will subject to the provisions of Section 206A of the Companies Act, 1956, be paid on or after 6th August, 1999 to those members whose names are on the Company's Register of Members on 23rd July, 1999.

(e) Members are requested to notify the change in address, if any, immediately to the Company quoting their folio numbers.

(f) Members were requested to furnish their bank account numbers and names and addresses of the Bank Branches so as to enable the Company to print these details in the Dividend Warrants to be posted to their residential addresses so as to provide protection against fraudulent encashment thereof by unscrupulous elements. In response to this request, while many members had furnished the details sought, a large number of them have yet to provide the information. They are once again requested to furnish in their own interest these details quoting their folio numbers.

(g) The unclaimed dividends for the financial year ended 31st March, 1995 and previous years declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. The Company is informing the Members concerned about the particulars of the unclaimed dividend. Members who have not encashed the Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai. In terms of Section 205-C introduced by the Companies (Amendment) Act, 1999, read with Section 205-A of the Companies Act, 1956, as amended, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund. Members who have so far not encashed their Dividend Warrant(s) for the financial year ended 31st March, 1996 or any subsequent year are advised to submit their claim to the Company immediately quoting their folio numbers.

(h) A recent amendment to the Companies Act, 1956 has introduced provisions for nomination by the holders of Shares, Debentures and Fixed Deposits. The prescribed nomination form can be obtained from the Company's Share Department at its Textile Mill Complex, Administrative Office, 1st floor, Pandurang Budhkar Marg, Mumbai-400 025. The Members may take advantage of this facility.

(i) The Company's securities are listed at: (1) The Stock Exchange, Mumbai, (Regional Stock Exchange), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001; (2) National Stock Exchange of India Ltd., Trade World, Senapati Bapat Marg, Lower Parel, Mumbai-400 013; (3) The Delhi Stock Exchange Association Ltd., 3 & 4/4B, Asaf Ali Road, New Delhi-110 012; (4) The Calcutta Stock Exchange Association Ltd., 7 Lyons Range, Calcutta-700 001; and (5) Madras Stock Exchange Ltd., Exchange Building, 11, Second Line Beach, Madras-600 001. The Global Depository Receipts (GDRs) issued by the Company in the international market are listed at the Luxembourg Stock Exchange: Bourse de Luxembourg, Societe de La Bourse de Luxembourg,

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Societe Anonyme, R. C. 36222, BP 165, L-2011, LUXEMBOURG. The Annual Listing Fee as prescribed has been paid to each of these Stock Exchanges.

By Order of the Board of Directors,

FOR THE BOMBAY DYEING & MFG. CO. LTD.

P. GOVINDAN
Secretary

Mumbai, 31st May, 1999.

Registered Office :
Neville House,
J.N. Heredia Marg,
Ballard Estate,
Mumbai 400 001.
Phone: 2618071 (Ext.365/339)/2693712.

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ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under Items 9 to 12 of the accompanying Notice dated 31st May, 1999.

Item 9:

Rear Admiral M. M. Chopra (Retd.) was appointed by the Board of Directors with effect from 1st October, 1998 as an Additional Director in terms of Section 260 of the Companies Act, 1956, and Article 117 of the Company's Articles of Association and holds office as Director only up to the date of the forthcoming Annual General Meeting but he is eligible for reappointment. As required by Section 257 of the Companies Act, 1956, a Notice has been received from a member signifying his intention to propose Rear Admiral M. M. Chopra (Retd.) as Director of the Company at the forthcoming Annual General Meeting. Rear Admiral M. M. Chopra (Retd.) was an Executive Director of the Company for over four years from 29th August, 1994 to 30th September, 1998 and prior to this for over six years was one of its Senior Vice Presidents.

The Directors recommend the Ordinary Resolution at Item 9 of the accompanying Notice for approval by the Members.

None of the Directors other than Rear Admiral M. M. Chopra (Retd.) may be considered to be concerned or interested in the said Resolution.

Item 10:

At the 114th Annual General Meeting of the Company held on 1st August, 1994, the members had passed a Special Resolution approving the renewal of the terms of remuneration by way of commission related to the net profits of the Company payable to the Directors other than Managing or Wholetime Directors for a further period of five years from 1st April, 1995 subject to the overall managerial remuneration laid down in Sections 198 and 309 of the Companies Act, 1956. The aforesaid Resolution covers the five financial years of the Company beginning with 1st April, 1995. The approval conveyed by the aforesaid Resolution will expire at the end of the current financial year i.e. on 31st March, 2000.

The second part of the Special Resolution seeks to cover a situation if for some reason the Company during the aforesaid period of five financial years commencing from 1st April, 2000 does not have a Managing or Wholetime Director. In such an event, it is proposed to pay the Directors of the Company such remuneration by way of commission related to the net profits of the Company as may be decided by the Board of Directors for the then residual unexpired part of the said period of five years but not exceeding in the aggregate 3% of the net profits of the Company. The proportion and manner of such payment and distribution will be as the Board of Directors may from time to time decide.

The Special Resolution is necessary having regard to the provisions of Section 309(4) of the Companies Act, 1956. The Directors, therefore, recommend the Special Resolution at Item 10 of the accompanying Notice for approval by the Members.

All the Directors of the Company other than the Executive Directors, Mr. S. S. Kelkar, Mr. P. V. Kuppuswamy and Mr. P. Malik may be considered to be concerned or interested in the said Resolution.

Items 11 & 12:

In the process of restructuring its textile business, the Company has identified manufacturing/ processing facilities which either suffer from high operating costs or lack business synergy with the main operations. Consequently, the return on capital employed is low and disproportionate senior

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management time is involved in managing these marginal operations. It is, therefore, proposed to sell, lease, transfer or otherwise dispose of these units in the larger interest of the Company's textile business.

In the year 1979-80, the Company expanded its textile processing capacity by adding a new Processing Unit (with bleaching, dyeing and finishing facilities) in the MIDC Industrial Area at Roha, District Raigad in the State of Maharashtra (hereinafter referred to as "the Roha Processing Plant"). In the recent past, the processing unit has remained substantially under-utilised on account of operational and other reasons. High cost of operations at Roha, particularly the high cost of power coupled with under-utilised capacity has resulted in the unit being unable to provide a reasonable return on the capital employed in it.

In the year 1980-81, the Company acquired a second hand Spinning Unit with 25,000 spindles at Jamnagar in the State of Gujarat (hereinafter referred to as "the Jamnagar Spinning Plant"). Presently the yarn produced in the Jamnagar plant is not captively consumed but offered for merchant sale. Therefore, a small stand-alone spinning plant does not offer any business synergy with the rest of the textile operations of the Company. In view of lower utilisation, high costs and lower yarn sales prices, the Jamnagar Spinning Plant does not add any value in terms of productivity or profitability. The high cost of operation is preventing any modernisation of the plant.

In the above circumstances, the Company proposes to sell, lease, transfer or otherwise dispose of its Roha Processing Plant and Jamnagar Spinning Plant subject to the necessary approvals and sanctions.

Having due regard to the Company's investments in the Roha Processing Plant and the Jamnagar Spinning Plant and also in view of the situation prevailing in the textile industry, it is deemed advisable to sell, lease, transfer or otherwise dispose of the aforesaid undertakings of the Company.

As the members are aware, Section 293(1)(a) of the Companies Act, 1956, provides that the Board of Directors shall not, except with the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of any undertaking of the Company. The Resolutions as set out at Items 11 and 12 of the Notice are, therefore, placed for approval of the Members. The Directors recommend these Ordinary Resolutions for approval by the Members.

None of the Directors of the Company may be considered to be concerned or interested in the said Resolutions.

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By Order of the Board of Directors,

FOR THE BOMBAY DYEING & MFG. CO. LTD.

P. GOVINDAN
Secretary

Mumbai, 31st May, 1999.

Registered Office:
Neville House,
J.N. Heredia Marg,
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Mumbai 400 001.
Phone: 2618071 (Ext.365/339)/2693712.

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10 YEARS' FINANCIAL REVIEW

(Rs. in crores)

	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
FINANCIAL POSITION										
Share Capital	41.00	41.00	40.39	38.57	33.12	32.43	22.48	22.48	22.48	11.24
Reserves & Surplus	612.72	638.11	643.62	655.10	461.27	377.85	172.46	143.21	106.11	88.18
Net Worth:										
Total	653.72	679.11	684.01	693.67	494.39	410.28	194.94	165.69	128.59	99.42
Per Equity Share of Rs. 10	159	166	169	180	149	127	87	74	57	88
Borrowings	667.58	655.12	626.46	844.38	687.06	408.16	309.59	202.77	157.12	142.61
Debt Equity Ratio	0.37:1	0.30:1	0.24:1	0.26:1	0.40:1	0.55:1	0.82:1	0.68:1	0.66:1	0.8:1
Fixed Assets:										
Gross Block	847.61	839.01	821.79	795.28	712.02	624.33	497.49	358.70	316.91	279.17
Depreciation	456.20	405.31	354.68	305.41	263.38	227.48	201.52	170.92	144.93	119.83
Net Block	391.41	433.70	467.11	489.87	448.64	396.85	295.97	187.78	171.98	159.34
Investments and Other Assets	929.89	900.53	843.36	1,048.39	754.82	421.59	208.56	180.68	113.73	82.69
OPERATING RESULTS										
Sales and other Income	952.09	1,024.14	1,133.49	1,492.56	1,119.26	630.22	591.98	532.01	457.53	392.44
Manufacturing & other Expenses	882.05	950.97	1,050.54	1,330.60	966.88	551.88	522.68	447.53	394.67	344.32
Depreciation	49.00	48.15	47.25	44.86	37.54	27.17	31.81	26.63	25.58	21.89
Profit before Tax	21.04	25.02	35.70	117.10	114.84	51.17	37.49	57.85	37.28	26.23
Taxation	6.81	2.00	—	—	16.75	—	1.49	14.00	1.36	4.20
Profit after Tax	20.23	23.02	35.70	117.10	98.09	51.17	36.00	43.85	35.92	22.03
Earnings per Equity Share of Rs. 10	5	6	9	31	30	20	16	20	16	20
Dividends:										
Amount	13.65	15.73	15.27	21.61	18.96	10.23	6.75	6.75	6.75	4.50
Percentage	30	35	35	55	55	40	30	30	30	40

Notes:

1. Capital: Original Rs. 0.63 crore, Bonus Shares Rs. 21.02 crores, conversion of Debentures Rs. 0.83 crore, Global Depositary Receipts (GDRs) representing equity shares Rs. 5.51 crores, conversion of equity warrants relating to NCD/SPN Issue Rs. 9.81 crores and conversion of preferential warrants to promoters Rs. 3.20 crores. Average Share Capital for 1998-99 — Rs. 41.00 crores.
2. Debt Equity ratio is on Long Term Debt.
3. Sales and other Income include excise duty, sale of Assets etc.
4. Operating Results — Manufacturing & other Expenses for 1996-97 are net of write back of provision of Rs. 21.92 crores for premium payable on redemption of Secured Premium Notes which has been charged to the Share Premium Account in accordance with Section 78(2) of the Companies Act, 1956.
5. Dividend amount from 1996-97 includes Corporate Dividend Tax @ 10% on the proposed dividend and at 11% (inclusive of surcharge) in 1998-99.
6. Depreciation includes lease equalisation.

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SUMMARISED BALANCE SHEET

WHAT THE COMPANY OWNED

(Rupees in crores)

				31-3-1998
FIXED ASSETS				
Gross block	847.61		*839.01*	
Less: Depreciation	456.20		*405.31*	
Net block		391.41		*433.70*
INVESTMENTS				
In Shares and securities		421.94		*423.01*
OTHER ASSETS				
Excess of "current assets, loans and advances" over "current liabilities and provisions" and deferred revenue expenditure		507.95		*477.52*
TOTAL ASSETS		1,321.30		*1,334.23*
WHAT THE COMPANY OWED				
Secured and unsecured loans		667.58		*655.12*
SHAREHOLDERS' FUNDS				
Share capital — paid up	41.00		*41.00*	
Reserves	612.72		*638.11*	
		653.72		*679.11*
TOTAL (CAPITAL EMPLOYED)		1,321.30		*1,334.23*

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SUMMARISED PROFIT AND LOSS ACCOUNT

		1998-99
WE EARNED FROM		
Sales of our products	861.00	*906.64*
Interest, dividends & other income	91.09	*117.50*
	952.09	*1,024.14*
WE PAID OR PROVIDED FOR		
Raw materials etc.	409.07	*466.30*
Payments to employees	100.07	*84.93*
Operating expenses	202.90	*213.73*
Finance charges	72.86	*67.65*
Depreciation	49.00	*48.15*
Excise duty and taxation	97.96	*120.36*
Dividend & corporate dividend tax	13.65	*15.73*
Retained earnings	6.58	*7.29*
	952.09	*1,024.14*

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