



ANNUAL REPORT & ACCOUNTS
2005-2006

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

ESTABLISHED 1879

ANNUAL REPORT 2005-2006**DIRECTORS**

Nusli N. Wadia, *Chairman*
 Keshub Mahindra
 R. N. Tata
 R. A. Shah
 Dr. H. N. Sethna
 S. S. Kelkar
 S. Ragathanan
 A. K. Hirjee
 S. M. Palla (w.e.f. 30.05.06)
 Ninu Khanna, *Managing Director (upto 31.05.06)*
 P. V. Kuppaswamy, *Jt. Managing Director*
 Ness N. Wadia, *Jt. Managing Director*
 M. K. Singh, *Executive Director*
 Surya Kant Gupta, *Executive Director (w.e.f 30.05.06)*

CHIEF FINANCIAL OFFICER

Govinder Singh

SECRETARY

P. Govindan

VICE-PRESIDENTS/BUSINESS HEAD

Burjor Nariman, *Sr. Vice-President (Corporate Group)*
 Dr. S. C. Basu, *Business Head (PSF)*
 Rajiv Bhatia, *Head-Operations:Retail Initiative*
 R. Chandrasekharan, *Vice-President (Corporate Group)*
 S. K. Gupta, *Vice-President (Manufacturing & Commercial)*
 Bhagaban Kar, *Asst. Vice-President (PSF Manufacturing)*
 R. Mahindru, *Vice-President - Business Development (Shopping Centre)*

GENERAL MANAGERS

A. Bhawsingka, *General Manager - Commercial & Operations*
 K. C. Chandani, *General Manager - Engineering*
 R. K. Gupta, *General Manager - Marketing*
 R. Kapur, *General Manager - Processing*
 K. V. Krishnamurthy, *General Manager - Operations*
 Nimesh Mehta, *General Manager - Treasury*
 B. K. Pandya, *General Manager - Manufacturing*
 P. Phadnis, *General Manager - Corporate Affairs*
 A. V. Potdar, *General Manager - Personnel & Administration*
 V. Shanbhag, *General Manager - Commercial*
 R. Sharma, *General Manager (CTS)*
 S. K. Tibrewal, *General Manager - Industrial & Wholesale Marketing*

BANKERS

State Bank of India
 UTI Bank Ltd.
 IDBI Bank Ltd.
 State Bank of Hyderabad
 State Bank of Patiala
 Citibank N. A.
 Standard Chartered Bank

ADVOCATES & SOLICITORS

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

NOTICE

The 126th 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 Thursday, 27th July, 2006, at 3.45 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 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. R. N. Tata, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. S. S. Kelkar, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Mr. S. Ragothaman, 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. M. Palia be and is hereby appointed as a Director of the Company."

8. As an Ordinary Resolution:

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

9. As an Ordinary Resolution:

(A) "RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act [including any statutory modification(s) or re-enactment thereof for the time being in force], the Company hereby approves the appointment and the terms of remuneration of Mr. S.K.Gupta as a Whole-time Director designated as Executive Director of the Company for a period of 5 years with effect from 30th May, 2006 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty and power to the Board of Directors (hereinafter referred to as "the Board" which expression shall also include the Remuneration/Compensation Committee of the Board), in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment.

(B) The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this Resolution or to make modification as may be deemed to be in the best interest of the Company."

10. As an Ordinary Resolution:

"RESOLVED THAT in partial modification of the Resolution passed at the 124th Annual General Meeting of the Company held on 23rd July, 2004 and of the terms and conditions of appointment of Mr. P. V. Kuppaswamy as Joint Managing Director of the Company as set out in the Agreement executed between the Company and Mr. P. V. Kuppaswamy on 1st September, 2004, a draft whereof was specifically approved by the said Resolution, and in accordance with the provisions of Sections 198, 269, 310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, the Company hereby approves with effect from 1st April, 2006:-

(a) the removal of the maximum limit of Rs. 140 lacs per annum stipulated in the Agreement dated 1st September, 2004 for payment of remuneration by way of salary, allowances, commission on profits and/or bonus and perquisites and other benefits and amenities; and

(b) revision in the remuneration by way of salary, perquisites and allowances payable to Mr. P. V. Kuppaswamy (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) for the remainder of the tenure of his contract as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board including the Remuneration/Compensation Committee be and is hereby authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this Resolution or to make modification as may be deemed to be in the best interest of the Company.

11. As an Ordinary Resolution:

"RESOLVED THAT in partial modification of the Resolution passed at the 124th Annual General Meeting of the Company held on 23rd July, 2004 and of the terms and conditions of appointment of Mr.Ness N.Wadia as Deputy Managing Director of the Company as set out in the Agreement executed between the Company and Mr.Ness N. Wadia on 1st September, 2004, a draft whereof was specifically approved by the said Resolution, and in accordance with the provisions of Sections 198, 269, 310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, the Company hereby approves:-



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- (a) the removal of the maximum limit of Rs. 80 lacs per annum stipulated in the Agreement dated 1st September, 2004 for payment of remuneration by way of salary, allowances, commission on profits and/or bonus and perquisites and other benefits and amenities effective 1st April, 2005; and
- (b) revision in the remuneration by way of salary, perquisites and allowances payable to Mr. Ness N. Wadia, Deputy Managing Director (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from 1st April, 2006 for the remainder of the tenure of his contract as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER that the Company hereby approves that Mr. Ness N. Wadia be re-designated as Joint Managing Director with effect from 30th May, 2006 on the same terms and conditions of appointment as set out in the Agreement entered into between the Company and Mr. Ness N. Wadia on 1st September, 2004 as modified by this Resolution.

RESOLVED FURTHER THAT the Board including the Remuneration/Compensation Committee be and is hereby authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this Resolution or to make modification as may be deemed to be in the best interest of the Company.

12. As an Ordinary Resolution:

"RESOLVED THAT in partial modification of the Resolution passed at the 125th Annual General Meeting of the Company held on 29th July, 2005 and of the terms and conditions of appointment of Mr. M. K. Singh as Executive Director of the Company as set out in the Agreement executed between the Company and Mr. M. K. Singh on 22nd August, 2005, a draft whereof was specifically approved by the shareholders by the said Resolution, and in accordance with the provisions of Sections 198, 269, 310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, the Company hereby approves:-

- (a) the removal of the maximum limit of Rs. 80 lacs per annum stipulated in the Agreement dated 22nd August, 2005 for payment of remuneration by way of salary, allowances, commission on profits and/or bonus and perquisites and other benefits and amenities effective 1st April, 2005; and
- (b) revision in the remuneration by way of salary, perquisites and allowances payable to Mr. M. K. Singh, Executive Director (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from 1st April, 2006 for the remainder of the tenure of his contract as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board including the Remuneration/Compensation Committee be and is hereby authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this Resolution or to make modification as may be deemed to be in the best interest of the Company.

Notes:

- (a) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the Special Business at Items 7 to 12 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 Thursday, 6th July, 2006 to Thursday, 27th July, 2006 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 10th August, 2006 to those Shareholders whose names stand on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar & Share Transfer Agents of the Company on or before 5th July, 2006, in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2006 will be payable to the beneficial owners of shares as at the closing hours of 5th July, 2006 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.
- (e) Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) to the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd. (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.

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- (g) Pursuant to the provisions of Section 205A of the Act, dividends for the financial year ended 31st March, 1999 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the Investor Education & Protection Fund (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.
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
2002-2003	30.7.2003	29.7.2010	5.10.2010
2003-2004	23.7.2004	22.7.2011	26.9.2011
2004-2005	29.7.2005	28.7.2012	4.10.2012

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 number/DP ID & Client ID. It may be noted that once the unclaimed dividend is transferred to IEPF as aforesaid, no claim shall lie in respect of such amount by the members.

- (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. R. N. Tata

Mr. R. N. Tata, 68, 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 and also Chairman Emeritus of Nelco Limited. He is also on the Central Board of the Reserve Bank of India.

He holds 700 equity shares of the Company.

Outside Directorship: Tata Sons Limited (Chairman), Tata Industries Limited (Chairman), Tata Steel Limited (Chairman), Tata Motors Limited (Chairman), Tata Chemicals Limited (Chairman), The Indian Hotels Company Limited (Chairman), The Tata Power Company Limited (Chairman), Tata Tea Limited (Chairman), Tata Autocomp Systems Limited (Chairman), Tata Consultancy Services Limited (Chairman), Tata Teleservices Limited (Chairman), Tata Teleservices (Maharashtra) Limited (Chairman), Hindustan Aeronautics Limited, Antrix Corporation Limited and 6 foreign companies.

Committee Membership : Remuneration Committee of Tata Sons Limited, Tata Steel Limited, Tata Motors Limited, The Indian Hotels Company Limited, Tata Chemicals Limited, and Tata Autocomp Systems Limited.

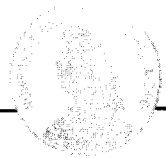
Mr. S. S. Kelkar:

Mr. S. S. Kelkar, 67, is a Post Graduate in Commerce and has been associated with the Company for over 34 years and held various positions in the functional area of finance, besides having previous banking experience. He retired as Executive Director of the Company from August, 2001. He is on the Board of Commissioners of PT. Five Star Textile Indonesia.

He holds 7,340 equity shares of the Company.

Outside Directorship : Britannia Industries Limited, Harvard Plantations Limited, Macrofil Investments Limited, Napierol Investments Limited, Nowrosjee Wadia & Sons Limited, Kotak Mahindra Asset Management Company Limited, Placid Plantations Limited, Wadia BSN Limited, Go Airlines (India) Pvt. Limited, and Standard Chartered Trustee Company Pvt. Limited and as an Alternate Director of 2 foreign companies.

Committee Membership : Share Transfer and Shareholders/ Investors Grievance Committee of Britannia Industries Limited and The Bombay Dyeing & Manufacturing Company Limited (Bombay Dyeing), Audit Committee of Bombay Dyeing, Nowrosjee Wadia & Sons Limited and Kotak Mahindra Asset Management Company Limited and Remuneration Committee of Kotak Mahindra Asset Management Company Limited (Chairman).



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Mr. S. Ragothaman:

Mr. S. Ragothaman, 60, was appointed as a Nominee of ICICI in September, 1995. After withdrawal of his nomination by ICICI he has been appointed on the Board as an Independent Director. His experience was predominantly with ICICI for 27 years in areas of project advice, risk assessment and financial management. He offers also consultancy services.

He holds 5,000 equity shares of the Company.

Outside Directorship: Ennore Foundries Limited, Shreyas Shipping & Logistics Limited, Southern Iron & Steel Company Limited, Xpro Global Limited, Semam Micro Finance Investment Literacy Empowerment Limited and Xpro India Ltd.

Committee Membership: Remuneration/Compensation Committee of The Bombay Dyeing & Manufacturing Company Limited (Bombay Dyeing), Ennore Foundries Limited (Chairman) and Shreyas Shipping & Logistics Limited, Audit Committee of Bombay Dyeing, Ennore Foundries Limited, Xpro India Limited (Chairman), Southern Iron & Steel Company Limited (Chairman) and Semam Micro Finance Investment Literacy Empowerment Limited (Chairman) and Shreyas Shipping & Logistics Limited and Investor Grievances Committee of Ennore Foundries Limited.

Details in respect of Mr. S. M. Palia and Mr. S. K. Gupta have been furnished at the appropriate places in the Explanatory Statement annexed to the Notice.

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

P. GOVINDAN
Secretary

Mumbai, 30th May, 2006.

Registered Office:

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



THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

ANNEXURE TO NOTICE

Explanatory Statement:

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 12 of the accompanying Notice dated 30th May, 2006.

Item 7

Mr. S. M. Palia was appointed by the Board of Directors (the Board) with effect from 30th May, 2006 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 a Director only up to the date of this Annual General Meeting but is eligible for re-appointment. As required under Section 257 of the Act, a notice in writing along with the requisite deposit has been received from a member signifying his intention to propose the aforesaid individual as Director of the Company at this Annual General Meeting.

Mr. S. M. Palia, 68, B.Com., LL.B., CAIIB, CIIB (London), is a Development Banker by profession. He was with IDBI from 1964 to 1989 and retired in 1989 as Executive Director. He was advisor to Industrial Bank of Yemen and Industrial Bank of Sudan under World Bank assistance programmes. During the period 1976-77 he was the Managing Director of Kerala Industrial & Technical Consultancy Organisation Ltd. set up to provide consultancy services to micro enterprise and SMEs. He is the Founder & Governing Board Member of Rashtriya Gramin Vikas Nidhi. He is also a Trustee of Bombay Community Public Trust, Mumbai, Janvikas, Ahmedabad, and Godrej Memorial Trust, Mumbai.

Mr. Palia does not hold any shares in the Company.

Outside Directorship: Tata Steel Ltd., GRUH Finance Ltd., Champdany Industries Ltd., Saline Area Vitalisation Enterprises Ltd., Shibir India Ltd., ACC Ltd., Tata Motors Ltd. and AI Champdany Industries Ltd.

Committee Membership: Audit Committee of the Boards of The Bombay Dyeing & Mfg. Co. Ltd., Tata Steel Ltd., ACC Ltd. (Chairman), Gruh Finance Ltd. (Chairman), Shibir India Ltd. (Chairman) and Champdany Industries Ltd., and also Remuneration/Compensation Committee of Gruh Finance Ltd. (Chairman) and Tata Steel Ltd.

No Director other than Mr. Palia is concerned or interested in this Resolution.

The Directors commend the Resolution at Item 7 for approval by the Members.

Item 8

Mr. S. K. Gupta who joined the Company on 31st March, 2006 as President & CEO (Textile Division) was appointed by the Board of Directors (the Board) with effect from 30th May, 2006 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 a Director only up to the date of this Annual General Meeting but is eligible for re-appointment. As required under Section 257 of the Act, a notice in writing along with the requisite deposit has been received from a member signifying his intention to propose the aforesaid individual as Director of the Company at this Annual General Meeting.

Mr. S. K. Gupta, 55, is a Science Graduate and MBA from Faculty of Management Studies (FMS) University of Delhi and has more than three decades of long experience in the Indian Textile Industry to his credit.

Mr. Gupta handled varied managerial assignments in large companies like Reliance Industries Ltd., Grasim Industries Ltd., etc. Prior to joining the Company, Mr. Gupta had worked with Raymond in various capacities as Executive Director (Marketing & Sales), President (Textiles) and President (Corporate) with key businesses of Textiles, Denim, Shirting and Retail reporting to him. Mr. Gupta brings with him a combination of proven managerial skill and experience of handling a variety of textile products ranging from cotton, art-silk and wollens.

He does not hold any shares in the Company.

He is not a Director in any other company nor is he a member of any Board Committee of any company.

No Director other than Mr. Gupta is concerned or interested in this Resolution.

The Directors commend the Resolution at Item 8 for approval by the Members.

Item 9

Mr. S. K. Gupta who joined the Company on 31st March, 2006 as President & CEO (Textile Division) was appointed as Whole-time Director designated as Executive Director by the Board for a period of 5 years with effect from 30th May, 2006 subject to the approval of the shareholders.

The gist of the material terms and conditions relating to his appointment as Executive Director (ED) are as follows:

(a) **Period of appointment :** 5 years from 30th May, 2006

(b) **Functions :** Mr. Gupta shall carry out such functions, exercise such powers and perform such duties as the Board shall, from time to time, in their absolute discretion determine and entrust to him.



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(c) In consideration of the performance of his duties, Mr. Gupta shall be paid the following remuneration:

A. Remuneration :

Basic Salary, with annual increments effective 1st April, every year, as may be decided by the Board, based on merit and taking into account the Company's performance for the year, upto a maximum of Rs.8,00,000/- per month.

The benefits, perquisites and allowances will be determined by the Board from time to time.

Commission calculated with reference to the net profits of the Company in a particular financial year will be determined by the Board based on performance criteria.

B. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of Mr. Gupta, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above 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.

(d) The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to whole-time directors in accordance with Schedule XIII to the Act, or any amendments made hereinafter in this regard.

(e) Mr. Gupta shall not be paid any sitting fees for attending Meetings of the Board or of any Committee thereof.

(f) Mr. Gupta shall be bound by the non-compete and confidentiality provisions as specified in his Agreement.

(g) Mr. Gupta shall cease to be a Director if he ceases to be an employee or vice-versa.

(h) The Company has a right to terminate the Agreement for any misconduct or breach by giving 30 days notice.

(i) Either party shall be entitled to terminate the Agreement by giving not less than six calendar months prior notice in writing in that behalf to the other party, provided that the Company shall be entitled to terminate Mr. Gupta's employment at any time by payment to him of six months basic salary in lieu of such notice.

Your Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of Mr. Gupta.

In compliance with the provisions of Section 309 read with Schedule XIII of the Act, terms of the remuneration specified above are now being placed before the Members in General Meeting for their approval.

Mr. Gupta is concerned or interested in the Resolution at Item 9 as it relates to his appointment.

This may be treated as an abstract of the draft Agreement between the Company and Mr. S. K. Gupta as ED and memorandum of interest pursuant to Section 302 of the Act. The draft Agreement is available for inspection for the shareholders at the Registered Office of the Company during business hours on any working day (except Saturdays, Sundays and Public Holidays).

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

Items 10, 11 & 12

The appointment of Mr. P. V. Kuppuswamy as Joint Managing Director (JMD) and Mr. Ness N. Wadia as Deputy Managing Director (DMD) for 5 years effective 1st June, 2004 and of Mr. M. K. Singh as Executive Director (ED) for 5 years effective 24th July, 2004 was approved by the members at the 124th and 125th Annual General Meetings (AGMs) held on 23rd July, 2004 and 29th July, 2005 respectively.

The Agreements entered into with Mr. P. V. Kuppuswamy and Mr. Ness N. Wadia on 1st September, 2004 and Mr. M. K. Singh on 22nd August, 2005 based on the approval of the Members as aforesaid contain the terms and conditions of their appointment and the remuneration payable to them. The Agreements with Mr. Ness N. Wadia and Mr. M. K. Singh inter alia stipulate a maximum limit of remuneration by way of salary, allowances, commission on profits and/or bonus 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 Company at Rs.80 lacs per annum subject always to the overall limits contained in Sections 198 and 309 of the Act. The Agreement with Mr. P. V. Kuppuswamy stipulates the maximum limit at Rs. 140 lacs per annum.

The Remuneration/Compensation Committee and the Board at their meetings held on 30th May, 2006 have determined the commission payable after adoption of the accounts at the ensuing AGM to Mr. Ness N. Wadia and Mr. M. K. Singh at Rs. 60 lacs each inclusive of a one-time special commission of Rs. 40 lacs for the financial year 2005-06. Consequently, the total individual remuneration of Mr. Ness N. Wadia and Mr. M. K. Singh for the financial year 2005-06 would exceed the limit of Rs. 80 lacs stipulated in their respective Agreements.

The Board has re-designated Mr. Ness N. Wadia as Joint Managing Director (JMD) effective 30th May, 2006.

In order to give flexibility to the Remuneration/Compensation Committee and the Board to decide upon the remuneration including perquisites and allowances to be granted to the whole-time directors from time to time, within the overall ceilings prescribed under the Act, the Remuneration/Compensation Committee and the Board have also, at their meetings held on 30th May, 2006, approved revision in the terms of remuneration including perquisites and allowances of Mr. P. V. Kuppuswamy, Mr. Ness N. Wadia and Mr. M. K. Singh for the periods given below subject to the approval of the Members:

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

Mr. P. V. Kuppaswamy, JMD : w.e.f. 01.04.2006 to 31.05.2009

Mr. Ness N. Wadia, JMD : w.e.f. 01.04.2006 to 31.05.2009

Mr. M. K. Singh, ED : w.e.f. 01.04.2006 to 23.07.2009

The revised terms of remuneration are set out below:

A. Remuneration:

Basic salary, with annual increments effective 1st April every year, as may be decided by the Board, based on merit and taking into account the Company's performance for the year, upto a maximum of Rs.8,00,000 per month.

The benefits, perquisites & allowances will be determined by the Board from time to time.

Commission calculated with reference to the net profits in a particular financial year will be determined by the Board based on performance criteria.

B. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the JMDs/ED, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites and allowances as specified above 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.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act as amended from time to time.

All the other terms and conditions of appointment of the JMDs/ED would remain unchanged.

The Resolutions at items 10 to 12 seek to give the requisite flexibility to the Board to determine the remuneration payable to the JMDs/ED within the overall ceiling prescribed under the Act by removing the maximum limits stipulated in their individual Agreements. This will allow a certain amount of flexibility to the Remuneration/Compensation Committee and the Board to recognize merit and reward outstanding performance.

The Agreements entered into by the Company on 1st September, 2004 with Mr. P. V. Kuppaswamy and Mr. Ness N. Wadia and on 22nd August, 2005 with Mr. M. K. Singh are available for inspection for the shareholders at the Registered Office of the Company during business hours on any working day (except Saturdays, Sundays and Public Holidays).

In compliance with the provisions of Sections 309 and 310 read with Schedule XIII of the Act, the revised terms of remuneration of the JMDs/ED are now being placed before the Members in general meeting for their approval.

The Directors commend the Resolutions at Items 10 to 12 for approval by the Members.

Mr. P. V. Kuppaswamy, Mr. Ness N. Wadia and Mr. M. K. Singh are concerned or interested in the variation of terms of their appointment covered by the Resolutions at Items 10, 11 & 12 respectively. Mr. Nusli N. Wadia, Chairman, being the relative (as defined under Section 6 of the Act) of Mr. Ness N. Wadia, is deemed to be concerned or interested in the Resolution at item 11.

This may be treated as an abstract under Section 302 of the Act of the revision in the terms of remuneration of the JMDs/ED.

By order of the Board of Directors
FOR THE BOMBAY DYEING & MFG. CO. LTD.
P. GOVINDAN
Secretary

Mumbai, 30th May, 2006

Registered Office:

Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai 400 001.
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ANNUAL REPORT 2005-2006

10 YEARS' FINANCIAL REVIEW

(Rs. in Crores)

	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
FINANCIAL POSITION										
Share capital	38.60	38.58	38.52	39.00	39.17	41.00	41.00	41.00	41.00	40.39
Reserves & Surplus	426.23	303.38	347.49	314.37	294.82	615.77	628.94	612.72	638.11	643.62
Net Worth :										
Total	464.83	341.96	386.01	353.37	333.99	656.77	669.94	653.72	679.11	684.01
Per Equity										
Share of Rs. 10	120.42	88.59	100.26	90.61	85.00	160.00	163.00	159.00	166.00	169.00
Borrowings	558.36	354.46	362.60	380.90	292.45	597.87	602.35	667.58	655.12	626.46
Deferred Tax Liability	2.60	10.64	35.90	21.77	23.03	-	-	-	-	-
Debt Equity Ratio	0.78 : 1	0.25 : 1	-	0.01:1	0.20:1	0.10:1	0.03:1	0.37:1	0.30:1	0.24:1
Fixed Assets :										
Gross Block	995.57	813.86	795.40	827.27	875.78	897.03	865.10	847.61	839.01	821.79
Depreciation	596.20	622.38	573.15	573.23	578.99	550.55	507.42	456.20	405.31	354.68
Net Block	399.37	191.48	222.25	254.04	296.79	346.48	357.68	391.41	433.70	467.11
Investments and other Assets	626.43	515.58	562.26	502.00	352.68	908.16	914.61	929.89	900.53	843.36
OPERATING RESULTS										
Sales and other Income	1143.64	1,172.41	1,072.51	1,005.37	932.04	1,042.41	1,048.71	952.09	1,024.14	1,133.49
Manufacturing and other Expenses	1,067.52	1,119.35	965.52	934.61	939.07	976.45	955.66	882.05	950.97	1,050.54
Depreciation	16.90	19.38	34.43	37.23	43.65	47.83	48.46	49.00	48.15	47.25
Profit before Tax	59.22	33.68	72.56	33.53	(50.68)	18.13	44.59	21.04	25.02	35.70
Current taxation	4.97	2.42	4.93	2.48	-	-	1.43	0.81	2.00	-
Deferred tax credit	(8.04)	4.70	14.13	(1.26)	21.62	-	-	-	-	-
Fringe benefit tax	0.95	-	-	-	-	-	-	-	-	-
Profit after Tax	61.34	26.56	53.50	32.31	(29.06)	18.13	43.16	20.23	23.02	35.70
Earnings per Equity										
Share of Rs. 10	16	7	14	8	(7)	4	11	5	6	9
Dividends :										
Amount	22.01	17.59	17.38	13.02	7.83	9.04	13.65	13.65	15.73	15.27
Percentage	50	40	40	30	20	20	30	30	35	35

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, 2004 Rs. 2.55 crores, Equity shares issued under Employees' Stock Option Scheme Rs. 0.15 crores. Average Share Capital for 2005-2006 - Rs. 38.60 crores
- Reserves & surplus include revaluation reserve.
- 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.
- Depreciation includes lease equalisation.