



**ANNUAL REPORT & ACCOUNTS**  
**2010 - 2011**

THE BOMBAY DYEING  
AND MANUFACTURING COMPANY LIMITED

---

ESTABLISHED 1879





## DIRECTORS

**Nusli N. Wadia**, *Chairman*

**Keshub Mahindra**

**R. N. Tata**

**R. A. Shah**

**Dr. H. N. Sethna** (*Expired on 5.9.2010*)

**S. S. Kelkar**

**S. Ragothaman**

**A. K. Hirjee**

**S. M. Palia**

**Ms. Vinita Bali**

**Ishaat Hussain**

**Jeh N. Wadia**, *Non-Executive Director upto 31.3.2011;  
Managing Director w.e.f. 1.4.2011*

**Ness N. Wadia**, *Jt. Managing Director upto 31.3.2011;  
Non-Executive Director w.e.f. 1.4.2011*

**Durgesh Mehta**, *Jt. Managing Director & CFO*

## COMPANY SECRETARY

**J. C. Bham**

## CEO/COOs/VICE-PRESIDENTS

**Debashis Poddar**, *Chief Executive Officer (Textiles)*

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

**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 (PSF)*

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

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

**Garry Marshall**, *Vice-President – Design (Real Estate)*

**Ching Pin Tan**, *Vice-President – Projects (Real Estate)*

**Chandresh Makhija**, *Vice-President –Business Development (Land)  
(Real Estate)*

## 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

Messrs. Karanjawala & Co.

Messrs. Solomon & Co.

## AUDITORS

Messrs. Kalyaniwalla & Mistry

## REGISTERED OFFICE

Neville House, J. N. Heredia Marg,  
Ballard Estate, Mumbai-400 001.

## ADMINISTRATIVE OFFICE

C-1, Wadia International Centre, Pandurang Budhkar Marg,  
Worli, Mumbai-400 025.

## 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

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 .....	34-57
Balance Sheet Abstract .....	58
10 Years' Financial Review .....	59

# THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

---

## NOTICE

Notice is hereby given that the 131<sup>st</sup> Annual General Meeting of the Members of The Bombay Dyeing and Manufacturing Company Limited will be held at the Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020, on Thursday, 4th August, 2011, at 3.30 p.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Nusli N. Wadia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R. N. Tata, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. S. S. Kelkar, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. A. K. Hirjee, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, be and are hereby appointed 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 on such remuneration as shall be fixed by the Board of Directors of the Company.”

### Special Business:

8. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Ness N. Wadia, who was appointed as Additional Director by the Board of Directors of the Company with effect from 1<sup>st</sup> April, 2011 under section 260 of the Companies Act, 1956 and Article 117 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

9. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Articles 145 and 146 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 such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the appointment of Mr. Jeh N. Wadia as Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> April, 2011 on such terms and conditions as the Board may consider appropriate.

**RESOLVED FURTHER THAT** the payment of remuneration to Mr. Jeh N. Wadia may be on such terms and conditions as approved by the Remuneration/Compensation Committee and by the Board of Directors at their respective Meetings held on 29<sup>th</sup> March, 2011 and as set out in the Explanatory Statement under Section 173(2) of the Act annexed to the Notice convening the 131<sup>st</sup> Annual General Meeting and in the Agreement to be entered into between the Company and Mr. Jeh N. Wadia, 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. Jeh 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. Jeh 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 1<sup>st</sup> April, 2011, during the currency of tenure of Mr. Jeh N. Wadia as Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay Mr. Jeh 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. Jeh N. Wadia in the absence or inadequacy of profits, in accordance with the provisions of Sections 198(4), 309(3), 311, Schedule XIII and other applicable provisions, if any, of the Act (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 considered necessary and desirable to give effect to this Resolution”.



## Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY 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.
- (b) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to the Special Business, is annexed hereto as **Annexure I**.
- (c) As required in terms of paragraph IV(G)(i) of Clause 49 of the Listing Agreement, the details of the directors seeking appointment/re-appointment at the Meeting are given in detail in the **Annexure II**, is annexed hereto.
- (d) The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 27th July, 2011 to Thursday, 4th August, 2011, both days inclusive.
- (e) The dividend as recommended by the Board of Directors, if approved by the members at the 131st Annual General Meeting, shall be paid on Friday, 5th August, 2011 to those members whose names appear 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 26th July, 2011 in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2011 will be paid on Friday, 5th August, 2011 to the beneficial owners of shares as at the closing hours of 26th July, 2011 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.
- (f) 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.
- (g) In view of the circular issued by SEBI, the Electronic Clearing Services (ECS/NECS) facility should mandatorily be used by the companies for the distribution of dividend to its members. In order to avail the facility of ECS/NECS, members holding shares in physical form are requested to provide bank account details to the Company or its Registrar and Share Transfer Agents.
- (h) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividends for the financial year ended 31st March, 2004 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
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
2009-2010	11.08.2010	10.08.2017	17.10.2017

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.

- (i) 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 Office at C-1, Wadia International Centre (Bombay Dyeing), Pandurang Budhkar Marg, Worli, Mumbai – 400025 or from its R&TA at either of the aforesaid addresses.
- (j) As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents through electronic mode.

In the spirit of the above circulars and as part of the Company's Green Initiative, we henceforth propose to send documents like Notice convening the general meetings, Financial Statements, Directors' Report, etc to the e-mail address provided by the members.

We therefore appeal to the members to be a part of the said 'Green Initiative' and request the members to register their name in getting the said documents in electronic mode by sending an email giving their Registered Folio Number and/or DP Id/Client ID to the dedicated email address at [bombaydyeing@shareproservices.com](mailto:bombaydyeing@shareproservices.com) or login at the R&TA's website <http://www.shareproservices.com> and register their request.

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

---

- (k) Members intending to require information about the Financial Accounts, to be explained at the Meeting are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made, available, if the Chairman permits such information to be furnished.
- (l) Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
- (m) Members are requested to bring their copy of the Annual Report to the meeting.

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

**J. C. BHAM**  
Company Secretary

Mumbai, 24<sup>th</sup> May, 2011.

### **Registered Office:**

Neville House, J. N. Heredia Marg,  
Ballard Estate, Mumbai 400 001  
Phone: 66620000

## **ANNEXURE I**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

### **Item 8**

Mr. Ness N. Wadia was re-appointed as Joint Managing Director (JMD) of the Company for a period of 5 years from 1<sup>st</sup> June, 2009. He stepped down as JMD with effect from 31<sup>st</sup> March, 2011. It was mutually agreed between the Company and Mr. Ness N. Wadia to foreclose the Agreement dated 8<sup>th</sup> September, 2009 made between the Company and him in connection with his appointment as JMD.

The Board, subject to the approval of the shareholders, appointed him as an Additional Director w.e.f. 1<sup>st</sup> April, 2011, in terms of Section 260 of the Companies Act, 1956 ("the Act") and Article 117 of the Company's Articles of Association and holds office upto the date of this Annual General Meeting.

Mr. Ness N. Wadia has been with the Company for over 17 years including about 5 years as Deputy Managing Director and about 5 years as the Joint Managing Director. He has wide experience in connection with the business of the Company in various capacities.

He is the Chairman of National Peroxide Ltd. and Managing Director of The Bombay Burmah Trading Corporation Ltd. He is also on the Board of Britannia Industries Ltd., Go Airlines (India) Limited, Go Investment & Trading Pvt. Ltd., Gherzi Eastern Ltd. and other Wadia Group companies. In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Mr. Ness N. Wadia as a candidate for the office of Director of the Company.

Mr. Ness N. Wadia holds 13,500 shares in the Company.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors, except Mr. Ness N. Wadia, and Mr. Nusli N. Wadia (Chairman) and Mr. Jeh N. Wadia (Managing Director) being relatives (as defined under Section 6 of the Act) of Mr. Ness N. Wadia, are concerned with or interested in this Resolution.

### **Item 9**

Mr. Jeh N. Wadia (hereinafter referred to as "Mr. Wadia") was appointed as a Director of the Company from 1st June, 2010. Mr. Wadia was appointed as the Managing Director (MD) of the Company by the Board for a period of 5 years with effect from 1st April, 2011. The terms and conditions of the appointment of Mr. Wadia as MD are embodied in the Agreement to be entered into between the Company and Mr. Wadia. 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.

Mr. Wadia is Master in Science from the Warwick University in Coventry, UK. He is the Co-author of the restructuring of the Wadia Group. The restructuring involved looking at new financial and strategic investments for the group. The investments concluded ranged from a Venture Fund for technology companies to Ports, Clinical research, Education, Real Estate and Aviation. At Present he is Managing Director of Bombay Dyeing (a 130 Year old Real Estate, Polyester and Retail Company) and Go Airlines (a low cost Airline in India). He also sits on the Boards of Britannia and Bombay Burmah. The World Economic Forum elected him as a Young Global Leader in the year 2008.

Mr. Wadia 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 suited for the responsibilities assigned to him by the Board of Directors.

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

1. Mr. Wadia will serve the Company as Managing Director for a term of 5 years with effect from 1<sup>st</sup> April, 2011.
2. Mr. Wadia 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. Wadia 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. Wadia 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. Wadia 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. Wadia shall be paid the following remuneration:  
Basic Salary upto a maximum of Rs. 35,00,000/- per month.  
Benefits, perquisites and allowances including housing 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. 17,50,000/- per month.  
Reimbursement of actual medical expenses incurred on self and family (wife and children).  
Bonus as may be determined by the Remuneration/Compensation Committee or the Board of Directors, based on performance criteria.  
Contribution to Provident Fund, Superannuation Fund and Gratuity Fund as per the Rules of the Company.  
Entitled to leave in accordance with the rules of the Company. Privilege leave earned but not availed by Mr. Wadia would be encashable in accordance with the Rules of the Company.  
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, Schedule XIII and other applicable provisions of the Companies Act, 1956 ("the Act"), as amended from time to time and shall be subject to the approval of the Central Government, if and to the extent necessary.  
The Remuneration/Compensation Committee or the Board of Directors may, at its discretion, fix the actual remuneration of Mr. Wadia 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 1st April, 2011, during the currency of tenure of Mr. Wadia the Company has no profits or its profits are inadequate, the Company shall pay Mr. Wadia remuneration as determined from time to time by the Remuneration 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. Wadia in the absence or inadequacy of profits, in accordance with the provisions of Sections 198(4), 309(3), 311, Schedule XIII and other applicable provisions, if any, of the Act (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. Wadia.
7. Mr. Wadia shall not be paid any sitting fees for attending Meetings of the Board or of any Committee thereof.
8. Mr. Wadia shall not, as long as he functions as MD 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. Wadia 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. Wadia shall not in the event of his ceasing to be MD 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. Wadia 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 MD.

## THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

12. If Mr. Wadia 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 MD desirable, the Company may by not less than 30 days notice in writing to him determine the Agreement and he shall cease to be MD 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. Wadia's employment at any time by payment to him of six months' basic salary in lieu of such notice.
14. If Mr. Wadia ceases to be MD 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. Wadia.

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 April, 2011, and necessary application will be made, if required, to the Central Government for approval of such payment.

The draft Agreement to be entered into by the Company with Mr. Wadia 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. Jeh N. Wadia is concerned or interested in the Resolution at Item 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. Jeh N. Wadia, when executed, and memorandum of interest pursuant to Section 302 of the Act.

Mr. Jeh N. Wadia being Managing Director would not be liable to retire by rotation in terms of the Articles of Association of the Company.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors, except Mr. Jeh N. Wadia, and Mr. Nusli N. Wadia (Chairman) and Mr. Ness N. Wadia being relatives (as defined under Section 6 of the Act) of Mr. Jeh N. Wadia, are concerned with or interested in this Resolution.

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, 2011.

Particulars	(Rupees in crores)
Turnover & Other Income	2062.82
Net Profit / (Loss) as per Profit & Loss A/c	21.39
Profit / (Loss) as computed under Section 309(5) read with Section 198	(46.19)
Effective Capital	719.98

3. Export performance and foreign exchange earned for the financial year ended March 31, 2011: The Company's exports were Rs. 285.08 crores while the Company's earnings in foreign exchange were Rs. 294.99 crores for the financial year ended March 31, 2011.

Foreign investments or collaborations, if any: Not applicable.

### II. Information about the Incumbents:

#### (i) Background details:

Mr. Jeh N. Wadia is Master in Science from the Warwick University in Coventry, UK. He is the Co-author of the restructuring of the Wadia Group. The restructuring involved looking at new financial and strategic investments for the group. The investments concluded ranged from a Venture Fund for technology companies to Ports, Clinical research, Education, Real Estate and Aviation. At Present he is Managing Director of Bombay Dyeing (a 130 Year old Real Estate, Polyester and Retail Company) and Go Airlines (a low cost Airline in India). He also sits on the Boards of Britannia and Bombay Burmah. The World Economic Forum elected him as a Young Global Leader in the year 2008.





(ii) **Past remuneration drawn during the financial year 2010-11:**

Not Applicable.

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

Over and above what is mentioned in background details in item II (i) above, Mr. Wadia 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 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. Wadia does not have any other material pecuniary relationship with the Company.

**III. Other Information:**

**A. Reasons for loss or inadequacy of profits:**

The Company working was adversely impacted by the slow down in the economy during 2008-09 and as a result it had incurred loss during the said year. However, the Company has turned around and has become profitable once again in the subsequent financial years.

For the financial year 2010-11 the Company earned Profit before Tax of Rs. 26.37 crores and Profit after Tax of Rs. 21.39 crores. However, in accordance with section 309(5) read with section 349 of the Companies Act, 1956, the Company had a carried forward loss of Rs. 132.37 crores as on 31<sup>st</sup> March, 2010 which has been reduced to Rs. 46.19 crores as on 31<sup>st</sup> March, 2011.

The Company operates in three businesses:

**Textile business:**

The financial performance of Textile Division has improved significantly compared to the previous year, even though the Division is yet to become profitable. The demand for textile products in domestic market improved significantly despite a sharp rise in the cotton prices which had to be passed on to the consumer. The export market continued to be sluggish due to poor demand in USA and Europe. The operating loss came down from Rs. 38 crores in the previous year to Rs. 22 crores in the current year. The Company continues to focus on cost reduction measures and improve efficiency to turnaround the business.

**Polyester business:**

The PSF Division recorded significant increase in top line, and registered a turnaround in profit. The demand for PSF rose significantly in the context of high cotton prices, consequent to which price realization improved significantly. The operational profit of PSF business in the current financial year was at Rs.152 crores as against loss of Rs. 66 crores in the previous year.

**Real Estate business:**

The revenue from Real Estate activity was Rs. 240 crores as compared to Rs. 562 crores in the previous year. The operating profit for the year was Rs. 86 crores as against Rs. 349 crores in the previous year. The market for residential property has been adversely impacted during second half of the year, due to higher interest rates and delays in approvals at various stages faced by the industry in general. However, the Company is confident of a positive response to the proposed residential towers project due to the Company's brand image as well as quality of development and construction.

**B. Steps to improve profitability:**

On an ongoing basis, the Company continues to take steps for cost reduction and improve the profitability. Following are some of the specific measures taken by it to control costs and improve its competitive position and performance:

- (i) Inventory and receivables levels are being pruned considerably resulting in lesser interest on working capital of textiles division.
- (ii) New products are being launched to expand the market.
- (iii) Cost reduction initiatives have been actioned to reduce conversion and procurement costs.
- (iv) Optimize the capacity utilization of the manufacturing units.
- (v) Switch over from liquid fuel to Natural Gas in the previous year helped to reduce the energy input cost.
- (vi) Organizational restructuring has been undertaken at all levels in all divisions with the objective of reducing costs.

**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 which is evident from the performance of the Company in the previous two financial years.

## THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

In the Textile Business, the domestic market is expected to continue to deliver a healthy growth. The Company has plans to upgrade its retail network, bring more consumer relevant products and designs and build upon its brand strength. Simultaneously, the Company will initiate steps to improve its supply chain effectiveness to significantly reduce the cycle time from procurement to sale, strengthen the quality of the products and reduce the conversion cost. These initiatives are expected to positively influence the bottom line of the business.

In the Polyester operations, the opportunity for PSF is driven by its low price as compared to cotton and other substitute fibres. With continuously rising demand for textile products in general, especially from lower income segments, demand for PSF is expected to grow steadily. This would help the Company to achieve higher capacity utilization and contain conversion cost. The Company is focused on expanding its market share both, in domestic as well as international markets and managed better realization through a basket of speciality fibre which offers better margins.

In the Real Estate business the Company proposes to develop its land at Spring Mills in the name 'Island City Centre' (ICC). The Textile Mill at Worli would be developed as 'Wadia International Centre' (WIC). The Realty Division of the Company would operate in the name of 'Bombay Realty' (BR) and launch new projects under the said Brand name.

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

**J. C. BHAM**  
Company Secretary

Mumbai, 24<sup>th</sup> May, 2011

### Registered Office:

Neville House, J. N. Heredia Marg,  
Ballard Estate, Mumbai 400 001.  
Phone: 66620000

## Annexure II

Details of Directors seeking appointment/re-appointment at the Annual General Meeting:

Name of the Director	Mr. Nusli N. Wadia	Mr. R. N. Tata	Mr. S. S. Kelkar	Mr. A. K. Hirjee
Age	67 years	73 years	72 years	72 years
Date of Appointment on the Board	04.04.1968	01.08.1979	29.08.1994	28.05.2001
Qualifications, Experience & Expertise	<p>Mr. Wadia was inducted on the Company's Board in 1968. In 1970, he was appointed as its Joint Managing Director. Since April, 1977, he has been the Chairman of the Company. Mr. Wadia has contributed actively in the deliberations of various organizations such as the Cotton Textiles Export Promotion Council (TEXPROCIL), Millowners' Association (MOA), Associated Chambers of Commerce &amp; Industry, etc. He is the former Chairman of TEXPROCIL and MOA.</p> <p>Mr. Wadia was appointed on the Prime Minister's Council on Trade &amp; Industry during 1998 to 2004. He was the Convenor of the Special Group Task Force on Food and Agro Industries Management Policy in September, 1998. He was a Member of the Special Subject Group to review regulations and procedures to unshackle Indian Industry and on the Special Subject Group on Disinvestment. He was a member of ICMF from 1984-85 to 1990-91.</p> <p>Mr. Wadia has made a name for himself in public affairs and has been actively associated with leading charitable and educational institutions.</p>	<p>Mr. Tata 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.</p>	<p>Mr. Kelkar is a Post Graduate in Commerce. He worked in a leading commercial Bank for 10 years and has for the last 39 years been with the Company. He retired as Executive Director (Finance) in 2001 and was appointed as a Non-Executive Director which position he currently holds.</p>	<p>Mr. Hirjee is B.A.(Hons.), LL.B. (Hons.), Barrister-at-Law, SLOAN Fellow of London Business School. He has 46 years of experience in different areas of Business Management and his expertise extends to finance, banking, legal, commercial, industrial and general administration. He has been actively associated with leading Charitable Institutions.</p>