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ANNUAL REPORT & ACCOUNTS
2008 - 2009

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

ESTABLISHED 1879



ANNUAL REPORT 2008-2009

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. Palia

Ms. Vinita Bali (w.e.f. 30.4.2009)

P. V. Kuppaswamy, *Jt. Managing Director*

Ness N. Wadia, *Jt. Managing Director*

CHIEF FINANCIAL OFFICER

Durgesh Mehta

COMPANY SECRETARY

Somnath Majumdar

CEO/COOs/VICE-PRESIDENTS

P. Makhija, *Chief Executive Officer (Textile)*

Dr. S. C. Basu, *Chief Operating Officer (PSF)*

S. Rajappa, *Chief Operating Officer (Textile)*

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

R. Chandrasekharan, *Vice-President (Corporate Group)*

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

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

A. Bhawsingka, *Vice-President – Domestic Retail Business (Textile)*

Bhagaban Kar, *Vice-President – Manufacturing (PSF)*

R. K. Gupta, *Vice-President – Marketing (PSF)*

J. P. Rath, *Vice-President – Commercial (PSF)*

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. Kalyaniwalla & Mistry

REGISTERED OFFICE

Neville House, J. N. Heredia Marg,

Ballard Estate, Mumbai-400 001.

REGISTRAR & TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd., Unit: Bombay Dyeing

13AB, Samhita Warehousing Complex,
Sakinaka Telephone
Exchange Lane, Off Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai 400 072.

Tel: 022 - 67720300/67720400

Fax: 022 - 28591568

e-mail: sharepro@shareproservices.com

912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai – 400 021.
Tel: 022 - 66134700
Fax: 022 - 22825484

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THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

NOTICE

The 129th Annual General Meeting of the Members of The Bombay Dyeing & Manufacturing Company Limited will be held at the Sir Sitaram and Lady Shantabai Patkar Convocation Hall of the S.N.D.T. Women's University, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020, on Friday, 28th August, 2009, at 3.45 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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. Nusli N. Wadia, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. S. Ragothaman, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Mr. S. M. Palia, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint Messrs. Kalyaniwalla & Mistry, 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 Ms. Vinita Bali be and is hereby appointed as a Director of the Company."

8. As a Special Resolution:

"RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Article 145 of the Articles of Association of the Company and subject to the approval of the Central Government, if and to the extent necessary, and such other approvals, permissions and sanctions as may be required, and subject to the conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company does hereby approve the reappointment of Mr. P.V. Kuppuswamy as Joint Managing Director of the Company for a period of 5 years with effect from 1st June, 2009 and payment of remuneration on the terms and conditions as approved by the Remuneration/ Compensation Committee and by the Board of Directors at their respective Meetings held on 30th April, 2009 and as set out in the Explanatory Statement under Section 173 of the Act annexed to the Notice convening the 129th Annual General Meeting and in the Agreement to be entered into between the Company and Mr. P. V. Kuppuswamy, a draft whereof duly initialed by the Chairman for purposes of identification is submitted to this Meeting, which Agreement is hereby specifically sanctioned 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 fix and to revise from time to time the actual remuneration of Mr. P. V. Kuppuswamy within the ceilings stipulated in the Agreement and to alter/ vary/ modify/ amend from time to time the terms and conditions of the said appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. P. V. Kuppuswamy, provided that such alteration/ variation/ modification/ amendment is in conformity with the applicable provisions of the Act as amended from time to time.

RESOLVED FURTHER THAT where in any financial year comprised in the period of 3 years with effect from 1st June, 2009, during the currency of tenure of Mr. P.V. Kuppuswamy as Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay Mr. P. V. Kuppuswamy remuneration as determined from time to time by the Board pursuant to the authority vested in them in terms of this Resolution, subject to compliance with the applicable provisions of Schedule XIII to the Act, with the approval of the Central Government if and to the extent necessary AND THAT such remuneration shall be treated as the minimum remuneration payable to Mr. P. V. Kuppuswamy in the absence or inadequacy of profits, in accordance with the provisions of Sections 198(4), 309(3), 311 and other applicable provisions, if any, of the Act read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and desirable to give effect to this Resolution".

9. As a Special Resolution:

"RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Article 145 of the Articles of Association of the Company and subject to the approval of the Central Government, if and to the extent necessary, and such other approvals, permissions and sanctions as may be required, and subject to the conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company does hereby approve the reappointment of Mr. Ness N. Wadia as Joint Managing Director of the Company for a period of 5 years with effect from 1st June, 2009 and payment of remuneration on the terms and conditions as approved by the Remuneration/Compensation Committee and by the Board of Directors at their respective Meetings held on 30th April, 2009 and as set out in the Explanatory Statement under Section 173 of the Act annexed to the Notice convening the 129th Annual General Meeting and in the Agreement to be entered into between the Company and Mr. Ness N. Wadia, a draft whereof duly initialed by the Chairman for purposes of identification is submitted to this Meeting,



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which Agreement is hereby specifically sanctioned 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 fix and to revise from time to time the actual remuneration of Mr. Ness N. Wadia within the ceilings stipulated in the Agreement and to alter/ vary/ modify/ amend from time to time the terms and conditions of the said appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. Ness N. Wadia, provided that such alteration/ variation/ modification/ amendment is in conformity with the applicable provisions of the Act as amended from time to time.

RESOLVED FURTHER THAT where in any financial year comprised in the period of 3 years with effect from 1st June 2009, during the currency of tenure of Mr. Ness N. Wadia as Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay Mr. Ness N. Wadia remuneration as determined from time to time by the Board pursuant to the authority vested in them in terms of this Resolution, subject to compliance with the applicable provisions of Schedule XIII to the Act, with the approval of the Central Government if and to the extent necessary AND THAT such remuneration shall be treated as the minimum remuneration payable to Mr. Ness N. Wadia in the absence or inadequacy of profits, in accordance with the provisions of Sections 198(4), 309(3), 311 and other applicable provisions, if any, of the Act read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and desirable to give effect to this Resolution".

10. As an Ordinary Resolution:

"RESOLVED THAT in supersession of Resolution No. 8 passed at the 127th Annual General Meeting of the Company held on 25th July, 2007, consent of the Company be and is hereby accorded in terms of the Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of money (exclusive of interest) not exceeding at any time the sum of Rs. 2000 crores (Rupees Two Thousand Crores) on such terms and conditions as the Board may deem fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

11. As an Ordinary Resolution:

"RESOLVED THAT in supersession of Resolution No. 9 passed at the 127th Annual General Meeting of the Company held on 25th July, 2007, consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate, both present and future, on such terms, at such time, in such form and in such manner as the Board may deem fit, together with power to take over the management of the business and concern of the Company in certain events in favour of all or any of the following, namely: Banks, Financial Institutions, Insurance Companies, Investment Institutions, other investing agencies, Bodies Corporate incorporated under any statute and trustees for the holders of debentures/ secured premium notes/ bonds/ other securities/ debt instruments, and other secured lenders (hereinafter referred to as "the Lenders") to secure repayment of any loans (both rupee loans and foreign currency loans) and/or any other financial assistance and/or guarantee facilities already obtained or that may hereafter be obtained from any of the Lenders by the Company, and/or to secure redemption of debentures (whether partly/fully convertible or non-convertible)/ secured premium notes/ bonds/ other securities/ debt instruments and/or rupee/ foreign currency convertible bonds and/or bonds with share warrants attached, already issued or that may hereafter be issued by the Company, together with all interest, compound additional interest, commitment charge, liquidated damages, premium on prepayment or on redemption, trustees' remuneration, costs, charges, expenses and all other moneys including revaluation/ devaluation/ fluctuation in the rates of foreign currencies involved, payable by the Company to the Lenders concerned, in terms of their respective Loan Agreements/ Heads of Agreements/ Hypothecation Agreements/ Trustees Agreements/ Letters of Sanction/ Memorandum of terms and conditions/ Debenture Certificates entered into/to be entered into/ issued/to be issued by the Company, provided that the total borrowings of the Company (exclusive of interest) whether by way of loans and/or any other financial assistance and/or guarantee facilities and/or issue of debentures/ secured premium notes/ other securities/ debt instruments to be secured as aforesaid (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) shall not any time exceed the limit of Rs. 2000 Crores (Rupees Two Thousand Crores).

"RESOLVED FURTHER THAT the Board be and is hereby authorized to finalise and execute with any of the Lenders jointly or severally, the documents, instruments and writings for creating aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing the aforesaid Resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company."

12. As a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956 ("the Act"), 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 Act, together with the copies of Certificates and documents required to be annexed thereto under Section 161 of the 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 (India) Pvt. Ltd. at 13AB, Samhita Warehousing Complex, Saki Naka Telephone Exchange Lane, Off Andheri Kurla Road, Saki Naka, Andheri (E), Mumbai 400 072."

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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 7 to 12 of the Notice as set out above, is annexed hereto as **Annexure I**.
- (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 COMMENCEMENT OF THE MEETING.
- (c) The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, 18th August, 2009 to Friday, 28th August, 2009, 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 31st August 2009 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 17th August, 2009 in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2009 will be payable to the beneficial owners of shares as at the closing hours of 17th August, 2009 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 13AB, Samhita Warehousing Complex, Saki Naka Telephone Exchange Lane, Off Andheri Kurla Road, Saki Naka, Andheri (E), Mumbai 400 072 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 holding shares in physical form 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, 2002 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
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
2007-2008	02.09.2008	01.09.2015	04.11.2015

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 holding shares in physical form 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 seeking appointment / reappointment at the Meeting are annexed hereto as **Annexure II**.

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

SOMNATH MAJUMDAR
Company Secretary

Mumbai, 30th June, 2009

Registered Office:

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



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ANNEXURE I TO NOTICE

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under items 7 to 12 of the accompanying Notice dated 30th June, 2009.

Item 7

Ms. Vinita Bali was appointed by the Board of Directors with effect from 30th April, 2009 as an Additional Director in terms of Section 260 of the Companies Act, 1956 ("the Act") and Article 117 of the Company's Articles of Association. She holds office as a Director only upto 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 Ms. Vinita Bali as Director of the Company at this Annual General Meeting.

The information in terms of paragraph IV(G)(i) of Clause 49 of the Listing Agreement is furnished in Annexure II to the Notice.

No Director other than Ms. Vinita Bali is concerned or interested in this Resolution.

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

Items 8 & 9

The term of office of Mr. P. V. Kuppaswamy, Joint Managing Director, as well as of Mr. Ness N. Wadia, Joint Managing Director, was completed on 31st May 2009, in terms of the respective agreements (both dated 1st September, 2004) entered into between the Company and the Joint Managing Directors, pursuant to the approval granted by the shareholders at the 124th Annual General Meeting of the Company held on 23rd July, 2004.

The Board of Directors of the Company at its Meeting held on 30th April, 2009, decided to reappoint Mr. P. V. Kuppaswamy and Mr. Ness N. Wadia as Joint Managing Directors for a period of 5 years with effect from 1st June, 2009. The terms and conditions of the reappointment of Mr. P. V. Kuppaswamy and Mr. Ness N. Wadia as Joint Managing Directors (hereinafter referred to as "the Appointees") are embodied in the respective Agreements to be made between the Company and the Appointees. The aforesaid reappointments and remuneration payable to them are subject to the approval of the members and of the Central Government, if and to the extent necessary.

The material terms of their appointment contained in the draft Agreements proposed to be entered into by the Company with the Appointees are summarized below:

1. Mr. P. V. Kuppaswamy and Mr. Ness N. Wadia will serve the Company as Joint Managing Directors for a term of 5 years with effect from 1st June, 2009.
2. The Appointees 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 them.
3. The Appointees shall devote their whole time and attention to the business of the Company, exert their best endeavours to promote its interests and welfare and attend their places of employment at all proper times.
4. (i) The Appointees shall undertake such traveling in and outside India as may be necessary in the interest of the Company's business or as may from time to time be required or directed by the Board in connection with or in relation to the business of the Company.
(ii) The Appointees shall be entitled to reimbursement of all expenses including traveling, entertainment/ business promotion and other out-of-pocket expenses incurred by them in connection with or in relation to the business of the Company.
5. In consideration of the performance of their duties, the Appointees shall be paid the following remuneration:

Basic Salary upto a maximum of Rs. 8,00,000/- per month.

Benefits, perquisites and allowances as may be determined by the Remuneration/ Compensation Committee or the Board of Directors from time to time, or as may be applicable in accordance with the rules and policies of the Company, upto a maximum of Rs. 8,00,000/- per month.

Bonus as may be determined by the Remuneration/ Compensation Committee or the Board of Directors, based on performance criteria.

For the purpose of computing the ceilings, wherever applicable, perquisites would be valued as per the Income Tax Rules, 1962, wherever applicable, and provision for use of car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in such computation.

The aggregate of the remuneration shall be within the maximum limits as laid down under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 ("the Act") read with Schedule XIII thereto, as amended from time to time and shall be subject to the approval of the Central Government, if and to the extent necessary.

In respect of Mr. Ness N. Wadia, contribution to provident fund, superannuation fund or annuity fund, if any, which shall not exceed 27% of the remuneration or such higher percentage as permissible under Rule 87 of the Income Tax Rules, 1962, and gratuity, if any, payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure as per the rules / policies of the Company, which shall not be included in the computation of the ceilings on remuneration.

The Remuneration / Compensation Committee or the Board of Directors may, at its discretion, from time to time, fix the actual remuneration of the Joint Managing Directors and revise the same from time to time, within the maximum limits specified hereinabove.

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Where in any financial year comprised in the period of 3 years with effect from 1st June, 2009, during the currency of tenure of the Joint Managing Directors the Company has no profits or its profits are inadequate, the Company shall pay the Joint Managing Directors remuneration as determined from time to time by the Remuneration/ Compensation Committee or the Board of Directors pursuant to the authority vested in them, subject to compliance with the applicable provisions of Schedule XIII to the Act, with the approval of the Central Government if and to the extent necessary AND THAT such remuneration shall be treated as the minimum remuneration payable to the Joint Managing Directors in the absence or inadequacy of profits, in accordance with the provisions of Sections 198(4), 309(3), 311 and other applicable provisions, if any, of the Act read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof for the time being in force).

6. The rules and policies of the Company which are applicable to other senior executives of the Company shall also apply to the Appointees.
7. The Appointees shall not be paid any sitting fees for attending Meetings of the Board or of any Committee thereof.
8. The Appointees shall not, as long as they function as the Joint Managing Directors of the Company, become interested or otherwise concerned directly or indirectly in any contract with the Company as contemplated under sub-section (1) of Section 297 of the Act without the prior approval of the Central Government.
9. The Appointees shall not, except in the proper course of their duties during the continuance of their employment with the Company or any time thereafter divulge or disclose to any persons whomsoever or make use whatsoever for their own purpose or for any purpose of any information or knowledge obtained by them during their employment as to the business and/or affairs of the Company and/or trade secrets or secret processes of the Company.
10. The Appointees shall not in the event of their ceasing to be Joint Managing Director of the Company before the expiry of the term of 5 years, for the remainder of such period:
 - (i) either alone or jointly with or as an employee of any person, firm or company, directly or indirectly, carry on or engage in any activities or business which shall be in competition with the business of the Company; and
 - (ii) in connection with carrying on any business similar to or in competition with the business of the Company on their behalf or on behalf of any person, firm or company, directly or indirectly:
 - (a) seek to procure orders or do business with any person, firm or company, who has at any time during the two years, immediately preceding such cessation of employment, done business with the Company; or
 - (b) endeavour to entice away from the Company any person who has at any time during the two years immediately preceding such cessation of employment, done business with, or engaged by, the Company. Provided that nothing in this clause shall prohibit seeking or procuring of orders or doing of business not related or similar to the business/businesses of the Company.
11. The employment of the Appointees shall forthwith determine if they become insolvent or cease to be a Director of the Company. They shall cease to be a Director if the Agreement is terminated and they cease to be employed as the Joint Managing Director.
12. If the Appointees be guilty of any misconduct or any breach of the Agreement as in the opinion of the Board render their retirement from the office of Joint Managing Director desirable, the Company may by not less than 30 days notice in writing to them determine the Agreement and they shall cease to be Joint Managing Director of the Company upon the expiration of such notice.
13. 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 the Appointees' employment at any time by payment to him of six months' basic salary in lieu of such notice.
14. If the Appointees cease to be the Joint Managing Director of the Company, they shall be deemed to have resigned from the office of Director as and from the date of such cessation.

The Board will have the authority to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification/amendment is in conformity with the applicable provisions of the Act as amended from time to time.

The Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of the Appointees.

Approval of the members is being sought by way of special resolution for payment of minimum remuneration in excess of the ceiling specified in sub-paragraph (C) of paragraph (1) of Section II of Part II of Schedule XIII to the Act for a period of 3 years with effect from 1st June, 2009, and necessary application will be made to the Central Government for approval of such payment.

The draft Agreements to be entered into by the Company with the Appointees are available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting.

Mr. P. V. Kuppaswamy and Mr. Ness N. Wadia are concerned or interested in the Resolutions at Items 8 and 9 respectively as they relate to their appointment and remuneration. 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 No. 9.

This may also be treated as an abstract of the terms of the Agreements between the Company and Mr. P. V. Kuppaswamy and Mr. Ness N. Wadia respectively, when executed, and memorandum of interest pursuant to Section 302 of the Act.

The Directors recommend the Resolutions at Items 8 and 9 for approval by the Members.



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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 are furnished below:

I. General information:

1. (i) 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.
- (ii) 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. The Company has recently set up manufacturing facilities in respect of PSF at Patalganga and for Textiles at Ranjangaon, which commenced commercial production on 1st October 2007 and 1st January, 2008 respectively.
- (iii) 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, 2009.

Particulars	(Rupees in crores)
Turnover & Other Income	1417.77
Net Profit / (Loss) as per Profit & Loss A/c	(194.62)
Profit / (Loss) as computed under Section 309(5) read with Section 198	(221.11)
Effective Capital	582.15

3. Export performance and foreign exchange earned for the financial year ended March 31, 2009: The Company's exports were Rs. 164.53 crores while the Company's earnings in foreign exchange were Rs. 181.82 crores for the financial year ended March 31, 2009.
4. Foreign investments or collaborations, if any: Not applicable.

II. Information about the Incumbents:

(i) Background details:

Mr. P. V. Kuppuswamy, 65, 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 29 years, including over 9 years as Joint Managing Director.

Mr. Ness N. Wadia, 38, is an M.Sc. in Engineering Business Management (Warwick University, UK). He has been with the Company for over 15 years including about 5 years as Deputy Managing Director and 3 years as Joint Managing Director.

(ii) Past remuneration drawn during the financial year 2008-09:

Director	Rs. in lacs
Mr. P. V. Kuppuswamy	106.97*
Mr. Ness N. Wadia	108.77*

Notes: *1. For the period 1st April 2008 to 31st May 2009, in respect of which application has been made to the Central Government.

2. Remuneration includes retiral.

(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 Wadia was awarded Rotary Medal of Honour for Bravery (1980-81).

(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.

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.

The Joint Managing 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 the Joint Managing Directors are best suited for the responsibilities assigned to them by the Board of Directors.

(v) Remuneration Proposed:

Please refer to paragraph 5 of the material terms of appointment summarized above.

- (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, Joint Managing Directors, 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. 2.38 crores and Rs. 13.23 crores respectively towards purchase consideration have been received from them by the Company as at 31st March, 2009. Except for the above, the Joint Managing Directors do not have any other pecuniary relationship with the Company.

III. Other Information:

A. Reasons for loss or inadequacy of profits:

The Company's working has been adversely impacted by the slow down in economy for the reasons mentioned below:

The Company operates in three businesses:

Textile business:

The demand for Textile products in the domestic market has considerably slowed down with consumers postponing purchase decision. The sale of industrial fabrics has also been impacted by slowdown in the consuming sectors.

The Company's exports have been hit by unprecedented recession in USA and West European countries, which was further aggravated by intense competition from other exporting countries in the region.

The drop in volumes had a significant adverse impact on the Company's profitability. The high interest burden on the new Textile Processing plant at Ranjangaon in Maharashtra has significantly increased the fixed costs and depressed margins.

Polyester business:

Polyester business has been adversely impacted due to a significant slow down in demand, coupled with very high input costs. Further, the capacity utilization was poor due to lack of demand from domestic consumers and unremunerative prices in international markets. Consequently, the business suffered losses in its operations during the first half of the year. While the situation improved in second half to some extent, it was still inadequate to fully cover the fixed costs including interest and depreciation for the new plant.

Real Estate business:

Real Estate business, where a significant underlying value resides for the Company, has seen a total absence of demand during past six months for commercial and residential space.

B. Steps to improve profitability

Under these circumstances, the Company has initiated several steps including the following specific measures to control its costs and improve its competitive position and performance:

- (i) The new state of the art Textile Processing Unit at Ranjangaon in Maharashtra is now fully operational. Arrangements have been made for dedicated spinning and weaving facilities to ensure uninterrupted supply of grey fabric to the process house at competitive prices.
- (ii) The Company has expanded its bed-n-bath range by introducing new products straddling a wide price band. During the year, "Blooms" range targeted at "Value Conscious" consumers was relaunched.
- (iii) The Polyester business has stabilized with several standard and speciality products being offered locally and in export market.
- (iv) Organizational restructuring has been undertaken at all levels in all divisions with the objective of reducing costs.
- (v) The Company is focusing on improving systems and controls in order to undertake better business decisions. SAP system has been introduced in Textile Division to strengthen the information and control systems.
- (vi) The Company is attempting to reduce overheads and improve the productivity of machines and manpower by improving the systems and process controls at all the plants. Steps have also been taken to reduce energy consumption.

C. Expected increase in productivity and profits in measurable terms:

The aforesaid measures instituted are expected to improve the Company's performance in future years.

Textile sales are expected to improve during 2009-10, which will help reduce operational losses to a significant extent.

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 once the interest burden is eased by cash generation from its Real Estate business.

In the Real Estate business with almost 1 million sq.ft. being readied for occupation in the year 2009-10 and with proposed sale of commercial building of 4,38,000 sq.ft. and also the remaining flats in the residential tower under construction during the next six months, the Real Estate business is expected to contribute profits from 2009-10.

With corrective steps undertaken by the management and expected revival of demand in the economy in the coming year, it is expected that the Company will be able to deliver a modest profit next year and a healthy result in the subsequent years.



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Items 10 & 11

Under Section 293(1)(d) of the Companies Act, 1956 ("the Act"), the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose. The Members at the 127th Annual General Meeting of the Company held on 25th July, 2007 had accorded their consent to the Board of Directors for borrowing from time to time any sum or sums of money (exclusive of interest) not exceeding at any time the sum of Rs. 1,500 crores (Rupees one thousand and five hundred crores) on such terms and conditions as the Board may deem fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Taking into consideration the requirements of additional funds to meet the Company's business requirements, it is expected that the limit of Rs. 1,500 crores sanctioned by the Members is likely to be exceeded. The consent of the Members is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to enable the Board of Directors to borrow moneys (exclusive of interest) to the extent of Rs. 2000 crores, in supersession of the Resolution passed on 25th July, 2007. The Resolution at Item 10 is to obtain the consent of the Members for this purpose.

The proposed borrowings of the Company may, if necessary, be secured by way of charge/ mortgage/ hypothecation on the Company's assets in favour of the secured lenders/ trustees for the holders of the securities/debt instruments. As the documents to be executed between the secured lenders/ trustees for the holders of the securities/ debt instruments and the Company may contain the power to take over the management of business and concern of the Company in certain events, it is necessary to pass a resolution under Section 293(1)(a) of the Act, for creation of charges/ mortgages/ hypothecations for an amount not exceeding the borrowing limit of Rs. 2000 Crores in supersession of the Resolution passed on 25th July, 2007. The Resolution at Item 11 is to obtain the consent of the Members for this purpose.

The above proposals are in the interest of the Company and the Directors recommend the Resolutions at Items 10 and 11 of the Notice for approval by the Members.

None of the Directors is concerned or interested in the Resolutions at Items 10 and 11 of the Notice.

Item 12

Under Section 163 of the Companies Act, 1956 ("the Act"), the statutory records of the Company as listed in the Resolution at Item 12 of the Notice, are required to be kept at the Registered Office of the Company. The said records may, however, be kept at any other place within the city, town or village where the registered office is situated, if such other place has been approved by a Special Resolution passed by the Company in General Meeting.

At the 123rd Annual General Meeting of the Company held on 30th July, 2003, the Members had granted approval for keeping the said records of the Company at the office of the Company's Registrar and Transfer Agent, M/s Sharepro Services (India) Pvt. Ltd. ("RTA") at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099.

The RTA has since shifted its office to 13AB, Samhita Warehousing Complex, Saki Naka Telephone Exchange Lane, Off Andheri Kurla Road, Saki Naka, Andheri (E), Mumbai 400 072.

The Special Resolution at Item 12 seeks the approval of the Members in terms of Section 163 of the Act for keeping the said records of the Company at the office of the RTA at 13AB, Samhita Warehousing Complex, Saki Naka Telephone Exchange Lane, Off Andheri Kurla Road, Saki Naka, Andheri (E), Mumbai 400 072, instead of at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099.

The Directors recommend the Resolution at Item 12 for approval by the Members. The Directors may be deemed to be concerned or interested in the Resolution at Item 12 of the Notice to the extent of shares, if any, held by them.

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

SOMNATH MAJUMDAR
Company Secretary

Mumbai, 30th June, 2009.

Registered Office:

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