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**ANNUAL REPORT & ACCOUNTS
2007 - 2008**

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

ESTABLISHED 1879



ANNUAL REPORT 2007-2008

DIRECTORS

Nusli N. Wadia, Chairman

Keshub Mahindra

R. N. Tata

R. A. Shah

Dr. H. N. Sethna

S. S. Kelkar

S. Ragothaman

A. K. Hirjee

S. M. Palla

P. V. Kuppuswamy, Jt. Managing Director

Ness N. Wadia, Jt. Managing Director

Surya Kant Gupta, Executive Director

CHIEF FINANCIAL OFFICER

Ramesh Ved

SECRETARY

P. Govindan

PRESIDENTS/VICE-PRESIDENTS/BUSINESS HEAD

K. Lalpuria, President (International Business - Textiles)

Burjor Nariman, Sr. Vice-President (Corporate Group)

Dr. S. C. Basu, Business Head (PSF)

R. Chandrasekharan, Vice-President (Corporate Group)

S. Dasmahapatra, Vice-President - HR (Corporate Group)

K. Khona, Vice-President - Finance (Corporate Group)

Bhagaban Kar, Vice-President (PSF Manufacturing)

A. Bhawsingka, Vice-President - Domestic Retail Business

R. K. Gupta, Vice-President - Marketing

BANKERS

State Bank of India

Axis Bank Ltd.

IDBI Ltd.

State Bank of Hyderabad

State Bank of Patiala

Bank of India

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.**

REGISTRAR & TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.,

Unit: Bombay Dyeing

**Satam Estate, 3rd floor,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai 400 099.**

Tel: 67720300

Fax: 28375646

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THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

NOTICE

The 128th 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 Tuesday, 2nd September, 2008, at 3.45 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 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. A.K.Hirjee, 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 consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Kalyaniwalla & Mistry, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company, in place of the retiring Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2008-09, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus service tax and out-of-pocket expenses."

Special Business:

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

7. As a Special Resolution:

"RESOLVED THAT in further modification of the Resolution passed by the Company at the 124th Annual General Meeting (AGM) held on 23rd July, 2004 as modified by the Resolution passed at the 126th AGM held on 27th July, 2006, notwithstanding anything to the contrary contained in his Service Agreement dated 1st September, 2004 and the revised terms of remuneration approved at the 126th AGM, where in any financial year during the currency of the tenure of Mr.P.V.Kuppuswamy as Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to Mr.P.V.Kuppuswamy for a period not exceeding 3 years or the residual tenure of his appointment whichever is lower, remuneration by way of salary and perquisites and allowances as determined from time to time by the Board of Directors including the Remuneration/Compensation Committee pursuant to the authority vested in them in terms of the Resolution passed at the 126th AGM as aforesaid, subject to compliance with the applicable provisions of Schedule XIII to the Companies Act, 1956, if and to the extent necessary, with the approval of the Central Government".

8. As a Special Resolution:

"RESOLVED THAT in further modification of the Resolution passed by the Company at the 124th Annual General Meeting (AGM) held on 23rd July, 2004 as modified by the Resolution passed at the 126th AGM held on 27th July, 2006, notwithstanding anything to the contrary contained in his Service Agreement dated 1st September, 2004 and the revised terms of remuneration approved at the 126th AGM, where in any financial year during the currency of the tenure of Mr.Ness N.Wadia, as Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to Mr.Ness N.Wadia, for a period not exceeding 3 years or the residual tenure of his appointment whichever is lower, remuneration by way of salary and perquisites and allowances as determined from time to time by the Board of Directors including the Remuneration/Compensation Committee pursuant to the authority vested in them in terms of the Resolution passed at the 126th AGM as aforesaid, subject to compliance with the applicable provisions of Schedule XIII to the Companies Act, 1956, if and to the extent necessary, with the approval of the Central Government".

9. As a Special Resolution:

"RESOLVED THAT in partial modification of the Resolution passed by the Company at the 126th Annual General Meeting (AGM) held on 27th July, 2006, notwithstanding anything to the contrary contained in his Service Agreement dated 14th September, 2006, where in any financial year during the currency of the tenure of Mr.S.K.Gupta, as Executive Director, the Company has no profits or its profits are inadequate, the Company will pay to Mr.S.K.Gupta for a period not exceeding 3 years or the residual tenure of his appointment whichever is lower, remuneration by way of salary and perquisites and allowances as determined from time to time by the Board of Directors including the Remuneration/Compensation Committee pursuant to the authority vested in them in terms of the Resolution passed at the 126th AGM as aforesaid, subject to compliance with the applicable provisions of Schedule XIII to the Companies Act, 1956, if and to the extent necessary, with the approval of the Central Government".

Notes:

- a. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the business at Items 6 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.

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- c. The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, 12th August, 2008 to Tuesday, 2nd September, 2008 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 4th September, 2008 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 11th August, 2008, in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2008 will be payable to the beneficial owners of shares as at the closing hours of 11th August, 2008 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:
- 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 (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.
- g. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividends for the financial year ended 31st March, 2001 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
2000-2001	23.07.2001	22.07.2008	26.09.2008
2001-2002	13.08.2002	12.08.2009	19.10.2009
2002-2003	30.07.2003	29.07.2010	05.10.2010
2003-2004	23.07.2004	22.07.2011	26.09.2011
2004-2005	29.07.2005	28.07.2012	04.10.2012
2005-2006	27.07.2006	26.07.2013	02.10.2013
2006-2007	25.07.2007	24.07.2014	28.09.2014

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 IV(G)(i) of Clause 49 of the Listing Agreement, the details of the directors retiring by rotation and eligible for reappointment are furnished below:

Mr. A. K. Hirjee

Mr. A.K.Hirjee, 69, is B.A. (Hons.), LL.B.(Hons.), Barrister-at-Law, SLOAN Fellow of London Business School. He has 43 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.

He holds 760 equity shares of the Company.

Outside Directorship: Atlas Copco (India) Limited (Chairman), HDFC Trustee Co. Ltd. (Chairman), The Bombay Burmah Trading Corporation Limited (Vice Chairman), Britannia Industries Limited, National Peroxide Limited, 11 foreign companies and 1 private company.

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

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Mr. R. N. Tata

Mr. R. N. Tata, 70, is a B. Sc. in Architectural and Structural Engineering of Cornell University, U. S. A. He has also completed an Advanced Management Programme 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 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 9 foreign companies.

Committee Membership : Remuneration Committee of Tata Sons Limited, Tata Steel Limited, Tata Motors Limited, The Indian Hotels Company Limited, Tata Chemicals Limited, Tata Autocomp Systems Limited, Tata Consultancy Services Limited, Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited.

Mr. S. S. Kelkar:

Mr. S. S. Kelkar, 69, is a Post-Graduate in Commerce and has been with the Company for over 36 years and has held various positions in the functional area of finance, besides having previous banking experience. He retired as Executive Director (Finance) in 2001 and was appointed as a Non-Executive Director which position he currently holds.

He holds 7,340 equity shares of the Company.

Outside Directorship: Britannia Industries Limited, TVS Infrastructure Limited, Wadia BSN Limited, Harvard Plantations Limited, Nowrosjee Wadia & Sons Limited, Macrofil Investments Limited, Placid Plantations Limited, Kotak Mahindra Asset Management Co. Ltd. and Naperol Investments Limited.

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).

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

P. GOVINDAN
Secretary

Mumbai, 24th July, 2008.

Registered Office:

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



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ANNEXURE TO NOTICE

Explanatory Statement:

As required by Section 173 of the Companies Act, 1956 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under items 6 to 9 of the accompanying Notice dated 24th July, 2008.

Item 6

At present the Company's accounts are being audited by Messrs A. F. Ferguson & Co. (AFF). AFF & Messrs Deloitte Haskins & Sells (DHS) are part of a common network. The Company has decided to appoint DHS as the Internal Auditors of the Company for carrying out the internal audit work on expiry of the term of AFF. As a consequence, AFF have informed the Company that they are not seeking re-appointment as Statutory Auditors of the Company.

In view of the above, and based on the recommendations of the Audit Committee, the Board of Directors has at its meeting held on 30th June, 2008 proposed the appointment of Messrs Kalyaniwalla & Mistry, Chartered Accountants, as the Statutory Auditors in place of AFF for the financial year 2008-09.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Act, signifying his intention to propose the appointment of Messrs Kalyaniwalla & Mistry as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. Messrs Kalyaniwalla & Mistry have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

The Members' approval is being sought for the appointment of Messrs Kalyaniwalla & Mistry as the Statutory Auditors and to authorize the Board, to determine the remuneration payable to the Auditors.

The Directors recommend the Resolution at Item 6 for approval by the Members.

None of the Directors is concerned or interested in the Resolution at Item 6 of the Notice.

Items 7, 8 & 9

At the 124th Annual General Meeting (AGM) held on 23rd July, 2004 the Members had approved the reappointment of Mr. P. V. Kuppuswamy as Joint Managing Director (JMD) and Mr. Ness N. Wadia as Deputy Managing Director for 5 years effective 1st June, 2004. The Agreements entered into with Mr. P. V. Kuppuswamy and Mr. Ness N. Wadia on 1st September, 2004 based on the approval of the Members as aforesaid, provided for payment of all the remuneration by way of salary (including incentive) and allowances and perquisites not exceeding the limits stipulated in the respective agreements within the overall ceilings specified in Schedule XIII to the Companies Act, 1956 (the Act), if and to the extent necessary, with the approval of the Central Government in case the Company has no profits or its profits are inadequate in any financial year during the currency of their tenure.

The terms of remuneration payable to Mr. P. V. Kuppuswamy and Mr. Ness N. Wadia were revised effective 1st April, 2006 for the residual tenure of their appointment as under:

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, up to 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 in a particular financial year will be determined by the Board based on performance criteria.

B. Minimum Remuneration:

Where in any financial year during the currency of the tenure of the JMDs, 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 to the Act as amended from time to time.

Mr. Ness N. Wadia was re-designated as JMD with effect from 30th May, 2006.

The above revision of remuneration as well as re-designation of Mr. Ness N. Wadia as JMD was approved by the Remuneration/Compensation Committee of the Board and the Board of Directors of the Company at their meetings held on 30th May, 2006 and subsequently by the Members at the 126th AGM held on 27th July, 2006.

At the 126th AGM, the Members had also approved the appointment of Mr. S. K. Gupta as Executive Director for a period of 5 years effective 30th May, 2006. The Agreement entered into with Mr. S. K. Gupta on 14th September, 2006 based on the approval of the Members as aforesaid also provided for payment of the remuneration by way of salary and perquisites and allowances as specified in the Agreement 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 in case the company has no profits or its profits are inadequate in any financial year during the currency of his tenure.

The Remuneration/Compensation Committee of the Board and the Board of Directors had approved at their meetings held on 25th July, 2007 further revision as under of the remuneration payable to Mr. P. V. Kuppuswamy, Mr. Ness N. Wadia and Mr. S. K. Gupta (hereinafter collectively referred to as "the Whole-time Directors") effective 1st April, 2007:

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	Mr. P.V.Kuppuswamy	Mr. Ness N.Wadia	Mr. S.K.Gupta
(a) Salary and incentive allowance qualifying for both Provident Fund and Superannuation Fund contributions	6,506,280	4,495,500	4,495,500
(b) Other allowances and Perquisites	2,985,324	5,120,000	4,833,750
(c) Retirals: Provident Fund, Superannuation Fund and Gratuity	1,937,426	1,338,660	1,338,660
Grand Total	11,429,030	10,954,160	10,667,910

The minimum remuneration payable in terms of the terms and conditions of appointment of the Whole-time Directors for the financial year 2007-08 as approved aggregates per annum including the retirals as under:

<u>Name of the Director</u>	<u>Remuneration per annum (Rs.)</u>
Mr. P. V. Kuppuswamy	11,429,030
Mr. Ness N. Wadia	10,954,160
Mr. S. K. Gupta	10,667,910

Schedule XIII to the Act provides for payment of managerial remuneration by the Company, in a financial year when it has no profits or has inadequacy of profits which inter alia requires the members' approval by way of special resolution for payment for a period not exceeding 3 years and where the total remuneration exceeds Rs.48 lacs per annum, also approval of the Central Government. As the members will recall, the earlier approvals obtained from the members were by way of ordinary resolutions.

Accordingly it will be necessary for the Company to comply inter alia with the conditions stipulated in Tier C i.e. approval by the shareholders by a special resolution and approval of the Central Government. Applications made by the Company to the Central Government for its approval in the case of the Whole-time Directors are under the active consideration of the Central Government and its approval is expected to be received in due course. As mentioned earlier the Remuneration/Compensation Committee at its meeting held on 25th July, 2007 had already approved the remuneration payable as above to the Whole-time Directors.

The Agreements dated 1st September, 2004 with Mr. P. V. Kuppuswamy and Mr. Ness N. Wadia and the Agreement dated 14th September, 2006 with Mr. S. K. Gupta are available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day (except Saturdays/Sundays and Public holidays).

Mr. P. V. Kuppuswamy, Mr. Ness N. Wadia and Mr. S. K. Gupta are concerned or interested in the Resolutions at items 7, 8, and 9 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 8.

The Directors recommend the Resolutions at items 7, 8, and 9 for your approval.

Additional information In terms of sub-clause (iv) of the proviso to sub-paragraph (C) of paragraph (1) of Section II of Part II of Schedule XIII to the Act is furnished below.

1. General information:

- Nature of Industry : While the Company's Textile business relates to Textile industry, its PSF business relates to Chemicals (other than fertilizers) and Real Estate business relates to Real Estate Development.
- Date or expected date of commencement of commercial production: The Company was incorporated on 23rd August, 1879 and it started commercial production of textile products soon thereafter.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable.

2. Financial performance based on given indicators as per published audited financial results for the year ended March 31, 2008.

Particulars	(Rupees in crores)
Turnover & Other Income	1013.95
Net Profit as per Profit & Loss A/c.	16.68
Profit as computed under Section 309(5) read with Section 198	16.97
Net worth	407.80

3. Export performance and foreign exchange earned for the financial year ended March 31, 2008: The Company's exports were Rs. 236.70 crores while the Company's earnings in foreign exchange were Rs. 241.00 crores for the financial year ended March 31, 2008.

4. Foreign investments or collaborations, if any : Not applicable.

II. Information about the Incumbents:

(i) Background details:

Mr. P. V. Kuppuswamy, 64, is a well qualified professional and is a B.Sc.(Chem.) and B.Sc.(Chem.Engg.) with Post Graduate Diploma of Indian Institute of Petroleum (Petroleum Refining & Petrochemicals). He has been with the Company for over 28 years in various management positions involving Project implementation, Manufacturing, Commercial, Marketing and Total Business Management, besides having previous experience of over 11 years in a large Petrochemical Complex in functions relating to Technical Services, Production and Projects (i.e total experience 40 years).

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Mr. Ness N. Wadia, 37, is an M.Sc. in Engineering Business Management (Warwick University, UK). He had received extensive training in management at the Warwick University, U.K. Prior to his elevation as Deputy Managing Director with effect from 1st August, 2001, he had been working as Marketing Manager. As Marketing Manager, he was closely involved in the Marketing and Retail Distribution of the Textile Division. He has been with the Company for over 14 years.

Mr. S. K. Gupta, 57, is a Science Graduate and MBA from Faculty of Management Studies (FMS) University of Delhi and has more than 3 decades of long experience in the Indian Textile Industry to his credit. Mr. Gupta who joined the Company on 31st March, 2006 as President & CEO (Textile Division) was appointed as Executive Director (ED) for a period of 5 years with effect from 30th May, 2006.

(ii) **Past remuneration drawn during the financial year 2006-07:**

Director	Rs. In lacs
Mr. P.V.Kuppuswamy	102.03*
Mr. Ness N.Wadia	94.17*
Mr. S.K.Gupta	86.52

Notes: * 1. Remuneration excludes the commission paid during the year 2006-07 for the year 2005-06 to Mr. P. V. Kuppuswamy (Rs.14 lacs) and Mr. Ness N. Wadia (Rs.60 lacs).

2. Remuneration includes the Company's contributions to Provident Fund and Superannuation Fund.

(iii) **Recognition & Awards/Achievements:**

Mr. P. V. Kuppuswamy received the distinguished Alumnus Award from the Society of Chemical Engineers of the Institute of Technology, Banaras University in 1996. Mr. Ness N. Wadia was awarded Rotary Medal of Honour for Bravery (1980-81). Mr. S. K. Gupta received the award 'Marketing Man of the Year-1993' from the Institute of Marketing & Management, New Delhi.

(iv) **Job Profile and suitability:**

Mr. P. V. Kuppuswamy has been the Joint Managing Director (JMD) of the Company since 1st March, 2000. Prior to his appointment as the JMD, he was the Executive Director of the Company from 29th August, 1994. He was part of the team that implemented the DMT project and later was responsible for the manufacturing operations for about 18 years. He was heading the DMT profit centre until the plant operations were suspended to enable implementation of the Polyester Staple Fibre (PSF) project located at the same site. He successfully implemented PSF project which went into commercial production on 1st October, 2007 with PTA as feed stock.

Mr. Ness N. Wadia had been the Deputy Managing Director of the Company with effect from 1st August, 2001. He was re-designated as Joint Managing Director with effect from 30th May, 2006. He heads the Real Estate Division. He is also involved in the Product Vision and Strategy Planning, Corporate Planning with special emphasis in identifying the thrust areas for the Company, Human Resource Development, External Relations and investment decisions. His responsibility and accountability have increased substantially in the Real Estate development activity which contributes significantly to the revenue and profitability of the Company.

Mr. S. K. Gupta has been the Executive Director since 30th May, 2006 and is responsible for the manufacture, marketing, sales and profitability of the Company's textile business. Mr. Gupta along with his management team was instrumental in implementing the new Textile Processing unit at Ranjangaon including its execution and commissioning. The new unit commenced partial commercial production on 1st January, 2008. He has also taken several steps which have put the Textile Division on to a growth trajectory.

All the aforesaid Whole-time Directors are part of the Senior Management responsible for the operations and affairs of the Company pertaining to their respective areas. Taking into consideration their qualification and expertise in relevant fields these Whole-time Directors are best suited for the responsibilities assigned to them by the Board of Directors.

(v) **REMUNERATION PROPOSED FOR THE YEAR 2007-08:**

Remuneration	Mr. P.V.Kuppuswamy	Mr. Ness N.Wadia	Mr. S.K.Gupta
Salary and Incentive allowance qualifying for both Provident Fund and Superannuation Fund contribution	6,506,280	4,495,500	4,495,500
Other allowances and Perquisites as determined at its discretion by the Board	2,436,867	5,093,152	4,033,752
Retirals: Provident Fund and Superannuation Fund	1,756,696	1,213,785	1,213,785
Total	10,699,843	10,802,437	9,743,037
Minimum Remuneration in case of loss or inadequacy of profits during the financial year	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.	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.	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.

(vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** Taking into consideration the size of the Company, the profile of the incumbents, the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

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- (vii) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Besides the remuneration proposed, Mr. P. V. Kuppaswamy and Mr. Ness N. Wadia, JMDs, have booked flats in the residential building being constructed by the Company on its Spring Mills land in respect of which sums aggregating to Rs.1,98,19,986 and Rs. 11,53,13,318 respectively towards purchase consideration have been received from them by the Company as at 31st March, 2008. Except for the above, the Whole-time Directors do not have any other pecuniary relationship with the Company.

III. Other Information:

(i) Reasons for loss or inadequacy of profits:

The Textile Division has been passing through a restructuring phase since 2006-07 comprising :

- Down-sizing of manufacturing facilities at Worli
- Development of vendors for intermediate material
- Establishing new process house at Ranjangaon near Pune also to house some of the relocated machines; and
- Stabilizing processes at the new plant.

Production disruption caused by the above activities has taken a heavy toll on the Division's bottom-line on account of loss of sales, extra cost associated with sub-optimal operational level and outsourcing during the transition period.

The export business continues to be impacted by over-supply and fierce price competition. Unprecedented strengthening of rupee has further eroded the Division's margins – an industry-wide phenomenon.

In so far as the PSF Division is concerned, the Company has been operating its DMT Division to produce Polyester intermediate, Dimethyl Terephthalate (DMT). Since DMT has ceased to be a preferred raw material for Polyester, the Company has diversified into Polyester Staple Fibre (PSF) manufacture. The Polyester Plant was initially commissioned with DMT as a raw material for trial purposes and then switched over to PTA as raw material from September, 2007. The new Project commenced commercial production with effect from 1st October, 2007.

The Division has incurred losses from Polyester business during the year owing to :

- Establishing the new PSF manufacturing operations.
- Seeding both, the domestic and international markets for achieving product acceptance.
- Pricing related issues due to current over supply of PSF in the market.

(ii) Steps taken by the Company to improve performance:

In the Textile operations, the following steps have been initiated to improve the divisional performance in the coming years:

- Faster stabilization of production at the new process house at Ranjangaon;
- Erection of coal fuel based boilers and thermopacks for lower energy cost;
- Greater emphasis on domestic markets and retailing for overall higher margin; and
- Minimizing margin losses on overseas business.

The Polyester plant operations have now been well stabilized and the product has also been accepted as good quality material in domestic and international markets. The plant, however, continues to incur loss on account of an over-supply position in the domestic market as also very low import duty protection and a strong Rupee which has adversely affected the Division's export realization. Hence action has already been initiated to reduce costs at all levels. In the meanwhile, with easing of supply position in Asian market in respect of raw materials PTA & MEG, expected from second half of 2008-09, lower purchase prices are being worked out to improve profitability of the business.

(iii) Expected increase in productivity and profits in measurable terms:

In the textile operations, additional fixed costs in terms of increased interest cost owing to large borrowings to finance the capital cost and also increased depreciation arising from installation of huge capital assets at the new location shall continue to impact profitability of the division during 2008-09. However, improvement will be visible in the divisional performance from 2009-10 onwards with the stabilization and rebuilding of the business.

In the Polyester operations, the market is expected to gradually improve with increased demands for the product during the course of 2008-09 and the division expects to be in a position to generate profits from 2009-10.

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

P. GOVINDAN
Secretary

Mumbai, 24th July, 2008.

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ANNUAL REPORT 2007-2008**SUMMARISED BALANCE SHEET**

	31-03-2008	(Rupees in crores) 31-03-2007
WHAT THE COMPANY OWNED		
FIXED ASSETS		
Gross block	1,364.25	1,390.11
Less : Depreciation	123.67	512.86
Net block	1,240.58	877.25
INVESTMENTS		
In shares and securities	126.72	153.70
OTHER ASSETS		
Excess of "current assets, loans and advances" over "current liabilities and provisions" and deferred revenue expenditure.	456.26	425.83
TOTAL ASSETS	<u>1,823.56</u>	<u>1,456.78</u>
WHAT THE COMPANY OWED		
Secured and unsecured loans	1415.76	1052.40
Deferred tax liability (Net)	-	1.70
SHAREHOLDERS' FUNDS		
Share capital - paid up	38.61	38.61
Share Warrants	11.89	
Reserves	357.30	364.07
	407.80	402.68
TOTAL (CAPITAL EMPLOYED)	<u>1,823.56</u>	<u>1,456.78</u>
SUMMARISED PROFIT AND LOSS ACCOUNT		
WE EARNED FROM		
Sales of our products	959.01	502.54
Interest, dividends & other income	54.94	33.62
	<u>1,013.95</u>	<u>536.16</u>
WE PAID OR PROVIDED FOR		
Raw materials etc.	519.73	239.02
Payments to employees	26.06	48.85
Operating expenses	314.09	154.77
Finance charges	75.31	31.70
Depreciation	35.42	17.46
Excise duty and taxation	26.66	8.43
Dividend & corporate dividend tax	15.82	22.59
Retained earnings/		
(excess of expenditure over income)	0.86	13.34
	<u>1,013.95</u>	<u>536.16</u>

Note: Previous year's figures have been regrouped where necessary.