



**ANNUAL REPORT & ACCOUNTS
2006 - 2007**

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
S. S. Kelkar
S. Ragothaman
A. K. Hirjee
S. M. Palia (*w.e.f. 30.05.06*)
P. V. Kuppaswamy, *Jt. Managing Director*
Ness N. Wadia, *Jt. Managing Director*
M. K. Singh, *Executive Director*
Surya Kant Gupta, *Executive Director (w.e.f 30.05.06)*

CHIEF FINANCIAL OFFICER

Govinder Singh

SECRETARY

P. Govindan

VICE-PRESIDENTS/BUSINESS HEAD

Burjor Nariman, *Sr. Vice-President (Corporate Group)*
Dr. S. C. Basu, *Business Head (PSF)*
R. Chandrasekharan, *Vice-President (Corporate Group)*
V. Deshpande, *Vice-President (Corporate - HR)*
S. K. Gupta, *Vice-President (Manufacturing & Commercial)*
P. Phadnis, *Vice-President - Corporate Affairs*
Bhagaban Kar, *Asst. Vice-President (PSF Manufacturing)*

GENERAL MANAGERS

A. Bhawsingka, *General Manager - Commercial & Operations*
C. Chandiramani, *General Manager - Retail*
R. K. Gupta, *General Manager - Marketing*
R. Kapur, *General Manager - Processing*
K. V. Krishnamurthy, *General Manager – Operations*
Ms. Lucy Roychoudhury, *General Manager - Sales & Marketing*
R. Mahindru, *General Manager – Business Development*
S. N. Nandagopal, *General Manager – Procurement*
B. K. Pandya, *General Manager - Manufacturing*
A. V. Potdar, *General Manager - Personnel & Administration*
J. P. Rathi, *General Manager - Commercial*
V. R. Sangharajka, *Head - Treasury*
R. Sharma, *General Manager (CTS)*
S. K. Tibrewal, *General Manager - Industrial & Wholesale Marketing*
P. Umamaheshwaran, *General Manager - Engineering*

BANKERS

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

ADVOCATES & SOLICITORS

Messrs. Crawford Bayley & Co.
Messrs. Desai & Diwanji
Messrs. Mulla & Mulla and Craigie Blunt & Caroe

AUDITORS

Messrs. A. F. Ferguson & Co.

REGISTERED OFFICE

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

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THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

NOTICE

The 127th 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, 25th July, 2007, at 3.45 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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. Keshub Mahindra, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Mr. R. A. Shah, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint a Director in the place of Dr. H. N. Sethna, who retires by rotation, and being eligible, offers himself for reappointment.
7. To appoint Messrs. A. F. Ferguson & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:

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

8. As an Ordinary Resolution:

“RESOLVED that in supersession of Resolution No. 3 passed at the Extra-Ordinary General Meeting of the Company held on 2nd December, 1992, consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company 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 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.

9. As an Ordinary Resolution:

“RESOLVED that in supersession of Resolution No. 4 passed at the Extra-Ordinary General Meeting of the Company held on 2nd December, 1992, 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 including Army Group Insurance Directorate and Naval Group Insurance Directorate 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/Debt Certificate 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. 1,500 crores (Rupees one thousand five hundred 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.



Notes:

- (a) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the Special Business at Items 8 and 9 of the Notice as set out above, is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (c) The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, the 5th July, 2007 to Wednesday, 25th July, 2007 both days inclusive.
- (d) Dividend, if any, that may be declared at the Meeting, will, subject to the provisions of Section 206A of the Companies Act, 1956, be paid on or after 10th August, 2007 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 4th July, 2007, in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2007 will be payable to the beneficial owners of shares as at the closing hours of 4th July, 2007 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.
- (e) Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) to the Company's Registrar & Share Transfer Agents, M/s.Sharepro Services (India) Pvt. Ltd. (R & TA), at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099, or at 912 Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021, in respect of their physical share folios, if any, quoting their folio numbers.
- (f) Members are advised to submit their Electronic Clearing Service (ECS) mandates to the Company's R & TA at either of the aforesaid addresses to facilitate remittance by means of ECS.
- (g) Pursuant to the provisions of Section 205A of the Act, dividends for the financial year ended 31st March, 2000 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
1999-2000	27.04.2000	26.04.2007	13.07.2007
2000-2001	23.07.2001	22.07.2008	26.09.2008
2001-2002	13.08.2002	12.08.2009	19.10.2009
2002-2003	30.07.2003	29.07.2010	05.10.2010
2003-2004	23.07.2004	22.07.2011	26.09.2011
2004-2005	29.07.2005	28.07.2012	04.10.2012
2005-2006	27.07.2006	26.07.2013	02.10.2013

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to the Company's R & TA at either of the aforesaid addresses immediately quoting their folio number/DP ID & Client ID. It may be noted that once the unclaimed dividend is transferred to IEPF as aforesaid, no claim shall lie in respect of such amount by the members.

- (h) Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registered office or from its R & TA at either of the aforesaid addresses.
- (i) As required in terms of paragraph IV(G)(i) of Clause 49 of the Listing Agreement, the details of the directors retiring by rotation and eligible for reappointment are furnished below:

MR. NUSLI N. WADIA

Mr. Nusli N.Wadia, 63, 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 & Industry of India, etc. He is the former Chairman of TEXPROCIL and also of MOA.

Mr. Wadia was appointed on the Prime Minister's Council on Trade & 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.

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

Mr. Wadia has made a name for himself also in public affairs and has been actively associated with leading charitable institutions.

He holds 1,23,350 equity shares of the Company.

Outside Directorship: The Bombay Burmah Trading Corporation Ltd. (Chairman), Britannia Industries Ltd. (Chairman), Wadia BSN India Ltd. (Chairman), Nowrosjee Wadia & Sons Ltd. (Chairman & Managing Director), Gherzi Eastern Ltd., Tata Steel Ltd., Tata Chemicals Ltd., Tata Motors Ltd., Atul Ltd., and 2 private limited companies and 2 foreign companies.

Committee Membership: Remuneration Committees of the Board of The Bombay Dyeing & Mfg. Co.Ltd., Tata Motors Ltd. (Chairman), Tata Chemicals Ltd.(Chairman), Britannia Industries Ltd., IPR Committee of Britannia Industries Ltd. (Chairman), Nomination Committee of Britannia Industries Ltd. (Chairman) and Audit Committee of Tata Steel Ltd.

MR.KESHUB MAHINDRA:

Mr. Keshub Mahindra, 83, Chairman of Mahindra & Mahindra Ltd., is a graduate from Wharton, University of Pennsylvania, USA. He is a well-known philanthropist. He has contributed immensely to the cause of building ethical corporations in India. He was 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.

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 Governing Council, Integrated Research & Action for Development (IRAD) New Delhi, President - Centre for Research in Rural & Industrial Development Society, Chandigarh; Chairman, Governing Body, Centre for Research in Rural & Industrial Development; President Emeritus – Employers' Federation of India; President of the Governing Council - University of Pennsylvania Institute for the Advanced Study of India, New Delhi and Hon. Fellow - All India Management Association, New Delhi.

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).

He spearheads social causes in and as Chairman of Mahindra Foundation; Chairman, Board of Trustees – Population First; Member, Governing Board – United Way of Mumbai; Member of the International Advisory Board of University of Pennsylvania, Center for the Advanced Study of India, Philadelphia; 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) and Member of the Board of Governors of Bharat Shiksha Kosh (2002-05).

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) and Indian Business School (IBS) Kolkata Lifetime Achievement Award presented by the Institute of Chartered Financial Analysts of India (ICFAI) (2007).

He holds 1630 equity shares of the Company.

Outside Directorship: Mr. Mahindra is on the Board of Directors as Chairman of Mahindra & Mahindra Ltd. (M&M), Mahindra Ugine Steel Co. Ltd. , Mahindra Holdings & Finance 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., Pratham – India Education Initiative and United World Colleges (International) Ltd. U.K.

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, 75, 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: Godfrey Philips India Ltd (Chairman), Pfizer Ltd. (Chairman), Roche Scientific Co. (I) Pvt. Ltd. (Chairman), Colgate Palmolive India Ltd. (Vice-Chairman), Abbot India Ltd., Asian Paints Ltd., BASF India Ltd., Clariant Chemicals India Ltd., Deepak Fertilisers & Petrochemicals Corporation Ltd., Procter & Gamble Hygiene and Healthcare Ltd., Nicholas Piramal India Ltd., Lupin Ltd., The Associated Cement Companies Ltd., BASF Polyurethanes India Ltd., Wockhardt Ltd., Atul Limited (Alternate Director), Century Enka Ltd. (Alternate Director), Modicare Ltd. (Alternate Director), RPG Life Sciences Ltd. (Alternate Director), Schrader Duncan Ltd. (Alternate Director), Uhde India Ltd. (Alternate Director), and 1 foreign company.

Committee Membership: Audit Committee of the Boards of Pfizer Ltd. (Chairman), Colgate Palmolive India Ltd. (Chairman), The Bombay Dyeing & Mfg. Co. Ltd (Chairman), Nicholas Piramal India Ltd. (Chairman), Clariant Chemicals India Ltd. (Chairman), BASF India Ltd., Abbot India Ltd., Procter & Gamble Hygiene and Healthcare Ltd., Century Enka Ltd. (Alternate Member) & Wockhardt Ltd. (Alternate Member) and Remuneration Committee of the Board of The Bombay Dyeing & Mfg. Co. Ltd. and Lupin Ltd.

DR.H.N.SETHNA

Dr. H. N. Sethna, 83, 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 organisations. 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., Mahindra UGINE Steel Co. Ltd., The Mahindra United World College of India and 1 private limited company .

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

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

P. GOVINDAN
Secretary

Mumbai, 24th May, 2007.

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

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

ANNEXURE TO NOTICE

Explanatory Statement:

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under items 8 & 9 of the accompanying Notice dated 24th May, 2007.

Items 8 & 9

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 shareholders at the Extra-Ordinary General Meeting of the Company held on 2nd December, 1992 had accorded their consent to the Board of Directors borrowing upto Rs. 500 crores over the paid up capital of the Company and its free reserves.

Taking into consideration the requirements of additional funds to meet the cost of the Company's capital expenditure programmes as also additional working capital requirements of the Company, it is expected that the limit of Rs. 500 crores sanctioned by the shareholders is likely to be exceeded. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to enable the Directors to borrow moneys to the extent of Rs. 1,500 crores. The Resolution at Item 8 is to obtain the consent of the shareholders for this purpose. Even with the proposed borrowings, the debt equity ratio of the Company will be within a reasonable limit.

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. 1,500 crores in supersession of the Resolution passed on 2nd December, 1992.

The above proposals are in the interest of the Company and your Directors commend the Resolutions at Items 8 and 9 of the Notice for approval by the Members.

None of the Directors are interested in the Resolutions at Items 8 & 9 of the accompanying Notice.

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

P. GOVINDAN
Secretary

Mumbai, 24th May, 2007

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



10 YEARS' FINANCIAL REVIEW

(Rs. in Crores)

	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
FINANCIAL POSITION										
Share capital	38.61	38.60	38.58	38.52	39.00	39.17	41.00	41.00	41.00	41.00
Reserves & Surplus	364.07	426.23	303.38	347.49	314.37	294.82	615.77	628.94	612.72	638.11
Net Worth :										
Total	402.68	464.83	341.96	386.01	353.37	333.99	656.77	669.94	653.72	679.11
Per Equity Share of Rs. 10	104.32	120.42	88.59	100.26	90.61	85.00	160.00	163.00	159.00	166.00
Borrowings	1052.40	558.37	354.46	362.60	380.90	292.45	597.87	602.35	667.58	655.12
Deferred Tax Liability	1.70	2.60	10.64	35.90	21.77	23.03	-	-	-	-
Debt Equity Ratio	1.35:1	0.78 : 1	0.25 : 1	-	0.01:1	0.20:1	0.10:1	0.03:1	0.37:1	0.30:1
Fixed Assets :										
Gross Block	1390.11	995.50	813.86	795.40	827.27	875.78	897.03	865.10	847.61	839.01
depreciation	512.86	596.19	622.38	573.15	573.23	578.99	550.55	507.42	456.20	405.31
Net Block	877.25	399.31	191.48	222.25	254.04	296.79	346.48	357.68	391.41	433.70
Investments and Other Assets	579.53	626.49	515.58	562.26	502.00	352.68	908.16	914.61	929.89	900.53
OPERATING RESULTS										
Sales and other										
Income	536.16	1143.64	1,172.41	1,072.51	1,005.37	932.04	1,042.41	1,048.71	952.09	1,024.14
Manufacturing and other Expenses	478.29	1,067.53	1,119.35	965.52	934.61	939.07	976.45	955.66	882.05	950.97
Depreciation	17.46	16.89	19.38	34.43	37.23	43.65	47.83	48.46	49.00	48.15
Profit before Tax	40.41	59.22	33.68	72.56	33.53	(50.68)	18.13	44.59	21.04	25.02
Current taxation	4.43	4.97	2.42	4.93	2.48	-	-	1.43	0.81	2.00
Deferred tax credit	(0.90)	(8.04)	4.70	14.13	(1.26)	21.62	-	-	-	-
Fringe benefit tax	0.95	0.95	-	-	-	-	-	-	-	-
Profit after Tax	35.93	61.34	26.56	53.50	32.31	(29.06)	18.13	43.16	20.23	23.02
Earnings per Equity										
Share of Rs. 10	9.31	16	7	14	8	(7)	4	11	5	6
Dividends :										
Amount	22.59	22.01	17.59	17.38	13.02	7.83	9.04	13.65	13.65	15.73
Percentage	50	50	40	40	30	20	20	30	30	35

Notes :

1. Capital : Original Rs. 0.63 crore, Bonus Shares Rs. 21.02 crores, conversion of Debentures Rs. 0.83 crore, Global Depository Receipts (GDRs) representing equity shares Rs. 5.51 crores, conversion of equity warrants relating to NCD/SPN Issue Rs. 9.81 crores and conversion of preferential warrants to promoters Rs. 3.20 crores, Equity shares bought back and extinguished upto 31st March, 2004 Rs. 2.55 crores, Equity shares issued under Employees' Stock Option Scheme Rs.0.16 crore. Average Share Capital for 2006-2007 - Rs. 38.61 crores.
2. Reserves & surplus include revaluation reserve.
3. Debt Equity ratio is on Long Term Debt.
4. Sales and other Income include excise duty, sale of Assets etc.
5. Dividend amount includes Corporate Dividend Tax on the proposed/interim dividend.
6. Depreciation includes lease equalisation.

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

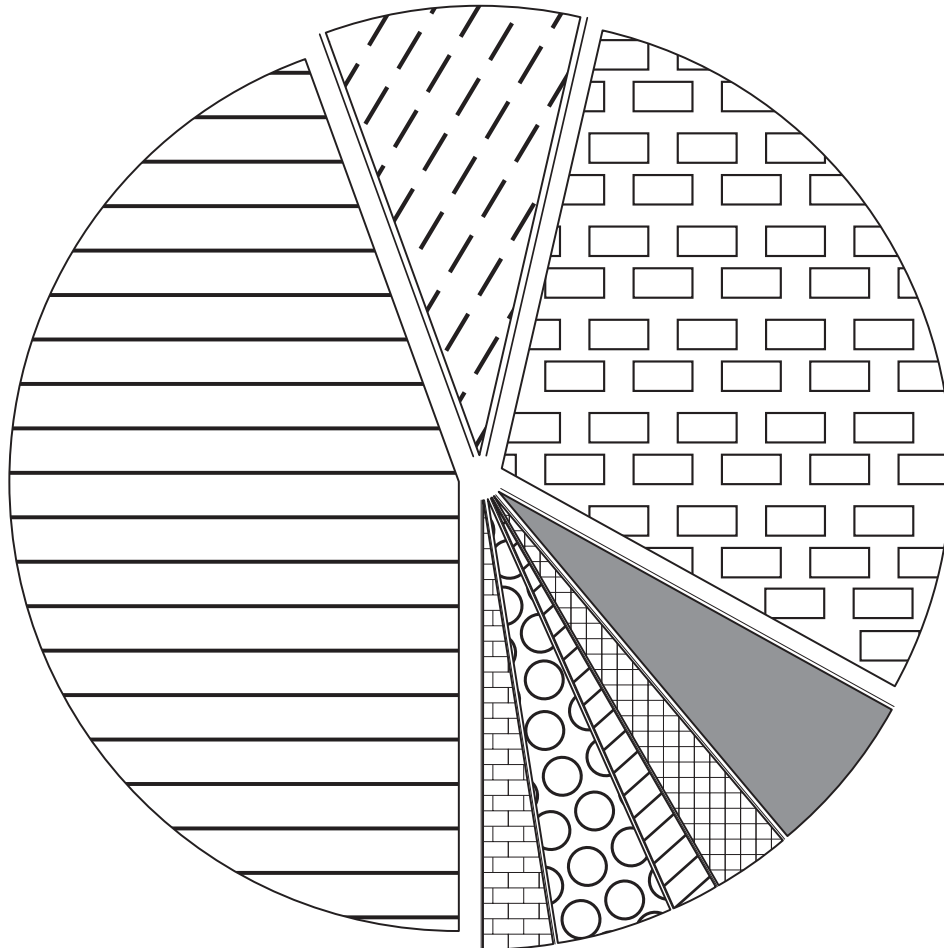
SUMMARISED BALANCE SHEET

	31-03-2007	(Rupees in crores) 31-03-2006
WHAT THE COMPANY OWNED		
FIXED ASSETS		
Gross block	1,390.11	995.50
Less : Depreciation	512.86	596.19
Net block	877.25	399.31
INVESTMENTS		
In shares and securities	153.70	168.02
OTHER ASSETS		
Excess of "current assets, loans and advances" over "current liabilities and provisions" and deferred revenue expenditure.	425.83	458.47
TOTAL ASSETS	<u>1,456.78</u>	<u>1,025.80</u>
WHAT THE COMPANY OWED		
Secured and unsecured loans	1052.40	558.37
Deferred tax liability (Net)	1.70	2.60
SHAREHOLDERS' FUNDS		
Share capital - paid up	38.61	38.60
Reserves	364.07	426.23
	402.68	464.83
TOTAL (CAPITAL EMPLOYED)	<u>1,456.78</u>	<u>1,025.80</u>
SUMMARISED PROFIT AND LOSS ACCOUNT WE EARNED FROM .		
Sales of our products	502.54	1,118.33
Interest, dividends & other income	33.62	25.31
	<u>536.16</u>	<u>1,143.64</u>
WE PAID OR PROVIDED FOR		
Raw materials etc.	239.02	709.46
Payments to employees	48.85	54.73
Operating expenses	154.77	180.41
Finance charges	31.70	17.61
Depreciation	17.46	16.89
Excise duty and taxation	8.43	103.20
Dividend & corporate dividend tax	22.59	22.01
Retained earnings/	13.34	39.33
(excess of expenditure over income)	13.34	39.33
	<u>536.16</u>	<u>1,143.64</u>

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



DISTRIBUTION OF INCOME



	2006-2007 Amount (Rs. in crores)	%	2005-2006 Amount (Rs. in crores)	%
Raw materials etc.	239.02	44.58	709.46	62.04
Payments to employees	48.85	9.11	54.73	4.79
Operating expenses	154.77	29.27	180.41	15.77
Finance charges	31.70	5.91	17.61	1.54
Depreciation	17.46	2.86	16.89	1.48
Excise duty and taxation	8.43	1.57	103.20	9.02
Dividend & corporate dividend tax	22.59	4.21	22.01	1.92
Retained earnings	13.34	2.49	39.33	3.44
	<u>536.16</u>	<u>100.00</u>	<u>1,143.64</u>	<u>100.00</u>

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2007.

1. FINANCIAL RESULTS:

	For the year ended 31 st March, 2007 Rupees in Crores	<i>For the Year ended 31st March, 2006 Rupees in Crores</i>
GROSS TURNOVER AND OTHER INCOME	536.16	1143.64
Profit before Gratuity provision, Finance Costs, Depreciation and Voluntary Retirement Compensation	107.58	97.48
Contribution to Gratuity Fund	6.16	2.37
Finance Costs	31.70	17.61
Profit before Depreciation & Voluntary Retirement Compensation	69.72	77.50
Depreciation	17.46	16.90
Voluntary Retirement Compensation	11.85	1.38
PROFIT BEFORE TAX	40.41	59.22
Less: Tax (net)	4.48	(2.12)
PROFIT AFTER TAX	35.93	61.34
Add: Balance in Profit and Loss Account of Previous Year	187.15	137.71
Investment Allowance Reserve	-	-
Debenture Redemption Reserve	-	16.25
SURPLUS AVAILABLE FOR APPROPRIATIONS	223.08	215.30
Appropriations to:		
Proposed Dividend		
Final Dividend	19.31	19.30
Corporate Dividend Tax	3.28	2.71
Debenture Redemption Reserve	2.50	-
General Reserve	3.59	6.14
Balance carried to Balance Sheet	194.40	187.15

2. COMPANY RESULTS AND DIVIDEND

The company's turnover has come down from Rs.1,144 crores to Rs.536 crores during the current year. The DMT plant of the company at Patalganga remained closed during a substantial part of the year to enable construction and tying in with polyester project being implemented at the same location and therefore registered negligible turnover. The turnover of Textile Division also declined by 5% on account of lower exports.

Profit Before Tax for the year is Rs.40 crores as compared to Rs.59 crores for the previous year. Standing charges and depreciation on the DMT plant have been debited to the Revenue account. The provision for Voluntary Retirement Compensation is higher by Rs.10 crores as compared to the previous year. Contribution to the Gratuity Fund is higher by Rs. 4 crores compared to the previous year. Finance costs have gone up in line with higher borrowings and the rise in interest rates in the second half of the current year. Consequently the profit for the current year is lower as compared to the previous year.

The Polyester Staple Fibre plant is currently undergoing trial runs and the textile processing facility at Ranjangaon is expected to commence trial production in the next 2 to 3 months.

The mixed use real estate development at both Dadar and Worli locations has started taking concrete shape. The proposed residential tower at Dadar has been well received by the market and majority of units have been pre-booked.

Your directors recommended a dividend of Rs. 5 per share of Rs. 10 each for the year ended 31st March, 2007, to be paid if declared by the members at the Annual General Meeting to be held on 25th July, 2007.

3. TEXTILE DIVISION

The sales of the division for the year were lower at Rs.355 crores compared to Rs. 372 crores in the previous year on account of export business continuing to be impacted by over-supply and fierce price competition. 1921 workmen out of 1987 of the Company's Textile facility at Worli opted for VRS midway through the year causing some disruption in production. This, along with higher cost of inputs has affected the financial results of the division.

A new state-of-the-art processing unit along with in-house stitching facilities at Ranjangaon is expected to commence operations from September, 2007. A major part of the total capital expenditure of Rs. 206 crores approved for the project, had already been incurred/



committed by 31st March, 2007. Arrangements have been made for dedicated spinning and weaving facilities to ensure uninterrupted supply of grey fabric to the process house. This will mitigate to a large extent the cost disadvantage suffered by the division at its current location in Mumbai.

Domestic retail sales continued to show upward trend and grew by 9% during the year. The entire bed and bath category was upgraded by successful launch of following premium collections

- Country Romance
- Urban Living
- Sabyasachi Signature Line
- Embellished Terri-towels

Renewed focus on revamping of retail network and brand presence in large format stores has also helped establish a strong platform for quantum growth in the company's textile business in the year ahead.

Bombay Dyeing has once again been declared most admired brand of the year in the House Fashion category by 'Lycra Images Fashion Awards'.

The division is also in the process of setting up a state-of-the-art design studio and show-room at Worli.

4. POLYESTER DIVISION

During the year, the execution of the Polyester Project was in full swing at the DMT Plant site at Patalganga and to enable the implementation of the Polyester Staple Fibre (PSF) Project the DMT plant remained shut during a major part of the current reporting period. In January, 2007, commissioning of PSF Plant in sections commenced and by 31st March, 2007, part of the PSF Plant was under operational testing.

By September, 2007, facilities will be available for use of PTA as an alternative feedstock in the PSF Plant. Given the current scenario with Petrochemical market, this would provide flexibility on cost effective basis to the Company's Polyester business.

Polyester intermediates market has recently been experiencing substantial volatility caused by swing in Crude Oil prices, mismatch between international Paraxylene supply and demand (arising from commissioning of new PTA Plants) and Rupee-Dollar Exchange movement. While this is expected to impact the Division's performance in the immediate future, steps are being taken to mitigate the adverse situation by instituting cost saving measures and also by diversifying into high value fibre business.

5. REAL ESTATE DIVISION

With the receipt of all the development permissions, the construction of the residential tower at Spring Mills, Dadar, has commenced, and more than 60% of the apartments have already been sold. The remaining will be sold through the current financial year. The construction of the residential tower will be completed within the next 15 to 18 months. Work has also commenced on Shopping Centre and Commercial Offices which are part of the initial development phase both at Dadar and Worli locations.

All these activities, comprising the first phase of development at the two locations, are expected to be progressively completed over the next three years.

Well landscaped gardens form an integral part of the developments at both Dadar & Worli sites and steps have been taken to ensure that the construction enhances the environment.

6. TAXATION

The assessment of the Company for the assessment year 2004-05 has now been completed. The department has raised a demand of Rs.0.18 crore. The Company is contesting the demand in appeal and expects to succeed. Consequently no further provision in the books of accounts is considered necessary. However, disputed demand has been disclosed as a contingent liability.

7. FIXED DEPOSITS

The Company had suspended acceptance of fresh deposits and renewal of existing deposits from 1st March 1999. Despite reminders, cheques sent by the Company in repayment of deposits have not been encashed and consequently deposits from 18 depositors aggregating to Rs. 1.21 lacs have remained unpaid as on 31st March, 2007.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in **Annexure A** to this Report.

9. EMPLOYEE STOCK OPTION SCHEME

Requisite disclosure in respect of the Employee Stock Option Scheme in terms of guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Share Purchase Scheme) Guidelines 1999, has been provided in **Annexure B** to this Report.

The Share Capital of the Company has gone up marginally from Rs.38.60 crores as at 31st March, 2006 to Rs.38.61 crores as at 31st March, 2007 consequent upon allotment in 2006 of equity shares following the exercise of stock options granted under the Company's Employee Stock Option Scheme .

10. PERSONNEL

Employees of the Textile Division were paid Bonus as per the provisions of the Bonus Act. An additional 4.17% ex-gratia payment was made to maintain harmonious industrial relations.

Ex-gratia payment to the employees of the DMT plant, covered by the Payment of Bonus Act, was made as a gesture of goodwill and for maintaining cordial industrial relations.

11. INSURANCE

All the properties including buildings, plant and machinery and stocks have been adequately insured.

12. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Mr. Nusli N. Wadia, Mr. Keshub Mahindra, Mr. R. A. Shah and Dr. H. N. Sethna retire by rotation and are eligible for re-appointment.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as "the Act"), your Directors, based on the representations from the Operating Management, confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

- (ii) they have, in selection of the accounting policies consulted the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis.

14. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

15. PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March 2007 has been provided in **Annexure C** to this Report.

16. AUDITORS

Members are requested to appoint Messrs. A. F. Ferguson & Co. as Auditors at a remuneration to be fixed by the Board of Directors.

On behalf of the Board of Directors

NUSLI N. WADIA
CHAIRMAN

Mumbai , 24th May, 2007

Registered office

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



ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2007.

A. CONSERVATION OF ENERGY :

(a) Energy Conservation Measures taken

Some of the measures your Company had undertaken/ continued to implement during the year under report in the high priority area of energy conservation are given below:

Textile operations

- Replacement of 5 ft. tube lights with 4 ft. tube lights.
- Optimum working of humidification fans and pumps in line with outside ambient condition.
- Optimising usage of electrical equipments like lights, fans, air-conditioners and switching them off when not in use.
- Maintaining strict control on air leakages and optimising the working of air compressors.
- Reduction in maximum demand by regulating the sequence of machine start up.
- Improvement in power factor.
- Optimising the size and load of electric motors and electric pre-heaters.
- Optimising the running of machines to save on oil.
- Closely monitoring the steam leakages.
- Avoiding over drying of cloth.
- Increasing the speed of stenters.

DMT/PSF operations

- During the period, DMT Plant was shut down to install a downstream PSF Plant. Hence, there were no operational energy saving measures other than keeping Project and non-operational use of energy to the minimum.
- The PSF Plant design has ensured that a most energy optimum technology is chosen compared to designs of the past.
- In view of the DMT Plant shutdown, there is no specific energy consumption that could be quantified.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

Nil

(c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.

There was a saving of Rs.9.03 lacs in energy cost in Textile Mill, Rs. 25.08 lacs at NBW and Rs. 62.96 lacs on account of furnace oil at NBW calculated on the basis of productivity improvement.

(d) Total Energy Consumption and Energy Consumption per unit of production in prescribed Form A.

As per 'Form A' attached.

B. TECHNOLOGY ABSORPTION :

Research and Development (R&D)

1. Specific areas in which R& D carried out by the Company

- Process optimisation/Recipe modification in size mixing/ introduction of new size mixing, dyes and chemicals for 'cost economy':
 - (i) By using left-over size liquor from previous batch;
 - (ii) By strict supervision and control; and
 - (iii) By taking controlled studies on sizing machines and closely monitoring the sized beam performance on loom.
- New Product Development such as Nylon wrapper by way of import substitution.
- Enhancement of wrapper production through installation of batchers and conversion of normal dobby looms to reinforced looms.
- Increase in batching capacity.
- Process standardization for consistent quality.
- New process development.

2. Benefits derived as a result of the above R & D

- Saving in size mixing recipe of Rs. 0.96 lac.
- Improvement in product marketability and business viability through consistent quality, lower cost and newer products.
- Meeting customer needs and in turn increased customer satisfaction.

3. Future plan of action

- To reduce production cost by stringent process parameters and new development of vendors.
- To develop value added special finishes on sheeting qualities for improvement in business viability.
- To reduce process cost by optimization of processes, reduction of chemical/auxiliaries and utilities cost without adversely affecting the quality of fabric.

4. Expenditure on R & D

Expenditure on R & D during the year under report amounted to Rs. 62.49 Lacs.

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TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation

- Process optimization for dyeing of reactive shades, improvement in pilling, reduction in skewing and bowing, better luster and consistent residual shrinkage.
- Improvement in blotched printing and binder for cost reduction.
- Process development for enhanced wrinkle free finish.

2. Benefits derived as a result of the above efforts :

- Cost reduction due to process/recipe modification in various operations.
- Quality consistency due to standardisation of processes.
- Newer finishes/products.

3. Information regarding technology imported during the last 5 years:

- Technology imported – Invista Performance Technologies, U.S.A.- For manufacture of polyester staple fibre with DMT & MEG as raw materials.
- Year of import – 2006.
- Has technology been fully absorbed – It is in the process of absorption, as the commissioning has started in January, 2007.
- If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - The technology will be fully absorbed during 2007-08.

4. Foreign Exchange Earnings And Outgo :

1. Activities relating to exports, initiatives taken to increase exports, development of export markets for products and services and export plans.

The International markets are in an oversupply position and with intense competition from both within and other countries, both the volume and margins are being adversely affected. The strengthening of the rupee is further eroding the competitiveness in the export business. However addition in terms of new markets, new product lines and finishes are expected to yield some gains.

2. Total foreign exchange used and earned.

	Rs. in crores
Total foreign exchange used	138.38
Total foreign exchange earnings	151.00

On behalf of the Board of Directors

NUSLI N. WADIA
Chairman

Mumbai, 24th May, 2007



FORM 'A'

Form for disclosure of particulars with respect to conservation of energy

	Production Unit	Current Year	Previous Year
A. POWER AND FUEL CONSUMPTION			
1 Electricity			
(a) Purchased			
Unit (KWH in lacs)		492.88	1036.84
Total Amount (Rupees in crores)		23.55	36.08
Rate/Unit (Rupees)		4.78	3.48
(b) Own Generation			
(Through Diesel Generator)			
Unit (KWH in lacs)		0.02	0.80
Units per Ltr. of Diesel		0.52	2.91
Cost/Unit (Rupees)		*72.11	12.53
2 Furnace Oil/L.S.H.S.			
Quantity (in M. Tons)		17571.40	28945.15
Total Cost (Rupees in crores)		30.87	44.66
Average Rate (in Rupees per M.T.)		17568.32	15430.06
3 Coal			
Quantity (in M. Tons)		-	-
Total Cost (Rupees in crores)		-	-
Average Rate (in Rupees per M.T.)		-	-
B. CONSUMPTION PER UNIT OF PRODUCTION			
1 Electricity (KWH)			
Cloth	1000 Mtrs	560.54	782.04
Yarn	100 Kgs	-	-
DMT	M.T.	-	481.00
2 Furnace Oil/L.S.H.S.(M.T.)			
Cloth	1000 Mtrs	0.182	0.208
DMT	M.T.	-	0.138
3 Coal (M.T.)			
Cloth	1000 Mtrs	0	0
DMT	M.T.	0	0

* High cost is due to no load operation trials of New DG sets during shutdowns.

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AND MANUFACTURING COMPANY LIMITED**

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999.

(a) Options granted	:		<u>No. of Options/Shares</u>	
			2002-03:	70,000
			2003-04:	55,000
			2004-05:	23,700
			2005-06:	14,500
			2006-07:	<u>1,210</u>
			Total :	<u>1,64,410</u>
(b) Pricing formula	:	Rs. 10 per share		
(c) Options vested	:	1,56,700 Equity Shares		
(d) Options exercised	:	1,56,700 Equity Shares		
(e) Total number of shares arising as a result of exercise of options.	:	1,56,700 Equity Shares		
(f) Options lapsed.	:	6,500 Equity Shares		
(g) Variation of terms of options	:	Nil		
(h) Money realised by exercise of options.	:	Rs. 15,67,000/-		
(i) Total number of options in force	:	1,210 Equity Shares		
(j) Employee – wise details of options granted to -			<u>No. of Options/Shares</u>	
(i) Senior Managerial Personnel	:		2006-07	As on 31.3.2006
		Mr. Ninu Khanna	Nil	96,700
		Mr. P. V. Kuppaswamy	1,210	62,900
		Mr. M. K. Singh	Nil	3,600
			<u>1,210</u>	<u>1,63,200</u>
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	:	None		
(iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	None		
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	:	Rs. 9.31		
(l) (i) Method used to calculate employee compensation cost	:	Intrinsic value of stock options		
(ii) the difference between the employee compensation cost computed by intrinsic value and the employee compensation cost that shall have been recognised if the Company had used the fair value of the options	:	Had the Company used the fair value of the options, the employee compensation cost would have been higher by Rs. 0.01 lac.		
(iii) impact of this difference on:				
(a) profits of the Company	:	Decrease of Rs. 0.01 lac		
(b) EPS of the Company	:	Nil		
(m) Since exercise price of the options is less than the market price of the stock:			For options granted during the year ended 31 st March, 2007	
(i) weighted-average exercise prices of the options	:	Rs.10 per share		
(ii) weighted-average fair values of the options	:	Rs. 744.48 per share		
(n) Description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information	:	Black-Scholes Option-Pricing Model		
(1) risk-free interest rate	:	6.17%		
(2) expected life	:	1 year		
(3) expected volatility	:	0.03		
(4) expected dividends	:	Rs. 5/- per share		
(5) the price of the underlying share in market at the time of option grant	:	Rs. 753.90 per share		

AUDITORS' REPORT ON EMPLOYEE STOCK OPTION SCHEME

We have examined the books of account and other records maintained by The Bombay Dyeing and Manufacturing Company Limited (the company) for the year ended 31st March, 2007 and on the basis of such examination and the information, explanations and representations given to us, confirm that the company's scheme has been implemented in accordance with the "Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999".

A.F.Ferguson & Co.
Chartered Accountants

Mumbai, 24th May, 2007



ANNEXURE 'C' TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 as amended, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2007.

Name of the Employee	Designation / Nature of Duties	Remuneration Received		Qualification	Experi-ence Years	Date of commen- cement of Employment	Age Years	Last Employment held before joining the Company
		Gross Rs.	Net Rs.					
A) EMPLOYED THROUGHOUT THE YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN RS. 24,00,000 PER ANNUM								
Basu D. C.	Business Head (PSF)	2960752	1852003	B.Sc.Tech, M.Sc. [Fibe., Sci.&Techn.] Ph.D.	30	23/03/2005	57	Reliance Industries Ltd. Mumbai
Bhatia R. B.	HD-Operation Retail Initiative	3369769	2199644	MBA From University of Monash, Australia	23	06/03/2006	46	Peninsula Facilities Mangt. Australia
Bhawsingka A. B.	Gen. Manager- Commercial & Oper.	2649372	1713458	B.Com., C.A.	19	10/08/2005	43	PT Indorama Synthetics
Chandrasekharan R. C.	Vice President (Corporate Affairs)	2411986	1487576	B. Sc., A. C. A., A.C. S., A. C. W. A.	29	20/03/2006	54	Birla Soft Ltd.
Deshpande V. D.	Vice-president (Corporate - HR)	2602093	1673096	B.Sc., MBA	25	01/06/2006	47	Reliance Industries Ltd.
Gupta S. K.	Executive Director	8651760	4957849	B.Sc., MBA	31	31/03/2006	56	Raymond Ltd.
Gupta S. K.	Vice President (Mfg.& Commercial)	2574970	1478023	B.E. Chemical Engineer	37	31/12/1987	60	Dy.chief Engineer (Urea Plant) Fertilizer Corp. Of India
Kapur R.	Gen Manager - Processing	3198374	2085142	B.Tech. (Chemical Engg.)	25	27/05/2002	47	Vardhman Spg & General Mills
Kuppuswamy P. V.	Joint Managing Director	11602563	5099864	Bsc. (Chem), Bsc. (Chem.Engg.), PGD of Ind.Inst.of Petroleum (Petroleum Refining & Petro Chemicals)	39	01/08/1979	63	Manager Solvent Alcohol Plant, Nocil
Nandagopal S. N.	Gen Manager- Procurement	3379105	2162491	Mech. Engg. PGD In Business Mgmt. from XLRI	23	20/01/2006	47	Al Ghurair Retail LLC, Dubai
Nariman B. D.	Sr Vice President (Corporate Group)	4668771	2968142	B.Com., FCS	33	12/12/2005	52	Sr.VP Legal & Co. Secretary Indian Hotels Co. Ltd.
Phadnis P. K.	Vice President (Corporate Affairs)	2714188	1749917	B.E.(Mech.) Master in Management	31	07/08/2003	47	Head of Information Management Bayer India Ltd.
Singh G. S.	Chief Financial Officer	3100893	1977320	B.Com., F.C.A.	27	27/01/2005	51	Chief Operating Officer Garware Polyester Ltd.
Singh M. K.	Executive Director	15489483	9123355	B.Tech. M.B.A.	28	01/07/2004	51	Managing Director Schindler India Ltd.
Wadia. N. N.	Joint Managing Director	15416586	9613258	M.Sc.	13	01/01/1994	36	-

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

B) EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN RS. 2,00,000 PER MONTH.

Name of the Employee	Designation / Nature of Duties	Gross Rs.	Nett Rs.	Qualification	Experience Years	Date of Commencement of Employment	Age Years	Last Employment held before joining the Company
Athavale. H. S.	Gen. Manager [Commercial]	554378	541484	B.Com., M.B.A.	28	24/12/1993	49	Finance Manager Uniplast (India) Ltd. - Daman
D'souza E. D.	Manager (Administration)	599627	481588	B.A., PGDMS, DHRM	12	15/12/2005	36	Cushman & Wakefield PMS Pvt. Ltd.
Dadlani V. G.	Gen. Manager	331702	303131	B.Com., C.A. L.L.B.	27	18/01/2001	54	N/A
Ghosal T. G.	Sr. Manager- Commercial	46722	46722	M.Com., ICWA, C.A.(Inter)	9	24/11/2003	38	N/A
Hardikar M. H.	Chief Operating Officer	995591	730208	BE(Mech) MMS	19	25/11/2005	45	N/A
Khanna N.	Managing Director	3772391	2622974	B.Sc. PGDM (IIM)	29	20/05/2002	53	Dabur India Ltd.

Notes :

1. Nature of employment whether contractual or otherwise : All appointments are/were contractual.
2. Other Terms & Conditions : All appointments are terminable by one month's / three months' / six months' notice as the case may be on either side.
3. Gross remuneration comprises salary, allowances, monetary value of perquisites, Company's contribution to Provident & Superannuation Funds, but excludes contribution to Gratuity Fund on the basis of actuarial valuation, as separate figures are not available.
4. Net remuneration is after tax and is exclusive of Company's contribution to Provident & Superannuation Funds and monetary value of non-cash perquisites.
5. None of the employees mentioned above is a relative of any Director of the Company except Mr. Ness N. Wadia who is related to Mr. Nusli N. Wadia, Chairman of the Company.

On behalf of the Board of Directors

NUSLI N. WADIA
Chairman

Mumbai, 24/05/2007



MANAGEMENT DISCUSSION AND ANALYSIS

TEXTILE BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENT

Textile Industry continues to play dominant role in the Indian economy and has shown significant growth in the recent past. Being a priority sector, the Government has extended Technological Upgradation Fund Scheme for a further period of one year for providing necessary impetus to achieve quantum growth in the short term. Home Textile Industry, however, is passing through a phase of over-capacity, dependent on overseas business which is becoming highly competitive. It is likely to take quite some time before this demand-supply mismatch gets corrected. Domestic market, however, continues to grow at faster speed.

OPPORTUNITIES AND THREATS

Excess capacity build-up in the Asian region has posed serious threat in terms of cut throat price competition. Since major retailers in the west prefer to source from newly set up integrated manufacturing facilities, major growth in our export business is expected only towards the end of 2007-08 when we are fully operational at Ranjangaon.

Growing domestic market for premium bed-and-bath products, however, provides definite edge to the Company enjoying top of the mind brand equity.

OUTLOOK

Domestic business is poised for quantum growth fueled by changing life styles. Export business is, however, expected to start building up towards the year end.

Though coarser varieties of cotton have been costlier this year, prices of finer cotton are expected to remain subdued owing to demand-supply mismatch.

RISKS AND CONCERNS

Increasing energy costs, unfavorable exchange rates and intense price competition caused by over-capacity are some of the immediate risks and concerns to be addressed going forward.

POLYESTER BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENT

In early 2006, the supply/demand equation in the domestic market of Polyester Staple Fibre (PSF) was in reasonable balance. During the year, however, three new PSF Plants have been commissioned in the country including our own, resulting in an over-supply situation. Consequently substantial exports of PSF are taking place even though domestic demand has also been growing. With all the new capacities in place, our production represents around 18% of the domestic capacity.

OPPORTUNITIES AND THREATS

In the 2006 Fiscal Budget, Excise Duty on PSF was reduced to 8% and the Customs Duty was reduced from 15% to 10%. This Budget has seen further reduction in Customs Duty to 7.5%. Also, the Textile Sector itself is adding substantial Spinning and downstream capacities. Consequently the domestic market for PSF is expected to be buoyant. However, the producer margins have been adversely affected by PSF prices being unable to neutralize the impact of high input and energy costs. To mitigate the situation the Company is focusing on production and sale of value added PSF products.

OUTLOOK

The PSF business is going through a trough in the Asian market due to over-capacity and high input costs but is expected to gradually improve with Paraxylene and PTA availability becoming easier by 2009. All domestic PSF capacities will also get absorbed by the market by 2009-10. The most recent technology and machinery used in our Plant is expected to help us in establishing our niche markets, both in India and abroad.

RISKS AND CONCERNS

Until we switch over to PTA as feedstock later this year, the business will remain affected by very high input costs as well as price volatility of Paraxylene. Cost of energy is also ruling very high. This will lead to operating margins being under pressure in the immediate future. Price improvement of PSF is linked to Cotton prices and there are reasons to believe that we will get better realization in the coming years due to reduction of Cotton subsidy in the USA and significant export of Cotton from India.

REAL ESTATE BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENT

The city of Mumbai is an Island, and land, its most precious resource will always be in short supply. The Company's real estate projects, ideally located in the heart of the island city provide an opportunity to have mixed use developments, a much needed requirement. The center of gravity of the city seems to be shifting to the area of Central Mumbai from both the Northern landmass, and the densely constructed Southern tip of the Island.

The real estate sector continues to get the benefit of Foreign Direct Investment (FDI) in the Island city and its suburbs. Though volume growth of more than 10% is expected to continue in the coming year, the significant growth of unit prices and rents in Mumbai of more than 30% per annum has resulted in an overheating in the market in the high end. As anticipated with caution last year, this overheating has slowed the market, and your company's decision to develop the two properties for income rather than sale segments, will tend to insulate the financial performance in the coming years from downturns.

Commercial Office space in Central and South Mumbai continues in short supply. New office space supply in the Island city is far outstripped by the demand of expanding businesses and new businesses, both domestic and international.

With the polluting textile industries closing down, relocating in non-urban areas, as well as modernizing, the environment in the Central Mumbai area has improved, and continues to improve.

Urban renewal is an important element of getting back the competitive spirit of Mumbai, as it has been for other coastal commercial cities elsewhere in the world, in the 20th and the current 21st century. Your company has joined hands in a Joint Venture with Larsen & Toubro Limited to participate in the redevelopment and renewal effort of Mumbai. The first redevelopment project has been identified, and the development work has started.

OPPORTUNITIES & THREATS

The positive impact of economic growth of more than 8% has continued to benefit the Real Estate sector. However, inflation close to 6% and higher interest rates have started having a dampening influence in the sale of residential space in the country. Hence, caution is in order while the developments at Worli and Dadar are undertaken. The phasing of these projects reflects the need to ring fence the two developments from the slowdown in the Real Estate Sector.

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OUTLOOK

The demand for commercial offices and shopping centers for rent is expected to be strong in the segments and market the company serves.

The demand for residential space, though slow in the general market, will have limited impact on the Spring Mills Project as the total number of apartments on offer is limited.

The Worli – Bandra Sea Link construction work continues to progress well and is due for completion in the next 24 months. The construction of the Trans Harbor Link is expected to commence in the current year, with an implementation schedule of 4 to 5 years. As these two links will boost the real estate sector in Central Mumbai, your company assets at Dadar and Worli would enhance in value.

RISKS & CONCERNS

Though higher interest rates will impact the housing sector in the near term, the demand for well-designed office and shopping centers will continue to be robust. The regulatory risks going forward need to be vigilantly monitored and steps taken to ensure that this is not an impediment in the speedy implementation of the Company's real estate projects.

SEGMENT-WISE PERFORMANCE

Segment-wise performance together with discussion on financial performance with reference to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

GENERAL

INTERNAL CONTROLS

The Company has proper Internal Controls in place for safeguarding all its assets from unauthorized use or disposal. Adherence to Internal Control systems is ensured by detailed Internal Audit programme so that the assets are correctly accounted for and the business operations are conducted as per laid down policies and procedures.

The Company has an Audit Committee of the Board of Directors which meets regularly to review, *inter alia*, risk management policies,

adequacies of internal controls and the audit findings on the various functions of different segments of the business.

HUMAN RESOURCES

Specific need based training and development programs for all levels of employees were imparted in order to optimise the contribution of the employees to the Company's business and operations. The Human Resource Information System (HRIS) has been launched to integrate all the HR activities across the divisions. Occupational Health, Safety and Environmental Management are given utmost importance. As on 31st March, 2007 the employee strength (on permanent rolls) of the Company was 966.

RESOURCES AND LIQUIDITY

The Company's borrowings have increased by Rs. 494 crores during the year and have been used mainly to fund the implementation of PSF Project at Patalganga and Textile Processing facility at Ranjangaon.

The working capital for the Company's businesses is financed mainly by Pre and Postshipment credits as well as by short-term loans from the consortium banks and others.

However, with net current assets at Rs.381 crores and investments at Rs.154 crores, the Company will be able to meet its funds requirements easily.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

Mumbai, 24th May, 2007



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance:

In keeping with its commitment to good corporate governance which it has always believed leads to efficiency and excellence in the operations of a company, your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings. The Company continuously endeavours to review, strengthen and upgrade its systems and processes so as to bring in transparency and efficiency in its various business segments.

2. Board of Directors:

The Board is headed by the Non-Executive Chairman, Mr. Nusli N. Wadia, and is composed of eminent persons with considerable professional experience in diverse fields and comprises a majority of Non-Executive Directors. Over two thirds of its Board consist of Non-Executive Directors and of these the majority are independent directors. The details are given below :-

Director	Whether Promoter, Executive, Or Non-Executive /Independent	No. of outside Directorships held *	No. of Board Committees of other Companies in which a Member #
Mr. Nusli N. Wadia	Non-Executive Chairman/ Promoter	9	1
Mr. Keshub Mahindra	Non-Executive & Independent	5	1 (Chairman)
Mr. R. N. Tata	Non-Executive & Independent	13	Nil
Mr. R. A. Shah	Non-Executive & Independent	13	7 (Chairman of 4)
Dr. H. N. Sethna	Non-Executive & Independent	4	4 (Chairman of 2)
Mr. S. S. Kelkar	Non-Executive	8	3
Mr. S. Ragothaman	Non-Executive & Independent	6	6 (Chairman of 3)
Mr. A. K. Hirjee	Non-Executive	9	7 (Chairman of 3)
Mr. S. M. Palia (w.e.f. 30.05.06)	Non-Executive & Independent	8	5 (Chairman of 4)
Mr. Ninu Khanna (upto 31.05.06)	Managing Director	1	Nil
Mr.P.V. Kuppuswamy	Jt. Managing Director	3	4 (Chairman of 2)
Mr. Ness N. Wadia	Jt. Managing Director	6	Nil
Mr. M. K.Singh	Executive Director	Nil	Nil
Mr. Surya Kant Gupta (w.e.f 30.05.06)	Executive Director	1	Nil

* Excludes alternate directorship and directorship in foreign companies, private companies and companies governed by Section 25 of the Companies Act, 1956.

Excludes Committees other than Audit Committee and Shareholders/Investors Grievance Committee and companies other than public limited companies.

Board Meetings & AGM:

During the year under review, 6 Board Meetings were held, the dates being 25th April, 2006, 30th May, 2006, 27th July, 2006, 27th October, 2006, 22nd November, 2006 and 24th January, 2007.

The AGM was held on 27th July, 2006.

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Details of attendance of each Director at the Board Meetings and AGM are given below:-

Directors	No. of Board Meetings attended	Whether attended last AGM
Mr. Nusli N. Wadia	6	Yes
Mr. Keshub Mahindra	6	Yes
Mr. R. N. Tata	4	Yes
Mr. R. A. Shah	5	Yes
Dr. H. N. Sethna	5	Yes
Mr. S. S. Kelkar	6	Yes
Mr. S. Ragothaman	6	Yes
Mr. A. K. Hirjee	6	Yes
Mr. S. M. Palia (w.e.f. 30.05.06)	4	Yes
Mr. Ninu Khanna (upto 31.05.06)	-	N/A
Mr. P. V. Kuppuswamy	6	Yes
Mr. Ness N. Wadia	5	Yes
Mr. M. K. Singh	5	Yes
Mr. Surya Kant Gupta (w.e.f. 30.05.06)	3	No

3. Board Committees :

The Board has constituted the following Committees of Directors :

(a) Audit Committee:

The Audit Committee consists of the following 5 Non-Executive Directors:-

Mr. R. A. Shah – Chairman
 Mr. S. Ragothaman
 Mr. S. S. Kelkar
 Dr. H. N. Sethna
 Mr. S. M. Palia (w.e.f. 30.05.06)

The Chairman of the Committee, Mr. R. A. Shah, is an independent Director.

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the internal Auditors and statutory Auditors, selection and establishment of accounting policies, review of financial statements both quarterly and annual before submission to the Board, review of management discussion and analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, 7 Meetings of the Audit Committee were held, the dates being 24th April, 2006, 8th May, 2006, 29th May, 2006, 26th July, 2006, 25th September, 2006, 27th October, 2006 and 23rd January, 2007.

Details of attendance of each member at the Audit Committee Meetings are as follows:-

Name	No. of Audit Committee Meetings attended
Mr. R. A. Shah	6
Mr. S. Ragothaman	6
Mr. S. S. Kelkar	7
Dr. H. N. Sethna	7
Mr. S. M. Palia	4

(b) Remuneration/ Compensation Committee:

The Remuneration/ Compensation Committee consists of the following Non-Executive Directors:

Mr. Keshub Mahindra – Chairman
 Mr. Nusli N. Wadia
 Mr. R. A. Shah
 Mr. S. Ragothaman
 Mr. A. K. Hirjee



The Chairman of the Committee, Mr. Keshub Mahindra, is an independent Director.

During the year under review, the Remuneration/Compensation Committee met once on 30th May, 2006. Mr. Keshub Mahindra, Mr. Nusli N. Wadia, Mr. A. K. Hirjee and Mr. S. Ragothaman were present at the Meeting.

Broad terms of reference of the Remuneration/Compensation Committee include approval/recommendation to the Board of salary/perquisites, commission and retirement benefits, finalisation of the perquisites package payable to the Company's Managing/Joint Managing/Deputy Managing/Executive Directors and administration and superintendence of the Employee Stock Option Scheme.

Remuneration Policy:

Payment of remuneration to the Managing/Joint Managing/Deputy Managing/Executive Directors is governed by the respective Agreements executed between them and the Company. Their Agreements were approved by the Board and by the shareholders. Their remuneration structure comprises salary, incentive allowance, commission linked to profits, perquisites and allowances, contribution to provident fund, superannuation and gratuity. The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees and such commission as may be determined by the Board from time to time.

A. Details of remuneration paid to the Managing/Joint Managing/Deputy Managing/Executive Directors during the year 2006-2007 are given below: -

(In Rupees)

Name.	Salary.	Benefits*	Commission@.	Total
Mr. Ninu Khanna, Managing Director (upto 31.05.06)	4,50,000	10,22,391	23,00,000	37,72,391
Mr. P. V. Kuppaswamy, Joint Managing Director	37,20,000	64,82,563	14,00,000	1,16,02,563
Mr. Ness N. Wadia, Joint Managing Director	27,00,000	67,16,586	60,00,000	1,54,16,586
Mr. M. K. Singh, Executive Director	27,00,000	67,89,483	60,00,000	1,54,89,483
Mr. Surya Kant Gupta, Executive Director (w.e.f. 30.05.06)	22,50,000	49,59,800	0	72,09,800

*Also includes the Company's contribution to Provident and Superannuation Funds.

@ Relates to the preceding year 2005-06.

- Notes: a) The Agreement with the Managing/Joint Managing/Deputy Managing/Executive Directors is for a period of five years. Either party to the Agreement is entitled to terminate the Agreement by giving not less than six calendar months' prior notice in writing to the other party provided, however, that the Company shall be entitled to terminate the incumbent's employment at any time by payment to him of six months' salary in lieu of such notice.
- b) The Company has granted stock options to a working Director in addition to those granted to working Directors in the previous year, details of which are given in Annexure B to the Directors' Report.

B. Details of payments made to non-Executive Directors during the year 2006-07 are given below: -

	Sitting Fees (in Rupees)		Commission@	Total No. of Shares held in the Company as on 31 st March, 2007
	Board Meeting	Committee Meeting		
Mr. Nusli N. Wadia	60,000	20,000	18,00,000	1,23,350
Mr. Keshub Mahindra	60,000	10,000	2,78,000	1,630
Mr. R. N. Tata	40,000	-	1,99,000	700
*Mr. R. A. Shah	50,000	60,000	5,56,000	300
Dr. H. N. Sethna	50,000	96,000	4,76,000	5,152
Mr. S. S. Kelkar	60,000	1,46,000	6,75,000	7,340
Mr. S. Ragothaman	60,000	80,000	2,38,000	5,000
Mr. A. K. Hirjee	60,000	77,000	2,78,000	760
Mr. S. M. Palia (w.e.f. 30.05.06)	40,000	50,000	-	Nil

* Mr. R. A. Shah is a senior partner of Crawford Bayley & Co., Solicitors & Advocates, who have professional relationship with the Company. The quantum of professional fees received by Crawford Bayley & Co. from the Company constitutes less than 2% of the

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total revenues of the legal firm. As per the view of the Board of Directors and also as per the legal opinion received on the subject of independence of Mr. R. A. Shah, the association of the legal firm, Crawford Bayley & Co., with the Company is not material. The professional fees of Rs. 12.67 lakhs paid/accrued to the legal firm during the year are not considered material enough to impinge on the independence of Mr. R. A. Shah.

Mr. S. S. Kelkar, Non-Executive Director and Mr. R. A. Shah, Non-Executive Independent Director have booked flats in the residential building to be constructed by the Company on its Spring Mills land in respect of which advance of Rs. 65,90,756 and Rs. 41,76,845, respectively, have been received by the Company. As per the view of the Board of Directors, this transaction of booking of flat by Mr. R. A. Shah is not considered material enough to impinge on his independence.

@ Relates to the preceding year 2005-06.

Consolidated provision for Commission to Non-Executive Directors of Rs. 35 lakhs has been made in the Books of Account of 2006-07.

Remuneration of Non-Executive Directors by way of commission is determined by the Board within the limits stipulated by the Special Resolution passed at the 124th Annual General Meeting held on 23rd July, 2004. They are paid sitting fees at the rate of Rs. 10,000/- per meeting for attending the meetings of the Board of Directors/Committees thereof except those of the Share Transfer, Shareholders'/ Investors' Grievance and Ethics & Compliance Committee in which case they are paid at the rate of Rs. 1,000/- per meeting attended. No stock options have been granted to Non-Executive Directors.

(c) Share Transfer, Shareholders'/Investors' Grievance and Ethics & Compliance Committee:

This Committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate Certificates by the Company, (ii) looks into various issues relating to shareholders including redressal of complaints from shareholders relating to transfer of shares, non-receipt of Balance Sheets, Dividends etc. and (iii) carries out the functions envisaged under the Code of Conduct for Prevention of Insider Trading adopted in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Committee consisted of 3 Non-Executive Directors and the Joint Managing Director, namely: -

Dr. H. N. Sethna	- Non-Executive Director (Chairman)
Mr. A. K. Hirjee	- Non-Executive Director
Mr. S. S. Kelkar	- Non-Executive Director
Mr. P. V. Kuppuswamy (w.e.f. 03.08.06)	- Joint Managing Director

The Committee met 26 times during the year.

(d) Finance Committee:

The Finance Committee consists of the following Directors:

Mr. A. K. Hirjee	- Non-Executive Director
Mr. S. S. Kelkar	- Non-Executive Director
Mr. Ness N. Wadia	- Joint Managing Director

The terms of reference of this Committee cover (i) Liability Management related to raising of Rupee/Foreign Currency resources both short-term and long-term to meet the funding requirements of the various operating divisions and approval of terms and conditions covering the borrowing programme; (ii) Foreign Exchange Management involving review of the Company's forex policy and providing direction to the Treasury Department with regard to maintenance and covering of open positions; and (iii) Investment Management related to the employment of temporary and/or long-term surpluses of the Company in various securities whether or not traded on the stock exchanges like units of Mutual Funds and providing direction to the Treasury Department on the composition and the turnover of the investment portfolio from time to time.

During the year under review, the Committee met four times on 30th May, 2006, 27th July, 2006, 27th October, 2006 and 24th January, 2007.

However, between two meetings discussions are held, as and when required, among the Committee members and decisions taken in all matters coming within the Committee's purview.

(e) Executive Committee:

An Executive Committee was constituted on 24th January, 2007 consisting of the following Directors:

Mr. Nusli N. Wadia	- Chairman
Mr. S. S. Kelkar	
Mr. S. Ragothaman	
Mr. A. K. Hirjee	
Mr. S. M. Palia	



Broad terms of reference of the Executive Committee include (i) review with the Business Heads of the operating divisions from time to time of business plans and strategies, (ii) addressing issues related to the capital expenditure and (iii) review of performance of the business of the Company. The Joint Managing Directors and Executive Directors are permanent invitees.

During the year under review, the Executive Committee met once on 29th March, 2007 and all the members of the Committee were present at the Meeting.

Name and designation of Compliance Officer:

Mr. P. Govindan, Company Secretary

No. of shareholders' complaints received during the year : 529

No. of complaints not resolved to the satisfaction of shareholders : Nil.

No. of pending complaints : Nil

4. General Body Meetings :

(a) Location and time where last three AGMs were held:

Date & Time	Location	Special Resolutions Passed
27 th July, 2006, at 3.45 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai-400020	Nil
29 th July, 2005, 3.45 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai-400020	Nil
23 rd July, 2004, 3.45 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai-400020	i) Amendment to Employee Stock Option Scheme (ESOS). ii) Approval for payment of commission to Non-Executive Directors pursuant to S.309 of the Companies Act, 1956.

(b) Whether any Special Resolutions were passed last year through postal ballot : No.

(c) Whether any special resolution is proposed to be passed through postal ballot this year : No.

5. Other disclosures :

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

Transactions with the related parties are disclosed in Note 10 of Schedule 19 to the financial statements in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest. The Audit Committee has reviewed these transactions as mandatorily required under Clause 49 of the Listing Agreement.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None.

(c) Risk Management

The Company has in place mechanism to inform Board Members about the risk assessment and minimisation procedures. The Audit Committee and the Board have periodically reviewed the risk assessment and minimisation procedures as required under Clause 49 of the Listing Agreement so as to ensure that risk is controlled by the Executive Management.

(d) Code of Conduct

The Board of Directors has adopted the Code of Ethics and Business Principles for the Non-executive Directors as also for the employees including whole-time Directors and other Members of Senior Management. The said Code has been communicated to all the Directors and Members of the Senior Management. The Code has also been posted on the Company's website www.bombaydyeing.com.

6. Means of communication :

(i) Quarterly results :

The unaudited quarterly results are announced within one month from the end of the quarter and the audited annual results within three months from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchanges.

(ii) Newspapers wherein results normally published:

The Financial Express – All editions & Sagar , Mumbai.

(iii) Any Website where displayed :

Yes. www.bombaydyeing.com

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- (iv) Whether Website also displays official news releases:
Yes. Financial Results and related press releases and distribution of shareholding are displayed on the Website.
- (v) Whether presentations made to institutional investors or to the analysts:
No presentations were made to institutional investors or to the analysts.
- (vi) Management Discussion & Analysis Report :
The Management Discussion & Analysis Report forms a part of the Annual Report.

7. General Shareholder information:

- (a) AGM: Date, time and venue:
25th July, 2007 - 3.45 p.m. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400020
- (b) Financial calendar (tentative):
- | | | |
|---|---|--|
| Financial reporting for the quarter ending 30th June, 2007 | : | End July, 2007 |
| Financial reporting for the quarter ending 30 th September, 2007 | : | End October, 2007 |
| Financial reporting for the quarter ending 31 st December, 2007 | : | End January, 2008 |
| Financial reporting for the year ending 31 st March, 2008 | : | End May, 2008 |
| Annual General Meeting for the year ending 31 st March, 2008 | : | Last week of July/1 st week of August, 2008 |
- (c) Book closure period: 5th July, 2007 to 25th July, 2007 both days inclusive.
- (d) Dividend payment date : On and from 10th August, 2007.
- (e) Listing on Stock Exchanges : Currently, the Company's securities are listed at :
1. Bombay Stock Exchange Ltd. (BSE), Mumbai.
 2. National Stock Exchange of India Ltd. (NSE), Mumbai.

The Global Depository Receipts are listed at:

Societe de la Bourse de Luxembourg.

Annual Listing Fee for the year 2007-2008 has been paid to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. Listing fee to the Societe de la Bourse de Luxembourg for listing of GDRs has been paid for the calendar year 2007.

- (f) Stock Code:
- | | | |
|---|---|-----------|
| Bombay Stock Exchange Ltd. (BSE) | : | 500020 |
| National Stock Exchange of India Ltd. (NSE) | : | BOMDYEING |
- (g) Stock Market Data: Please see Annexure 1
- (h) Stock Performance: Please see Annexure 2
- (i) Registrar & Transfer Agents:

Sharepro Services (India) Pvt. Ltd., the Company's Registrar and Transfer Agents (R&TA) handle the entire share registry work, both physical and electronic. Accordingly, all documents, transfer deeds, demat requests and other communications in relation thereto should be addressed to the R&TA at its following offices:

Registered Office :

Sharepro Services (India) Pvt. Ltd.,

Unit: Bombay Dyeing
Satam Estate, 3rd floor,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai 400 099.
Tel: 28215168/28329828/28215991/28347719/28348218
Fax: 28375646
e-mail: sharepro@vsnl.com

Investor Relation Centre :

Sharepro Services (India) Pvt. Ltd.,

Unit: Bombay Dyeing
912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai 400 021.
Tel: 22881568/22881569/ 22825163/22884527
Fax: 22825484
e-mail: sharepro-services@roltanet.com

- (j) Share Transfer System:
Share transfers in physical form are registered and returned within a period of 7 to 15 days from the date of receipt in case documents are complete in all respects. The Share Transfer Committee meets every fortnight. The total number of shares transferred during the year was :



	No. of Transfers.	No. of Shares.
Transfers	1,235	49,181
Transmissions	55	5,215
Total :	<u>1,290</u>	<u>54,396</u>

(k) Dematerialisation of shares and liquidity:

72.84% of outstanding Equity Shares have been dematerialised up to 31st March, 2007.

	No. of requests			No. of shares		
	As at 31.3.2006	During 2006-07	Total 31.3.2007	As at 31.3.2006	During 2006-07	Total 31.3.2007
NSDL	33,048	2,634		2,58,71,883	2,35,856	
Add: Additional accounts created during the year (Net)		9,179			-	
Less: Interdepository transfers (Net)		-			21,591	
Add: Allotment of shares under ESOS.		-			8,000	
			<u>44,861</u>			<u>2,60,94,148</u>
CDSL	4,271	652		19,78,429	36,016	
Add: Additional accounts created during the year (Net)		5,979			-	
Add: Interdepository transfers (Net)		-			18,339	
			<u>10,902</u>			<u>20,32,784</u>
	<u>37,319</u>	<u>18,444</u>	<u>55,763</u>	<u>2,78,50,312</u>	<u>2,76,620</u>	<u>2,81,26,932</u>

Trading in Equity Shares of the Company is permitted only in dematerialised form effective from 29th November, 1999 as per Notification issued by the Securities & Exchange Board of India (SEBI).

(l) Outstanding GDRs/Warrants, Convertible Bonds, conversion date and likely impact on equity.

5,88,245 GDRs were outstanding as at 31st March, 2007, each GDR representing one underlying Equity Share.

(m) (i) Distribution of Shareholding as on 31st March, 2007.

Group of Shares	No. of Shareholders	No. of Shares held	%age to Total Shares
1 to 50	57,811	12,05,878	3.12
51 to 100	13,688	11,59,407	3.01
101 to 250	8,103	13,71,394	3.55
251 to 500	3,184	11,89,730	3.08
501 to 1000	1,452	10,97,938	2.84
1001 to 5000	991	19,85,638	5.14
5001 and above	214	3,06,03,285	79.26
	<u>85,443</u>	<u>3,86,13,270</u>	<u>100.00</u>

(ii) Shareholding Pattern as on 31st March, 2007.

	No. of shares	%
Promoter Group *	1,66,08,639	43.01
Financial Institutions	36,56,417	9.47
Nationalised Banks	84,571	0.22
Mutual Funds	20,66,592	5.35
FIs	56,02,977	14.51
GDR Holders	5,88,245	1.52
Others	1,00,05,829	25.92
	<u>3,86,13,270</u>	<u>100.00</u>

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

*Promoter Group comprises:

Mr. Nusli N. Wadia and his relatives in terms of Section 6 of the Companies Act, 1956, Ms. Diana Claire Wadia, Ms. Elizabeth Anne Guhl, Ms. Bachoobai W. Daschkow, Jer Mavis Settlement No. II, Diana Claire Wadia Trust, Nusli Neville Wadia Trust, Nowrosjee Wadia & Sons Limited, The Bombay Burmah Trading Corporation Limited, National Peroxide Limited, Gherzi Eastern Ltd., Ben Nevis Investments Limited, Macrofil Investments Limited, Jehreen Investments Private Limited, Lochness Investments Private Limited, Nessville Trading Private Limited, Vernilam Investment and Trading Company Limited and its holding Company, and Lotus Viniyog Private Limited, and their subsidiaries and associates.

(n) In terms of Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001, the Company has credited during the year ended 31st March, 2007 an aggregate amount of Rs. 0.57 crore to the Investor Education and Protection Fund (IEPF).

(o) **Plant Locations :**

Textile Mill,
New Prabhadevi Road,
Mumbai-400025.
Tel: 24301888
Fax: 24222085.

PSF Plant,
A-1, Patalganga Industrial Area,
Dist. Raigad, Taluka Khalapur,
Maharashtra.
Tel. No.952192 251096/103
Fax No.952192 250263.

Address for correspondence:

For share transfer/dematerialisation of shares/payment of dividend/other queries relating to shares:

Contact M/s. Sharepro Services (India) Pvt. Ltd. at the addresses printed in Sr. No. 7(i) above.

For any queries on Annual Report or investors' assistance:

The Company Secretary

OR

The Dy. General Manager (Secretarial/Legal),
The Bombay Dyeing & Mfg. Co. Ltd.,
Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai-400001.
Tel: 22618071
Fax: 22614520.
e-mail: govindan.p@bombaydyeing.com or narayan.venkat@bombaydyeing.com

Note : As required in terms of Clause 47(f) of the Listing Agreement, the Company has designated an e-mail ID exclusively for the purpose of registering complaints by investors. The e-mail ID is grievance_redressal_cell@bombaydyeing.com.

Non-Mandatory Requirements:

(a) **Office of the Chairman of the Board:**

The Company defrays the secretarial expenses by the Chairman's Office.

(b) **Remuneration Committee:**

As stated earlier, the Board has already set up a Remuneration/Compensation Committee. Details regarding composition and scope of the Remuneration/Compensation Committee are given at Item 3(b) above.

(c) **Shareholder rights – furnishing of half yearly results:**

The Company's half yearly results are published in the newspapers and also posted on its web site and are, therefore, not sent to the shareholders. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.

Adoption of other non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

Mumbai, 24th May, 2007



DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March, 2007.

For The Bombay Dyeing & Mfg. Co. Ltd.

P. V. Kuppuswamy
Joint Managing Director

Mumbai, 24th May, 2007

Auditors' certificate to the members of The Bombay Dyeing and Manufacturing Company Limited on compliance of the conditions of corporate governance for the year ended 31st March, 2007, under clause 49 of the listing agreements with relevant stock exchanges.

We have examined the compliance of the conditions of corporate governance by The Bombay Dyeing and Manufacturing Company Limited for the year ended 31st March, 2007, as stipulated in clause 49 of the listing agreements of the said company with relevant stock exchanges (hereinafter referred to as clause 49).

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in clause 49.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For A. F. FERGUSON & CO.
Chartered Accountants

H. L. SHAH
Partner
Membership No.: 33590

Mumbai, 24th May, 2007

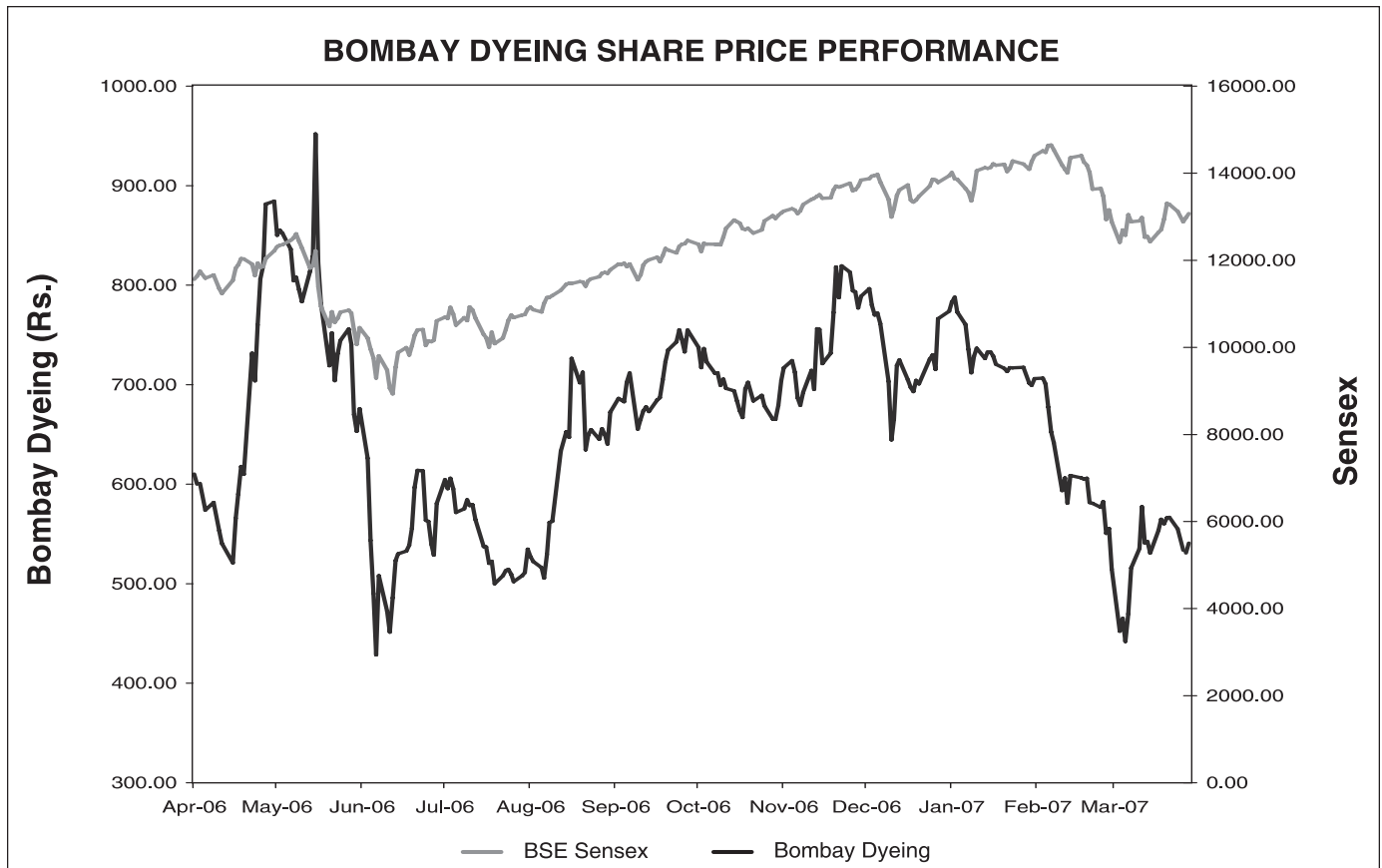
**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

ANNEXURE - 1

STOCK MARKET DATA

	Month's High Price		Month's Low Price		No. of Trades		No. of Shares Traded		Value (Rs. in lacs)	
	BSE	NSE	BSE	NSE	BSE	NSE	BSE	NSE	BSE	NSE
Apr. 2006	898.00	898.00	495.00	459.95	146846	430854	8342023	16720585	58699.50	118715.28
May. 2006	988.90	986.00	650.00	650.05	319543	996423	16031323	32724361	130752.33	266079.42
Jun. 2006	702.00	702.70	395.15	396.30	359689	1090022	15926912	36138301	86950.48	196419.14
Jul. 2006	619.00	618.00	463.00	461.70	153006	462062	6457012	14187586	36387.95	79647.60
Aug. 2006	742.00	742.25	503.05	501.10	333624	1040829	18349041	38885060	119393.18	253471.46
Sep. 2006	770.00	769.40	604.60	628.10	324541	896484	16916966	34860898	119557.45	245843.41
Oct. 2006	762.10	762.00	654.15	652.00	135850	354419	6992740	13221010	49491.81	93654.73
Nov. 2006	847.00	848.00	666.00	665.05	313942	790530	16931593	31562537	128491.34	238854.54
Dec. 2006	811.00	811.50	616.00	615.00	173662	424270	7355399	13720537	53465.26	99817.71
Jan. 2007	803.10	803.50	680.00	670.50	86378	232480	3391673	7419343	25544.70	55909.62
Feb. 2007	724.65	723.70	550.00	550.00	49951	178329	1730780	4404775	10866.42	27522.69
Mar. 2007	582.00	581.00	433.10	432.00	91562	357829	3278182	7598749	17381.13	40233.66

ANNEXURE - 2





REPORT OF THE AUDITORS TO THE MEMBERS OF THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

1. We have audited the attached balance sheet of The Bombay Dyeing and Manufacturing Company Limited, as at 31st March, 2007, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2007;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For A. F. FERGUSON & CO.
Chartered Accountants

H. L. SHAH
Partner
Membership No. 33590

MUMBAI: 24th May, 2007

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (referred to in paragraph 3 of our report of even date)

- (i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A major portion of the assets has been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year are not substantial and therefore the question of reporting on Clause 4(i)(c) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the said Order) does not arise.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has given loans to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum principal amount involved during the year as well as the year end balance of such loans is Rs. 7.50 crores. The company has also placed an interest free shareholders' deposit of Rs. 15.22 crores with a joint venture company, as stated in Note 4 on Schedule 19.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been granted to companies listed in the register maintained under section 301 of the Companies Act, 1956 were not, prima facie, prejudicial to the interest of the company, at the time when the loans were granted.
- (c) As explained to us, in respect of one of the company, the amount of Rs. 3.50 crores has not been recovered for which a provision has been made in the books of account and the other company has been regular in payment of interest, where the principal amount of Rs. 4.00 crores is repayable on call.
- (d) According to the information and explanations given to us, except for the loan of Rs. 3.50 crores referred in paragraph (iii) (c) above for which a provision has been made in the books of account, there is no overdue amount for more than rupees one lakh.
- (e) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the foregoing, the question of reporting on Clauses 4(iii)(f) and 4(iii)(g) of the said Order does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have generally been so entered.
- (b) According to the information and explanations given to us, transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices or at prices for which similar transactions have been made with other parties, except for transactions where a comparison of prices could not be made since there were no similar transactions with other parties or transactions of a special nature where comparable alternative quotations were not available.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A, 58AA or any other applicable provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed, without carrying out a detailed examination, the books of account maintained by the company pursuant to the Order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the Textile Division and are of the opinion that prima facie the prescribed records have been maintained and the prescribed accounts are in the process of being made up.
- (ix) (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities.
- Further, since the Central Government has not yet prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise in depositing the same by the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, service tax, sales tax, customs duty and excise duty were in arrears, as at 31st March, 2007, for a period of more than six months from the date they became payable.



- (c) According to the information and explanations given to us, there are no dues of income-tax, wealth-tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any dispute, except as stated below:

Sr. no.	Nature of the dues	Amount (Rs. in Crores)	Period to which the amount relates	Forum where dispute is pending
1	The Income-tax Act, 1961:			
	Tax Deducted at source	2.64	A. Y. 1995-96	Income Tax Appellate Tribunal, Mumbai
2	The Wealth-tax Act, 1957:			
	Wealth Tax	0.23	A. Y. 1993-94 to A. Y. 1998-99	Income Tax Appellate Tribunal, Mumbai
3	The Customs Act, 1962:			
	Customs Duty	0.64	1989	Deputy Commissioner of Customs, Nhava Sheva
	Customs Duty	0.25	1997	Commissioner of Customs (Appeals), Mumbai
	Customs Duty	0.13	1992-93	Commissioner of Customs, Bond Department, Mumbai
4	The Central Excise Act, 1944:			
	Excise Duty	0.36	1985-86 to 2003-04	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
	Excise Duty	0.01	2005-06	Assistant Commissioner of Customs, Mumbai
	Excise Duty	0.10	1989-90 to 1995-96	Commissioner of Central Excise, Mumbai
	Excise Duty	0.25	1998-99	High court, Mumbai
	Excise Duty	0.68	1997-98 to 2000-01	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
	Excise Duty	0.20	1999-00 to 2000-01	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai

- (x) The company does not have any accumulated losses at the end of the financial year. Also, the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the said Order are not applicable to the company.
- (xiv) According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein, where the company is dealing or trading in shares, securities, debentures and other investments, and such securities are held by the company in its own name, except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been / are being applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, generally no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the question of reporting on whether the price at which such shares have been issued is prejudicial to the interest of the company, does not arise.
- (xix) According to the information and explanations given to us, the company had issued during the year debentures aggregating Rs.515.00 crores (amount outstanding as at 31st March, 2007: Rs.10.00 Crores). The security or charge in respect of such debentures has not been created. Debentures aggregating Rs.505.00 crores have been repaid during the year.
- (xx) The company has not raised any money by public issues during the year. Accordingly, the question of disclosure of end use of such monies does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For A. F. FERGUSON & CO.
Chartered Accountants

H. L. SHAH
Partner

Membership No. 33590

MUMBAI: 24th May, 2007

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule No.	Rupees in crores	Rupees in crores	Rupees in crores	AS AT 31ST MARCH, 2006		
					Rupees in crores	Rupees in crores	Rupees in crores
SOURCES OF FUNDS							
SHAREHOLDERS' FUNDS							
Share capital	(1)		38.61		38.60		
Reserves and surplus	(2)		<u>364.07</u>		<u>426.23</u>		
				402.68			464.83
LOAN FUNDS							
Secured loans	(3)		798.49		428.51		
Unsecured loans	(4)		<u>253.91</u>		<u>129.86</u>		
				1052.40			558.37
DEFERRED TAX LIABILITY (Net) (see Note 13 on Schedule 19)				<u>1.70</u>			<u>2.60</u>
TOTAL.....				<u><u>1456.78</u></u>			<u><u>1025.80</u></u>
APPLICATION OF FUNDS							
FIXED ASSETS					(5)		
Gross block			654.58		720.42		
Less: Depreciation		438.58			521.91		
Impairment loss [see Note 15 on Schedule 19]		<u>74.28</u>			<u>74.28</u>		
			<u>512.86</u>				<u>596.19</u>
Net block			141.72		124.23		
Capital work-in-progress		489.24			69.08		
Advances for capital expenditure		26.46			170.24		
Other expenditure relating to construction		<u>219.83</u>			<u>35.76</u>		
			<u>735.53</u>				<u>275.08</u>
				877.25			399.31
INVESTMENTS	(6)			153.70			168.02
CURRENT ASSETS, LOANS AND ADVANCES							
Inventories	(7)	171.54			211.95		
Sundry debtors	(8)	251.43			158.53		
Cash and bank balances	(9)	36.04			33.34		
Other current assets	(10)	2.58			1.06		
Loans and advances	(11)	<u>198.96</u>			<u>153.03</u>		
			660.55				557.91
Less: CURRENT LIABILITIES AND PROVISIONS							
Liabilities	(12)	263.70			67.44		
Provisions	(13)	<u>38.14</u>			<u>37.57</u>		
			<u>301.84</u>				<u>105.01</u>
NET CURRENT ASSETS				358.71			452.90
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)							
Voluntary retirement compensation	(14)			<u>67.12</u>			<u>5.57</u>
TOTAL.....				<u><u>1456.78</u></u>			<u><u>1025.80</u></u>
SIGNIFICANT ACCOUNTING POLICIES	(18)						
NOTES TO THE ACCOUNTS	(19)						

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

H. L. SHAH
Partner

Mumbai, 24th May, 2007

For and on behalf of the Board of Directors

NUSLI N. WADIA
NESS N. WADIA
P. V. KUPPUSWAMY
M. K. SINGH
S.K. GUPTA

GOVINDER SINGH

Chairman
Jt. Managing Director
Jt. Managing Director
Executive Director
Executive Director

Chief Financial Officer
Mumbai, 24th May, 2007

K. MAHINDRA
Dr. H. N. SETHNA
S. S. KELKAR
A. K. HIRJEE
S. RAGOTHAMAN

Directors

P. GOVINDAN

Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule No.	Rupees in crores	Rupees in crores	2005-2006 Rupees in crores
INCOME				
Gross Sales - Products [see Note 19(a) on Schedule 19]		385.35		1002.54
Less : Excise Duty		3.95		105.32
Net Sales		381.40		897.22
Revenue from real estate activity [see Note 3 on Schedule 18]		117.19		115.79
Other Income	(15)		498.59	1,013.01
			33.62	25.31
			<u>532.21</u>	<u>1,038.32</u>
EXPENDITURE				
Manufacturing and other expenses	(16)		430.79	943.22
Interest and finance charges	(17)		31.70	17.61
Depreciation			17.46	16.89
			<u>479.95</u>	<u>977.72</u>
PROFIT BEFORE TAX AND VOLUNTARY RETIREMENT COMPENSATION			52.26	60.60
Less: Voluntary Retirement Compensation Written off			11.85	1.38
PROFIT BEFORE TAX			40.41	59.22
<i>Less:</i>				
Provision for taxation				
a. current tax		4.43		4.97
b. deferred tax		(0.90)		(8.04)
		3.53		(3.07)
c. fringe benefit tax		0.95		0.95
			4.48	(2.12)
PROFIT AFTER TAX			35.93	61.34
<i>Add:</i>				
Balance in profit and loss account brought forward			187.15	137.71
Transferred from debenture redemption reserve			—	16.25
AVAILABLE FOR APPROPRIATIONS			223.08	215.30
Less: APPROPRIATIONS				
Proposed dividend			19.31	19.30
Additional income tax on distributed profits			3.28	2.71
Debenture redemption reserve			2.50	—
General reserve			3.59	6.14
			<u>28.68</u>	<u>28.15</u>
Balance carried to balance sheet			194.40	187.15
SIGNIFICANT ACCOUNTING POLICIES	(18)			
NOTES TO THE ACCOUNTS	(19)			
Earnings per equity share (see Note 12 on Schedule 19)				
Basic earnings per equity share (in rupees)			9.31	15.89
Diluted earnings per equity share (in rupees)			9.31	15.89
Nominal value per equity share (in rupees)			10.00	10.00

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

H. L. SHAH
Partner

Mumbai, 24th May, 2007

For and on behalf of the Board of Directors

NUSLI N. WADIA
NESS N. WADIA
P. V. KUPPUSWAMY
M. K. SINGH
S.K. GUPTA

GOVINDER SINGH

Chairman
Jt. Managing Director
Jt. Managing Director
Executive Director
Executive Director

Chief Financial Officer

Mumbai, 24th May, 2007

K. MAHINDRA
Dr. H. N. SETHNA
S. S. KELKAR
A. K. HIRJEE
S. RAGOTHAMAN

Directors

P. GOVINDAN

Secretary

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE 1		Rupees in crores	As at 31st March, 2006 Rupees in crores
SHARE CAPITAL			
AUTHORISED			
5,00,00,000	shares of Rs. 10 each	50.00	50.00
ISSUED AND SUBSCRIBED			
4,10,01,829	Equity shares of Rs. 10 each fully paid-up (of these, 2,10,23,175 equity shares are allotted as fully paid-up by way of bonus shares by capitalisation of reserves of Rs.20.86 crores and share premium of Rs.0.17 crore)	41.00	41.00
<i>Less:</i>			
25,45,259	Equity shares bought back and extinguished as at the year end in accordance with section 77A of the Companies Act, 1956	(2.55)	(2.55)
<i>Add:</i>			
1,56,700	(2005-2006 1,48,700) Equity shares issued under Employees' Stock Option Scheme	0.16	0.15
<u>3,86,13,270</u>	(2005-2006 3,86,05,270) Equity shares of Rs. 10 each fully paid-up	<u>38.61</u>	<u>38.60</u>

Note:

The Company has granted share options under its Employees' Stock Option Scheme and the number of share options outstanding as at 31st March, 2007 is 1,210, which will vest in May, 2007. (as at 31st March 2006, 8,000 options were outstanding which have been vested and exercised during the year ended 31st March, 2007.)

SCHEDULE 2		Rupees in crores	As at 31st March, 2006 Rupees in crores
RESERVES AND SURPLUS			
CAPITAL REDEMPTION RESERVE			
	As per last balance sheet	2.55	2.55
SECURITIES PREMIUM ACCOUNT			
	As per last balance sheet	1.71	1.37
	<i>Add:</i> Premium on issue of shares under Employees' Stock Option Scheme	0.25	0.34
		<u>1.96</u>	<u>1.71</u>
DEBENTURE REDEMPTION RESERVE			
	As per last balance sheet	-	16.25
	<i>Add:</i> Transferred from profit and loss account	2.50	-
	<i>Less:</i> Transferred to profit and loss account	-	(16.25)
		<u>2.50</u>	<u>-</u>
INVESTMENT RESERVE			
	As per last balance sheet	1.31	1.31
REVALUATION RESERVE [See Note 3 on Schedule 18]			
	As per last balance sheet	83.28	-
	<i>Add:</i> Created during the year on conversion of a part of the freehold land from fixed assets into stock-in-trade	-	198.34
	<i>Less:</i> Released to profit and loss account on entering into agreement for sale of flats	(75.62)	(115.06)
		<u>7.66</u>	<u>83.28</u>
GENERAL RESERVE			
	As per last balance sheet	150.03	143.89
	<i>Add:</i> Transferred from profit and loss account	3.59	6.14
		<u>153.62</u>	<u>150.03</u>

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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE 2 (Contd.)	Rupees in crores	As at 31st March, 2006 Rupees in crores
RESERVES AND SURPLUS (Contd.)		
EMPLOYEE STOCK OPTIONS OUTSTANDING	0.09	0.25
Less: Employee stock option compensation to be written off	(0.02)	(0.05)
	<u>0.07</u>	<u>0.20</u>
BALANCE IN PROFIT AND LOSS ACCOUNT	194.40	187.15
	<u>364.07</u>	<u>426.23</u>

SCHEDULE 3	Rupees in crores	As at 31st March, 2006 Rupees in crores
SECURED LOANS		
1. State Bank of India corporate loan (during the year, converted from foreign currency to rupee loan)	48.51	48.71
2. State Bank of India corporate loan	100.00	100.00
3. SBI Commercial and International Bank Ltd. corporate loan	10.00	10.00
4. State Bank of Indore corporate loan	10.00	10.00
5. State Bank of Mysore corporate loan	12.00	12.00
6. State Bank of Saurashtra corporate loan	18.00	18.00
7. UTI Bank Ltd. term loan	9.16	11.42
8. UTI Bank Ltd. term loan	150.00	89.83
9. State Bank of Bikaner and Jaipur term loan	49.82	-
10. Export Import Bank of India term loan	74.09	-
11. State Bank of Patiala term loan	49.66	-
12. State Bank of Patiala term loan	49.91	-
13. GE Capital Services India term loan	5.00	-
14. NSE MIBOR Plus 300 Basis point Secured Unrated Redeemable Non-Convertible Debentures of Rs. 100 each (alloted on 30/03/2007, redeemable on 27/06/2007 with a Put/Call option exercisable on a daily basis by investor/issuer)	10.00	-
15. Cash credit, demand loans and packing credit from banks [includes Rs. 7.05 crores (2005-2006 Rs.11.61 crores) repayable in foreign currencies at the time of repayment]	202.34	128.55
	<u>798.49</u>	<u>428.51</u>

NOTES:

- A. Security for item Nos.1 to 6**
First Mortgage/charge on a *pari-passu* basis on the immovable properties of the Company at Textile Mills and the DMT Division at Patalganga.
- B. Security for item No.7**
Exclusive hypothecation/charge on the specific fixed assets of the Company at Textile Mills.
- C. Security for item Nos.8 to 10**
First Mortgage/charge on a *pari-passu* basis on the fixed assets of the Company at Textile Mills and the DMT Division at Patalganga.
- D. Security for item No.11**
First Mortgage/charge on a *pari-passu* basis on the Company's existing as well as future fixed assets (excluding assets at Roha, real estate of the Company at Spring Mill and assets on lease basis, vehicles, furnitures and Fixed assets charged exclusively to term lenders). Creation of security is pending.
- E. Security for item No.12**
First Mortgage/charge on a *pari-passu* basis on the entire block of fixed assets as well as proposed assets of the PSF Project (excluding assets at Roha, real estate of the Company at Spring Mill and assets on lease basis, vehicles, furnitures and Fixed assets charged exclusively to term lenders). Creation of security is pending.
- F. Security for item No.13**
First Mortgage/charge on a *pari-passu* basis on the Company's existing as well as future fixed assets (excluding assets at Roha, real estate of the Company at Spring Mill and vehicles, furnitures and Fixed assets charged exclusively to term lenders). Creation of security is pending.
- G. Security for item No.14**
Secured by third charge on the fixed assets of the Company situated at Textile Mills. Creation of security is pending.
- H. Security for item No.15**
Secured by hypothecation of stocks, book debts and other current assets and a second charge by way of mortgage of the immovable properties of the Company at Textile Mills and the DMT Division at Patalganga.

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

	Rupees in crores	As at 31st March, 2006 Rupees in crores
SCHEDULE 4		
UNSECURED LOANS		
Packing Credit in Foreign Currencies from Citibank N.A. (short term)	—	1.00
Short term loans from banks [includes Rs. 28.44 crores (2005-2006 Rs.33.86 crores) repayable in rupee equivalent of foreign currencies at the time of repayment]	253.91	128.86
	<u>253.91</u>	<u>129.86</u>

SCHEDULE 5

FIXED ASSETS

(Rupees in crores)

	GROSS BLOCK				DEPRECIATION				IMPAIRMENT LOSS	NET BLOCK	
	Cost or book value as at 31-03-2006	Additions during the year	Deductions/ adjustments during the year	Cost or book value as at 31-03-2007	Balance as at 31-03-2006	For the year	On deductions/ adjustments during the year	Balance as at 31-03-2007	As at 31-03-2007 (see Note 15 on Schedule 19)	As at 31-03-2007	As at 31-03-2006
Land – Leasehold	0.60	18.42	—	19.02	—	—	—	—	—	19.02	0.60
– Freehold	2.31	8.20	—	10.51	—	—	—	—	—	10.51	2.31
Buildings	35.28	1.11	—	36.39 \$	11.03	0.94	—	11.97	2.93	21.49	21.32
Plant and machinery	674.75	13.74	111.24	577.25	505.13	16.13	100.64	420.62	71.09	85.54	98.53
Furniture	3.87	2.43	0.06	6.24	2.95	0.29	0.05	3.19	0.03	3.02	0.89
Motor vehicles	3.61	0.18	0.22	3.57	2.80	0.14	0.17	2.77	0.23	0.57	0.58
Intangible assets - software	—	1.60	—	1.60	—	0.03	—	0.03	—	1.57	—
	720.42	45.68	111.52	654.58	521.91	17.53	100.86	438.58	74.28	141.72	124.23
Previous year	754.47	14.60	48.65	720.42	538.87	16.89	33.85	521.91	74.28		
Capital work-in-progress										489.24	69.08
Advances for capital expenditure										26.46	170.24
Other expenditure relating to construction@										219.83	35.76
TOTAL										877.25	399.31

\$ see Note 16 on Schedule 19

@ Details of other expenditure relating to construction:

	As at 31st March, 2007	As at 31st March, 2006
Real estate	63.99	25.29
Polyester Staple Fibre	147.83	8.52
Textile	8.01	1.95
	<u>219.83</u>	<u>35.76</u>
Comprising:		
Balance b/f	35.76	-
Raw material consumed	33.64	-
Stores, spare parts and catalysts	4.95	-
Architect fees, technical and project related consultancy	11.44	4.29
Civil, electrical, contracting, etc.	5.69	1.40
Payments to local agencies	0.16	0.77
Preliminaries and site expenses	9.06	4.94
Legal charges	0.63	5.64
Payments to and provisions for employees	20.35	5.15
Contract/retainership fees	2.15	1.22
Electricity	7.93	0.11
Water	0.72	-
Insurance	0.99	0.50
Rent	0.43	0.22
Repair: Building	0.08	0.12
Machinery	0.03	0.04
Others	0.18	0.08
Travelling and conveyance	2.63	1.83
Interest on fixed loans	32.22	8.55
Interest others	2.18	-
Cost of goods captively consumed for trial run	100.86	-
Freight and forwarding	1.54	-
Excise duty on finished goods	12.44	-
Depreciation	0.07	-
Other expenses	7.47	3.68
	<u>293.60</u>	<u>38.54</u>
Less: Sales during trial run	-	-
PSF - 3,330.545 MT	21.91	-
Chips - 9,164.388 MT	51.22	-
Less: Other Income during trial run	0.64	-
Transferred to stock-in-trade (see Schedule 16)	-	2.78
	<u>219.83</u>	<u>35.76</u>



SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

		Rupees in crores	As at 31st March, 2006 Rupees in crores
SCHEDULE 6			
INVESTMENTS			
LONG TERM INVESTMENTS (Unquoted fully paid-up)			
A. TRADE INVESTMENTS:			
(a) In Another Country:			
2,217	Series B shares of U.S. \$ 1,000 each in PT. Five Star Textile Indonesia	1.59	1.59
(b) In India:			
12,49,010	Equity shares of Rs. 10 each in Proline India Ltd.	3.75	3.75
		<u>5.34</u>	<u>5.34</u>
B. OTHER THAN TRADE:			
<i>Shares, Units, Bonds, Debentures, Certificate of Deposits and Commercial Papers</i>			
<i>Shares:</i>			
2,15,600	Equity shares of Rs. 100 each in Archway Investment Co. Ltd.	2.16	2.16
88,200	Equity shares of Rs. 100 each in Pentafil Textile Dealers Ltd	0.88	0.88
100	Shares of Rs. 25 each in Roha Industries Association's Co-operative Consumers Society Ltd. Rs. 2,500 (2005-2006: Rs. 2,500)	-	-
78,400	Equity shares of Rs. 100 each in Scal Services Ltd.	0.78	0.78
<i>Units:</i>			
-	[2005-2006: 25,12,562 Units (and 814 fractions)] of Rs. 10 each in Grindlays Super Saver Income Fund - Investment Plan (Annual Dividend) of Standard Chartered Mutual Fund (sold during the year)	-	3.00
-	[2005-2006: 18,02,711 Units (and 278 fractions)] of Rs. 10 each in Kotak Bond Regular (Annual Dividend) of Kotak Mutual Fund (sold during the year)	-	2.50
<i>Debentures:</i>			
47,65,000	Zero-Interest Unsecured Fully Convertible Debentures - A Series of Rs.100 each in Archway Investment Co. Ltd.	47.65	47.65
3,35,000	Fully Convertible Debentures of Rs.100 each in Archway Investment Co. Ltd. (carrying no interest)	3.35	3.35
		<u>54.82</u>	<u>60.32</u>
		<u>60.16</u>	<u>65.66</u>
CURRENT INVESTMENTS (Fully paid-up, unquoted unless otherwise stated)			
OTHER THAN TRADE:			
<i>Units:</i>			
21,20,489	Units (and 161 fractions) of Rs. 10 each in Birla Floating Rate Fund - Short Term - Growth of Birla Sun Life Mutual Fund @*	2.61	-
29,32,705	Units (and 453 fractions) [2005-2006: 18,87,291 Units (and 436 fractions)] of Rs. 10 each in Canfloating Rate Short Term Growth Fund of Canbank Mutual Fund [12,72,28,129 Units (and 554 fractions) purchased during the year and 12,61,82,715 Units (and 537 fractions) sold during the year] @\$	3.35	2.01
-	[2005-2006: 1,24,43,382 Units (and 609 fractions)] of Rs. 10 each in HDFC Cash Management Fund - Call Plan - Growth of HDFC Mutual fund (sold during the year)..	-	15.00
63,27,194	Units (and 501 fractions) of Rs. 10 each in ICICI Prudential Institutional Liquid Plan - Super Institutional Growth of Prudential ICICI AMC Ltd. @*	6.89	-
25,01,251	Units (and 019 fractions) of Rs. 10 each in ICICI Prudential Floating Rate Plan D - Growth of Prudential ICICI AMC Ltd. @*	2.70	-

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	Rupees in crores	As at 31st March, 2006 Rupees in crores
SCHEDULE 6 (Contd.)		
INVESTMENTS (Contd.)		
CURRENT INVESTMENTS (Fully paid-up, unquoted unless otherwise stated) (Contd.)		
OTHER THAN TRADE: (Contd.)		
- [2005-2006: 45,10,477 Units (and 840 fractions)] of Rs. 10 each in ICICI Prudential FMP - Yearly Growth - Series XXIV of Prudential ICICI AMC Ltd. (sold during the year)	-	5.00
- [2005-2006: 36,30,851 Units (and 344 fractions)] of Rs. 10 each in JM High Liquidity Fund - Super Institutional Plan - Growth of JM Financial Mutual Fund (sold during the year)	-	4.00
- [2005-2006: 21,25,925 Units (and 664 fractions)] of Rs.10 each in Kotak Liquid (Institutional Premium) - Growth of Kotak Mutual Fund (sold during the year)	-	3.00
2,23,85,207 Units (and 699 fractions) [2005-2006: 2,24,15,239 Units (and 768 fractions)] of Rs. 10 each in LICMF Floating Rate Fund - Short Term - Growth Plan of LIC Mutual Fund [18,11,07,196 Units (and 570 fractions) purchased during the year and 18,11,37,228 (and 639 fractions) sold during the year] #	26.75	24.92
39,435 Units (and 024 fractions) of Rs. 1000 each in Standard Chartered Liquidity Manager Plus - Growth of Standard Chartered Mutual Fund @*	4.23	-
45,304 Units (and 505 fractions) of Rs. 1000 each in Templeton India Treasury Management Account Institutional Plan - Growth of Franklin Templeton Mutual Fund @*	5.31	-
Bonds:		
- [2005-2006:250 Bonds] of Rs.10,00,000 each in 7.67% Infrastructure Development Financial Corporation Ltd. (Quoted) (sold during the year)	-	24.60
- [2005-2006: 50 Bonds] of Rs.10,00,000 each in 5.90% National Bank for Agriculture and Rural Development (Quoted) (sold during the year)	-	4.96
Certificate of Deposits:		
- [2005-2006: 500 Units] of Rs.1,00,000 each in HDFC Bank Ltd. (redeemed during the year)	-	4.79
- [2005-2006: 1000 Units] of Rs.1,00,000 each in ICICI Bank Ltd. (sold during the year).	-	9.20
1,000 Units of Rs 1,00,000 each in ICICI Bank Ltd. @	9.25	-
1,500 Units of Rs. 1,00,000 each in IDBI Bank Ltd. @	13.89	-
1,000 Units of Rs. 1,00,000 each in State Bank of Patiala @	9.28	-
1,000 Units of Rs. 1,00,000 each in State Bank of Saurashtra @	9.28	-
Commercial Paper:		
- [2005-2006: 100 Units] of Rs.5,00,000 each in HDFC Ltd. (redeemed during the year)	-	4.88
	<u>93.54</u>	<u>102.36</u>
	<u>153.70</u>	<u>168.02</u>
Aggregate amount of quoted investments [Market value Rs.Nil (2005-2006: Rs.29.56 crores); includes Rs.Nil (2005-2006: Rs.4.96 crores) in respect of which cost has been considered as market value in the absence of transactions]	-	29.56
Aggregate amount of unquoted investments	<u>153.70</u>	<u>138.46</u>
	<u>153.70</u>	<u>168.02</u>

Lien has been created on these units in favour of IDBI Bank Ltd. as a security for their guarantee [see Note 2(f) of Schedule 19]

* Lien has been created on these units in favour of Standard Chartered Bank as a security for their guarantee [see Note 2(f) of Schedule 19]

\$ Lien has been created on 10,48,104 units (and 587 fractions) in favour of Standard Chartered Bank; on 18,84,600 units (and 866 fractions) in favour of IDBI Bank Ltd. as a security for their guarantees [see Note 2(f) of Schedule 19]

@ Purchased during the year



SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE 6 (Contd.)

INVESTMENTS (Contd.)

Investments purchased and sold/redeemed during the year other than shown above:

	Cost of acquisition (Rupees in crores)
23,97,537 Units (and 663 fractions) of Rs. 10 each in Birla Bond Plus - Institutional - Fortnightly Dividend- Reinvestment of Birla Sun Life Mutual Fund	2.52
55,68,579 Units (and 766 fractions) of Rs. 10 each in Birla Bond Plus - Institutional - Growth of Birla Sun Life Mutual Fund	7.53
2,69,52,519 Units (and 698 fractions) of Rs. 10 each in Birla Cash Plus - Institutional Premium - Growth of Birla Sun Life Mutual Fund	31.06
1,98,32,742 Units (and 882 fractions) of Rs. 10 each in Canliquid Fund - Institutional - Growth of Canbank Mutual Fund	26.14
33,911 Units (and 423 fractions) of Rs. 1000 each in DSP Merrill Lynch Liquidity Fund - Institutional - Growth of DSP Merrill Lynch Mutual Fund	3.50
7,25,640 Units (and 637 fractions) of Rs. 10 each in DSP Merrill Lynch Savings Plus Moderate - Growth of DSP Merrill Lynch Mutual Fund	1.02
24,99,675 Units (and 503 fractions) of Rs. 10 each in Grindlays Cash Fund - Institutional Plan B - Growth of Standard Chartered Mutual Fund	3.35
1,00,95,163 Units (and 725 fractions) of Rs. 10 each in HDFC Cash Management Fund - Savings Plan - Growth of HDFC Mutual Fund	15.07
82,51,492 Units (and 160 fractions) of Rs. 10 each in HDFC Floating Rate Income Fund - Short Term Plan - Growth of HDFC Mutual Fund	10.01
65,16,702 Units (and 066 fractions) of Rs. 10 each in HSBC Floating Rate Short Term Institutional Plus - Growth of HSBC Mutual Fund	6.75
1,07,26,313 Units (and 540 fractions) of Rs. 10 each in ICICI Prudential Floating Rate Plan D Growth of Prudential ICICI AMC Ltd.	11.38
15,75,178 Units (and 908 fractions) of Rs. 10 each in ICICI Prudential FMP Series 35 - One Month Plan - Retail - Growth of Prudential ICICI AMC Ltd.	1.58
63,649,695 Units (and 487 fractions) of Rs. 10 each in ICICI Prudential Institutional Liquid Plan Super Institutional Growth of Prudential ICICI AMC Ltd.	65.96
15,36,316 Units (and 113 fractions) of Rs. 10 each in ICICI Prudential MIP - Cumulative of Prudential ICICI AMC Ltd.	2.75
37,01,811 Units (and 667 fractions) of Rs. 10 each in ICICI Prudential Short Term Plan - Cumulative Option of Prudential ICICI AMC Ltd.	5.00
45,09,338 Units (and 841 fractions) of Rs. 10 each in ING Vysya Liquid Fund Institutional - Growth Option of ING Vysya Mutual Fund	5.00
1,12,12,129 Units (and 950 fractions) of Rs. 10 each in Kotak Flexi Debt Scheme - Growth of Kotak Mutual Fund	12.23
1,29,49,894 Units (and 982 fractions) of Rs.10 each in Kotak Floater Short Term - Growth of Kotak Mutual Fund	15.50
7,92,945 Units (and 952 fractions) of Rs 10 each in Kotak Income Plus - Growth of Kotak Mutual Fund	1.00
1,19,83,214 Units (and 032 fractions) of Rs.10 each in Kotak Liquid (Institutional Premium) - Growth of Kotak Mutual Fund	17.00
11,78,40,933 Units (and 202 fractions) of Rs. 10 each in LICMF Liquid Fund - Growth Plan of LIC Mutual Fund	154.20
3,14,03,676 Units (and 028 fractions) of Rs. 10 each in Principal Cash Management Fund Liquid Option Institutional Premium - Growth Plan of Principal Mutual Fund	34.85

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SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

		Cost of acquisition (Rupees in crores)
SCHEDULE 6 (Contd.)		
INVESTMENTS(Contd.)		
1,03,68,488	Units (and 522 fractions) of Rs. 10 each in Principal Floating Rate Fund SMP Institutional Option - Growth Plan of Principal Mutual Fund	11.51
41,31,126	Units (and 325 fractions) of Rs. 10 each in Principal Income Fund Short Term - Institutional - Growth Plan of Principal Mutual Fund	5.01
22,97,004	Units (and 087 fractions) of Rs. 10. each in Principal Income Fund Short Term Plan-Institutional - Dividend Reinvestment - Weekly of Principal Mutual Fund	2.51
9,72,461	Units (and 654 fractions) of Rs. 10 each in SBI Premier Liquid Fund - Institutional - Growth of SBI Mutual Fund	1.10
39,35,745	Units (and 808 fractions) of Rs. 10 each in Standard Chartered Liquidity Manager Growth in Standard Chartered Mutual Fund	4.16
8,62,744	Units (and 407 fractions) of Rs. 1000 each in Standard Chartered Liquidity Manager - Plus - Growth of Standard Chartered Mutual Fund	88.96
48,249	Units (and 415 fractions) of Rs. 1000 each in Templeton India Short Term Income Plan Institutional - Growth of Franklin Templeton Mutual Fund	5.00
90,609	Units (and 005 fractions) of Rs. 1000 each in Templeton India Treasury Management Account Institutional Plan - Growth of Franklin Templeton Mutual Fund	10.32
1,04,973	Units (and 818 fractions) of Rs. 1000 each in Templeton India Treasury Management Account Institutional Plan - Weekly Dividend Reinvestment of Franklin Templeton Mutual Fund	10.51
7,12,732	Units (and 975 fractions) of Rs. 10 each in UTI Money Market Fund - Growth Plan of UTI Mutual Fund	1.40

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	Rupees in crores	As at 31st March, 2006 Rupees in crores
SCHEDULE 7		
INVENTORIES		
Stores, spare parts and catalysts	14.19	10.73
Stock-in-trade		
Raw materials	56.22	32.65
Work-in-process	49.17	50.42
Finished goods	16.08	27.39
Office premises	0.30	0.30
Real estate under development [see Note 10(ii)(d) on Schedule 18]	35.58	90.46
	<u>157.35</u>	<u>201.22</u>
	<u>171.54</u>	<u>211.95</u>
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured, unless otherwise stated		
— Over 6 months:		
Considered good	16.03	5.18
Considered doubtful	23.33	26.50
	<u>39.36</u>	<u>31.68</u>
— Other Debts:		
Considered good [including secured Rs. 0.29 crore (2005-2006 Rs. 0.62 crore)]	235.40	153.35
	<u>235.40</u>	<u>153.35</u>
	274.76	185.03
Less: Provision [includes Rs. 19.50 crores (2005-2006 Rs. 20.34 crores) adjusted from securities premium account]	23.33	26.50
	<u>251.43</u>	<u>158.53</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	0.15	0.04
Cheques on hand	2.24	0.16
With scheduled banks on current accounts, margin accounts and fixed deposit accounts [lien has been created on fixed deposits of Rs. 21.37 crores (2005-2006 Rs. 0.77 crore) including on fixed deposits of Rs. 10.00 crores (2005-2006 Rs. Nil) in favour of Standard Chartered Bank as a security for their guarantee (see Note 2(f) of Schedule 19)]	33.65	33.14
	<u>36.04</u>	<u>33.34</u>
SCHEDULE 10		
OTHER CURRENT ASSETS		
Interest accrued on investments	1.99	0.76
Interest accrued on deposits	0.59	0.30
	<u>2.58</u>	<u>1.06</u>

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

	Rupees in crores	As at 31st March, 2006 Rupees in crores
SCHEDULE 11		
LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received*		
— Considered good	150.19	102.96
— Considered doubtful	8.59	8.59
	<u>158.78</u>	<u>111.55</u>
Deposit with a joint venture company (see Note 4 on Schedule 19)	15.22	15.22
Income-tax paid less provisions thereagainst	32.85	31.74
Balances with customs, port trust, etc. on current accounts	0.70	3.11
	<u>207.55</u>	<u>161.62</u>
Less: Provision [includes Rs. 7.02 crores (2005-2006 Rs. 7.02 crores) adjusted from securities premium account]	8.59	8.59
	<u>198.96</u>	<u>153.03</u>

* of which secured is Rs. 0.37 crore (2005-2006 Rs. 0.53 crore) and also includes:

- (i) inter-corporate deposits Rs. 12.55 crores (2005-2006 Rs. 31.15 crores);
- (ii) due from an officer of the Company Rs. Nil (2005-2006 Rs. 0.08 crore);
- (iii) Rs. 0.04 crore (2005-2006 Rs. 0.32 crore) due from a private company in which some of the directors of the Company are directors and/or a member

	Rupees in crores	Rupees in crores	As at 31st March, 2006 Rupees in crores
SCHEDULE 12			
CURRENT LIABILITIES			
Acceptances		0.03	0.30
Sundry creditors			
— Small scale industrial undertakings (see Note 8 on Schedule 19)	1.01		1.13
— Other than small scale industrial undertakings	<u>203.60</u>		<u>57.67</u>
		204.61	58.80
Advance payments from customers and others		50.76	0.79
Unpaid dividends*		0.74	0.70
Unpaid debenture interest*		-	0.01
Unpaid debenture redemption*		0.09	0.62
Unpaid matured deposits*		0.01	0.02
Unpaid interest on deposits*		0.01	0.02
Deposits from selling agents, dealers, customers and others		6.11	5.61
Interest accrued but not due on loans		1.34	0.57
		<u>263.70</u>	<u>67.44</u>

* Represents warrants, refund orders, etc. issued but not encashed.

Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

	Rupees in crores	As at 31st March, 2006 Rupees in crores
SCHEDULE 13		
PROVISIONS		
Income-tax less payments thereagainst	13.31	13.31
Fringe Benefit Tax less payments thereagainst	0.07	-
Proposed dividend	19.31	19.30
Additional income-tax on distributed profits	3.28	2.71
Leave encashment	2.17	2.25
	<u>38.14</u>	<u>37.57</u>



SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE 14	Rupees in crores	As at 31st March, 2006 Rupees in crores
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Voluntary retirement compensation:		
Balance brought forward	5.57	-
Add: Incurred during the year	73.40	13.65
	78.97	13.65
Less: Reversal of provision for proposed voluntary separation payments adjusted from securities premium account in an earlier year	-	6.70
	78.97	6.95
Less: Written off during the year	11.85	1.38
	67.12	5.57

SCHEDULE 15	Rupees in crores	As at 31st March, 2006 Rupees in crores
OTHER INCOME		
1. Interest and dividends (gross)		
(a) From non-trade investments:		
— Long term	-	0.32
— Current	2.56	0.48
(b) Interest on inter-corporate deposits	1.58	2.77
(c) Interest on income-tax refunds	0.08	0.17
(d) Interest from dealers and others	1.59	0.76
[tax deducted at source Rs. 0.76 crore (2005-2006 Rs. 0.80 crore)]		
	5.81	4.50
2. Profit on sale of investments		
— Long term	-	0.73
— Current	4.86	7.65
3. Profit on sale of fixed assets (net)	8.46	-
4. Technical know-how fees	0.89	1.03
5. Lease rental	6.56	2.69
6. Provision for doubtful debts adjusted from securities premium account in an earlier year, no longer required	-	0.58
7. Provisions for claim in respect of capital related item adjusted from securities premium account in an earlier year no longer required	-	0.09
8. Profit on sale of Methanol [Quantity sold 574.360 MT, Sales value Rs. 0.98 crore, Cost Rs. 0.81 crore (2005-2006 Quantity sold 1355.370 MT, Sales Value Rs. 2.31 crores, Cost Rs. 1.83 crores)]	0.17	0.48
9. Miscellaneous	6.87	7.56
	33.62	25.31

**THE BOMBAY DYEING
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SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE 16	Rupees in crores	Rupees in crores	2005-2006 Rupees in crores
MANUFACTURING AND OTHER EXPENSES			
1. Raw materials consumed [net of insurance claim of Rs. Nil (2005-2006 Rs. 4.97 crores)]		257.89	633.76
2. Contracted production		44.59	50.51
		<u>302.48</u>	<u>684.27</u>
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, wages and bonus	26.42		42.45
Less: Reversal of provision for proposed voluntary separation payments adjusted from securities premium account in an earlier year, in respect of leave encashment	<u>—</u>		<u>(0.09)</u>
		26.42	42.36
Workmen and staff welfare expenses		2.01	2.79
Contribution to gratuity fund	6.16		2.88
Less: Reversal of provision for proposed voluntary separation payments adjusted from securities premium account in an earlier year	<u>—</u>		<u>(0.51)</u>
		6.16	2.37
Contribution to provident and other funds		3.88	5.83
		<u>38.47</u>	<u>53.35</u>
4. OPERATING AND OTHER EXPENSES			
Stores, spare parts and catalysts		24.13	29.93
Oil and coal		28.46	44.75
Electric energy		19.96	36.03
Water charges		3.67	5.80
Excise duty other than relating to sales		3.26	(2.59)
Processing charges		32.05	14.73
Contract/retainership fees		4.21	0.16
Rates and taxes		2.61	1.26
Brokerage and indenting charges on sales		5.13	5.98
Discount on sales		2.80	—
Freight and forwarding		4.49	6.06
Advertising		9.62	11.09
Insurance		2.00	2.63
Rent		2.94	5.37
Repairs: Buildings		2.28	1.74
Machinery		1.42	4.50
Others		0.95	1.84
Doubtful advances/bad debts written off	3.17		0.64
Less: Reversal of provision for doubtful advances/debts (includes Rs. 0.84 core adjusted from securities premium account in an earlier year)	<u>(3.17)</u>		<u>(0.64)</u>
			—
Provision for doubtful debts			1.50
Other expenses		26.74	23.63
		<u>176.72</u>	<u>194.41</u>
5. Loss on cancellation of forward foreign exchange contracts (net)		0.20	0.52
6. Loss on sale of investments : long term	0.70		1.11
Less: Provision for diminution in the value of investments no longer required	<u>—</u>		<u>(0.37)</u>
	0.70		0.74
: current	<u>—</u>		<u>0.07</u>
		0.70	0.81



SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Rupees in crores	Rupees in crores	2005-2006 Rupees in crores
SCHEDULE 16 (Contd.)			
MANUFACTURING AND OTHER EXPENSES (Contd.)			
7. Loss on fixed assets scrapped/sold (net)	—		9.67
Less: Reversal of impairment loss [see Note 15 on Schedule 19]	—		(9.23)
		—	0.44
Sub-total		518.57	933.80
8. Less: Insurance claim received on damaged work-in-process and finished goods Cost of goods Captively consumed for trial run		—	(16.50)
		(100.86)	—
Sub-total		417.71	917.30
9. Cost in respect of real estate:			
Opening Stock		90.46	—
Conversion of a part of the freehold land from fixed assets into stock-in-trade on the basis of a market valuation [see Note 3 on Schedule 18]		—	198.37
Add: Expenditure relating to construction incurred during the year:			
Architect fees, technical and project related consultancy	3.41		1.48
Civil, electrical, contracting, etc.	14.03		0.19
Payments to local agencies	—		1.22
Preliminaries and site expenses	0.35		0.18
Legal charges	0.11		0.56
Payments to and provisions for employees	1.05		0.47
Contract/retainership fees	0.44		0.24
Electricity	0.03		0.02
Insurance	0.01		—
Rent	—		0.02
Repairs: Machinery	0.01		—
Building	0.02		—
Others	0.04		0.02
Travelling and conveyance	0.27		0.15
Interest on fixed loans	0.59		0.17
Other expenses	0.90		0.38
		21.26	5.10
Add: Transferred from Schedule 5 - Fixed assets; other expenditure relating to construction		—	2.78
Less: Release from revaluation reserve on entering into agreements for sale of flats [see Note 3 on Schedule 18]		(75.62)	(115.06)
Less: Closing stock (Real estate under development)		(35.58)	(90.46)
		0.52	0.73
10. (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED GOODS			
(A) Closing stock			
(i) Work-in-process		49.17	50.42
(ii) Finished goods		16.08	27.39
		65.25	77.81
(B) Opening stock			
(i) Work-in-process		50.42	59.15
(ii) Finished goods		27.39	43.85
		77.81	103.00
		12.56	25.19
Sub-total		430.79	943.22

**THE BOMBAY DYEING
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SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE 16 (Contd.)	Rupees in crores	Rupees in crores	2005-2006 Rupees in crores
MANUFACTURING AND OTHER EXPENSES (Contd.)			
11. COST OF APARTMENTS AND UNDIVIDED SHARE IN LAND SOLD			
(A) Opening stock		0.30	0.30
(B) Closing stock		<u>0.30</u>	<u>0.30</u>
		<u>—</u>	<u>—</u>
		<u>430.79</u>	<u>943.22</u>
<hr/>			
SCHEDULE 17			
INTEREST AND FINANCE CHARGES (see Note 7 on Schedule 19)			
(a) Interest:			
- Debentures and other fixed loans		25.42	12.59
- Others		4.98	2.77
		<u>30.40</u>	<u>15.36</u>
(b) Other finance charges		1.43	1.37
Add: Exchange differences on loans - (gain)/loss		(0.13)	0.88
		<u>1.30</u>	<u>2.25</u>
		<u>31.70</u>	<u>17.61</u>



SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18

(1) Basis of accounting

The financial statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act.

(2) Revenue recognition

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods are transferred to the customers.

(3) Revenue from real estate activity

In the previous year, a part of the freehold land under Real Estate Development had been converted from fixed assets into stock-in-trade at market value. The difference between the market value and cost of that part of freehold land was credited to revaluation reserve. Revenue arising on sale of undivided interest in the underlying freehold land pertaining to flats, which are yet to be constructed, is being accounted when agreement for sale for such flats is entered into with a corresponding release from revaluation reserve.

(4) Fixed assets

All fixed assets are stated at cost of acquisition or construction including any attributable cost of bringing the asset to its working condition for its intended use, net of CENVAT credit, less accumulated depreciation and impairment losses if any. Also see Note 8 below.

(5) Depreciation

(a) Depreciation is provided on fixed assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, on a straight line method on machinery and buildings and on a written down value method on other assets except in respect of assets of the DMT Plant.

(b) Consequent to the recognition of impairment loss in an earlier year as stated in Note 15 on Schedule 19, depreciation on assets of the DMT Plant is being provided at such rates that would fully depreciate, on a straight line method, the block of assets over its revised balance useful life, estimated at 7 years and 9 months from 1st April, 2004.

(c) Computer software is being amortised over a period of 5 years being the estimated useful life.

(6) Expenditure during construction period

In case of new projects and substantial expansion of existing factories, expenditure incurred, including trial production expenses net of revenue earned, and attributable interest and financing costs, prior to commencement of commercial production are capitalised.

(7) Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cashflows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

(8) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred

(9) Investments

(i) Long term investments are stated at cost. Provision for diminution is made to recognise a decline, other than temporary, in value of long term investments, where applicable.

(ii) Current investments are stated at lower of cost and fair value.

(10) Inventories

(i) Inventories are valued at lower of cost and net realisable value.

(ii) Cost is determined as follows:

(a) Stores, spare parts and catalysts on a weighted average method.

(b) Raw Materials

- cotton, fibre, paraxylene and methanol on the basis of specific identification;
- cloth and yarn on a first-in first-out method; and
- dyes & chemicals and other materials on a weighted average method.

(c) Work-in-process and finished goods

Material costs included in the valuation are determined on the basis of the average consumption rates closer to the year end so as to reflect the fairest possible approximation to the costs incurred. Costs of conversion and other costs are determined on the basis of standard costs, adjusted for variances between standard and actual costs, if material. Cost of inventory at retail outlets is determined on a 'retail method', by reducing from the sales value of the inventory, an appropriate percentage of gross margin. Cost of ready finished cloth is determined on a first-in first-out method.

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SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 (Contd.)

(d) Real estate under development

Real estate under development comprises undivided interest in the freehold land at market value, determined at the rate at which it was converted from fixed assets into stock-in-trade and expenditure relating to construction.

(11) Foreign currency transactions

- (i) Foreign currency assets and liabilities are stated at the exchange rates prevailing at the year end, except for Pre-Shipment Credit in Foreign Currencies (PCFCs) which have been stated at the amounts received on the date of disbursement, since the PCFCs are liquidated against future export proceeds, at the rate of exchange at which the loans were disbursed. The resultant exchange differences are recorded in the profit and loss account except in respect of fixed assets acquired from countries outside India where such differences are adjusted in the carrying amounts of the respective fixed assets.
- (ii) The company uses forward foreign exchange contracts to hedge its exposure against movements in foreign exchange rates.
- (iii) Premium or discount on forward foreign exchange contracts are amortised and recognised in the profit and loss account over the period of the contract except in respect of fixed assets acquired from countries outside India where such premium or discount are adjusted in the carrying amounts of the respective fixed assets.

(12) Retirement benefits

- (i) Contributions for provident fund and superannuation (based on a percentage of salary) and gratuity (based on an actuarial valuation as at the year end) are made to the respective funds, which are administered by trustees.
- (ii) Leave encashment liability is accrued based on an actuarial valuation as at the year end.
- (iii) Voluntary retirement compensation is being written off equally over a period of five years from the date of incurrence or upto 31st March, 2010, whichever is shorter period.

(13) Employees' Stock Option Scheme

The fair value of options granted under the Employees' Stock Option Scheme has been deferred, to be written off over the vesting period.

(14) Taxation

Tax expense comprises current, deferred and fringe benefit tax. Current tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(15) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(16) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 19

	Rupees in crores	2005-2006 Rupees in crores
(1) Estimated amount of contracts to be executed on capital account and not provided for as at 31st March, 2007 - Rs.151.78 crores (31.3.2006 Rs. 140.41 crores).		
(2) Contingent liabilities not provided for:		
(a) Income-tax matters in respect of earlier years under dispute (including interest of Rs. 2.08 crores) [31.3.2006 Rs. 1.53 crores] as follows:	26.23	26.01
(i) Decided in Company's favour by appellate authorities and department in further appeal	5.66	5.66
(ii) Pending in appeal - matters decided against the Company.....	20.57	20.35
(b) Sales Tax and Excise Duties	2.37	2.78
(c) Customs duty	0.45	0.33
(d) Compensation claim by the vendor for cancellation of a contract by the Company	5.06	-
(e) Other claims against the Company not acknowledged as debts (with interest thereon)	4.34	4.34
In respect of items (a) to (e) above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums authorities.		
(f) Counter indemnity for an amount of Rs. 54.62 crores (31.3.2006 Rs.47.65 crores), of which Rs. 27.38 crores (31.3.2006 Rs. 19.77 crores) issued in favour of Standard Chartered Bank, Mumbai, which in turn has guaranteed loans granted by Standard Chartered Bank, Indonesia to PT. Five Star Textile Indonesia, (PTFS), a joint venture company and Rs. 27.24 crores (31.3.2006 Rs. 27.88 crores) issued in favour of Industrial Development Bank of India Limited, which in turn has guaranteed loans granted by ICICI Bank Limited, Singapore to PTFS. As confirmed by PTFS, the Company has a <i>pari-passu</i> charge on PTFS's machinery, which would cover the aforesaid indemnity amount.		
(g) Bills discounting	11.07	1.21
(3) Expenses appearing in Schedule 16 include:		
(a) Auditors' remuneration (excluding service tax)#		
(i) Audit fees	0.35	0.28
(ii) Company law matters Rs. 27,000 (2005-2006 Rs. 27,000)		
(iii) Other services #	0.27	0.26
(iv) Reimbursement of out-of-pocket expenses # Rs.33534 (2005-2006 Rs. 49,114)		
# excludes Rs. 0.14 crore (2005-2006 Rs. 0.15 crore) paid for other services and Rs. 8,306 (2005-2006 Rs. 7,846) paid as reimbursement of out-of-pocket expenses to a firm of Chartered Accountants where some of the partners are also partners in that firm.		
(b) Directors' remuneration		
(i) Fees	0.10	0.08
(ii) Remuneration to the Managing Director, Joint Managing Directors and the Executive Directors (collectively referred to as whole-time directors) [inclusive of estimated monetary value of benefits of Rs. 0.25 crore (2005-2006 Rs. 0.17 crore) and commission of Rs. Nil (2005-2006 Rs. 1.34 crores); but excluding contribution to gratuity fund and provision for leave encashment as separate figures are not available]	3.78@	3.81@

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**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)**

SCHEDULE 19 (Contd.)

	Rupees in crores	2005-2006 Rupees in crores
(3)(b) (Contd.)		
(iii) Computation of net profits in accordance with section 309(5) read with section 349 of the Companies Act, 1956:		
Profit before tax as per profit and loss account	40.41	59.22
Add: Whole-time directors' remuneration and commission to other directors	4.13	4.26
Loss on sale of investments	0.70	0.81
Provision for doubtful debts	—	1.50
	<u>45.24</u>	<u>65.79</u>
Less: Capital profit on sale of fixed assets	(0.10)	(0.56)
Profit on sale of investments	(4.86)	(8.38)
Provisions adjusted from securities premium account in an earlier year, no longer required	—	(0.67)
Reversal of provision for doubtful debts	(2.33)	—
	<u>37.95</u>	<u>56.18</u>
(iv) Maximum remuneration payable to whole-time directors at the rate of 10 percent of net profits	<u>3.80</u>	<u>5.62</u>
(v) (a) Remuneration per section 198 excluding commission	3.78@	2.47@
(b) Commission to whole-time directors [included in 3(b)(ii) above]	-	1.34
(c) Commission paid to ex-managing director, approved in the meeting of the Board of Directors held on 22 nd November, 2006 relating to 2005-2006. .	-	0.23
	<u>3.78</u>	<u>4.04</u>
(vi) Maximum commission payable to other directors at the rate of 1 percent of net profits	<u>0.38</u>	<u>0.56</u>
Commission to other directors	0.35	0.45
	<u>4.23</u>	<u>4.57</u>

@ excludes options granted under Employees' Stock Option Scheme (ESOS), vested during the year, the fair value of which as at the date of grant of option was Rs. 0.25 crore (2005-2006 Rs. 0.34 crore). The Company has been legally advised that options granted under ESOS would not constitute managerial remuneration.

- (4) Deposit of Rs.15.22 crores (2005-2006 Rs.15.22 crores) with a joint venture company is a "shareholders' deposit" with PT. Five Star Textile Indonesia (PTFS). This deposit, originally denominated in U.S. \$, was w.e.f. 1st April, 2003 converted to Indian rupees, as approved by the Board of Directors of the Company and by the Board of Commissioner's of PTFS. This deposit was earlier repayable by PTFS after it clears, in full, the term loan availed by it from a consortium of Indian nationalised banks, which was to be effected in installments spread out between 1996 and 2010. During the year 2000-2001, PTFS has prepaid the aforesaid term loan by raising funds through other borrowings subject to annual review and the aforesaid deposit is now repayable by PTFS after these borrowings are eventually repaid or during the year 2010, whichever is earlier.
- (5) Revenue expenditure on research and development charged to the profit and loss account is Rs. 0.46 crore (2005-2006 Rs. 0.45 crore).
- (6) The amount of exchange differences (net):
- (i) charged to the profit and loss account is Rs. 0.30 crore (net) (2005-2006 Rs. 3.85 crores) [taking into account loss on cancellation of forward foreign exchange contracts Rs. 0.20 crore (net) (2005-2006 Rs. 0.52 crore) disclosed separately in Schedule 16]
- (ii) in respect of forward foreign exchange contracts, to be recognised in the profit and loss account in the next accounting period is a gain of Rs. 0.07 crore (2005-2006 Rs.0.04 crore).
- (7) Borrowing costs capitalised during the year is Rs. 34.99 crores (2005-2006 Rs. 8.72 crores) of which an amount of 0.59 crore (2005-2006 Rs. 0.17 crore) is included in closing stock of real estate under development.
- (8) Names of the small scale industrial undertakings to whom the Company owed any sum which was outstanding for more than 30 days as at the end of the financial year are as under:
Akash Fabrics, Alamac, Anil Mallay Swami, A-Tex India, Darling Pumps Pvt. Ltd., Dyanopack Fine Cloth, Forbes Marshall (P) Ltd., Hytech Engg., Kanodia Silk Mills, N. R. Enterprises, Nevellos Graffiti, Perfect Equipment (P) Ltd., Power Flow Engineers, Saraf Organics, Sharp Batteries, Sonal Industries, Thaker Engineering, Usha Plastics, Vinod Textile and Yogeshwar Chemical.
- The Company is in the process of identifying suppliers falling under the Micro, Small and Medium Enterprises Development Act, 2006, However, no confirmation as regards to the status has been received by the Company.



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)

SCHEDULE 19 (Contd.)

(9) Segment Reporting

(i) Primary Segments — Business Segments

	<u>Textile</u>	<u>Polyester</u> [See foot note (c)]	<u>Real Estate</u>	<u>Total</u>
A. REVENUE				
1. Segment revenue — External sales/ Income from operations	368.03 [375.28]	29.62 [531.76]	123.89 [118.40]	521.54 [1025.44]
2. Inter-segment revenue	— [-]	— [-]	— [-]	— [-]
3. Total segment revenue	<u>368.03</u> [375.28]	<u>29.62</u> [531.76]	<u>123.89</u> [118.40]	<u>521.54</u> [1025.44]
4. Other Income				10.67 [12.88]
TOTAL				<u>532.21</u> [1038.32]
B. RESULT				
1. Segment result/operating profit/(loss)	(29.47) [(16.37)]	(8.71) [(32.15)]	110.98 [113.85]	72.80 [65.33]
2. a) Voluntary Retirement Compensation Written off [see footnote (d)]				11.85 [1.38]
(b) Interest expenses				30.40 [15.36]
(c) Exchange differences on loans- loss(gains)/loss				(0.13) [0.88]
3. Other Income				10.67 [12.88]
4. Other Expenses				0.94 [1.37]
5. Profit before tax				40.41 [59.22]
6. Provision for taxation				
— current tax				4.43 [4.97]
— deferred tax				(0.90) [(8.04)]
— fringe benefit tax				0.95 [0.95]
Profit after tax				<u>35.93</u> [61.34]

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**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)**

SCHEDULE 19 (Contd.)

(9) Segment Reporting (Contd.)

(i) **Primary Segments — Business Segments (Contd.)**

	<u>Textile</u>	<u>Polyester</u>	<u>Real Estate</u>	<u>Total</u>
C. OTHER INFORMATION				
1. Segment assets	375.28	716.76	341.33*	1433.37
(*includes Rs. 7.66 crores (2005-2006 Rs.83.28 crores) on account of revaluation)	<i>[295.68]</i>	<i>[307.71]</i>	<i>[242.10]*</i>	<i>[845.49]</i>
2. Other assets				325.25
				<i>[285.38]</i>
3. Total assets				1758.62
				<u><i>[1130.87]</i></u>
4. Segment liabilities	62.90	141.06	60.20	264.16
	<i>[53.30]</i>	<i>[6.22]</i>	<i>[7.95]</i>	<i>[67.47]</i>
5. Other liabilities (including share capital and reserves)				1494.46
				<i>[1063.40]</i>
6. Total liabilities				1758.62
				<u><i>[1130.87]</i></u>
7. Cost incurred during the year to acquire segment fixed assets	22.01	2.72	20.95	45.68
	<i>[3.54]</i>	<i>[1.42]</i>	<i>[9.64]</i>	<i>[14.60]</i>
8. Depreciation	7.76	9.09	0.68	17.53
	<i>[8.61]</i>	<i>[7.97]</i>	<i>[0.31]</i>	<i>[16.89]</i>
9. Non-cash expenses other than depreciation – employee stock option compensation written off	–	0.10	0.02	0.12
	<i>[0.02]</i>	<i>[0.13]</i>	<i>[0.09]</i>	<i>[0.24]</i>
– provision for doubtful debts	–	–	–	–
	<i>[1.50]</i>	<i>[—]</i>	<i>[—]</i>	<i>[1.50]</i>

(ii) **Secondary Segments – Geographical Segments**

	<u>Domestic</u>	<u>Exports</u>	<u>Total</u>
Segment revenue from external customers, based on geographical location of customers	372.87	148.67	521.54
	<i>[758.39]</i>	<i>[267.05]</i>	<i>[1025.44]</i>

Notes:

- The Company's operating facilities are located in India.
- The operating facilities of the Company are commonly employed for both the domestic and export businesses, hence it is not possible to report segment assets / liabilities by geographic segments.
- DMT plant operations were suspended during the construction and tying in the PSF Project being implemented at the same location. They were restarted towards the end of December, 2006 for trial run of Polyester Staple Fibre Plant. The PSF product is currently being test marketed. Consequently, DMT sales have been negligible at Rs. 29.62 crores during the year against Rs. 531.76 crores in the previous year
- The company completed a Voluntary Retirement Scheme (VRS) to the workers of the Textile mills, majority of whom have accepted. Payment made under the scheme is being written off upto 31st March, 2010, i.e. 3 1/2 years.
- Corporate expenses have been apportioned between the segments on a reasonable basis.
- Figures in italics and in brackets are the corresponding figures in respect of the previous year.



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)

SCHEDULE 19 (Contd.)

(10) Related party disclosures:

(a) Names of related parties and nature of relationship:

Associate Companies:	Archway Investment Company Limited Pentafil Textile Dealers Limited Scal Services Limited Nowrosjee Wadia & Sons Limited N. W. Exports Limited
Joint Venture Companies:	PT. Five Star Textile Indonesia Proline India Limited
Key Management Personnel:	Mr. Ninu Khanna - Managing Director (up to 31.05.2006) Mr. P.V. Kuppuswamy - Joint Managing Director Mr. Ness Wadia - Joint Managing Director Mr. M. K. Singh - Executive Director Mr. S. K. Gupta - Executive Director (w.e.f. 30.05.2006)

(b) Transactions with related parties

<u>Nature of transactions</u>	<u>Associate Companies</u>	<u>Joint Venture Companies</u>	<u>(Rs. in crores)</u> <u>Key Management Personnel</u>
I) Volume of transactions:			
(i) Inter-Corporate Deposits (ICDs) given			
- Archway Investment Company Limited	75.85 (131.70)	— (—)	— (—)
(ii) Repayment of ICDs			
- Archway Investment Company Limited	91.95 (108.95)	— (—)	— (—)
(iii) Interest income on ICDs			
- Archway Investment Company Limited	1.13 (0.60)	— (—)	— (—)
- Proline India Limited	— (—)	0.34 (0.30)	— (—)
(iv) Expenses incurred on behalf of related parties (reimbursable)			
- PT. Five Star Textile Indonesia	— (—)	0.60 (1.51)	— (—)
- N. W. Exports Limited	0.09 (0.05)	— (—)	— (—)
- Nowrosjee Wadia & Sons Limited	0.10 (0.06)	— (—)	— (—)
- Scal Services Limited	0.08 (0.15)	— (—)	— (—)
(v) Expenses incurred on behalf of the Company (reimbursable)			
- N. W. Exports Limited	0.79 (1.89)	— (—)	— (—)
- Nowrosjee Wadia & Sons Limited	0.34 (0.46)	— (—)	— (—)
- Scal Services Limited	0.14 (0.36)	— (—)	— (—)
(vi) Technical know-how fees (income)			
- PT. Five Star Textile Indonesia	— (—)	0.89 (1.03)	— (—)

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SCHEDULE 19 (Contd.)

(10) Related party disclosures: (Contd.)

Nature of transactions	(Rs. in crores)		
	Associate Companies	Joint Venture Companies	Key Management Personnel
(vii) Remuneration			
- Mr. Ninu Khanna - Managing Director	—	—	0.37 *
(* including commission of Rs. 0.23 crore, approved in the meeting of the Board of Directors held on 22nd November, 2006)	(-)	(-)	(0.69)
- Mr. P.V. Kuppuswamy - Joint Managing Director	—	—	1.02
	(-)	(-)	(0.82)
- Mr. Ness Wadia - Joint Managing Director	—	—	0.94
	(-)	(-)	(1.11)
- Mr. M. K. Singh - Executive Director	—	—	0.95
	(-)	(-)	(1.19)
- Mr. S. K. Gupta - Executive Director	—	—	0.72
	(-)	(-)	(-)
(viii) Employee stock option compensation written off			
- Mr. Ninu Khanna - Managing Director	—	—	—
	(-)	(-)	(0.02)
- Mr. P.V. Kuppuswamy - Joint Managing Director	—	—	0.10
	(-)	(-)	(0.13)
- Mr. M.K.Singh - Executive Director	—	—	0.02
	(-)	(-)	(0.09)
(ix) Guarantee and collaterals			
- PT. Five Star Textile Indonesia	—	6.97	—
	(-)	(14.03)	(-)
(x) Sale of goods			
- N. W. Exports Limited	43.97	(-)	—
	(53.57)	—	(-)
- Nowrosjee Wadia & Sons Limited	21.17	(-)	—
	(9.41)	—	(-)
(xi) Revenue from real estate activity			
- Scal Services Limited [Refer footnote (c)]	117.19	—	—
	(115.79)	(-)	(-)
II) Receivable as at year end			
- Archway Investment Company Limited	8.49	—	—
	(24.50)	—	(-)
- N. W. Exports Limited	3.54	(-)	—
	(13.41)	—	(-)
- PT. Five Star Textile Indonesia	—	8.18	—
	(-)	(6.69)	(-)
- Nowrosjee Wadia & Sons Limited	6.02	(-)	—
	(2.46)	—	(-)
- Scal Services Limited [Refer footnote (c)]	186.95	(-)	—
	(106.30)	—	(-)
- Proline India Limited	—	4.19	—
	(-)	(4.19)	(-)
III) Advances received for allotment of flats			
- Mr. P.V. Kuppuswamy - Joint Managing Director	—	—	0.55
	(-)	(-)	(-)



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)

SCHEDULE 19 (Contd.)

(10) Related party disclosures: (Contd.)

Nature of transactions	(Rs. in crores)		
	Associate Companies	Joint Venture Companies	Key Management Personnel
- Mr. Ness Wadia - Joint Managing Director	—	—	2.12
	(-)	(-)	(-)
IV) Shareholders' deposit (as at year end)			
- PT. Five Star Textile Indonesia	—	15.22	—
	(-)	(15.22)	(-)
V) Guarantee and collaterals (as at year end)			
- PT. Five Star Textile Indonesia [Refer footnote (d)]	—	54.62	—
	(-)	(47.65)	(-)
VI) Payable as at year end			
- Mr. P.V. Kuppuswamy - Joint Managing Director	—	—	—
	(-)	(-)	(0.14)
- Mr. Ness Wadia - Joint Managing Director	—	—	—
	(-)	(-)	(0.60)
- Mr. M.K.Singh - Executive Director	—	—	—
	(-)	(-)	(0.60)

Notes:

- No amounts pertaining to related parties have been provided for as doubtful debts. Also no amounts have been written off or written back during the year.
- Dividend paid has not been considered by the Company as a transaction falling under the purview of Accounting Standard 18 "Related Party Disclosures".
- The aggregate value of sales consideration as per agreements for sale of flats to Scal is Rs. 158.24 crores (2005-2006 173.69 Crores).
- Secured by a pari-passu charge on the machinery of the joint venture.
- Figures in brackets are the corresponding figures in respect of the previous year.

(c) Additional disclosure as required by the amended clause 32 of the listing agreements with relevant stock exchanges.

Sr. No.	Name	Nature of transaction	Balance as at 31st March, 2007 Rupees in crores	Maximum amount outstanding during the year Rupees in crores	No. of shares of the Company held by the loanees as at 31st March, 2007
A. Loans and advances in the nature of loans to associates					
1.	Scal Services Ltd.	Investment in equity shares	0.78 (0.78)	0.78 (0.78)	— (-)
2.	Archway Investment Company Ltd.	Inter corporate deposit	8.40 (24.50)	31.00 (32.40)	— (-)
		Investment in equity shares	2.16 (2.16)	2.16 (2.16)	— (-)
		Investment in fully convertible - debentures (carrying no interest)	51.00 (51.00)	51.00 (51.00)	— (-)
3.	Pentafil Textile Dealers Ltd	Investment in equity shares	0.88 (0.88)	0.88 (0.88)	— (-)
			<u>63.22</u>	<u>85.82</u>	<u>—</u>
			<u>(79.32)</u>	<u>(87.22)</u>	<u>(-)</u>

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SCHEDULE 19 (Contd.)

Sr. No.	Name	Nature of transaction	Balance as at 31st March, 2007 Rupees in crores	Maximum amount outstanding during the year Rupees in crores	No. of shares of the Company held by the loanees as at 31st March, 2007
B.	Loans and advances in the nature of loans to companies in which directors are interested.				
1.	The Bombay Burmah Trading Corp. Ltd.	Security Deposit	3.00 (3.00)	3.00 (3.00)	1,921,543 (1,921,543)
2.	Housing Development Finance Corporation Limited	Inter Corporate Deposit	- (-)	- (5.00)	- (-)
3.	Citurgia Biochemicals Ltd.	Inter Corporate Deposit *	3.50 (3.50)	3.50 (3.50)	- (-)
4.	PT. Five Star Textile Indonesia	Shareholders' Deposit	15.22 (15.22)	15.22 (15.22)	- (-)
5.	Proline India Limited	Inter Corporate Deposit	4.00 (4.00)	4.00 (4.00)	- (-)
6.	Larsen & Toubro Finance Limited	Inter Corporate Deposit	- (-)	- (10.00)	- (-)
			<u>25.72</u> <u>(25.72)</u>	<u>25.72</u> <u>(40.72)</u>	<u>1,921,543</u> <u>(1,921,543)</u>

* Provision made during the year 2002-03.

C. Loans and advances in the nature of loans where there is: (i) repayment beyond seven years or (ii) no interest or interest below section 372A of the Companies Act, 1956, other than referred in A2 and B4 above.

Employee Loans	0.55 (0.79)	0.80 (1.11)	6,508 (6,618)
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(11) (a) The Company has taken certain motor vehicles on operating lease. The particulars in respect of such leases are as follows:

	As at 31st March, 2007 (Rupees in crores)	As at 31st March, 2006 (Rupees in crores)
(i) Total of minimum lease payments		
Total of minimum lease payments for a period:		
- not later than one year	0.41	0.20
- later than one year but not later than five years	0.83	0.67
(ii) Lease payments recognised in the statement of profit and loss for the year	0.36	0.06
(iii) The lease agreement are for a period of Four years.		
	Rupees in crores	2005-2006 Rupees in crores

(12) Earnings Per equity Share:

(i) Profit computation for both basic and diluted earnings per equity share of Rs.10 each		
Net profit as per profit and loss account available for equity shareholders	35.93	61.34
	No. of equity shares	No. of equity shares
(ii) Weighted average number of equity shares for earnings per equity share		
(a) For basic earnings per equity share	3,86,11,166	3,85,98,907
(b) For diluted earnings per equity share		
No. of equity shares for basic earnings per equity share as per (ii) (a)	3,86,11,166	3,85,98,907
Add: Weighted average outstanding employee stock options deemed to be issued for no consideration	3,063	11,857
No. of equity shares for diluted earnings per equity share	3,86,14,229	3,86,10,764
(iii) Earnings per equity share		
Basic (in Rupees)	9.31	15.89
Diluted (in Rupees)	9.31	15.89



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)

SCHEDULE 19 (Contd.)

Nature of timing difference	Deferred tax (liability)/asset as at 1st April, 2006	Credit/(charge) for the year	Deferred tax (liability)/asset as at 31st March, 2007
	Rupees in crores	Rupees in crores	Rupees in crores
(a) Deferred tax liabilities			
- Depreciation	(19.46)	(0.20)	(19.66)
- Voluntary retirement compensation	-	(1.42)	(1.42)
Sub-total	(19.46)	(1.62)	(21.08)
(b) Deferred tax assets			
- Unabsorbed depreciation under the Income tax Act, 1961, recognised in view of timing difference in (a) above	15.27	3.06	18.33
- Item covered under section 43B	0.23	0.24	0.47
- Provision for doubtful debts and advances	1.36	(0.78)	0.58
Sub-total	16.86	2.52	19.38
Net amount	(2.60)	0.90	(1.70)

(14) The Company has the following joint ventures as on 31st March, 2007 and its proportionate share in the assets, liabilities, income and expenditure of the respective joint venture companies is given below:

(Rupees in crores)

Name of the joint venture company	Percentage of holding	Assets	Liabilities	Contingent liabilities	Capital commitment	Income	Expenditure
		As at 31st March, 2007				For the year ended 31st March, 2007	
(a) Proline India Ltd. (incorporated in India)	49%	8.45 (7.44)	4.03 # (3.99)	0.01 (0.01)	0.13 (-)	13.75 (13.80)	12.78 (12.99)
		As at 31st December, 2006*\$				For the year ended 31st December, 2006*§	
(b) PT. Five Star Textile Indonesia, (PTFS) (Incorporated in Indonesia)	33.89%	45.46@ (29.51)	24.44 ^ (22.36)	- (-)	- (-)	7.08 (7.36)	9.33 (11.65)

net after deducting shareholders' funds.

* per unaudited figures as advised by PTFS.

@ excludes stockholders' equity (capital deficiency)

^ excludes shareholders' deposit considered by PTFS as promoters' funds and included in stockholders' equity

\$ translated using the closing rate.

§ translated using the average monthly closing rate.

Also see notes 2(f) and 4 above.

(15) (a) In an earlier year, in accordance with the Accounting Standard on Impairment of Assets (AS 28), the Company had recognised impairment losses as at 1st April, 2004: (i) of Rs. 74.47 crores in respect of the DMT Plant, the then cash generating unit and forming part of Polyester Division, a reportable segment; and (ii) of Rs. 9.04 crores on an individual assets in the textile division, reportable segment; aggregate Rs.83.51 crores, by a corresponding adjustment to general reserve, pursuant to the transitional provisions of the said Standard.

(b) During the previous year, impairment losses aggregating Rs. 9.23 crores including Rs. 9.04 crores in respect of building in the textile division have been reversed consequent to the relevant fixed assets being scrapped / sold.

(16) Buildings (see Schedule 5 – Fixed assets) include residential flats at Roha at a cost of Rs. 0.13 crore which is held for disposal, the net book value in respect of which is Rs. 0.04 crore.

(17) During the year 2000-2001, pursuant to the scheme of amalgamation between Scal Investments Limited (SIL) and the Company, sanctioned by the jurisdictional court on 20th April, 2001, the assets, liabilities and reserves of SIL had been transferred to and vested in the Company with effect from 1st October, 2000. The Company is taking necessary steps for securing transfer of some of the assets and liabilities in the name of the Company.

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SCHEDULE 19 (Contd.)

(18) Derivative Instruments:

(i) The following are the outstanding Forward Foreign Exchange Contracts entered into by the Company as on 31st March, 2007:

Currency	Amount in foreign currency	Buy/Sell	Cross Currency
USD	13,27,097 (58,34,366)	Sell	INR
Euro	827 (17,500)	Sell	INR
Euro	– (2,32,800)	Sell	USD
GBP	3,00,493 (2,23,814)	Sell	INR
GBP	– (5,95,560)	Sell	USD
USD	– (19,05,497)	Buy	INR
Euro	– (21,23,856)	Buy	USD

These Forward Foreign Exchange Contracts are entered into for hedging purposes and not for speculation purposes.

(ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(a) Amounts receivable in foreign currency – USD 13, 57,974 (2005-2006 USD 6,35,659)

(b) Amounts payable in foreign currency – USD 81,68,380, GBP 21,686, Euro 3,51,952 and SGD 2,37,473 (2005-2006 USD 1,69,18,602, GBP 15,340, Euro 1,487, SGD 34,310 and AED 11,997).

(iii) Figures in brackets are the corresponding figures in respect of the previous year.



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)

SCHEDULE 19 (Contd.)

(19) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

			2005-2006	
	Quantity	Rupees in crores	Quantity	Rupees in crores
(a) TURNOVER				
Cloth	425.50 Lac mts.	338.74	472.19 Lac mts.	363.24
Yarn	3.15 Lac kgs.	3.37	1.05 Lac kgs.	0.77
DMT	5,901.00 M. tons	30.64	1,43,023.55 M. tons	623.17
Wastes	10.48 Lac kgs.	2.41	5.79 Lac kgs.	1.43
By Products		-		2.31
Export Incentive *		10.19 *		11.62
(includes Rs.2.99 crores in respect of earlier years)		<u>385.35</u>		<u>1002.54</u>
(b) RAW MATERIALS CONSUMED				
Cotton	54.64 Lac kgs.	34.08	26.48 Lac kgs.	14.60
Fibre	0.99 Lac kgs.	0.71	2.69 Lac kgs.	1.82
Yarn purchased and consumed	26.48 Lac kgs.	36.96	49.32 Lac kgs.	63.94
Grey Cloth	156.54 Lac Mts.	76.16	183.54 Lac Mts.	80.00
Dyes and chemicals	30.20 Lac kgs.	13.57	36.99 Lac kgs.	14.45
Paraxylene	16,978.97 M. tons	89.13	87,200.22 M. tons	381.97
Methanol	3,325.33 M. tons	7.28	53,730.34 M. tons	76.98
		<u>257.89</u>		<u>633.76</u>
(c) OPENING STOCK OF FINISHED GOODS				
Cloth	36.84 Lac mts.	26.00	53.57 Lac mts.	34.54
DMT	267.80 M. tons	1.29	1,947.90 M. tons	9.27
Wastes	1.01 Lac kgs.	0.10	0.27 Lac kgs.	0.04
		<u>27.39</u>		<u>43.85</u>
(d) CLOSING STOCK OF FINISHED GOODS				
Cloth	27.27 Lac mts.	15.46	36.84 Lac mts.	26.00
DMT	52.70 M. tons	0.26	267.80 M. tons	1.29
Wastes	1.15 Lac kgs.	0.36	1.01 Lac kgs.	0.10
		<u>16.08</u>		<u>27.39</u>
(e) LICENSED CAPACITY			2005-2006	
Production capacity @ :	Quantity		Quantity	
	2,35,132	Spindles	2,35,132	Spindles
	3,826	Looms	3,826	Looms
	246	M. tons non woven fabrics per annum	246	M. tons non woven fabrics per annum

Production of DMT is exempt from the licensing requirements by virtue of Notification No.477(E) of 25-07-91

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(19) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956. (Contd.)

	Quantity		2005-2006 Quantity	
(e) LICENSED CAPACITY (Contd.)				
Processing capacity @ :	933.00	Lac mts. cloth per annum	933.00	Lac mts. cloth per annum
	2,000	M. tons yarn per annum	2,000	M. tons yarn per annum
@ As per registration certificates.				
(f) INSTALLED CAPACITY (as certified by the Management and accepted by the Auditors without verification) as at the year end.				
Production capacity :	43,632	Spindles	52,200	Spindles
	65	Looms	516	Looms
	1,65,000	M. tons DMT per annum	1,65,000	M. tons DMT per annum
Processing capacity :	933	Lac mts. cloth per annum	933	Lac mts. cloth per annum
	864	M. tons Yarn per annum	864	M. tons Yarn per annum
(g) PACKED PRODUCTION				
Cloth	415.93	Lac mts.	455.46	Lac mts.
Yarn	3.15	Lac kgs.	1.05	Lac kgs.
DMT(includes captively consumed 21,266 M.Tons; 2005-2006 Nil)	26,951.90	M. tons	1,41,343.45	M. tons
Wastes	10.62	Lac kgs.	6.53	Lac kgs.
			2005-2006	
	Rupees in crores		Rupees in crores	
(h) CIF VALUE OF IMPORTS OF				
(i) Raw materials	10.44		93.14	
(ii) Stores, spare parts and catalysts	7.40		2.31	
(iii) Capital goods	104.42		1.10	
(i) EXPENDITURE IN FOREIGN CURRENCY (Disclosure on payment basis)				
(i) Travelling expenses	2.10		1.74	
(ii) Interest	4.17		10.22	
(iii) Architect Fees, technical & project related Consultancy	7.39			
(iv) Other expenditure	2.46		2.58	
			2005-2006	
	Rupees in crores	%	Rupees in crores	%
(j) CONSUMPTION				
Imported raw materials, spare parts and components	8.12	2.88	146.09	22.01
Indigenous raw materials, spare parts and components	273.90	97.12	517.60	77.99
	<u>282.02</u>	<u>100.00</u>	<u>663.69</u>	<u>100.00</u>



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE (Contd.)

(19) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956. (Contd.)

	Rupees in crores	2005-2006 Rupees in crores
(k) REMITTANCES IN FOREIGN CURRENCIES		
Remittance in foreign currencies on account of dividend to one non-resident shareholder, the depository for the GDR holders:		
(i) on 6,05,295 equity shares, dividend for 2005-2006	0.30	-
(ii) on 6,28,595 equity shares, dividend for 2004-2005	-	0.25
Apart from the above, the Company has not made any remittance in foreign currencies on account of dividends and does not have information as to the extent to which remittances in foreign currencies on account of dividends have been made by or on behalf of the other non-resident shareholders. The particulars of dividends paid to such non-resident shareholders are as under:		
(i) number of non-resident shareholders: 567 (2005-2006 :375)		
(ii) on 87,17,592 equity shares, dividend for 2005-2006	4.36	-
(iii) on 75,03,243 equity shares, dividend for 2004-2005	-	3.00
(l) EARNINGS IN FOREIGN EXCHANGE		
(i) Export of goods calculated on FOB basis	81.86	102.41
(ii) Reimbursement of insurance and freight on exports	2.33	2.58
(iii) Local sales for exports	65.90	163.61
(iv) Technical know-how fees	0.89	1.03

(20) Previous year's figures have been regrouped where necessary.

Signatures to Schedules 1 to 19 which form an integral part of the accounts

For and on behalf of the Board of Directors

NUSLI N. WADIA
NESS N. WADIA
P. V. KUPPUSWAMY
M. K. SINGH
S.K. GUPTA

Chairman
Jt. Managing Director
Jt. Managing Director
Executive Director
Executive Director

K. MAHINDRA
Dr. H. N. SETHNA
S. S. KELKAR
A. K. HIRJEE
S. RAGOTHAMAN

} Directors

GOVINDER SINGH

Chief Financial Officer

P. GOVINDAN

Secretary

Mumbai, 24th May, 2007

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No.

State Code

Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

Bonus Issue

Employee Stock Option Scheme

Rights Issue

Private Placements

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Sources of Funds

Paid-up Capital

Secured Loans

Deferred Tax Liability (net)

Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Total Assets

Reserves and Surplus

Unsecured Loans

Investments

Miscellaneous Expenditure

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

Profit/Loss before tax

(+ for profit, - for loss)

Basic earnings per equity share in Rs.

Total Expenditure

Profit/Loss after tax

Dividend Rate %



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (contd.)

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (contd.)

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	2 9 1 7 3 7 . 0 0
Product Description	D I M E T H Y L T E R E P H T H A L A T E (D M T)
Item Code No. (ITC Code)	6 3 0 4 9 2 . 0 5
Product Description	C O T T O N M A D E U P S
Item Code No. (ITC Code)	5 2 0 8 3 1 . 0 0
Product Description	C O T T O N P R O C E S S E D L O N G L E N G T H

For and on behalf of the Board of Directors

NUSLI N. WADIA *Chairman*
 NESS N. WADIA *Jt. Managing Director*
 P. V. KUPPUSWAMY *Jt. Managing Director*
 M. K. SINGH *Executive Director*
 S.K. GUPTA *Executive Director*

K. MAHINDRA
 Dr. H. N. SETHNA
 S. S. KELKAR
 A. K. HIRJEE
 S. RAGOTHAMAN } *Directors*

GOVINDER SINGH *Chief Financial Officer*
 Mumbai, 24th May, 2007

P. GOVINDAN *Secretary*

Mumbai, 24th May, 2007

**THE BOMBAY DYEING
AND MANUFACTURING COMPANY LIMITED**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2006-2007		2005-2006	
	Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores
A. CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT BEFORE TAX		40.41		59.22
Adjusted for				
Depreciation	17.46		16.89	
Foreign exchange loss/(gain) (net) - unrealised	(0.49)		1.59	
Profit on sale of investments	(4.86)		(8.38)	
Loss on sale of investments	0.70		1.18	
Dividend/interest income	(5.73)		(4.33)	
Profit on sale of fixed assets (net)	(8.46)		-	
Loss on sale of fixed assets (net)	-		0.44	
Interest and other finance charges [without adjusting Rs. 0.54 crore [2005-2006 (Rs. 0.96 crore)] representing unrealised foreign exchange gain/ (loss)]	32.24		16.65	
Provisions adjusted from securities premium account in an earlier year, no longer required	-		(0.67)	
Provision for doubtful debts	-		1.50	
Reversal of provision for diminution in value of investments	-		(0.37)	
Reversal of provision for leave encashment	(0.08)		(0.19)	
Employees stock option compensation written off	0.12		0.24	
		30.90		24.55
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		71.31		83.77
Changes in				
Trade and other receivables	(148.79)		(107.13)	
Inventories	(34.62)		74.01	
Trade payables	190.60		(7.91)	
Proposed voluntary separation payments	-		(7.30)	
Other adjustments				
Voluntary retirement compensation (to the extent not written off or adjusted)	(61.55)		(5.57)	
		(54.36)		(53.90)
CASH GENERATED FROM OPERATIONS		16.95		29.87
Direct taxes (paid) (net)		(6.42)		(8.68)
NET CASH FROM OPERATING ACTIVITIES (a)		10.53		21.19
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets	(466.25)		(225.38)	
Sale of fixed assets	11.54		5.31	
Purchase of investments	(984.00)		(2620.08)	
Sale of investments	1002.48		2700.82	
Inter-corporate deposits (net)	18.60		(18.18)	
Dividend received	0.01		0.50	
Interest received	4.20		3.06	
NET CASH USED IN INVESTING ACTIVITIES (b)		(413.42)		(153.95)

ANNUAL REPORT 2006-2007



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

	2006-2007		2005-2006	
	Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from borrowings		1506.61		574.56
Repayment of borrowings		(1086.37)		(437.28)
Increase in demand loan, cash credit and packing credit		73.79		64.84
Issue of equity shares under Employees' stock option scheme		0.01		0.02
Interest and other finance charges paid		(66.48)		(23.98)
Dividend paid (including corporate dividend tax)		(21.97)		(17.57)
NET CASH FROM FINANCING ACTIVITIES (c)		405.59		160.59
NET INCREASE IN CASH AND CASH EQUIVALENTS (a + b + c)		2.70		27.83
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash on hand	0.04		0.03	
Cheques on hand	0.16		2.28	
Balances with scheduled banks on current accounts, margin accounts and fixed deposit accounts [lien has been created on fixed deposits of Rs.0.77 crore (2004-2005 Rs. Nil)]	33.14		3.20	
		33.34		5.51
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash on hand	0.15		0.04	
Cheques on hand	2.24		0.16	
Balances with scheduled banks on current accounts, margin accounts and fixed deposit accounts [lien has been created on fixed deposits of Rs.21.37 crores (2005-2006 Rs. 0.77 crore)]	33.65		33.14	
		36.04		33.34
NET INCREASE AS DISCLOSED ABOVE		2.70		27.83

- Notes: 1. Figures in brackets are outflows/deductions.
2. Previous year's figures have been regrouped where necessary.

Per our report attached to the balance sheet

For A. F. FERGUSON & CO.
Chartered Accountants

H. L. SHAH
Partner

Mumbai, 24th May, 2007

For and on behalf of the Board of Directors

NUSLI N. WADIA
NESS N. WADIA
P. V. KUPPUSWAMY
M. K. SINGH
S.K. GUPTA

GOVINDER SINGH

Chairman
Jt. Managing Director
Jt. Managing Director
Executive Director
Executive Director

Chief Financial Officer

Mumbai, 24th May, 2007

K. MAHINDRA
Dr. H. N. SETHNA
S. S. KELKAR
A. K. HIRJEE
S. RAGOTHAMAN

Directors

P. GOVINDAN

Secretary



THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

Registered Office : Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai 400 001.

ATTENDANCE SLIP

I hereby record my presence at the 127th ANNUAL GENERAL MEETING of the above mentioned Company at the Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020, at 3.45 p.m. on Wednesday, 25th July, 2007.

Full name of the Member : _____
(In block letters)

Members' Folio No. : _____ and / or	No. of Shares : _____
DPID No./Client ID No. : _____	No. of Shares : _____

SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING

If Shareholder, please sign here	If Proxy, please sign here

- N. B. : 1. Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.
2. The practice of distributing copies of the Annual Report at the Annual General Meeting having been discontinued, members attending the Meeting are requested to bring their copies of the Annual Report with them.



THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

Registered Office : Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai 400 001.

FORM OF PROXY

DP. Id*	
Client Id*	

Registered Folio No. _____

I/We

ofbeing a Member/Members of THE BOMBAY DYEING AND MFG. CO. LTD.

hereby appoint of.....

or failing him of.....

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 25th July, 2007 and at any adjournment thereof.

Signed this _____ day of July, 2007.

Signature.....

Affix Revenue Stamp

* Applicable to investors holding shares in electronic form.

NOTE : This form of proxy duly completed, stamped and signed should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.

Book-Post



BOMBAY DYEING
Bring style home

If undelivered please return to:

Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai 400 099.
Phone : 022 - 2821 5168