



**ANNUAL REPORT & ACCOUNTS**  
**2009 - 2010**

THE BOMBAY DYEING  
AND MANUFACTURING COMPANY LIMITED

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ESTABLISHED 1879





## 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. Kuppuswamy**, *Jt. Managing Director (upto 31.3.2010)*

**Ness N. Wadia**, *Jt. Managing Director*

**Durgesh Mehta**, *Jt. Managing Director & CFO (w.e.f. 1.4.2010)*

**Ishaat Hussain** (w.e.f. 1.6.2010)

**Jeh N. Wadia** (w.e.f. 1.6.2010)

## COMPANY SECRETARY

**J. C. Bham**

Contents	Pages
Board of Directors.....	1
Notice.....	2-9
Summarised Balance Sheet and Profit and Loss Account .....	10
Directors' Report .....	11-15
Management Discussion and Analysis.....	16-17
Corporate Governance Report.....	18-26
Auditors' Report.....	27-29
Balance Sheet.....	30
Profit and Loss Account .....	31
Cash Flow .....	32-33
Schedules & Notes to the Accounts .....	34-58
Balance Sheet Abstract .....	59
10 Years' Financial Review .....	60

## CEO/COOs/VICE-PRESIDENTS

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

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

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

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

**S. Dasmahapatra**, *Vice-President – Corporate HR*

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

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

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

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

**J. P. Rathi**, *Vice-President – Commercial (Polyester)*

## BANKERS

**State Bank of India**

**Axis Bank Ltd.**

**IDBI Bank 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

# THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

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## NOTICE

The 130<sup>th</sup> Annual General Meeting of the Members of The Bombay Dyeing & Manufacturing Company Limited will be held at the Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020, on Wednesday, 11<sup>th</sup> August, 2010, at 3.45 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 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. Keshub Mahindra, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr. R. A. Shah, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Dr. H. N. Sethna, 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 Mr. Ishaat Hussain be and is hereby appointed as a Director of the Company.”
8. As an Ordinary Resolution:  
“RESOLVED THAT Mr. Jeh N. Wadia be and is hereby appointed as a Director of the Company.”
9. As an Ordinary Resolution:  
“RESOLVED THAT Mr. Durgesh Mehta be and is hereby appointed as a Director of the Company.”
10. As a Special Resolution:  
“RESOLVED THAT :
  - (A) Pursuant to Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as “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. Durgesh Mehta as a Whole-time Director designated as Joint Managing Director & Chief Financial Officer (JMD & CFO) of the Company for a period of five years with effect from 1<sup>st</sup> April, 2010, upon the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. Durgesh Mehta, a draft whereof duly initialled by the Chairman for purposes of identification is submitted to this Meeting which Agreement is hereby specifically sanctioned with the liberty and power to the Board of Directors (hereinafter referred to as “the Board” which expression shall also include a Committee thereof) to grant increments and to alter and vary from time to time the said terms and conditions of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. Durgesh Mehta subject to the approval of the Central Government, if required.
  - (B) Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Durgesh Mehta as JMD & CFO, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Durgesh Mehta all the remuneration by way of salary (including incentive) and allowances, and perquisites not exceeding the limits stipulated in the aforesaid Agreement subject to the approval of the Central Government, if required.
  - (C) The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution.”
11. As a Special Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Managing or Whole-time Director such sum by way of commission not exceeding in the aggregate one percent per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 for each of the five financial years of the Company commencing from 1<sup>st</sup> April, 2011 be paid to and distributed amongst such Directors of the Company {excluding Managing Director(s) and Whole-time Director(s)} as may be determined by the Board, the proportion and manner of such payment and distribution to be as the Board may from time to time decide.  
  
RESOLVED FURTHER THAT if at any time during the aforesaid period of five financial years commencing from 1<sup>st</sup> April, 2011, the Company does not have a Managing or Whole-time Director, such sum by way of commission not exceeding in the aggregate three percent per annum of the net profits of the Company computed in the manner laid down in the said Section 198 be paid to and distributed amongst such Directors of the Company, as may be determined by the Board, for the then residual unexpired part of the aforesaid period of five years, the proportion and manner of such payment and distribution to be as the Board may from time to time decide.  
  
RESOLVED FURTHER, for the sake of clarification, that the remuneration aforesaid shall be exclusive of the fees payable to a Director for each Meeting of the Board or a Committee of the Board attended by him.”



## 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 11 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, 3<sup>rd</sup> August, 2010 to Wednesday, 11<sup>th</sup> August, 2010, 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 12<sup>th</sup> August, 2010 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 2<sup>nd</sup> August, 2010 in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31<sup>st</sup> March, 2010 will be payable to the beneficial owners of shares as at the closing hours of 2<sup>nd</sup> August, 2010 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 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 31<sup>st</sup> March, 2003 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
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
2008-2009	28.08.2009	27.08.2016	03.11.2016

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 reappointment at the Meeting are furnished below:

### Mr. Keshub Mahindra

Mr. Keshub Mahindra, Chairman of Mahindra & Mahindra Ltd (M&M), is a graduate from Wharton, University of Pennsylvania, USA. He is a well-known philanthropist who redefined corporate governance by effectively channelising funds into the social sector. He has contributed immensely to the cause of building ethical corporations in India and is currently a part of numerous prestigious organizations and committees. He was also appointed by the Government of India to serve on a number of Committees including the Sachar Commission on Company Law & MRTP; Central Advisory Council of Industries etc. Today, he is an icon, an inspiring business leader and a distinguished corporate citizen that everyone looks up to.

He is a Member of various organizations & committees namely Prime Minister's Council on Trade & Industry, New Delhi; Member of Apex Advisory Council – ASSOCHAM; Founder Member of Indo-Hellenic Friendship League; Founder Member of Governing Council, Integrated Research & Action for Development (IRADe), New Delhi; President - Centre for Research in Rural & Industrial Development Society, Chandigarh; Chairman, Governing Body, Centre for Research in Rural & Industrial Development, Chandigarh; President Emeritus – Employers' Federation of India; President of the Governing Council - University of Pennsylvania Institute for the Advanced Study of India, New Delhi; Member, International Advisory Board – University of Pennsylvania Center for the Advanced Study of India, Philadelphia; and Hon. Fellow - All India Management Association, New Delhi.

## THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

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Mr. Keshub Mahindra is the former President of Bombay Chamber of Commerce & Industry (1966-67), President of ASSOCHAM (1969-70), President of Indo-American Society (1991-92), President of M.V.I.R.D.C. - World Trade Centre (1978-95), Chairman of Indian Institute of Management, Ahmedabad (1975-85), Chairman of HUDCO (1971-75), Member of the Foundation Board - International Management Institute, Geneva (1984-89), Hon. Member, Business Advisory Council - International Finance Corporation, Washington (1986-96), Member, International Council - Asia Society, New York (1983-97) and Chairman, India Nominating Committee "Single Nation Programme" - Eisenhower Exchange Fellowships, U.S.A (1998 - 2005), United World Colleges (Int.) Ltd., U.K.

He spearheads social causes in and as Chairman of Mahindra Foundation; Chairman, Board of Trustees - Population First; Member, Governing Board - United Way of Mumbai; Vice-President - National Society for Clean Cities; Chairman and Founder Trustee - Bombay City Policy Research Foundation; Member, Governing Board - Bombay First and Chairman of its Health & Environment Committee; Chairman & Trustee - K.C. Mahindra Education Trust; Hon. Member - Rotary Club of Bombay; Member of the Governing Body of HelpAge India (2000-04); Member of the Board of Governors of Bharat Shiksha Kosh (2002-05); and Director of Pratham - India Education Initiative (2003-08).

He has been the recipient of various prestigious awards namely Chevalier De La Legion D'honneur (1987); Companion - British Institute of Management (1985); Giants International Business Leadership Award (1972-82); NIF-Mody Enterprises Man of the Year Award (1980); Madras Management Association Business Leadership Award (1983); Business India - Businessman of the Year, India (1989); Honorary Fellowship of All India Management Association (1990); Rotary Award for Vocational Excellence (1992); Shiromani Award (1992); Vikas Jyoti Award for Outstanding Services, Contribution & Achievements (1993); FIE Foundation - Rashtra Bhushan Award (1994); The Sir Jehangir Ghandy Medal for Industrial Peace, - XLRI, Jamshedpur (1994); Rotary Vocational Excellence Award in the field of Industry (1996); IMC Diamond Jubilee Endowment Trust Award (1998); Motorindia Automan Award (2000); Dadabhai Naoroji International Award for Excellence & Lifetime Achievement (2000); All India Management Association Lifetime Achievement Award for Management (2003); Award from Overdrive for Excellence in the Indian Automotive Hall of Pride (2004); Institute of Company Secretaries of India (ICSI) Lifetime Achievement Award for Excellence in Corporate Governance (2004); Qimpro Platinum Standard - Statesman for Quality - Business Award (2005); Lakshya Business Visionary Award - NITIE (2006); Indian Business School (IBS) Kolkata Lifetime Achievement Award presented by the Institute of Chartered Financial Analysts of India (ICFAI) (2007); Ernst & Young Entrepreneur of the Year Lifetime Achievement Award (2007); Society of Indian Automobile Manufacturers (SIAM) Award for "Lifetime Contribution to the Automotive Industry" (2008); CNBC TV18 India Business Leaders Lifetime Achievement Award (2008); ACMA Lifetime Achievement Award (2009); and Economic Times Lifetime Achievement Award (2009).

He holds 1,630 equity shares of the Company.

**Outside Directorship:** Mr. Mahindra is on the Board of Directors as Chairman of Mahindra Ugine Steel Co. Ltd., Mahindra Holdings Ltd., Board of Governors of Mahindra United World College of India, Vice-Chairman of Housing Development Finance Corporation Ltd., Director of The Bombay Burmah Trading Corporation Ltd., and Indian Institute for Human Settlements.

**Committee Membership:** Chairman & Member -Share Transfer and Shareholders/Investors Grievance Committee; Chairman & Member-Loans and Investment Committee; Member- Remuneration/ Compensation Committee of the Board of M&M; Chairman - Compensation Committee of the Board of HDFC and Chairman - Remuneration Committee of the Board of The Bombay Dyeing & Mfg.Co.Ltd.

### MR. R.A. SHAH

Mr. R.A. Shah, is a leading Solicitor and a Senior Partner of M/s.Crawford Bayley & Company, a firm of Solicitors and Advocates. He specialises in a broad spectrum of corporate laws. Mr. R.A. Shah has been a Director on the Board of the Company since December 1979.

He holds 300 equity shares of the Company.

**Outside Directorship:** Chairman of Clariant Chemicals (India) Ltd., Godfrey Philips India Ltd., Pfizer Ltd., Procter & Gamble Hygiene and Healthcare Ltd.; Vice-Chairman of Colgate Palmolive India Ltd.; Director in Abbot India Ltd, Asian Paints Ltd., ACC Ltd., BASF India Ltd., Century Enka Ltd., Deepak Fertilisers & Petrochemicals Corporation Ltd., Lupin Ltd., Piramal Healthcare Ltd., Wockhardt Ltd., Alternate Director in Atul Limited, BASF Polyurethanes India Ltd., Modicare Ltd., RPG Life Sciences Ltd., Schrader Duncan Ltd. and Uhde India Ltd.

**Committee Membership:** Audit Committee of the Boards of Colgate Palmolive India Ltd. (Chairman), Pfizer Ltd. (Chairman), Procter & Gamble Hygiene and Healthcare Ltd. (Chairman), Piramal Healthcare Ltd. (Chairman), The Bombay Dyeing & Mfg.Co.Ltd., Clariant Chemicals India Ltd. (Chairman), Abbott India Ltd., BASF India Ltd., Century Enka Ltd. & Wockhardt Ltd.; Remuneration Committee of the Board of The Bombay Dyeing & Mfg.Co.Ltd., Lupin Ltd. and Piramal Healthcare Ltd.; Corporate Governance & Ethics Committee of the Board of Piramal Healthcare Ltd.

### DR.H.N.SETHNA

Dr. H. N. Sethna, 86, is B.Sc., B.Sc. (Tech.) from Bombay University and M.S.E. (Michigan); F.A. Sc., F.N.A., F.I.E., M.I.E. He has been conferred with Honorary Doctorates in Science by several Universities in the country and also I.I.T., Bombay and Delhi, apart from Honorary Doctorate in laws by Bombay University.

He was Director of the Bhabha Atomic Research Centre during the period 1966-72. He was appointed Secretary to the Government of India and Chairman Atomic Energy Commission during the period 1972-1981 and Principal Secretary to the Government of India and Chairman Atomic Energy Commission from 1981 to 1983. He was appointed a Member of the Research Advisory Committee of the Planning Commission, Government of India in 1998. He was appointed a Member of the Court of the Indian Institute of Science, Bangalore (1998-2001), the Court of University of Hyderabad (1998) and the Board of Trade, D.G.F.T., Government of India (1999).



He was awarded “Padma Shri” in 1959, followed by “Padma Bhushan” in 1966 and “Padma Vibhushan” in 1975.

Dr. Sethna is the recipient of several Awards including Pandit Jawaharlal Nehru Award for Engineering & Technological Sciences, “UDCT Diamond” Award from the University of Bombay, “Life time Contribution in Engineering Award” from the Indian National Academy of Engineering. He was on the Scientific Advisory Committee of the International Atomic Energy Agency from 1966 to 1981 and also on U.N. Scientific Advisory Committee in 1970. He was the Chairman of Tata Electric Companies from 1989 to 1999.

He has been a Member of several reputed Institutions and organizations. Dr. Sethna has been actively associated with leading Charitable Institutions.

He holds 5,152 equity shares of the Company.

**Outside Directorship:** Cabot India Limited (Chairman), WIMCO Limited (Chairman), Jost’s Engineering Co. Ltd., and Mahindra Ugine Steel Co. Ltd.

**Committee Membership :** Audit Committee of the Board of Wimco Ltd. (Chairman), The Bombay Dyeing & Mfg. Co. Ltd. and Cabot India Ltd.; Share transfer and Shareholders/Investors Grievance Committee of the Board of Wimco Ltd. (Chairman) and The Bombay Dyeing & Mfg. Co. Ltd.

Details in respect of Mr. Durgesh Mehta, Mr. Ishaat Hussain and Mr. Jeh N. Wadia have been furnished at the appropriate places in the Explanatory Statement annexed to the Notice. These details are not given here so as to avoid repetition.

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

**J. C. BHAM**  
Company Secretary

Mumbai, 1<sup>st</sup> June, 2010.

### **Registered Office:**

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

## **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 11 of the accompanying Notice dated 1<sup>st</sup> June, 2010.

### **Items 7 & 8**

Mr Ishaat Hussain & Mr. Jeh Wadia joined the Board of Directors with effect from 1<sup>st</sup> June, 2010 as Additional Directors in terms of Section 260 of the Companies Act, 1956 (“the Act”) and Article 117 of the Company’s Articles of Association. They hold office as Directors upto the date of this Annual General Meeting but are 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 Mr. Ishaat Hussain and Mr. Jeh Wadia respectively as Directors of the Company at this Annual General Meeting.

Born on September 2, 1947, Mr Ishaat Hussain completed his schooling from The Doon School in 1963 to join St. Stephens College Delhi to do his graduation in Economics. A Chartered Accountant from England and Wales, Mr Hussain attended the Advanced Management Programme at the Harvard Business School. He joined the Board of The Indian Tube Company (a Tata Steel associate company) in 1981. Thereafter, he moved to Tata Steel in 1983 after Indian Tube was merged with Tata Steel.

Besides being on Board of Tata Sons Limited, he is the Chairman of Voltas Limited and Tata Sky Limited. He is also on the Boards of several Tata Companies viz. Tata Steel, Tata Industries, Tata Teleservices, Titan Industries Limited.

In April 2005, Mr. Hussain has been appointed a Member of the Board of Trade, and in November 2006, has been appointed a Public Interest Director of Bombay Stock Exchange Limited. In January 2008, he has been appointed a Trustee on the Board of India Foundation for the Arts (IFA).

Mr. Ishaat Hussain is not holding any shares in the Company.

Mr. Jeh N. Wadia is a MS – Engineering Management from Warwick University, England. He has had extensive training with the Company in various areas of management, production planning and control. He has been actively associated with the Wadia Group for over 15 years and has taken lead to put the Group in the field of IT. His vision is to create value through innovation, sustainable execution plan and maintenance strategies. He is also the founder of GoAir, a low cost airline in India. He also holds the directorships in various leading companies in India such as Nowrosjee Wadia & Sons Ltd., Gherzi Eastern Ltd., The Bombay Burmah Trading Corporation Ltd., Britannia Industries Ltd. and others.

Mr. Jeh N. Wadia holds 31,800 shares in the Company.

No Director other than Mr. Ishaat Hussain, Mr Jeh Wadia and Mr. Nusli N. Wadia (Chairman), Mr. Ness N. Wadia (Joint Managing Director) being relatives (as defined under Section 6 of the Act) of Mr. Jeh Wadia, are concerned or interested in these Resolutions.

The Directors recommend the Resolutions at Item 7 & 8 for approval by the Members.

## **THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED**

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### **Items 9 & 10**

Mr. Durgesh Mehta was appointed as Whole-time Director designated as Joint Managing Director and Chief Financial Officer (JMD & CFO) by the Board for a period of 5 years with effect from 1<sup>st</sup> April, 2010. The terms and conditions of the appointment of Mr. Durgesh Mehta as JMD & CFO (hereinafter referred to as "Mr. Mehta") are embodied in the Agreement to be made between the Company and Mr. Mehta. The aforesaid appointment and remuneration payable to him are subject to the approval of the members and of the Central Government, if and to the extent necessary.

The material terms of his appointment contained in the draft Agreement proposed to be entered into by the Company with Mr. Mehta are summarized below:

1. Mr. Mehta will serve the Company as Joint Managing Director & Chief Financial Officer for a term of 5 years with effect from 1<sup>st</sup> April, 2010.
2. Mr. Mehta 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.
3. Mr. Mehta shall devote his whole time and attention to the business of the Company, exert his best endeavours to promote its interests and welfare and attend his place of employment at all proper times.
4. (i) Mr. Mehta shall undertake such travelling 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) Mr. Mehta shall be entitled to reimbursement of all expenses including travelling, entertainment/ business promotion and other out-of-pocket expenses incurred by him in connection with or in relation to the business of the Company.

5. In consideration of the performance of his duties, Mr. Mehta 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.

The 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 Mr. Mehta and revise the same from time to time, within the maximum limits specified hereinabove.

Where in any financial year comprised in the period of 3 years with effect from 1<sup>st</sup> April, 2010, during the currency of tenure of Mr. Mehta the Company has no profits or its profits are inadequate, the Company shall pay Mr. Mehta 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 Mr. Mehta 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 Mr. Mehta.
7. Mr. Mehta shall not be paid any sitting fees for attending Meetings of the Board or of any Committee thereof.
8. Mr. Mehta shall not, as long as he functions as JMD & CFO 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. Mr. Mehta shall not, except in the proper course of his duties during the continuance of his employment with the Company or any time thereafter divulge or disclose to any persons whomsoever or make use whatsoever for his own purpose or for any purpose of any information or knowledge obtained by him during his employment as to the business and/or affairs of the Company and/or trade secrets or secret processes of the Company.
10. Mr. Mehta shall not in the event of his ceasing to be JMD & CFO of the Company before the expiry of the term of 5 years, for the remainder of such period:



- (a) 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
- (b) in connection with carrying on any business similar to or in competition with the business of the Company on his behalf or on behalf of any person, firm or company, directly or indirectly:
  - (i) 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
  - (ii) 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 Mr. Mehta shall forthwith determine if he becomes insolvent or cease to be a Director of the Company. He shall cease to be a Director if the Agreement is terminated and he ceases to be employed as JMD & CFO.
12. If Mr. Mehta be guilty of any misconduct or any breach of the Agreement which in the opinion of the Board may render his retirement from the office of JMD & CFO desirable, the Company may by not less than 30 days notice in writing to him determine the Agreement and he shall cease to be JMD & CFO, 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 Mr. Mehta's employment at any time by payment to him of six months' basic salary in lieu of such notice.
14. If Mr. Mehta ceases to be JMD & CFO of the Company, he 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 Mr. Mehta.

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 1<sup>st</sup> April, 2010, and necessary application will be made to the Central Government for approval of such payment.

The draft Agreement to be entered into by the Company with Mr. Mehta is 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. Durgesh Mehta is concerned or interested in the Resolution at Items 8 & 9 as it relates to his appointment and remuneration.

This may also be treated as an abstract of the terms of the Agreement between the Company and Mr. Durgesh Mehta, when executed, and memorandum of interest pursuant to Section 302 of the Act.

Mr. Durgesh Mehta being Joint Managing Director and Chief Financial Officer would not be liable to retire by rotation in terms of the Articles of Association of the Company.

The Directors recommend the Resolutions at Items 9 & 10 for approval by the Members.

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 23<sup>rd</sup> 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 1<sup>st</sup> October 2007 and 1<sup>st</sup> 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, 2010.

Particulars	(Rupees in crores)
Turnover & Other Income	1732.04
Net Profit / (Loss) as per Profit & Loss A/c	18.42
Profit / (Loss) as computed under Section 309(5) read with Section 198	(132.37)
Effective Capital	1124.00

## THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

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3. Export performance and foreign exchange earned for the financial year ended March 31, 2010: The Company's exports were Rs. 202.44 crores while the Company's earnings in foreign exchange were Rs. 147.08 crores for the financial year ended March 31, 2010.
4. Foreign investments or collaborations, if any: **Not applicable.**

### II. Information about the Incumbents:

#### (i) Background details:

Mr. Durgesh Mehta is a qualified Chartered Accountant. Post qualification he joined Hindustan Lever Ltd. (now known as Hindustan Unilever Ltd.) as a Management Trainee and worked for over 28 years in that Company. During this period he held various positions in Accounts and Finance, Internal audit, Commercial management and Commodity Buying. His last job in India was that of Financial Controller of the Company. Thereafter, he was seconded as Finance Director of Unilever Arabia business of the parent Company, Unilever, PLC.

After returning to India in November 2005, he joined SIFY Ltd., as CFO, and in November, 2006 joined Britannia Industries Ltd., as CFO. He was seconded to Bombay Dyeing in November 2008 as CFO. With effect from 1<sup>st</sup> April, 2010 he was appointed as the Joint Managing Director and Chief Financial Officer of the Company.

#### (ii) Past remuneration drawn during the financial year 2009-10:

Not Applicable.

#### (iii) Job Profile and suitability:

Mr. Mehta is a Chartered Accountant and brings with him more than 33 years of experience with various Companies including Hindustan Unilever Ltd., Sify Ltd. and Britannia Industries Limited. He has been the Chief Financial Officer of the Company since 17<sup>th</sup> November, 2008.

He is a part of the Senior Management responsible for the operations and affairs of the Company. Taking into consideration his qualification and expertise in relevant fields, he is best suited for the responsibilities assigned to him by the Board of Directors.

#### (iv) Remuneration Proposed:

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

- (v) 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 incumbent, the responsibilities shouldered by him 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.
- (vi) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Mr. Mehta does not have any 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:

Overall sales declined by around 11% mainly on account of Exports which dropped from Rs. 80 crores to Rs. 50 crores. Domestic sales were flat due to general economic slowdown and low stocking by trade. The margins were adversely impacted due to unprecedented increase in cotton prices.

##### Polyester business:

PSF industry continued to face excess capacity. Additionally, there had been a severe shortage of supply of the key raw material, PTA, due to delay in commissioning of a plant. Business profitability suffered on account of low realization due to severe competition coupled with higher raw material prices. Although export markets expanded, the margins remained under pressure.

##### Real Estate business:

Real Estate business recorded healthy growth. The construction of one residential tower and one commercial building was progressed during the year. The sale of commercial building was completed. However the profit of this division was significantly offset by losses of the other divisions.

#### 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) New CEO and Heads of Exports, Accounts and Purchase were appointed to improve the performance of the Textiles Division.