

THE
BOMBAY DYEING
AND
MANUFACTURING
COMPANY
LIMITED



ESTABLISHED 1879

Report  junction.com

ANNUAL REPORT AND ACCOUNTS
2002-2003



ANNUAL REPORT 2002-2003

DIRECTORS

Nusli N. Wadia, *Chairman*
 Keshub Mahindra
 Shantanu N. Desai
 R. N. Tata
 R. A. Shah
 K. F. Rustamji (*Expired on 2.3.03*)
 Dr. H. N. Sethna
 Ninu Khanna, *Managing Director*
 P. V. Kuppaswamy, *Jt. Managing Director*
 Ness N. Wadia, *Deputy Managing Director*
 S. S. Kelkar
 Venu Srinivasan
 S. Ragothaman
 A. K. Hirjee

VICE-PRESIDENTS / CHIEF EXECUTIVES

P. S. De *Chief Financial Officer*
 S. K. Gupta, *Vice-President (Commercial)*
 P. K. Mukherjee, *Vice-President (Exports)*
 A. Pathak, *Vice-President (Corp. Strategy)*
 R. L. Patil, *Vice-President (Manufacturing)*

GENERAL MANAGERS

V. Dadlani, *General Manager - Internal Audit*
 N. Doshi *General Manager - Materials*
 R. Kapur, *General Manager - Processing*
 B. K. Pandya, *General Manager - Manufacturing*
 H. V. Rao, *General Manager (Textile Mills)*
 R. V. Sarma, *General Manager (Finance)*
 B. Satyanarayan, *General Manager - I.T.*
 V. Shanbhag, *General Manager - Commercial*
 Dr. (Mrs.) N. Shankar, *General Manager - Product Development*
 Dr. K. J. Shriveshwarkar *General Manager (Corporate Affairs)*
 S. K. Tibrewal, *General Manager - (Industrial & Wholesale Marketing)*

SECRETARY

P. Govindan

BANKERS

BNP Paribas
 Canara Bank
 Centurion Bank Limited
 Citi Bank N. A.
 State Bank of Hyderabad
 State Bank of India
 Standard Chartered Bank
 UTI Bank Ltd.

ADVOCATES & SOLICITORS

Messrs. Desai & Diwanji
 Messrs. Crawford Bayley & Co.
 Messrs. Mulla & Mulla and Craigle 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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THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

NOTICE

The 123rd 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 Wednesday, the 30th July, 2003, at 3.45 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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. S. N. Desai, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. R. N. Tata, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Mr. S. S. Kelkar, who retires by rotation, and being eligible, offers himself for reappointment.
6. 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.

Special Business :

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

7. As an Ordinary Resolution:

"RESOLVED THAT Mr. S. Ragothaman be and is hereby appointed as a Director of the Company."

8. As a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members, the Index of Members, the Register and Index of Debentureholders and copies of all Annual Returns prepared under Section 159 of the aforesaid Act, together with the copies of Certificates and documents required to be annexed thereto under Section 161 of the said Act, or any one or more of them be kept at the office of the Company's Registrar and Share Transfer Agents, M/s. Sharepro Services, at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099, instead of keeping them at the Company's Administrative Office at its Textile Mill Complex at Pandurang Budhkar Marg, Mumbai 400 025, or at its Registered office."

9. As a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act") and all applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "the Delisting Guidelines") [including any statutory modification(s) or re-enactment of the Act or the Delisting Guidelines, for the time being in force] and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted or to be constituted by the Board), or as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from the Stock Exchanges at Delhi (DSE), Kolkata (CSE), and Madras (MSE) (hereinafter referred to as "the Delisting Stock Exchanges") on such terms and conditions and in such manner as may be considered desirable and expedient by the Board in its absolute discretion.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things including filing of applications and other documents with the Delisting Stock Exchanges, as it may in its absolute discretion deem necessary, expedient, usual or proper or desirable and to settle all questions, difficulties or doubts whatsoever that may arise in regard to the aforesaid voluntary delisting of the Equity Shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this Resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers which may be so delegated by law, to any of its Committees or any Director or Officer of the Company, to give effect to the aforesaid Resolution."

Notes:

- (a) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Items 7 to 9 of the Notice as set out above, 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 and the Share Transfer Books of the Company will be closed from Wednesday, the 9th July, 2003 to Wednesday, the 30th July, 2003 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 13th August, 2003 to those Shareholders whose names stand on the Register of Members of the Company on 30th July, 2003 in respect of shares held in physical form. In respect of shares held in electronic form, the dividend will be paid to the beneficial owners of shares as on 9th July, 2003 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.



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- (e) Members are requested to notify immediately any change of address:
- to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - to the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (R & TA), at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099, or at 912 Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021, in respect of their physical share folios, if any, quoting their folio numbers.
- (f) Members are advised to submit their Electronic Clearing Service (ECS) mandates to the Company's R & TA at either of the aforesaid addresses to facilitate remittance by means of ECS.
- (g) The unclaimed dividends for the financial year ended 31st March, 1995 and preceding 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 Act). Members who have not encashed their Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

Dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of a company is required to be transferred to the Investor Education and Protection Fund (IEPF) in terms of Section 205C of the Act. Accordingly the unclaimed dividends for the financial years commencing from the financial year ended 31st March, 1996 are due for transfer to IEPF on the dates given in the table below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid dividend	Due date for transfer to IEPF.
1995-1996	10.7.1996	9.7.2003	26.9.2003
1996-1997	4.9.1997	3.9.2004	22.11.2004
1997-1998	3.8.1998	2.8.2005	21.10.2005
1998-1999	23.7.1999	22.7.2006	12.10.2006
1999-2000	27.4.2000	26.4.2007	13.7.2007
2000-2001	23.7.2001	22.7.2008	26.9.2008
2001-2002	13.8.2002	12.8.2009	19.10.2009

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to the Company's R & TA at either of the aforesaid addresses immediately quoting their folio numbers/DP ID & Client ID.

- (h) Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registered office or from its R & TA at either of the aforesaid addresses.
- (i) As required in terms of paragraph VI(A) of Clause 49 of the Listing Agreement, the details of the directors retiring by rotation and eligible for reappointment are furnished below:

Mr. S. N. Desai

Mr. S. N. Desai, 77, is a qualified Chartered Accountant and has been practising in the profession for over 5 decades since July, 1948. He has wide and varied knowledge and experience. He is the past President of the Institute of Chartered Accountants of India and also the Indian Merchants Chamber. He is a partner of Nanubhai & Co., a firm of Chartered Accountants.

Outside Directorship: Gherzi Eastern Ltd. and Dharamsi Morarjee Chemicals Ltd.

Committee Membership: Audit Committee of The Bombay Dyeing & Mfg. Co. Ltd.

Mr. R. N. Tata

Mr. R. N. Tata, 65, is a B.Sc. in Architectural and Structural Engineering of Cornell University, U.S.A. He has also completed an Advanced Management Program at the Graduate School of Business Administration, Harvard University. He has wide and varied experience in business and is the Chairman of several reputed companies in the Tata Group. He is also on the Central Board of the Reserve Bank of India. He is Chairman Emeritus of Nelco Limited.

Outside Directorship: Tata Sons Limited, Tata Industries Ltd. (Chairman), Tata Iron & Steel Co. Ltd. (Chairman), Tata Engineering & Locomotive Company Ltd. (Chairman), Tata Chemicals Ltd. (Chairman), The Indian Hotels Co. Ltd. (Chairman), The Tata Power Co. Ltd. (Chairman), Tata Tea Ltd. (Chairman), Antrix Corporation Ltd., Information Technology Park Ltd. (Chairman), Tata Autocomp Systems Ltd. (Chairman) and Videsh Sanchar Nigam Ltd. (Chairman) and 6 foreign companies.

Committee Membership: Remuneration Committee of Tata Iron & Steel Co. Ltd., Tata Engineering & Locomotive Co. Ltd., The Indian Hotels Co. Ltd., Tata Chemicals Ltd., Tata Autocomp Systems Ltd. and Videsh Sanchar Nigam Limited.

Mr. S.S. Kelkar

Mr. S.S. Kelkar, 63, is a Post Graduate in Commerce and has been with the Company for over 30 years. Until his retirement as an Executive Director in July, 2001 he held various executive positions in the functional area of finance. He was appointed as a Non-Executive Director of the Company with effect from 1st August, 2001.

Outside Directorship: Nowrosjee Wadia & Sons Ltd., Jasper Investments Ltd., Kotak Mahindra Asset Management Co. Ltd., Naperol Investments Ltd., Placid Plantations Ltd., Britannia Industries Ltd., Nesslene Chemicals & Fibres Ltd., National Peroxide Employees' Welfare Co. Ltd., Harvard Plantations Ltd., Wadia BSN Ltd. and Macrofil Investments Ltd.

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

Committee Membership: Share Transfer and Shareholders/Investors Grievance and Ethics & Compliance Committee of Britannia Industries Ltd. and The Bombay Dyeing & Mfg. Co. Ltd., Audit Committee of The Bombay Dyeing & Mfg. Co. Ltd. and Kotak Mahindra Asset Management Company Ltd., and Remuneration Committee of The Kotak Mahindra Asset Management Company Ltd. (Chairman).

Details in respect of Mr. S. Ragothaman have been furnished at the appropriate place in the Explanatory Statement annexed to the Notice. These details are not given here so as to avoid repetition.

By Order of the Board of Directors,
FOR THE BOMBAY DYEING & MFG. CO. LTD.

P. GOVINDAN
Secretary

Mumbai, 11th June, 2003.

Registered Office:
Neville House,
J.N. Heredia Marg,
Ballard Estate,
Mumbai 400 001.
Phone: 22618071

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 7 to 9 of the accompanying Notice dated 11th June, 2003.

Item 7

Mr. S. Ragothaman, 56, was appointed by the Board of Directors with effect from 11th June, 2003 as an Additional Director in terms of Section 260 of the Companies Act, 1956 and Article 117 of the Company's Articles of Association. He holds office as Director only upto the date of this Annual General Meeting but is eligible for re-appointment. As required under the Companies Act, 1956 a notice in writing (along with a deposit of Rs.500/-) has been received from a member signifying his intention to propose Mr. Ragothaman as Director of the Company at this Annual General Meeting.

In terms of the facility entered into between ICICI Ltd (since merged with ICICI Bank Ltd) (hereinafter referred to as "ICICI"), ICICI had nominated Mr. S. Ragothaman as its nominee Director on the Company's Board with effect from 8th September, 1995. ICICI withdrew him as its nominee Director with effect from 25th February, 2003 and consequently he ceased to be a Director of the Company as from that date. Mr. Ragothaman's experience was predominantly with ICICI for 27 years in areas of project advice, risk assessment and financial management. He also carries on practice in Chartered Accountancy and undertakes consultancy. He is a Trustee of M/s. Mahasresham Trust, Madurai.

Outside Directorship: M/s. Ennore Foundries Ltd., M/s. Xpro India Ltd., M/s. Orchid Software (I) Ltd. and M/s. S. Ragothaman Corporate Services (P) Ltd.

Committee Membership: Remuneration/Compensation Committee and Audit Committee of The Bombay Dyeing & Mfg. Co. Ltd. and Audit Committee of Xpro India Ltd. (Chairman) and Ennore Foundries Ltd.

Mr. S. Ragothaman is concerned or interested in the Resolution at Item 7 as it relates to his reappointment. The Directors recommend this Resolution for your approval.

Item No.8:

The Company's Share Department is currently located at its Administrative Office at its Textile Mill Complex at Pandurang Budhkar Marg, Mumbai 400 025. Pursuant to the approval of the Shareholders at the 115th Annual General Meeting held on 21st July, 1995, the Register of Members, the Index of Members, the Register and Index of Debentureholders and copies of all Annual Returns prepared under Section 159 of the aforesaid Act, together with the copies of Certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 are kept at the aforesaid office.

The Securities & Exchange Board of India (SEBI) has, in terms of its Circular No.D&CC/FITTC/CIR-15/2002 dated 27.12.2002 as modified by its Circular No.D&CC/FITTC/CIR-18/2003 dated 12.02.2003, made it mandatory for all listed companies to appoint a common agency for physical and electronic share registry work by 31st March, 2003. Accordingly the Company has appointed M/s. Sharepro Services at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099, as its Registrar & Share Transfer Agents (R & TA) with effect from 16th March, 2003. M/s. Sharepro Services has been the connectivity Registrar for the Company since 1997. The Company's Share Department currently maintains parallel records at the Administrative Office at the Company's Textile Mill Complex to comply with the provisions of law.

In order to enable the R & TA to handle and process shares/debenture transfer work etc. more effectively and expeditiously, it has become necessary for the Company to shift the records from the Company's Administrative Office at its Textile Mill Complex to the office of its R & TA at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099.

Under Section 163 of the Companies Act, 1956, the aforesaid documents which are normally required to be kept at the Registered office of the Company may be kept at any other place if such other place has been approved by a Special Resolution passed by a Company in General Meeting.



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The Special Resolution at Item 8 seeks the approval of the Members in terms of Section 163 of the Companies Act, 1956 for keeping the aforesaid statutory records of the Company at the office of its R & TA at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099, instead of at the Company's Administrative Office at its Textile Mill Complex or at its Registered Office. If approved by the Members, the Company will discontinue maintenance of parallel records as aforesaid soon thereafter.

The Board commends the Resolution for acceptance. No Director of the Company is interested or concerned in this Resolution.

Item No.9:

As the Members are aware, the Company's Equity Shares have been listed for past several years on the Stock Exchanges at Mumbai (BSE), Delhi (DSE), Kolkata (CSE) and Madras (MSE), and National Stock Exchange of India Ltd. (NSE), in order to provide the shareholders and investors with liquidity in trading of Company's Equity Shares. The bulk of the trading, however, takes place on BSE and NSE.

An analysis of the data of the last few years reveals that trading volume in the Company's Equity Shares on DSE, CSE and MSE ("the Delisting Stock Exchanges") is negligible and is disproportionate to the cost in terms of listing fees payable by the Company to these Stock Exchanges arising from expansion of BSE and emergence of NSE and their extensive networking and extension of terminals to various cities across the country where investors have access to on-line dealings in the Company's Equity Shares. As the Members are aware trading in the Equity Shares of the Company is permitted only in dematerialised form effective from November 29, 1999 in terms of the Notification issued by the Securities and Exchange Board of India (SEBI).

Considerable expenditure is required to be incurred by the Company by way of listing fees, charges for advertisement in newspapers under the various provisions of Listing Agreements, charges on postage and facsimile communications, etc. with the aforesaid Stock Exchanges, without proportionate benefit being available to the shareholders of the Company by continued listing of the Equity Shares on the said Stock Exchanges.

In the circumstances, the Board of Directors of the Company at its Meeting held on 11th June, 2003 has decided to seek voluntary delisting of the Company's Equity Shares from DSE, CSE and MSE subject to the Company complying with the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 ("the Delisting Guidelines") and obtaining necessary approvals, permissions and sanctions in this regard. The proposed voluntary delisting will further contribute to the cost reduction exercise initiated across the various functional areas by the Company.

The Delisting Guidelines have done away with the requirement of providing an exit option to the Members situated in the regions covered by the Delisting Stock Exchanges, in cases where the securities continue to be listed on a stock exchange having nationwide trading terminals. For the purposes of the Delisting Guidelines, stock exchange having nationwide trading terminals means BSE, NSE and any other stock exchange which may be specified by SEBI.

The Company's Equity Shares will continue to be listed on BSE and NSE having nation-wide trading terminals, thereby giving opportunity to the investors to engage in free trading of the Company's shares.

As required by the Delisting Guidelines, a public announcement in respect of the proposed delisting will be published in due course and the delisting will become effective after all approvals, sanctions and permissions are received.

The proposed delisting of the Company's Equity Shares on the Delisting Stock Exchanges is not considered to be prejudicial to, or to affect adversely, the interest of the investors since trading facilities are available on the connectivity of BSE and NSE in most of the cities across the country.

The Directors commend the Special Resolution at Item 9 for approval by the Members.

No Director of the Company is concerned or interested in the said Resolution.

By Order of the Board of Directors,
FOR THE BOMBAY DYEING & MFG. CO. LTD.

P. GOVINDAN
Secretary

Mumbai, 11th June, 2003.

Registered Office:
Neville House,
J.N. Heredia Marg,
Ballard Estate,
Mumbai 400 001.
Phone: 22618071

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

10 YEARS' FINANCIAL REVIEW

(Rs. in crores)

	2002-2003	2001-2002	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
FINANCIAL POSITION										
Share capital	39.00	39.17	41.00	41.00	41.00	41.00	40.39	38.57	33.12	32.43
Reserves & Surplus	314.37	294.82	615.77	628.94	612.72	638.11	643.62	655.10	461.27	377.85
Net Worth :										
Total	353.37	333.99	656.77	669.94	653.72	679.11	684.01	693.67	494.39	410.28
Per Equity Share of Rs. 10	90.61	85.00	160.00	163.00	159.00	166.00	169.00	180.00	149.00	127.00
Borrowings	380.90	292.45	597.87	602.35	667.58	655.12	626.46	844.38	687.06	408.16
Deferred Tax Liability	21.77	23.03	—	—	—	—	—	—	—	—
Debt Equity Ratio	0.10:1	0.20:1	0.10:1	0.03:1	0.37:1	0.30:1	0.24:1	0.26:1	0.40:1	0.55:1
Fixed Assets :										
Gross Block	827.27	875.78	897.03	865.10	847.61	839.01	821.79	795.28	712.02	624.33
Depreciation	573.23	578.99	550.55	507.42	456.20	405.31	354.68	305.41	263.38	227.48
Net Block	254.04	296.79	346.48	357.68	391.41	433.70	467.11	489.87	448.64	396.85
Investments and Other Assets	502.00	352.68	908.16	914.61	929.89	900.53	843.36	1,048.39	754.82	421.59
OPERATING RESULTS										
Sales and other income	1,005.37	932.04	1,042.41	1,048.71	952.09	1,024.14	1,133.49	1,492.56	1,119.26	630.22
Manufacturing and other expenses	934.61	939.07	976.45	955.66	882.05	950.97	1,050.54	1,330.60	966.88	551.88
Depreciation	37.23	43.65	47.83	48.46	49.00	48.15	47.25	44.86	37.54	27.17
Profit before tax	33.53	(50.68)	18.13	44.59	21.04	25.02	35.70	117.10	114.84	51.17
Current taxation	2.48	—	—	1.43	0.81	2.00	—	—	16.75	—
Deferred tax credit	(1.28)	21.62	—	—	—	—	—	—	—	—
Profit after tax	32.31	(29.06)	18.13	43.16	20.23	23.02	35.70	117.10	98.09	51.17
Earnings per Equity Share of Rs. 10	8	(7)	4	11	5	6	9	31	30	20
Dividends :										
Amount	13.02	7.83	9.04	13.65	13.65	15.73	15.27	21.61	18.96	10.23
Percentage	30	20	20	30	30	35	35	55	55	40

Notes :

- Capital : Original Rs. 0.63 crore, Bonus Shares Rs. 21.02 crores, conversion of Debentures Rs. 0.83 crore, Global Depository 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, equity shares bought back and extinguished upto 31st March, 2003 Rs. 2.00 crores. Average Share Capital for 2002-2003 - Rs. 39.00 crores.
- Debt Equity ratio is on Long Term Debt.
- Sales and other income include excise duty, sale of assets etc.
- Dividend amount includes Corporate Dividend Tax on the proposed/interim dividend @ 10% for 1996-97 and 1997-98, @ 11% (inclusive of surcharge) for 1998-99 and 1999-2000, @ 10.20 % (inclusive of surcharge) for 2000-01 and @ 12.81% (inclusive of surcharge) for 2002-2003.
- Depreciation includes lease equalisation.



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SUMMARISED BALANCE SHEET

(Rupees in crores)
31-03-2002

WHAT THE COMPANY OWNED

FIXED ASSETS

Gross block	827.27	875.78
Less : Depreciation	573.23	578.99
Net block	254.04	296.79

INVESTMENTS

In shares and securities	286.52	129.58
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OTHER ASSETS

Excess of "current assets, loans and advances" over "current liabilities and provisions"	215.48	223.10
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TOTAL ASSETS	756.04	649.47
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WHAT THE COMPANY OWED

Secured and unsecured loans	380.90	292.45
Deferred tax liability (Net)	21.77	23.03

SHAREHOLDERS' FUNDS

Share capital - paid up	39.00	39.17
Reserves	314.37	294.82
	353.37	333.99

TOTAL (CAPITAL EMPLOYED)	756.04	649.47
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SUMMARISED PROFIT AND LOSS ACCOUNT

WE EARNED FROM

Sales of our products	931.49	875.25
Interest, dividends & other income	73.88	56.79
	1,005.37	932.04

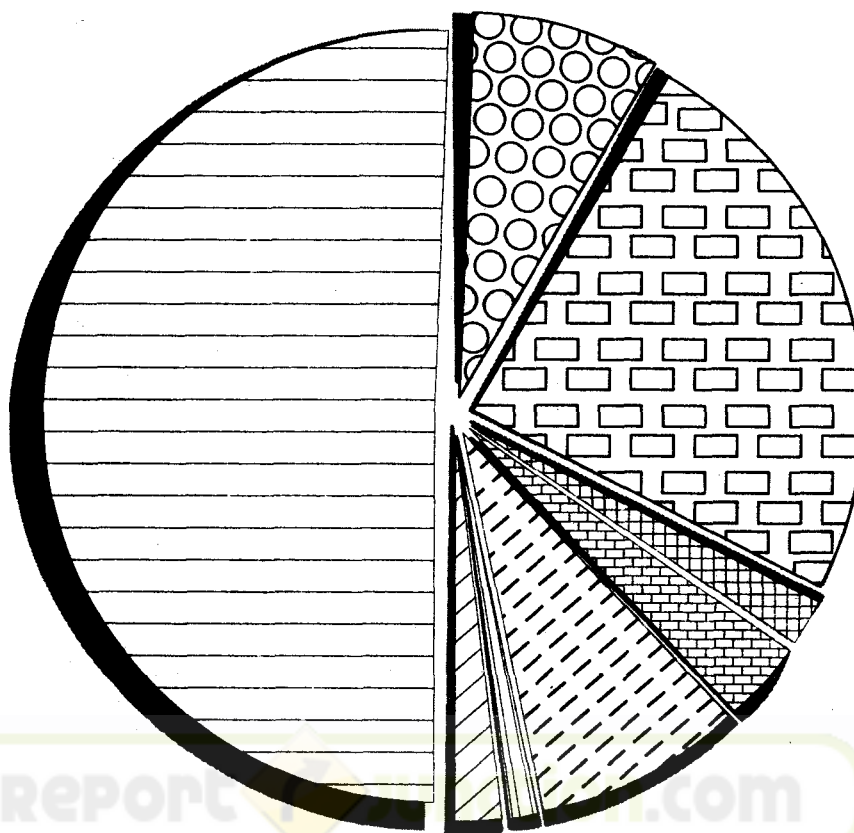
WE PAID OR PROVIDED FOR

Raw materials etc.	508.92	478.45
Payments to employees	77.96	81.93
Operating expenses	242.95	256.66
Finance charges	18.19	36.12
Depreciation	37.23	43.65
Excise duty and taxation	87.81	64.29
Dividend & corporate dividend tax	13.02	(see note below)
Retained earnings/(excess of expenditure over income)	19.29	(29.06)
	1,005.37	932.04

Note: Proposed dividend of Rs. 7.83 crores for the previous year is out of the balance of accumulated profits not transferred to reserves.

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

DISTRIBUTION OF INCOME



	2002-2003 Amount (Rs. in crores)	%	2001-2002 Amount (Rs. in crores)	%
Raw materials etc.	508.92	50.62	478.45	51.33
Payments to employees	77.96	7.75	81.93	8.79
Operating expenses	242.95	24.17	256.66	27.54
Finance charges	18.19	1.81	36.12	3.88
Depreciation	37.23	3.70	43.65	4.68
Excise duty and taxation	87.81	8.73	64.29	6.90
Dividend & corporate dividend tax	13.02	1.30	(see note below)	-
Retained earnings	19.29	1.92	(29.06)	(3.12)
	<u>1,005.37</u>	<u>100.00</u>	<u>932.04</u>	<u>100.00</u>

Note: Proposed dividend of Rs.7.83 crores for the previous year is out of the balance of accumulated profits not transferred to reserves.



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DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS:

	For the year ended 31 st March, 2003 Rupees in Crores	For the Year ended 31 st March, 2002 Rupees in Crores
GROSS TURNOVER	1005.37	932.04
Profit before Interest & Depreciation & Voluntary Retirement Compensation	87.20	30.26
Interest	16.44	31.99
Profit before Depreciation and Voluntary Retirement Compensation	70.76	(1.73)
Depreciation	37.23	43.65
Voluntary Retirement Compensation	—	5.30
PROFIT BEFORE TAX	33.53	(50.68)
Less: Tax (net)	1.22	(21.62)
PROFIT AFTER TAX	32.31	(29.06)
Add: Balance in Profit and Loss Account of Previous Year	90.91	105.59
Add: Transferred from Investment Allowance Reserve	—	18.00
Add: Transferred from Debenture Redemption Reserve	—	4.21
SURPLUS AVAILABLE FOR APPROPRIATIONS	123.22	98.74
Appropriations to:		
Proposed Dividend:		
Final Dividend	11.54	7.83
Corporate Dividend Tax	1.48	—
General Reserve	3.23	—
Balance carried to Balance Sheet	106.97	90.91

2. COMPANY RESULTS AND DIVIDEND:

Your Directors are happy to report that the Company has made a return to profitability in the current year. DMT margins have been significantly better during the year enabling the division to earn a reasonable return even after absorbing significant increases in the prices of its raw materials. Textile business continued to face competitive pressures both at home and abroad.

However, substantial progress has been made in both the Divisions in the areas of cost control and cost containment. Cost savings in the DMT business were unfortunately restricted due to lower level of production caused by lower domestic demand. The interest bill for the Company has come down by nearly 50% from Rs.31.99 crores to Rs.16.44 crores mainly on account of softer interest rates and the Company's ability to access lower cost finance in Foreign Exchange.

Though the DMT business has experienced considerable volatility in the first quarter of the current year arising out of unstable situation in the Middle East, it is expected that from the second quarter onwards the Division should see a near normal level of operations and profitability. The Textile business should also see better days ahead as access to developed country market becomes easier on account of abolition of quotas next year.

Having regard to the above, your Directors recommend a dividend of Rs. 3/- per Equity share of Rs.10 each for the year ended March 31, 2003 to be paid, if declared by the members, at the Annual General Meeting to be held on 30th July, 2003.

3. TEXTILE DIVISION:

The sales turnover of the division for the year ended March 31, 2003 was Rs.422.10 crores, 11% lower than last year. The decline in turnover was mainly in the domestic market while exports grew by 11%.

The sluggish domestic market conditions resulted in reduced consumer off-take, leading to approximately 8% lower cloth production. During the year, we entered into a joint venture with "Proline India Ltd.", and transferred our Readymade Garment business to this new JV effective October 1, 2002. While the turnover of the Readymade Garment business was insignificant in the current year, considerable interest has been generated among the consumers since the transfer. The off-take to date is satisfactory and the business prospects are looking good.

In Export our performance improved as compared to the last year. The major part of export growth came from made-up business in the US market. This was achieved despite difficult quota availability and the high cost of buying quota. Purchase of quotas at high premia added to the Company's cost making it very difficult for it to compete in the international markets not only with China and Pakistan but also with other developing countries. Exports to EEC declined drastically due to customs and proposed anti-subsidy duties on imports of cotton bed linen from India while countries like Pakistan enjoy a waiver of basic duty and no penalties.

In 2005, on abolition of quota, the Company will have a level playing field. In order to meet the challenges, the division has focussed on