ANNUAL REPORT & ACCOUNTS
2007 - 2008

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

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

Ness N. Wadia, *Jt. Managing Director*

Surya Kant Gupta, *Executive Director*

CHIEF FINANCIAL OFFICER

Ramesh Ved

SECRETARY

P. Govindan

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PRESIDENTS/VICE-PRESIDENTS/BUSINESS HEAD

K. Lalpuria, *President (International Business - Textiles)*

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

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

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

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

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

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

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

R. K. Gupta, *Vice-President - Marketing*

BANKERS

State Bank of India

Axis Bank Ltd.

IDBI Ltd.

State Bank of Hyderabad

State Bank of Patiala

Bank of India

ADVOCATES & SOLICITORS

Messrs. Crawford Bayley & Co.

Messrs. Desai & Diwanji

Messrs. Mulla & Mulla and Craigie Blunt & Caroe

AUDITORS

Messrs. A. F. Ferguson & Co.

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.,

Unit: Bombay Dyeing

Satam Estate, 3rd floor,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai 400 099.
Tel: 67720300
Fax: 28375646

NOTICE

The 128th Annual General Meeting of the Members of The Bombay Dyeing & Manufacturing Company Limited will be held at the Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020, on Tuesday, 2nd September, 2008, at 3.45 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare a dividend.

3. To appoint a Director in the place of Mr. A.K.Hirjee, who retires by rotation, and being eligible, offers himself for reappointment.

4. To appoint a Director in the place of Mr. R.N.Tata, who retires by rotation, and being eligible, offers himself for reappointment.

5. To appoint a Director in the place of Mr.S.S.Kelkar, who retires by rotation, and being eligible, offers himself for reappointment.

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

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

Special Business:

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

7. As a Special Resolution:

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

8. As a Special Resolution:

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

9. As a Special Resolution:

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

Notes:

a. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the business at Items 6 to 9 of the Notice as set out above, is annexed hereto.

b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

c. The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, 12th August, 2008 to Tuesday, 2nd September, 2008 both days inclusive.

d. Dividend, if any, that may be declared at the Meeting, will, subject to the provisions of Section 206A of the Companies Act, 1956, be paid on or after 4th September, 2008 to those Shareholders whose names stand on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar & Share Transfer Agents of the Company on or before 11th August, 2008, in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2008 will be payable to the beneficial owners of shares as at the closing hours of 11th August, 2008 as per details furnished by National Securities Depositary Ltd. (NSDL) and Central Depositary Services (India) Ltd. (CDSL) for this purpose.

e. Members are requested to notify immediately any change of address:

(i) to their Depositary 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 Companies Act, 1956, dividends for the financial year ended 31st March, 2001 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the Investor Education & Protection Fund (IEPF) on the dates given in the table below:

Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid dividend	Due date for transfer to IEPF
2000-2001	23.07.2001	22.07.2008	26.09.2008
2001-2002	13.08.2002	12.08.2009	19.10.2009
2002-2003	30.07.2003	29.07.2010	05.10.2010
2003-2004	23.07.2004	22.07.2011	26.09.2011
2004-2005	29.07.2005	28.07.2012	04.10.2012
2005-2006	27.07.2006	26.07.2013	02.10.2013
2006-2007	25.07.2007	24.07.2014	28.09.2014

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

(h) Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registered office or from its R & TA at either of the aforesaid addresses.

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

Mr. A. K. Hirjee

Mr. A.K.Hirjee, 69, is B.A. (Hons.), LL.B.(Hons.), Barrister-at-Law, SLOAN Fellow of London Business School. He has 43 years of experience in different areas of Business Management and his expertise extends to finance, banking, legal, commercial, industrial and general administration. Mr. Hirjee has been actively associated with leading Charitable Institutions.

He holds 760 equity shares of the Company.

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

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

Mr. R. N. Tata

Mr. R. N. Tata, 70, is a B. Sc. in Architectural and Structural Engineering of Cornell University, U. S. A. He has also completed an Advanced Management Programme at the Graduate School of Business Administration, Harvard University. He has wide and varied experience in business and is the Chairman of several reputed companies in the Tata Group and also Chairman Emeritus of Nelco Limited.

He holds 700 equity shares of the Company.

Outside Directorship: Tata Sons Limited (Chairman), Tata Industries Limited (Chairman), Tata Steel Limited (Chairman), Tata Motors Limited (Chairman), Tata Chemicals Limited (Chairman),The Indian Hotels Company Limited (Chairman),The Tata PowerCompany Limited (Chairman), Tata Tea Limited (Chairman), Tata Autocomp Systems Limited (Chairman), Tata Consultancy Services Limited (Chairman), Tata Teleservices Limited (Chairman), Tata Teleservices (Maharashtra) Limited (Chairman), Hindustan Aeronautics Limited, Antrix Corporation Limited and 9 foreign companies.

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

Mr. S. S. Kelkar:

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

He holds 7,340 equity shares of the Company.

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

Committee Membership : Share Transfer and Shareholders/Investors Grievance Committee of Britannia Industries Limited and The Bombay Dyeing & Manufacturing Company Limited (Bombay Dyeing), Audit Committee of Bombay Dyeing, Nowrosjee Wadia & Sons Limited and Kotak Mahindra Asset Management Company Limited and Remuneration Committee of Kotak Mahindra Asset Management Company Limited (Chairman).

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

P. GOVINDAN
Secretary

Mumbai, 24th July, 2008.

Registered Office:

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

ANNEXURE TO NOTICE

Explanatory Statement:

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

Item 6

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

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

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

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

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

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

Items 7, 8 & 9

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

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

A. Remuneration:

Basic salary, with annual increments effective 1st April every year, as may be decided by the Board based on merit and taking into account the Company's performance for the year, up to a maximum of Rs.8,00,000 per month.

The benefits, perquisites and allowances will be determined by the Board from time to time.

Commission calculated with reference to the net profits in a particular financial year will be determined by the Board based on performance criteria.

B. Minimum Remuneration:

Where in any financial year during the currency of the tenure of the JMDs, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, benefits, perquisites and allowances as specified above subject to compliance with the applicable provisions of Schedule XIII to the Act, if and to the extent necessary, with the approval of the Central Government.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII to the Act as amended from time to time.

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

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

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

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

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

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

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

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

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

The Agreements dated 1st September, 2004 with Mr. P. V. Kuppuswamy and Mr. Ness N. Wadia and the Agreement dated14thSeptember, 2006 with Mr. S. K. Gupta are available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day (except Saturdays/Sundays and Public holidays).

Mr. P. V. Kuppuswamy, Mr. Ness N. Wadia and Mr. S. K. Gupta are concerned or interested in the Resolutions at items 7, 8, and 9 respectively. Mr. Nusli N. Wadia, Chairman, being the relative (as defined under Section 6 of the Act) of Mr. Ness N. Wadia is deemed to be concerned or interested in the Resolution at item 8.

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

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

1. General information:

(i) Nature of Industry : While the Company's Textile business relates to Textile industry, its PSF business relates to Chemicals (other than fertilizers) and Real Estate business relates to Real Estate Development.

(ii) Date or expected date of commencement of commercial production: The Company was incorporated on 23rd August, 1879 and it started commercial production of textile products soon thereafter.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable.

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

Particulars	(Rupees in crores)
Turnover & Other Income	1013.95
Net Profit as per Profit & Loss A/c.	16.68
Profit as computed under Section 309(5) read with Section198	16.97
Net worth	407.80

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

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

II. Information about the Incumbents:

(i) **Background details**:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III Other Information:

(i) **Reasons for loss or inadequacy of profits:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

P. GOVINDAN
Secretary

Mumbai, 24th July, 2008.

Registered Office:

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

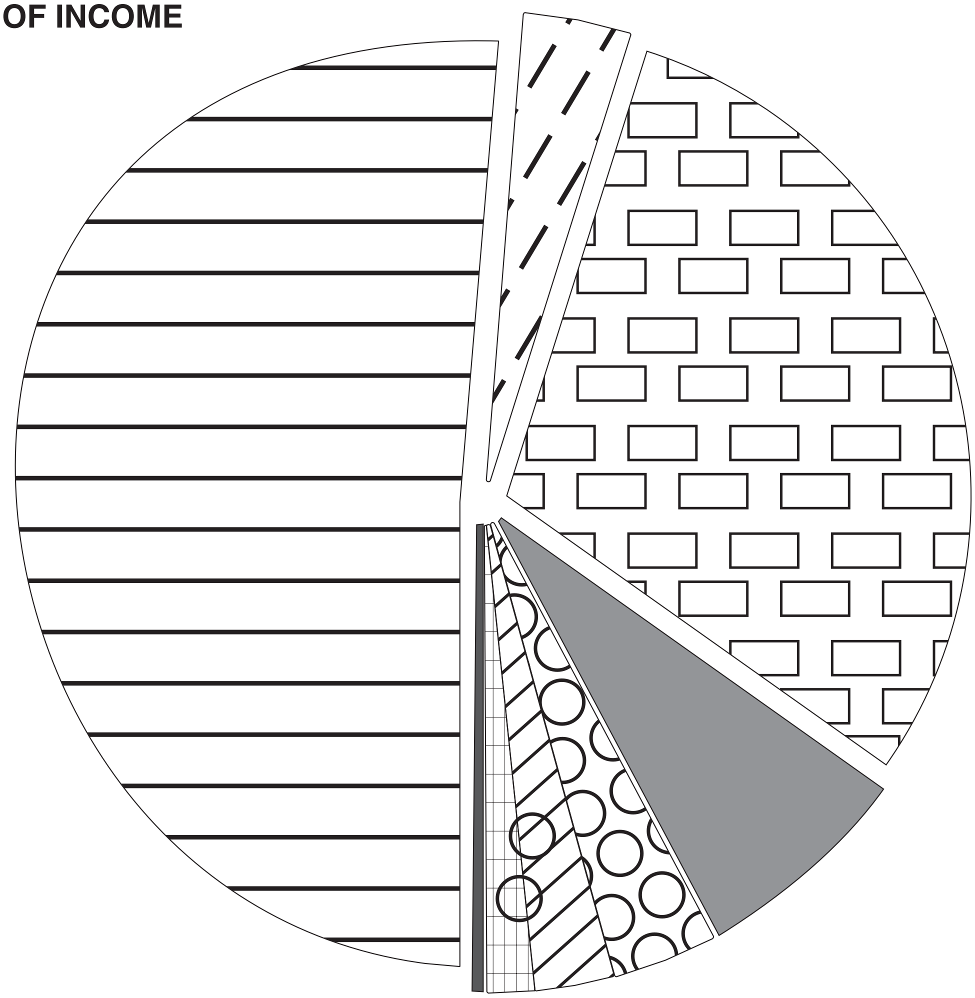
SUMMARISED BALANCE SHEET

(Rupees in crores)

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

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

DISTRIBUTION OF INCOME



	2007-2008 Amount (Rs. in crores)	%	2006-2007 Amount (Rs. in crores)	%
Raw materials etc.	519.73	51.26	239.02	44.58
Payments to employees	26.06	2.57	48.85	9.11
Operating expenses	314.09	30.98	154.77	28.87
Finance charges	75.31	7.43	31.70	5.91
Depreciation	35.42	3.49	17.46	3.26
Excise duty and taxation	26.66	2.63	8.43	1.57
Dividend & corporate dividend tax	15.82	1.56	22.59	4.21
Retained earnings	0.86	0.08	13.34	2.49
	1,013.95	100.00	536.16	100.00

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, 2008.

1. FINANCIAL RESULTS:

	For the year ended 31st March, 2008 Rupees in Crores	*For the Year ended 31st March, 2007 Rupees in Crores*
GROSS TURNOVER AND OTHER INCOME	1013.95	*536.16*
Profit before Gratuity provision, Finance Costs, Depreciation and Voluntary Retirement Compensation	120.42	*107.58*
Contribution to Gratuity Fund	0.75	*6.16*
Finance Costs	75.31	*31.70*
Profit before Depreciation & Voluntary Retirement Compensation	44.36	*69.72*
Depreciation	35.42	*17.46*
Voluntary Retirement Compensation W/O	1.39	*11.85*
Capitalisation of Voluntary Retirement Compensation W/O in Previous Year	(10.46)	–
PROFIT BEFORE TAX	18.01	*40.41*
Less: Tax (net)	1.33	*4.48*
PROFIT AFTER TAX	16.68	*35.93*
Add: Balance in Profit and Loss Account of Previous Year	194.40	*187.15*
Debenture Redemption Reserve	2.50	–
SURPLUS AVAILABLE FOR APPROPRIATIONS	213.58	*223.08*
Appropriations to:		
Proposed Dividend		
Final Dividend	13.52	*19.31*
Corporate Dividend Tax	2.30	*3.28*
Debenture Redemption Reserve	7.50	*2.50*
General Reserve	1.67	*3.59*
Balance carried to Balance Sheet	188.59	*194.40*

2. COMPANY RESULTS AND DIVIDEND:

The Company's turnover has gone up from Rs.536 crores to Rs.1014 crores during the current year. The turnover of the Textile Division has shown a marginal decline. The PSF Division, which commercially commissioned the plant on October 1, 2007 has recorded a turnover of Rs.411.32 crores during the six months period up to March 31, 2008. The revenue from the Real Estate Division has grown from Rs.124 crores last year to Rs.240 crores in the current year.

The financial performance of the two manufacturing divisions of the Company has been severely impacted by fierce price competition and an appreciating Rupee in the case of Textile business and high raw material prices and over-supply situation in the PSF business. This is reflected in Profit before Tax declining from Rs.40 crores to Rs.18 crores during the current year. While all efforts are being made to improve the margin in both the businesses, the impact is expected to be gradual, given the ground realities. The Real Estate Division will also require substantial infusion of funds, as construction activity picks up pace.

Your directors recommended a dividend of Rs. 3.50 per share of Rs. 10 each for the year ended 31st March, 2008, to be paid if declared by the members at the ensuing Annual General Meeting.

3. TEXTILE DIVISION

Overall sales turnover declined by 4.48% to Rs. 363 crores as against Rs.380 crores in the preceding year. However, sales of Rs.16 crores booked to capital account during trial runs at the Ranjangaon plant, and considering this there has been a marginal decline in the turnover. The financial performance of the Division has, however, been adversely affected with the year under review being major restructuring phase involving establishment of the new plant at Ranjangaon, relocation of part facilities from Worli and development of dedicated vendors for outsourcing of yarns, grey fabrics and job weaving.

Loss of production during the transition period and stabilization of processing plant at Ranjangaon coupled with unfavourable exchange rate and fierce price competition led to a steep fall in exports from Rs.152 crores in the previous year to Rs 100 crores in the year under review. Domestic sales, however, maintained an upward trend recording a 12% increase with the sales through the Retail Distribution System (RDS) achieving a healthy growth of 24%.

Bombay Dyeing has won "Lycra Images Fashion Award" as the Most Admired Brand in the Home Fashion Category, for the third year in succession.

Partial commercial production of new state-of-the-art processing and sewing facilities has already commenced at Ranjangaon. Remaining balancing machines including coal-fired boilers and thermopacks are expected to be operational in the second quarter of 2008-09 followed by augmentation of wide-width printing capacity towards the last quarter.

As planned 14 new Company showrooms including the Concept Store at Worli were opened during the year under review in addition to upgradation and renovation of 12 franchise stores. The Division continues to upgrade and widen its bed-n-bath category by continually introducing new products straddling a wide price band.

The above initiatives in the manufacturing and marketing areas supported by strong supply chain will help the Division in re-capturing some of the export business lost during transition period as also achieving quantum growth in the domestic business in the years to come.

4. POLYESTER DIVISION

During the first half of the year, the balance facilities for use of PTA were erected even while the PSF Plant was being tested using DMT as feedstock. Following this, the Plant was shut down for tie-in of the PTA facilities. In September the Plant was re-started with PTA as feedstock.

The Plant went into commercial production from 1st October, 2007 after achievement of performance parameters in the PTA route. Since then the Plant capacity has been raised to over 80% of its rated capacity and various grades of PSF and Chips have been sold to the customers in India and abroad. The Plant performance and product acceptance in the market have been good.

The turnover of the Division for the 6-month period from October, 2007 was Rs.411 crores. The financial performance of the Division has, however, suffered owing to high prices of raw materials and fuels as also due to over-supply position particularly in the domestic market.

While options to enhance the value of the business in terms of better margins are being pursued vigorously, the improvement is expected to be only gradual at least for some time.

Since DMT has ceased to be a marketable product, DMT Plant has been disposed of on 'as is where is' basis. Some of the facilities of the DMT Plant such as Substation, Effluent Treatment and such other utilities and offsites are, however, being retained to service the PSF Plant.

5. REAL ESTATE DIVISION

The construction of the Residential Tower at Spring Mills is 40% complete, and more than 80% of the apartments have been sold. Demand continues to be positive in a market that has slowed down during the course of the year. Construction work at Dadar and Worli is progressing, with emphasis on completion of the first two commercial and IT/ITES buildings in the year 2009-10.

Phase 1 of the development has been expanded to include larger commercial office and IT/ITES space at both the Dadar and Worli locations.

Inflationary impact on cement and steel prices, along with shortage of construction workers continues to be a problem for the Real Estate Industry. Larsen & Tubro, who have the overall responsibility for construction will focus on attempts at increasing the construction speed in line with the regulatory permissions from time to time.

6. TAXATION

The Income Tax Appellate Tribunal has passed an order for the assessment year 1989-90 and based on this the department has raised a demand of Rs.1.76 crores. The Company is contesting the demand in appeal before the High Court, Mumbai, and expects to succeed. Consequently no further provision in the books of accounts is considered necessary. However, the 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. There are no outstanding deposits remaining unpaid as on 31st March, 2008.

8. PREFERENTIAL ISSUE OF WARRANTS

During the year under review the Company has issued on a preferential basis to a company in the Promoter Group 19,30,000 warrants in accordance with the 'Guidelines for Preferential Issues' contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines'), with an option to apply for and be allotted an equivalent number of fully paid up equity shares of the Company. This option is exercisable any time within 18 months from the date of issue of the warrants. The issue price was determined at Rs. 616 per share in accordance with the pricing formula prescribed under the SEBI Guidelines. The issue was approved by the shareholders through postal ballot in accordance with Section 81(1A) of the Companies Act, 1956 ('the Act') read with Section 192A of the Act and the Rules made thereunder.

9. 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.

10. EMPLOYEE STOCK OPTION SCHEME

No stock options were granted under the Company's Employee Stock Option Scheme (ESOS) during the year under review. However, requisite disclosure in respect of the ESOS covering the options granted in the earlier years 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 by Rs. 18,700 as at 31st March, 2008 and further by Rs. 15,800 as on the date of this Report consequent upon allotment of (i) 1,210 equity shares following the exercise of stock options granted under the ESOS and (ii) based on the orders lifting the attachment on the corresponding 'tainted shares' passed by the Special Court constituted under the Special Court (Trial of offences relating to transactions in Securities) Act, 1992, 660 equity shares during the year under review and subsequently 1,580 equity shares on exercise of the rights attached to first and second detachable warrants forming part of the Rights Issue made in 1993 but kept in abeyance pursuant to Section 206A of the Companies Act, 1956.

11. 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 PSF plant, covered by the Payment of Bonus Act, was made as a gesture of goodwill and for maintaining cordial industrial relations.

12. INSURANCE

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

13. DIRECTORS

The employment of Mr. M. K. Singh has been terminated and accordingly Mr. Singh will cease to be a Director of the Company with effect from 7th July, 2008.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Mr. A. K. Hirjee, Mr. R. N. Tata and Mr. S. S. Kelkar retire by rotation and are eligible for re-appointment.

14. 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;

(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.

15. 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.

16. 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, 2008 has been provided in **Annexure 'C'** to this Report.

17. AUDITORS

Messrs A. F. Ferguson & Co., Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956 (the Act), upto the conclusion of the forthcoming Annual General Meeting. They have communicated that [for the reasons indicated in the notice convening the Annual General Meeting (AGM)] they are not seeking re-appointment at the ensuing AGM. The Company has received a special notice from a Member of the Company in terms of the provisions of the Act, signifying the intention to propose the appointment of Messrs Kalyaniwalla & Mistry, Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Messrs Kalyaniwalla & Mistry have also expressed their willingness to act as Auditors of the Company, if appointed, and have confirmed their eligibility. Members are requested to appoint Messrs Kalyaniwalla & Mistry as Auditors at remuneration to be fixed by the Board of Directors.

On behalf of the Board of Directors

NUSLI N.WADIA
CHAIRMAN

Mumbai, 30th June, 2008

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, 2008.

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

- Improvement in power factor.
- Regulating the machine working to control maximum demand.
- Providing translucent roof sheets at Ranjangaon facility for energy saving.
- Fitting machines with energy efficient-I motors.
- Recycling good usable water.
- Maintaining power factor near unity.

DMT/PSF operations

- During the year under report, DMT Plant was operated only in the first quarter and was subsequently de-commissioned and mothballed.Hence, there were no operational energy saving measures.
- The PSF Plant basic design has adopted the most energy optimized technology compared to designs of the past. Overall energy efficiency further improved with change over of feedstock from DMT to PTA.

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

Erection of coal fired steam boiler and thermic oil heaters.

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

State-of-the-art processing plant at Ranjangaon provides significant benefits in terms of lower cost of energy and other utilities.

(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 parameter control through Quality Assurance by various testing methods to improve productivity and fabric quality.
- Strict quality control in grey fabric inspection area.
- New Product Development such as Nylon wrapper by way of import substitution.
- Conversion of 10 additional Sulzer looms and 2 Sulzer cam looms into dobby looms to increase wrapper capacity.
- Increase in batching capacity.
- Process optimisation/Recipe modification/introduction of new dyes and chemicals for ' cost economy.'
- Process standardization for consistent quality .
- New process development to overcome working problems in production department and meeting marketing needs.
- New product development for improved marketability of products.

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

- 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

- New product development in Industrial market segment.
- Development of value added special finishes on sheeting qualities for improvement in business vialibility.
- Reduction of process cost by optimization of processes, reduction of chemical/auxiliaries and utilities cost without adversely affecting the quality of the fabric.
- Optimisation of process parameters on newly installed machines.
- Standardization of processes so as to meet 'GOTS' and 'OKOTEX' Standards.

4. Expenditure on R&D

Expenditure on R&D during the year under report amounted to Rs.162.50 lacs.

TECHNOLGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts in brief, made towards technology absorption, adaptation and Innovation:**
   - Process optimisation for continuous bleaching on newly installed continuous bleaching ranges and e-control dyeing on the new Monfort dyeing range.
   - Replacement of imported celadon dyes with more economical indigenous tulacon dyes.
   - Cost optimization by replacement of existing chemicals with more economical chemicals.
   - Development of a new product in bed linen with 'wash down' effect for export market.
   - Development of sheeting quality in blended 'bamboo-cotton'.
   - Commissioning a state of art effluent treatment plant with biological treatment and reuse of water after passing it through RO units.
   - Process Standardisation for organic cotton to meet GOTS Standards.
   - Development of dyeing recipes to replace vat dyes with comparatively cheaper reactive dyes without affecting the quality.
   - Obtaining 'OKOTEX' Certificate.
   - Obtaining global organic textile standard (GOTS) certification.
2. **Benefits derived as a result of the above efforts:**
   - Cost reduction arising from process/recipe modification in various operations .
   - Quality consistency due to process standardization/optimization.
   - Newer finishes/products.
3. **Information regarding technology imported during the last 5 years:**

   (a) Technology imported – Invista Performance Technologies, U.S.A. through Chemtex International Inc. for manufacture of polyester staple fibre with DMT/PTA & MEG as raw materials.

   (b) Year of import - 2006.

   (c) Has technology been fully absorbed - Yes.

   (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - Not Applicable
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.**

      Our major market US is passing through a phase of recession adversely affecting the Company's overall volume and margin. The rupee appreciation has eroded the margins in export business. The Company is planning on improved product mix and targeting the direct retailers for improving its margins.
   2. **Total foreign exchange used and earned.**

	Rs. in crores
Total foreign exchange used	78.83
Total foreign exchange earnings	241.00

On behalf of the Board of Directors

NUSLI N. WADIA
Chairman

Mumbai, 30th June, 2008

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)		725.52	*492.88*
Total Amount (Rupees in crores)		31.16	*23.55*
Rate/Unit (Rupees)		4.29	*4.78*
(b) Own Generation			
(Through Diesel Generator)			
Unit (KWH in lacs)		0.02	*0.02*
Units per Ltr. of Diesel		3.47	*0.52*
Cost/Unit (Rupees)		12.93	**72.11*
2 **Furnace Oil/L.S.H.S.**			
Quantity (in M. Tons)		29259.08	*17571.40*
Total Cost (Rupees in crores)		59.64	*30.87*
Average Rate (in Rupees per M.T.)		20383.42	*17568.32*
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	340.59	*560.54*
Yarn	100 Kgs	-	-
DMT	M.T.	553.00	-
2 **Furnace Oil/L.S.H.S.(M.T.)**			
Cloth	1000 Mtrs	0.190	*0.182*
DMT	M.T.	-	-
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.

ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

(a) Options granted :

	No. of Options/Shares
2002-03:	70,000
2003-04:	55,000
2004-05:	23,700
2005-06:	14,500
2006-07:	1,210
Total :	1,64,410

(b)	Pricing formula	:	Rs. 10 per share
(c)	Options vested	:	1,57,910 Equity Shares
(d)	Options exercised	:	1,57,910 Equity Shares
(e)	Total number of shares arising as a result of exercise of options	:	1,57,910 Equity Shares
(f)	Options lapsed	:	6,500 Equity Shares
(g)	Variation of terms of options	:	Nil
(h)	Money realised by exercise of options	:	Rs. 15,79,100/-
(i)	Total number of options in force	:	Nil

(j) Employee – wise details of options granted to -

(i) Senior Managerial Personnel :

	No. of Options/Shares	
	2007-08	As on 31.3.2007
Mr. Ninu Khanna	Nil	96,700
Mr. P. V. Kuppuswamy	Nil	64,110
Mr. M. K. Singh	Nil	3,600
	Nil	1,64,410

(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. 4.30

(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. 117.

(iii) impact of this difference on:

(a) profits of the Company : Decrease of Rs. 117

(b) EPS of the Company : Nil

(m) Since exercise price of the options is less than the market price of the stock:

No options were granted during the year ended 31st March, 2008

(i) weighted-average exercise price of the options : Not Applicable

(ii) weighted-average fair value of the options : Not Applicable

(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 : Not Applicable, as no options were granted during the year.

(1) risk-free interest rate : Not Applicable

(2) expected life : Not Applicable

(3) expected volatility : Not Applicable

(4) expected dividends, and : Not Applicable

(5) the price of the underlying share in market at the time of option grant : Not Applicable

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, 2008 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, 30th June, 2008

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, 2008.

Name of the Employee	Designation / Nature of Duties	Remuneration Received Gross Rs.	Remuneration Received Net Rs.	Qualification	Experience Years	Date of commencement of Employment	Age Years	Last Employment held before joining the Company
A) EMPLOYED THROUGHOUT THE YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN RS. 24,00,000 PER ANNUM								
Dr. Basu S.C.	Business Head (PSF)	2926810	1767639	B.Sc.Tech, M.Sc. [Fibe., Sci.&Techn.] Ph.D.	31	23/03/2005	58	Reliance Industries Ltd. Mumbai
Bhawsingka A. B.	Vice President - Domestic Retail Business	2686227	1596875	B.Com., C.A.	20	10/08/2005	44	PT Indorama Synthetics
Chandrasekharan R. C.	Vice President (Corporate Affairs)	3916750	2262013	B. Sc., A. C. A., A.C.S., A. C. W. A.	30	20/03/2006	55	Birla Soft Ltd.
Gupta S. K.	Executive Director	9493037	4802818	B.Sc., MBA	32	31/03/2006	57	President (Textile) Raymond Ltd.
Jall Z. J.	Dy. General Manager - Leasing	3140930	2077100	B.Com, M.Com. MBA (Mark)	17	17/10/2005	38	Senior Manager - Retail Business Tata Teleservices Ltd.
Kuppuswamy P. V.	Joint Managing Director	10699843	4818247	B. Sc. (Chem), B. Sc. (Chem.Engg.), PGD of Ind.Inst.of Petroleum (Petroleum Refining & Petro Chemicals)	40	01/08/1979	64	Manager Solvent Alcohol Plant, Nocil.
Mahindru R.M.	General Manager - Shopping Center Business	2647904	1611488	B.A. (Eco.) Master of International Business	12	01/11/2004	35	Senior Manager - Business Dev. The Indian Hotels Co.Ltd.
Nadkarni M.S.	Sr. Manager-Proj., Health & Safety	2485164	1613097	B.E. (Civil)	12	08/11/2006	36	Regional Quality Manager Atkins, Dubai
Nandagopal S. N.	V.P. Procurement & Hotel Development	5143795	3129470	Mech. Engg. PGDBM from XLRI	24	20/01/2006	48	Al Ghurair Retail LLC, Dubai
Nariman B. D.	Sr Vice President (Corporate Group)	4236258	2652646	B.Com., F.C.S.	34	12/12/2005	53	Sr.VP Legal & Co. Secretary The Indian Hotels Co. Ltd.
Phadnis P. K.	Vice President (Corporate Affairs)	3250136	1898621	B.E.(Mech.) Master in Management	32	07/08/2003	48	Head of Information Management Bayer India Ltd.
Raja S.	General Manager - Taxation	2418552	1590732	B.Sc. F.C.A.	18	05/05/1997	49	Manager Gujarat Ambuja Cement Ltd.
Singh G. S.	Chief Financial Officer	2902820	1643277	B.Com., F.C.A.	28	27/01/2005	52	Chief Operating Officer Garware Polyester Ltd.
Singh M. K.	Executive Director	*9907955	6100947	B.Tech. M.B.A.	29	01/07/2004	52	Managing Director Schindler India Ltd.
Wadia N. N.	Joint Managing Director	10802437	6611397	M.Sc.	14	01/01/1994	37	-

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.	Net Rs.	Qualification	Experience Years	Date of Commencement of Employment	Age Years	Last Employment held before joining the Company
Bava S.B.	DGM - Corporate Planning & Development	2995255	2041255	B.A., PG, CFA, ICFAI	10	22/06/2005	35	Senior Manager - COO'S Office Tata Teleservices Ltd.
Deshpande V.D.	Vice President (Corporate - HR)	4196692	2716112	B.Sc., MBA	26	01/06/2006	48	Vice-President (HR) Reliance Industries Ltd.
Gupta S.K.	Vice President - (Mfg. & Commercial)	2956976	2068718	B.E. Chemical Engineer	38	31/12/1987	61	Dy. Chief Engineer (Urea Plant) Fertilizer Corp. of India
Jadhav S.S.	Vice President - Corporate Planning	1431918	901983	PGDM, IIM	16	01/11/2007	41	Vice President - Corp. Strategy Welspun
Jayaram S.J.	Chief Financial Officer	1795472	1174967	C.A.	22	28/11/2007	49	Controller Al Ahmediah Contracting & Trading
Joshi N.V.	General Manager - Sales & Marketing	73989	71460	Graduate, PGDMS	10	24/03/2008	34	General Manager Sheth Developers Pvt. Ltd.
Kapur R.	General Manager - Processing	1791629	1225987	B.Tech. (Chemical Engg.)	26	27/05/2002	48	Vardhman Spg. & General Mills
Khona K.C.	Vice President-Finance (Corporate Group)	1108885	768060	M.Com., FCA, FCS, FICWA, DBF, DTP, LLB	20	28/01/2008	40	CFO & Company Secretary Gujarat Ambuja Exports Ltd.
Lalpuria K.R.	President (International Business - Textiles)	5536901	3459452	A.C.A.	25	27/06/2007	49	President / Director Welspun
Ved R.H.	Chief Financial Officer	969489	677022	B.Com., F.C.A. AICWA, ACS.	26	11/02/2008	50	CFO & Company Secretary Welspun

* Includes Rs. 68,59,955 recoverable from Mr. M. K. Singh being remuneration received in excess of the limit permissible under Schedule XIII to the Companies Act, 1956.

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, 30th June, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

TEXTILE BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENT

Government recognizes importance of Textile Industry in the Indian economy and has not only extended Technological Upgradation Fund Scheme (TUFS) but is also actively engaged in providing further relief. Unfavourable exchange rate and fierce price competition continue to dog Home Textile Industry which is pre-dominantly export driven. Progressive slight switch towards domestic market as it continues to grow at faster speed, is however discernible.

OPPORTUNITIES AND THREATS

Growing domestic market for branded products provides opportunity for faster growth. New facility at Ranjangaon will provide support for re-building export and wholesale business. The financial performance will, however, be under pressure in the short run owing to high shop rentals, spiralling energy costs, heavy interest burden and rising coarse cotton/yarn prices.

OUTLOOK

Domestic business looks promising. Profitable export business is, however, likely only during latter half of the year as we further stabilize our processes at Ranjangaon.

RISKS AND CONCERNS

Unfavourable exchange rates vis-a-vis competing countries like China, Pakistan and now Bangladesh, duty concessions to some Asian countries and possibilities of further anti-dumping duties being contemplated by European Union on Indian imports are immediate risks and matters of concern for textile business.

POLYESTER BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENT

Currently there are three large PSF producers in the country, of which our market share is around 13.5%. Due to over supply in the domestic market, we export significant quantity of PSF, as do the other producers. We also produce Polyester Chips as a by-product upto around 4000 tpm.

OPPORTUNITIES AND THREATS

In 2007, the Rupee strengthened against Dollar and the import duties on PSF and its raw materials were further reduced from 7.5% to 5%. These coupled with high price of crude oil have resulted in margins in the business being under severe pressure. Production and sale of Speciality Fibres, both in the domestic and export markets, are expected to offer opportunities to improve the margins in the medium term.

OUTLOOK

PSF business went through a period of tight availability and high prices of raw materials coupled with over-supply of PSF in the domestic market during 2007-08. The raw material situation, though not limited by availability, still remains critical due to high prices and poor margins caused by excessively high crude oil price. Hence, for better margin on PSF, the business has not only to await further growth in demand but also abatement in oil prices. It is expected that the situation will ease by 2009-10, when we will be better placed to fully realise the strength of the business.

RISKS AND CONCERNS

The single major risk that arises is the runaway price of crude oil which has moved from 65 $/bbl in April' 07 to 140 $/bbl in June '08. Full impact of this price rise has not been passed down in India and as and when this happens, recessionary pressures may lead to subdued demand for our products. Cotton itself, however, may not pose a threat to PSF as Cotton prices are also ruling high.

REAL ESTATE BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENT

Though the shortage of land supply in the Island city of Mumbai continues, the change in regulation towards higher FSI is happening slowly but surely. For redevelopment residential projects, slum clearance, dilapidated building and suburban real estate, in each case, the Government of Maharashtra has increased the FSI. This trend is expected to continue in the coming years till the new Development Plan 2011-2031 is formulated by the State Government under the legislative requirement of the MRTP Act, which states that there has to be a new Development Plan every 20 years.

The increased cost of housing debt, combined with the poor sentiment in the stock markets, lower industrial production, and high food and fuel prices, is putting downward pressure on demand for residential, commercial and retail real estate throughout the country, and this has started being felt in Mumbai suburban markets.

FDI investment by international institutions not affected by the sub-prime crisis continues to be strong into the Indian Real Estate Sector. However, this demand is outside the main cities on Greenfield projects, e.g. SEZs, Infrastructure, Townships and large mixed-use developments.

SEBI has recently introduced Real Estate Mutual Funds and has defined the list of cities in which investments by the Mutual Funds would be allowed. This will give a boost to the sector, which is based on rental income rather than capital appreciation only.

OPPORTUNITIES & THREATS

The land shortage in Mumbai city continues, and this is the key reason for the Dadar & Worli properties being developed as mixed-use developments. The commercial centre of the city is moving away from the South to the South Central areas of Dadar – Worli – Parel. Hence, this is a preferred destination for offices, retail and residential projects for the upper end of the market.

Large commercial office space aggregating 8 million sq.ft. is expected to enter in Central Mumbai market in 2010-11. Though some projects will be delayed, the ones that are completed as planned would compete directly with the commercial office space and IT/ITES space planned at the Dadar and Worli sites. This would result in a pressure on rental rates, and pre-leasing as large an area as possible is mitigating the threat.

OUTLOOK

Residential prices for the development will continue to be strong. The commercial office and IT/ITES office rates would soften, and the premium above the suburban supply is expected to fall.

The Bandra – Worli Sea Link construction work is expected to be completed in 2009, and the Trans-Harbor Link work has commenced.

Once complete in 5 years, it would enhance connectivity to the Mill land areas from all directions, using various means of access, i.e., road, rail and bus.

RISKS & CONCERNS

High interest rates and capital adequacy requirements continue to slow down the debt availability to the Real Estate Sector. In addition, increased supply of commercial and IT/ITES office space will dampen the rates at which leasing can be undertaken. Finally, the regulatory environment continues to be uncertain, and changes from time to time can delay projects, as well as have retrospective application. High inflationary trend is also a cause of concern for cost structure of Real Estate Development.

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 had appointed Messrs Ernst & Young (E&Y) as Internal Auditors with the mandate to ensure that 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 decided to appoint Messrs Deloitte Haskins & Sells (DHS), Chartered Accountants, as Internal Auditors on expiry of the term of the Statutory Auditors Messrs A. F. Ferguson & Co. (who are part of a common network of firms with DHS).

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

Corporate training and development programs for all level of employees were imparted in order to optimize the contribution of the employees to the company's business and operations. Priority was given for recruitments which were done for new Retail initiatives and to streamline Ranjangaon operations. Occupational health, Safety and Environmental Management are given utmost importance. As on 31st March, 2008 the employee strength (on permanent rolls) of the Company was 1,071.

RESOURCES AND LIQUIDITY

The Company's borrowings have increased by Rs. 363 crores during the year and have been used mainly to fund the implementation of PSF Project at Patalganga and Textile Processing factility at Ranjangaon.

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

However, with net current assets at Rs. 453 crores and investments at Rs. 127 crores, the Company's liquidity position remains comfortable.

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, 30th June, 2008

REPORT ON CORPORATE GOVERNANCE

1. **Company's Philosophy on Code of Governance**:

Your Company is fully committed to the principles of good corporate governance. In keeping with this commitment your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings and 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	8	Nil
Mr. Keshub Mahindra	Non-Executive & Independent	6	1 (Chairman)
Mr. R. N. Tata	Non-Executive & Independent	13	Nil
Mr. R. A. Shah	Non-Executive & Independent	14	9 (Chairman of 4)
Dr. H. N. Sethna	Non-Executive & Independent	5	4 (Chairman of 2)
Mr. S. S. Kelkar	Non-Executive	9	3
Mr. S. Ragothaman	Non-Executive & Independent	4	4 (Chairman of 1)
Mr. A. K. Hirjee	Non-Executive	5	7 (Chairman of 3)
Mr. S. M. Palia	Non-Executive & Independent	8	7 (Chairman of 5)
Mr. P. V. Kuppuswamy	Jt. Managing Director	2	2 (Chairman of 1)
Mr. Ness N. Wadia	Jt. Managing Director	5	Nil
Mr. M. K.Singh (upto 06.07.2008)	Executive Director	1	Nil
Mr. Surya Kant Gupta	Executive Director	1	Nil

Note : Other than Mr. Nusli N. Wadia and Mr. Ness N. Wadia, who, being father and son respectively, are related to each other, no director is related to any other director listed above.

* 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 24th May, 2007, 25th July, 2007, 26th September, 2007, 31st October, 2007, 29th November, 2007 and 29th January, 2008.

The AGM was held on 25th July, 2007.

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	Nil	No
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	5	No
Mr. S. M. Palia	5	Yes
Mr. P. V. Kuppuswamy	6	Yes
Mr. Ness N. Wadia	6	Yes
Mr. M. K. Singh (upto 06.07.2008)	6	Yes
Mr. Surya Kant Gupta	3	Yes

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

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, 6 Meetings of the Audit Committee were held, the dates being 23rd May, 2007, 6th July, 2007, 23rd July, 2007, 26th September, 2007, 29th October, 2007 and 28th January, 2008.

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	5
Mr. S. Ragothaman	6
Mr. S. S. Kelkar	6
Dr. H. N. Sethna	5
Mr. S. M. Palia	5

(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 25th July, 2007. All the Members of the Committee 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 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 Joint Managing/Executive Directors during the year 2007-2008 are given below: -

(In Rupees)

Name	Salary	Benefits*	Commission	Total
Mr. P. V. Kuppuswamy, Joint Managing Director	43,37,520	63,62,323	Nil	@1,06,99,843
Mr. Ness N. Wadia, Joint Managing Director	29,97,000	78,05,437	Nil	@1,08,02,437
Mr. M. K. Singh, Executive Director	24,00,000	6,48,000	Nil	**30,48,000
Mr. Surya Kant Gupta Executive Director	29,97,000	64,96,037	Nil	@94,93,037

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

** Excluding the excess remuneration of Rs.68,59,955 recoverable from him.

@ In view of inadequacy of profits, remuneration paid is in excess of the limits laid down in S.198 of the Companies Act, 1956 read with Schedule XIII thereto by Rs. 46,03,843 in the case of Mr. Kuppuswamy, Rs. 47,88,652 in the case of Mr. Ness N. Wadia and Rs. 34,79,252 in the case of Mr. Gupta. The Company has applied to the Central Government for approval of the excess remuneration. The Company is seeking the shareholders' approval by way of a special resolution pursuant to the provisions of Schedule XIII, at the ensuing Annual General Meeting.

Notes: a) The Agreement with the 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 not granted any stock options to working Directors during the year. Details of stock options issued in the earlier years are given in Annexure 'B' to the Directors' Report.

B. Details of payments made to Non-Executive Directors during the year 2007-08 are given below: -

	Sitting Fees (in Rupees)			
	Board Meeting	Committee Meeting	Commission@	Total No. of shares held in the Company as on 31st March, 2008
Mr. Nusli N. Wadia	60,000	1,00,000	14,00,000	1,23,350
Mr. Keshub Mahindra	60,000	10,000	1,69,000	1,630
Mr. R. N. Tata	–	–	97,000	700
*Mr. R. A. Shah	50,000	80,000	2,66,000	300
Dr. H. N. Sethna	50,000	96,000	2,90,000	5,152
Mr. S. S. Kelkar	60,000	2,16,000	4,34,000	7,340
Mr. S. Ragothaman	60,000	1,60,000	3,38,000	5,000
Mr. A. K. Hirjee	50,000	1,28,000	2,90,000	760
Mr. S. M. Palia	50,000	1,40,000	2,16,000	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

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.9.94 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 being constructed by the Company on its Spring Mills land in respect of which sums aggregating to Rs. 1,55,34,243 and Rs. 2,14,19,952, respectively, towards purchase consideration have been received from them by the Company as at 31st March, 2008. 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 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 consists 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 - 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 three times on 24th May, 2007, 25th July, 2007 and 18th October, 2007.

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

(e) Executive Committee:

The Executive Committee consists of the following Directors:

Name	No. of Executive Committee Meetings attended
Mr. Nusli N. Wadia – Chairman	9
Mr. S. S. Kelkar	8
Mr. S. Ragothaman	9
Mr. A. K. Hirjee	8
Mr. S. M. Palia	9

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 nine times on 3rd April, 2007, 18th May, 2007, 23rd July, 2007, 26th September, 2007, 1st November, 2007, 28th November, 2007, 24th December, 2007, 3rd January, 2008 and 1st February, 2008. Mr. R. A. Shah, Chairman of the Audit Committee, attended two meetings as a special invitee.

(f) Committee for Preferential Issue of Warrants to Promoters:

A Committee for Preferential Issue of Warrants to Promoters was constituted on 25th July, 2007 consisting of the following Directors:

Dr. H. N. Sethna – Chairman

Mr. S. S. Kelkar

Mr. P. V. Kuppuswamy

Mr. S. K. Gupta

Broad terms of reference of this Committee include issue and allotment of warrants and equity shares on exercise of right attached to the warrants, settlement of any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of warrants and equity shares on exercise of option attached to warrants and giving effect to any modification thereto in the best interest of the Company and its shareholders.

During the year under review, this Committee met twice on 28th August, 2007 and 7th September, 2007 and all the Members of the Committee were present at both the Meetings.

Name and designation of Compliance Officer:

Mr. P. Govindan, Company Secretary

No. of shareholders' complaints received during the year : 181

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

No. of pending share transfers : Nil

4. General Body Meetings:

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

Date & Time	Location	Special Resolutions Passed
25th July, 2007, at 3.45 p.m.	Birla Matushri Sabhagar,19, Marine Lines, Mumbai-400020	Nil
27th July, 2006, at 3.45 p.m.	Birla Matushri Sabhagar,19, Marine Lines, Mumbai-400020	Nil
29th July, 2005, at 3.45 p.m.	Birla Matushri Sabhagar,19, Marine Lines, Mumbai-400020	Nil

(b) Whether any Special Resolutions were passed last year through postal ballot:

During the year under review, the Company obtained the approval of the members by way of a special resolution through postal ballot for the issue, on a preferential basis, to The Bombay Burmah Trading Corporation Limited, a company in the Promoter Group, in accordance with the 'Guidelines for Preferential Issues' contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, of up to 19,30,000 warrants, entitling the warrant holders to apply for equivalent number of fully paid up equity shares of the Company. Mr. Nilesh G. Shah, Practising Company Secretary, was appointed as Scrutiniser for conducting the postal ballot process. The special resolution was passed with requisite majority. Details of the voting pattern were as follows:

	No. of Ballot Papers	No. of Votes	%
Votes in favour of the Resolution	3,095	1,74,46,966	99.66774
Votes against the Resolution	179	23,119	0.13207
Invalid Votes	402	35,044	0.20019
Total	3,676	1,75,05,129	100.00

The result of the postal ballot was announced through a notice on the Notice Board at the Registered Office of the Company on 28th August, 2007 and through press advertisements on 29th August, 2007. The Company had followed the procedure as prescribed under the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

(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 12 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. During the year under review, 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.

(e) Prevention of Insider Trading Code

As per SEBI (Prevention of Insider Trading) Regulations, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code.

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 &

Lakshadeep , Mumbai.

(iii) Any Website where displayed:

Yes. www.bombaydyeing.com

(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:

2nd September, 2008 - 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, 2008	:	End July, 2008
Financial reporting for the quarter ending 30th September, 2008	:	End October, 2008
Financial reporting for the quarter ending 31st December, 2008	:	End January, 2009
Financial reporting for the year ending 31st March, 2009	:	End May, 2009
Annual General Meeting for the year ending 31st March, 2009	:	Last week July/1st week of August, 2009

(c) Book closure period: 12th August, 2008 to 2nd September, 2008 both days inclusive.

(d) Dividend payment date : On and from 4th September, 2008.

(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 2008-2009 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 2008.

(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: 67720300
Fax: 28375646
e-mail: sharepro@shareproservices.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: 66134700
Fax: 22825484

(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	580	25,211
Transmissions	140	16,166
Total:	720	41,377

(k) Dematerialisation of shares and liquidity:

85.07% of outstanding Equity Shares have been dematerialised up to 31st March, 2008.

	No. of requests			No. of shares		
	As at 31.3.2007	During 2007-08	Total 31.3.2008	As at 31.3.2007	During 2007-08	Total 31.3.2008
NSDL	44,861	1,691		2,60,94,148	46,75,223	
Less: Reduction of accounts during the year (Net)		9,301			–	
Less: Interdepository transfers (Net)		–			12,66,428	
			37,251			2,95,02,943
CDSL	10,902	534		20,32,784	46,138	
Less: Reduction of accounts during the year (Net)		2,220			–	
Add: Interdepository- transfers (Net)		–			12,68,274	
			9,216			33,47,196
	55,763	(9296)	46,467	2,81,26,932	47,23,207	3,28,50,139

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) Secretarial Audit

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practising Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), shares held physically as per register of members and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges, NSDL and CDSL and is also placed before the Share Transfer, Shareholders'/Investors' Grievance and Ethics & Compliance Committee and the Board of Directors.

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

(i) 5,83,145 GDRs were outstanding as at 31st March, 2008, each GDR representing one underlying Equity Share.

(ii) 19,30,000 warrants issued to a company in the promoter group were outstanding as at 31st March, 2008, entitling the warrant-holder to apply for and be allotted equivalent number of equity shares of the Company within 18 months from the date of issue of the warrants, i.e. not later than 28th February, 2009. Likely impact on full conversion will be Rs. 1.93 crores on share capital and Rs. 116.96 crores on share premium.

(iii) 2,768 (2006-2007 3,428) warrants as part of the rights entitlement kept in abeyance out of the rights issue of non-convertible debentures (NCDs)/secured premium notes (SPNs) with two detachable warrants attached to each NCD/SPN entitling the warrant-holder to apply for and be allotted one equity share of the Company for each warrant at a price of Rs. 60 per share. Likely impact on full conversion will be Rs.0.28 lac on share capital and Rs. 1.38 lacs on share premium.

(n) (i) Distribution of Shareholding as on 31st March, 2008.

Group of Shares	No. of Shareholders	No. of Shares held	%age to Total Shares
1 to 50	50,443	10,15,243	2.63
51 to 100	11,518	9,74,529	2.52
101 to 250	6,841	11,54,953	2.99
251 to 500	2,685	9,98,383	2.59
501 to 1000	1,225	9,25,733	2.40
1001 to 5000	862	17,08,607	4.42
5001 and above	217	3,18,37,692	82.45
	73,791	3,86,15,140	100.00

(ii) Shareholding Pattern as on 31st March, 2008.

	No. of shares	%
Promoter Group *	1,81,86,621	47.10
Financial Institutions	39,71,008	10.28
Nationalised Banks	41,639	0.11
Mutual Funds	46,07,842	11.93
FIIs	25,78,816	6.68
GDR Holders	5,83,145	1.51
Others	86,46,069	22.39
	3,86,15,140	100.00

*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.

(o) 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, 2008 an aggregate amount of Rs. 19.62 lacs to the Investor Education and Protection Fund (IEPF).

(p) Plant Locations:
Textile Processing Unit,
B-28, MIDC Industrial Area,
Ranjangaon, Tal. Shirur,
Dist. Pune - 412220
Tel: 021-38232700 / 38232800
Fax: 021-38232600.

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, 30th June, 2008

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, 2008.

For **The Bombay Dyeing & Mfg. Co. Ltd.**

P. V. Kuppuswamy
Joint Managing Director

Mumbai, 30th June, 2008

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, 2008, 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, 2008, 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

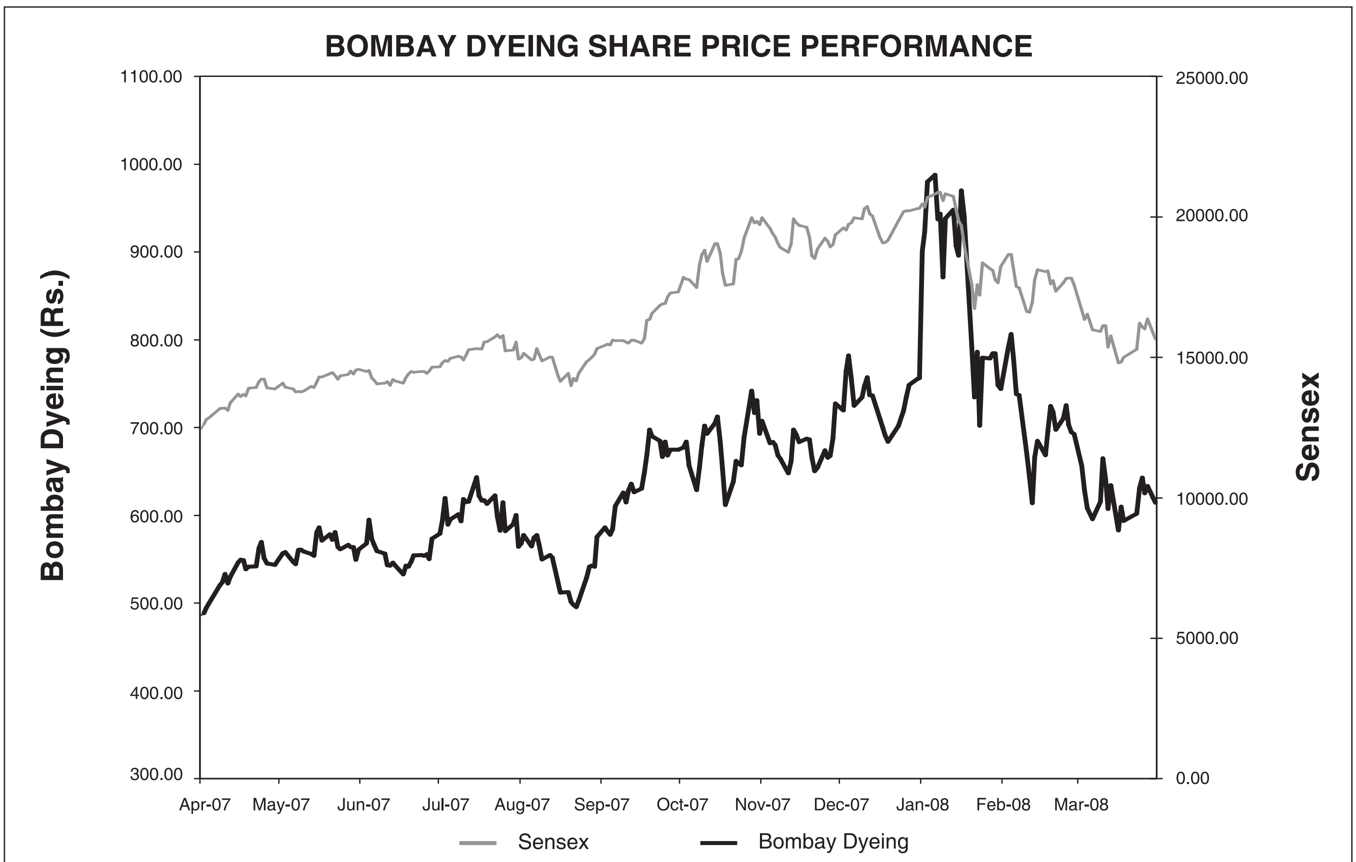
Mumbai, 30th June, 2008

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. 2007	584.00	584.90	481.00	482.00	81047	290984	2859482	6916087	15313.84	37121.47
May. 2007	604.00	604.90	540.10	530.00	64255	231080	2443034	5404191	13981.79	30889.17
Jun. 2007	614.00	614.00	511.00	530.00	53355	209669	2178185	4735312	12360.78	26850.86
Jul. 2007	655.00	654.45	574.00	528.90	73713	294699	3395422	6982235	20703.13	42615.83
Aug. 2007	597.15	596.00	492.00	492.90	27208	115609	1001114	2297422	5459.30	12504.01
Sep. 2007	722.50	722.50	568.15	561.10	55877	224185	2376017	5253206	15413.29	34033.10
Oct. 2007	760.30	760.00	590.00	573.00	55869	278240	2481836	5973067	17241.72	41302.88
Nov. 2007	752.00	751.70	630.00	626.65	35436	161253	1801995	4413454	12568.27	30711.85
Dec. 2007	797.20	798.00	681.00	680.10	40420	161414	1946955	4856244	14477.69	36045.20
Jan. 2008	1019.25	1019.65	580.00	560.00	127190	442384	5806333	13403051	52660.12	119879.80
Feb. 2008	825.00	824.00	600.00	600.50	57558	175786	1452738	3680426	10425.10	26276.26
Mar. 2008	690.00	691.90	568.10	563.25	36234	106441	1065434	2673944	6633.54	16594.47

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, 2008

1. We have audited the attached balance sheet of The Bombay Dyeing and Manufacturing Company Limited, as at 31st March, 2008, 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. Without qualifying our report, we invite attention to Note 18 on Schedule 19 regarding treatment of the Textile Processing Plant as a Continuous Process Plant.

5. 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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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, 2008;

      (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: 30th June, 2008

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, 2008 (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 generally reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is generally 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, the internal control system is generally 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 Notification issued/ 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 Polyester Division and Textile Division of the Company 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, cess and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it were in arrears, as at 31st March, 2008, 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, excise duty and cess 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	0.31	1985-86 to 2003-04	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), 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	0.08	1999-00 to 2000-01	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
	Excise Duty	0.01	2005-06	Assistant Commissioner of Customs, 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, we report that the company has used funds of Rs. 209.89 crores raised on short-term basis 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.1120.00 crores (amount outstanding as at 31st March, 2008: Rs.30.00 crores). The security or charge in respect of such debentures has not been created. Debentures aggregating Rs.1100.00 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: 30th June, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule No.	Rupees in crores	Rupees in crores	Rupees in crores	*AS AT 31ST MARCH, 2007* *Rupees in crores*	*Rupees in crores*	*Rupees in crores*
SOURCES OF FUNDS							
SHAREHOLDERS' FUNDS							
Share capital	(1)		38.61			*38.61*	
Share warrants [see Note 21 on Schedule 19]			11.89			*–*	
Reserves and surplus	(2)		357.30			*364.07*	
				407.80			*402.68*
LOAN FUNDS							
Secured loans	(3)		994.67			*788.49*	
Unsecured loans	(4)		421.09			*263.91*	
				1415.76			*1052.40*
DEFERRED TAX LIABILITY (Net)				–			*1.70*
TOTAL.....				1823.56			*1456.78*
APPLICATION OF FUNDS							
FIXED ASSETS	(5)						
Gross block			1060.35			*654.58*	
Less: Depreciation/amortisation		123.67			*438.58*		
Impairment loss [see Note 17 on Schedule 19]		–			*74.28*		
			123.67			*512.86*	
Net block			936.68			*141.72*	
Capital work-in-progress		57.59			*489.24*		
Advances for capital expenditure		13.50			*26.46*		
Incidental expenditure relating to construction/ development pending capitalisation/allocation		232.81			*219.83*		
			303.90			*735.53*	
				1240.58			*877.25*
INVESTMENTS	(6)			126.72			*153.70*
CURRENT ASSETS, LOANS AND ADVANCES							
Inventories	(7)	141.68			*171.54*		
Sundry debtors	(8)	262.69			251.43		
Cash and bank balances	(9)	56.11			*36.04*		
Other current assets	(10)	3.14			*2.58*		
Loans and advances	(11)	307.57			*198.96*		
			771.19			*660.55*	
Less: CURRENT LIABILITIES AND PROVISIONS							
Liabilities	(12)	285.63			*263.70*		
Provisions	(13)	32.09			*38.14*		
			317.72			*301.84*	
NET CURRENT ASSETS				453.47			*358.71*
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) Voluntary retirement compensation [see Note 13(iii) on Schedule 18 and Note 7 on Schedule 19]	(14)			2.79			*67.12*
TOTAL....				1823.56			*1456.78*
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, 30th June, 2008

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*
S.K. GUPTA *Executive Director*

K. MAHINDRA
R. A. SHAH
Dr. H. N. SETHNA
S. S. KELKAR
S.M. PALIA
} *Directors*

RAMESH VED *Chief Financial Officer*

P. GOVINDAN *Secretary*

Mumbai, 30th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule No.	Rupees in crores	Rupees in crores	*2006-2007 Rupees in crores*
INCOME				
Gross Sales - Products [see Note 22(a) on Schedule 19]		726.24		*385.35*
Less : Excise Duty		25.33		*3.95*
Net Sales		700.91		*381.40*
Revenue from real estate activity [see Note 3 on Schedule 18]		232.77		*117.19*
			933.68	*498.59*
Other Income	(15)		54.94	*33.62*
			988.62	*532.21*
EXPENDITURE				
Manufacturing and other expenses	(16)		868.95	*430.79*
Interest and finance charges	(17)		75.31	*31.70*
Depreciation [see Note 18 on Schedule 19]			35.42	*17.46*
			979.68	*479.95*
PROFIT BEFORE TAX AND VOLUNTARY RETIREMENT COMPENSATION			8.94	*52.26*
Less: Voluntary Retirement Compensation Written off			1.39	*11.85*
Add: Capitalisation of voluntary retirement compensation, written off in the previous year, as a part of expenditure incidental to development of land [see Note 13(iii) on Schedule 18 and Note 7 on Schedule 19]			10.46	*–*
PROFIT BEFORE TAX			18.01	*40.41*
Less:				
Provision for taxation				
a. current tax		1.75		*4.43*
b. deferred tax		(1.70)		*(0.90)*
		0.05		*3.53*
c. fringe benefit tax		1.28		*0.95*
			1.33	*4.48*
PROFIT AFTER TAX			16.68	*35.93*
Add:				
Balance in profit and loss account brought forward			194.40	*187.15*
Transferred from debenture redemption reserve			2.50	*–*
AVAILABLE FOR APPROPRIATIONS			213.58	*223.08*
***Less:* APPROPRIATIONS**				
Proposed dividend			13.52	*19.31*
Additional income tax on distributed profits			2.30	*3.28*
Debenture redemption reserve			7.50	*2.50*
General reserve			1.67	*3.59*
			24.99	*28.68*
Balance carried to balance sheet			188.59	*194.40*
SIGNIFICANT ACCOUNTING POLICIES	(18)			
NOTES TO THE ACCOUNTS	(19)			
Earnings per equity share (see Note 14 on Schedule 19)				
Basic earnings per equity share (in rupees)			4.32	*9.31*
Diluted earnings per equity share (in rupees)			4.30	*9.31*
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, 30th June, 2008

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*
S.K. GUPTA *Executive Director*

K. MAHINDRA
R. A. SHAH
Dr. H. N. SETHNA
S. S. KELKAR
S.M. PALIA
Directors

RAMESH VED *Chief Financial Officer*

P. GOVINDAN *Secretary*

Mumbai, 30th June, 2008

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

		Rupees in crores	As at 31st March, 2007 Rupees in crores
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED			
5,00,00,000	shares of Rs. 10 each	50.00	*50.00*
ISSUED AND SUBSCRIBED			
4,10,02,489	(2006-2007 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*
Less:			
25,45,259	Equity shares bought back and extinguished in accordance with section 77A of the Companies Act, 1956	(2.55)	*(2.55)*
Add:			
1,57,910	*(2006-2007 1,56,700)* Equity shares issued under Employees' Stock Option Scheme	0.16	*0.16*
3,86,15,140	*(2006-2007 3,86,13,270)* Equity shares of Rs. 10 each fully paid-up	38.61	*38.61*

Note:

(i) The Company has granted share options under its Employees' Stock Option Scheme and the number of share options outstanding as at 31st March, 2008 is Nil, (as at 31st March, 2007, 1,210 options were outstanding which have been vested and exercised during the year ended 31st March, 2008)

(ii) During the year, the Company has issued 660 equity shares on exercising of rights of conversion of warrants, based on the Special Court Order, which were earlier held in abeyance.

	Rupees in crores	As at 31st March, 2007 Rupees in crores
SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As per last balance sheet	2.55	*2.55*
SECURITIES PREMIUM ACCOUNT		
As per last balance sheet	1.96	*1.71*
Add: Premium on issue of shares under Employees' Stock Option Scheme and conversion of warrants	0.10	*0.25*
	2.06	*1.96*
DEBENTURE REDEMPTION RESERVE		
As per last balance sheet	2.50	–
Add: Transferred from profit and loss account	7.50	*2.50*
Less: Transferred to profit and loss account	(2.50)	–
	7.50	*2.50*
INVESTMENT RESERVE		
As per last balance sheet	1.31	*1.31*
REVALUATION RESERVE [See Note 3 on Schedule 18]		
As per last balance sheet	*7.66*	*83.28*
Add: Created during the year on conversion of a part of the freehold land from fixed assets into stock-in-trade	59.01	–
Less: Released to profit and loss account on entering into agreement for sale of flats	(66.67)	*(75.62)*
	–	*7.66*
GENERAL RESERVE		
As per last balance sheet	153.62	*150.03*
Add: Transferred from profit and loss account	1.67	*3.59*
	155.29	*153.62*

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 2 *(Contd.)*

RESERVES AND SURPLUS *(Contd.)*

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
EMPLOYEE STOCK OPTIONS OUTSTANDING	–	*0.09*
Less: Employee stock option compensation to be written off	–	*(0.02)*
	–	*0.07*
BALANCE IN PROFIT AND LOSS ACCOUNT	188.59	*194.40*
	357.30	*364.07*

SCHEDULE 3

SECURED LOANS

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
From Banks		
1. State Bank of India corporate loan	-	*48.51*
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. Axis Bank Limited term loan	6.65	*9.16*
8. Axis Bank Limited term loan	140.00	*150.00*
9. State Bank of Bikaner and Jaipur term loan	50.00	*49.82*
10. Export Import Bank of India term loan	74.09	*74.09*
11. Bank of Maharashtra term loan	50.00	-
12. State Bank of Patiala term loan	50.00	*49.91*
13. State Bank of Patiala term loan	50.00	*49.66*
14. State Bank of Patiala term loan	32.00	-
15. State Bank of India foreign currency corporate loan	48.11	-
16. State Bank of Mysore term loan	40.00	-
17. Standard Chartered Bank, Overdraft facility	1.75	-
18. Cash credit, demand loans, buyer's credit and packing credit from banks [includes Rs. 60.07 crores (2006-2007 Rs. 7.05 crores) in foreign currencies]	302.07	*202.34*
From Others		
GE Capital Services India term loan	-	*5.00*
	994.67	*788.49*

NOTES:

A. Security for item Nos. 2 to 6
First Mortgage/charge on a pari-passu basis on the immovable properties of the Company at Textile Mills at Mumbai, Textile Processing Unit at Ranjangaon and the Polyester Division at Patalganga, other then fixed assets charged exclusively to term lenders.

B. Security for item No. 7
Exclusive hypothecation/charge on the specific fixed assets of the Company at Textile Processing Unit at Ranjangaon.

C. Security for item Nos. 8 to 11
First Mortgage/charge on a pari-passu basis on the Company's existing as well as future fixed assets at Textile Mills at Mumbai, Textile Processing Unit at Ranjangaon and the Polyester Division at Patalganga, other then fixed assets charged exclusively to term lenders.

D. Security for item No. 12
First Mortgage/charge on a pari-passu basis on the Company's existing as well as future fixed assets of Polyester Division at Patalganga [excluding assets on lease basis, vehicles, furnitures and fixed assets charged exclusively to term lenders]

E. Security for item Nos. 13 and 14
First Mortgage/charge on a pari-passu basis on the Company's existing as well as future fixed assets at Textile Mills at Mumbai, Textile Processing Unit at Ranjangaon and the Polyester Division at Patalganga [excluding assets at Roha, real estate of the Company at Spring Mills at Mumbai, real estate of the Company at Textile Mills at Mumbai and assets on lease basis, vehicles, furnitures and fixed assets charged exclusively to term lenders]

F. Security for item No. 15
First Mortgage/charge on a pari-passu basis over part of the land of the Company at Spring Mills at Mumbai admeasuring 46,442 square meters. Creation of security is pending.

G. Security for item No. 16
First Mortgage/charge on a pari-passu basis on the fixed assets of the Company at Polyester Division at Patalganga. Creation of security is pending.

H. Security for item No. 17
Secured by creation of lien on 27,41,322 Units (and 828 fractions) of Rs. 10 each in Principal Liquid Plus Fund - Growth Plan of Principal Mutual Fund.

I. Security for item No. 18
Secured by hypothecation of stocks, book debts and other current assets (excluding the assets at Roha and Spring Mills at Mumbai) and a second charge by way of mortgage on the immovable properties of the Company at Textile Mills at Mumbai, Textile Processing Unit at Ranjangaon and the Polyester Division at Patalganga.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
SCHEDULE 4		
UNSECURED LOANS		
Overdrawn bank balances in the ordinary course of business	16.74	*11.47*
Short term loans		
- From banks [includes Rs. 64.10 crores (2006-2007 Rs. 28.44 crores) in foreign currencies]	374.35	*242.44*
- *From others*		
NSE MIBOR Plus 300 Basis point 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*
11.10% Unrated Redeemable Non-Convertible Debentures of Rs. 100 each (alloted on 28/03/2008, redeemable on 25/06/2008)	30.00	-
	421.09	*263.91*

SCHEDULE 5

FIXED ASSETS

(Rupees in crores)

	GROSS BLOCK				DEPRECIATION				IMPAIRMENT LOSS	NET BLOCK	
	Cost or book value as at 31-03-2007	Additions during the year	Deductions/ adjustments during the year	Cost or book value as at 31-03-2008	Balance as at 31-03-2007	For the year	On deductions/ adjustments during the year	Balance as at 31-03-2008	As at 31-03-2008 (see Note 17 on Schedule 19)	As at 31-03-2008	*As at 31-03-2007*
Land - Leasehold	19.02	-	-	19.02	-	0.39	-	0.39	-	18.63	19.02
- Freehold	10.51	1.34	-	11.85	-	-	-	-	-	11.85	10.51
Buildings	36.39	70.16	1.11	105.44$	11.97	1.56	0.62	12.91	-	92.53	21.49
Plant and machinery	577.25	777.34	452.49	902.10	420.62	32.23	349.36	103.49	-	798.61	85.54
Furniture	6.24	4.71	0.01	10.94	3.19	0.88	0.01	4.06	-	6.88	3.02
Motor vehicles	3.57	0.23	1.18	2.62	2.77	0.14	0.88	2.03	-	0.59	0.57
Intangible assets - software	1.60	6.78	-	8.38	0.03	0.76	-	0.79	-	7.59	1.57
	654.58	860.56	454.79	1,060.35	438.58	35.96 *	350.87	123.67	-	936.68	141.72
Previous year	720.42	45.68	111.52	654.58	521.91	17.53 *	100.86	438.58	74.28		
Capital work-in-progress										57.59	489.24
Advances for capital expenditure										13.50	26.46
Incidental expenditure relating to construction/development pending capitalisation/allocation @										232.81	219.83
TOTAL										1240.58	877.25

* Rs.0.54 crore (2006-2007 Rs. 0.07 crore) included in incidental expenditure relating to construction/development pending capitalisation/allocation. Also see Note 18 on Schedule 19.
$ see Note 9(b) on Schedule 19

@ Details of other expenditure relating to construction:		As at 31st March, 2008	*As at 31st March, 2007*
Real estate		232.81	*63.99*
Polyester Staple Fibre		-	*147.83*
Textile		-	*8.01*
		232.81	*219.83*
Comprising:			
Opening Balance	(A)	219.83	*35.76*
Add:			
Raw material consumed		94.62	*33.64*
Stores, spare parts and catalysts		28.73	*4.95*
Architect fees, technical and project related consultancy		16.83	*11.44*
Civil, electrical, contracting, etc.		23.34	*1.50*
Payments to local agencies		1.26	*0.16*
Preliminaries and site expenses		16.41	*9.06*
Legal charges		-	*0.63*
Payments to and provisions for employees		21.27	*20.35*
Job work/processing charges		6.45	*2.15*
Oil and Coal		3.66	-
Electricity (net of refund receivable on account of Regulatory Liability Charges Rs. 0.28 crore)		19.92	*7.93*
Water		1.93	*0.72*
Insurance		0.71	*0.99*
Rent		1.03	*0.43*
Brokerage and indenting charges on sales		0.23	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

@ Details of other expenditure relating to construction: *(Contd.)*		As at 31st March, 2008	*As at 31st March, 2007*
Repair: Building		0.03	*0.67*
Machinery		2.15	*2.66*
Others		0.45	*1.15*
Travelling and conveyance		2.30	*2.63*
Interest on fixed loans		59.53	*32.22*
Interest others		-	*2.18*
Cost of goods captively consumed for trial run		148.60	*100.86*
Freight and forwarding		2.78	*1.54*
Excise duty on finished goods		14.49	*12.44*
Depreciation		0.54	*0.07*
Other expenses		17.35	*7.47*
	(B)	484.61	*257.84*
Add: Capitalisation of voluntary retirement compensation as a part of expenditure incidental to development of land [see Note 13(iii) on Schedule 18 and Note 7 on Schedule 19]	(C)	74.43	-
Less:			
Sales during trial run			
Cloth 24.33 Lacs Mtrs (2006-2007: Nil)		16.32	-
PSF 28000 M tons (2006-2007: 3331 M tons)		159.99	*21.91*
PET-Chips 9868 M tons (2006-2007: 9164 M tons)		58.85	*51.22*
Other Income during trial run		2.09	*0.64*
Transferred to stock-in-trade (see Schedule 16)		45.99	-
	(D)	283.24	*73.77*
	(A)+(B)+(C)-(D)	495.63	*219.83*
Less: Capitalised/allocated during the year		262.82	-
Incidental expenditure relating to construction/development pending capitalisation/allocation		232.81	*219.83*

SCHEDULE 6

INVESTMENTS

		Rupees in crores	*As at 31st March, 2007 Rupees in crores*
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*
5,000	*Equity shares of Rs. 10 each in L & T Bombay Developers Private Limited (subscribed during the year)*	0.01	-
		5.35	*5.34*
B. OTHER THAN TRADE:			
	Shares, Debentures, Units and Certificate of Deposits		
	Shares:		
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 *(2006-2007: Rs. 2,500)*	–	–
78,400	Equity shares of Rs. 100 each in Scal Services Ltd.	0.78	*0.78*
	Debentures:		
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*
		54.82	*54.82*
		60.17	*60.16*

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 6 *(Contd.)*
INVESTMENTS *(Contd.)*
CURRENT INVESTMENTS (Fully paid-up, unquoted unless otherwise stated)
OTHER THAN TRADE:

		Rupees in crores	*As at 31st March, 2007* *Rupees in crores*
	Units:		
-	*[2006-2007: 21,20,489 Units (and 161 fractions)]* of Rs. 10 each in B511G Birla Floating Rate Fund - Short Term - Growth of Birla Sun Life Mutual Fund (sold during the year)	-	*2.61*
19,71,232	Units (and 756 fractions) of Rs. 10 each in B332G Birla Sun Life Liquid Plus Institutional - Growth of Birla Sun Life Mutual Fund [1,15,57,178 Units (and 958 fractions) purchased during the year and 95,85,946 Units (and 202 fractions) sold during the year] *	2.99	-
37,30,312	Units (and 498 fractions) of Rs. 10 each in B46 Birla Sun Life Cash Manager - Institutional Plan - Growth of Birla Sun Life Mutual Fund [96,85,312 Units (and 625 fractions) purchased during the year and 59,55,000 Units (and 127 fractions) sold during the year] *	5.04	-
-	*[2006-2007: 29,32,705 Units (and 453 fractions)]* of Rs. 10 each in NFSG Canara Robeco Floating Rate Short Term Growth Fund of Canara Robeco Mutual Fund [1,15,08,058 Units (and 651 fractions) purchased during the year and 1,44,40,764 Units (and 104 fractions) sold during the year]	-	*3.35*
15,87,156	Units (and 062 fractions) of Rs. 10 each in NLFIG Canara Robeco Liquid Fund - Institutional - Growth of Canara Robeco Mutual Fund [40,52,670 Units (and 236 fractions) purchased during the year and 24,65,514 Units (and 174 fractions) sold during the year] #	2.34	-
45,00,878	Units (and 256 fractions) *[2006-2007: 63,27,194 Units (and 501 fractions)]* of Rs. 10 each in 31 ISG ICICI Prudential Institutional Liquid Plan - Super Institutional Growth of ICICI Prudential AMC Ltd. [6,74,53,481 Units (and 648 fractions) purchased during the year and 6,92,79,797 Units (and 893 fractions) sold during the year] *	5.37	*6.89*
7	Units (and 149 fractions) *[2006-2007: 25,01,251 Units (and 019 fractions)]* of Rs. 10 each in FRDG ICICI Prudential Floating Rate Plan D - Growth of ICICI Prudential AMC Ltd. Rs. 84 [4,35,97,810 Units (and 721 fractions) purchased during the year and 4,60,99,054 Units (and 591 fractions) sold during the year] *	-	*2.70*
-	*[2006-2007: 2,23,85,207 Units (and 699 fractions)]* of Rs. 10 each in LICMF Floating Rate Fund - Short Term - Growth Plan of LIC Mutual Fund (sold during the year)	-	*26.75*
94,17,300	Units (and 956 fractions) of Rs. 10 each in LICMF Liquid Plus Fund - Growth Plan of LIC Mutual Fund [4,00,82,010 Units (and 378 fractions) purchased during the year and 3,06,64,709 (and 422 fractions) sold during the year] #	10.08	-
50,00,000	Units of Rs. 10 each in Lotus India FMP 1 Month Series VIII - Growth of Lotus India Mutual Fund (purchased during the year)	5.00	-
49,993	Units (and 428 fractions) of Rs. 1,000 each in Mirae Asset Liquid Fund Institutional - Growth Option of Mirae Asset Global Investment Management Mutual Fund (purchased during the year)	5.03	-
50,00,000	Units of Rs. 10 each in OptiMix Dynamic Multi-Manager FoF Scheme - Series4 - Growth of ING Mutual Fund (Optimix Division) (purchased during the year)	4.74	-
39,89,096	Units (and 173 fractions) of Rs. 10 each in Principal Floating Rate Fund - SMP Institutional Option - Growth Plan of Principal Mutual Fund [2,43,31,628 Units (and 394 fractions) purchased during the year and 2,03,42,532 Units (and 221 fractions) sold during the year] *	5.05	-
27,41,322	Units (and 828 fractions) of Rs. 10 each in Principal Liquid Plus Fund - Growth Plan of Principal Mutual Fund [1,25,09,905 Units (and 114 fractions) purchased during the year and 97,68,582 Units (and 286 fractions) sold during the year] $	2.82	-
50,00,000	Units of Rs. 10 each in L166G SBI Debt Fund Series - 30 Days -2 - (27-Mar-08) - Growth of SBI Mutual Fund (purchased during the year) *	5.00	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 6 *(Contd.)*

INVESTMENTS *(Contd.)*

CURRENT INVESTMENTS (Fully paid-up, unquoted unless otherwise stated) *(Contd.)*

		Rupees in crores	*As at 31st March, 2007 Rupees in crores*
77,77,120	Units (and 296 fractions) of Rs. 10 each in L072G SBI Premier Liquid Fund - Institutional - Growth of SBIMutual Fund [1,55,56,860 Units (and 297 fractions) purchased during the year and 77,79,740 Units (and 001 fraction) sold during the year] @	10.09	-
-	*[2006-2007: 39,435 Units (and 024 fractions)]* of Rs. 1,000 each in G69 Standard Chartered Liquidity Manager - Plus - Growth of Standard Chartered Mutual Fund [78,989 Units (and 041 fractions) purchased during the year and 1,18,424 Units (and 065 fractions) sold during the year]	-	*4.23*
23,695	Units (and 720 fractions) *[2006-2007: 45,304 Units (and 505 fractions)]* of Rs. 1,000 each in Templeton India Treasury Management Account Institutional Plan - Growth of Franklin Templeton Mutual Fund [23,695 Units (and 720 fractions) purchased during the year and 45,304 Units (and 505 fractions) sold during the year]	3.00	*5.31*
	Certificate of Deposits:		
-	*[2006-2007: 1,000 Units]* of Rs. 1,00,000 each in ICICI Bank Ltd. (redeemed during the year)	-	*9.25*
-	*[2006-2007: 1,500 Units]* of Rs. 1,00,000 each in IDBI Bank Ltd. (sold during the year)	-	*13.89*
-	*[2006-2007: 1,000 Units]* of Rs. 1,00,000 each in State Bank of Patiala (sold during the year)	-	*9.28*
-	*[2006-2007: 1,000 Units]* of Rs. 1,00,000 each in State Bank of Saurashtra (sold during the year)	-	*9.28*
		66.55	*93.54*
	Aggregate amount of unquoted investments	126.72	*153.70*

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

$ Lien has been created on these units in favour of Standard Chartered Bank as a security for the overdraft facility granted by the bank [See footnote H on Schedule 3 - "Secured Loans"]

@ Lien has been created on 77,42,185 Units (and 744 fractions) in favour of Standard Chartered Bank as a security for their guarantee [see Note 2(f) on Schedule 19].

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

		Cost of acquisition (Rupees in crores)
30,00,000	Units of Rs. 10 each in AIG India Treasury Plus Fund - Institutional Premium - Growth of Tata AIG Mutual Fund	3.00
33,63,314	Units (and 883 fractions) of Rs. 10 each in B502G Birla Cash Plus - Institutional - Growth of Birla Sun Life Mutual Fund	7.00
57,22,699	Units (and 364 fractions) of Rs. 10 each in B503G Birla Cash Plus - Institutional Premium - Growth of Birla Sun Life Mutual Fund	7.08
21,00,000	Units of Rs. 10 each in B878G BSL Internal Income - Institutional - Monthly - Series 1 - Growth of Birla Sun Life Mutual Fund	2.10
35,30,196	Units (and 810 fractions) of Rs. 10 each in NLPIG Canara Robeco Liquid Plus Institutional Growth of Canara Robeco Mutual Fund	4.49
49,61,878	Units (and 953 fractions) of Rs. 10 each in NIMIG Canara Robeco Interval Monthly Institutional Growth Fund of Canara Robeco Mutual Fund	5.00
2,11,29,141	Units (and 312 fractions) of Rs. 10 each in DWS Insta Cash Plus Fund - Institutional Plan - Growth of DWS Mutual Fund	25.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 6 *(Contd.)*

INVESTMENTS *(Contd.)*

		Cost of acquisition (Rupees in crores)
1,09,54,579	Units (and 542 fractions) of Rs. 10 each in G44 Grindlays Floating Rate Fund - Long Term - Institutional Plan B - Growth of Standard Chartered Mutual Fund	13.05
77,88,343	Units (and 964 fractions) of Rs. 10 each in GFBG Grindlays Floating Rate - Short Term - Institutional Plan B Growth of Standard Chartered Mutual Fund	10.00
83,70,120	Units (and 106 fractions) of Rs. 10 each in G63 GSSIF - Short Term - Plan C - Growth of Standard Chartered Mutual Fund	10.00
70,00,000	Units of Rs. 10 each in 5318 / HDFC FMP 90D December 2007(VI) - Wholesale Plan Growth Option Payout of HDFC Mutual Fund	7.00
29,98,950	Units (and 367 fractions) of Rs. 10 each in 3005 / HDFC Cash Management Fund - Saving Plan -Growth of HDFC Mutual Fund	5.00
2,47,088	Units (and 368 fractions) of Rs. 10 each in 27 ICICI Prudential Flexible Income Plan Growth of ICICI Prudential Mutual Fund	0.35
58,55,353	Units (and 886 fractions) of Rs. 10 each in 31 INP ICICI Prudential Liquid Plan Institutional Plus -Growth Option of ICICI Prudential Mutual Fund	11.14
43,62,814	Units (and 036 fractions) of Rs. 10 each in FRPG ICICI Prudential Floating Rate Plan B - Growth of ICICI Prudential Mutual Fund	5.62
46,37,657	Units (and 385 fractions) of Rs. 10 each in FRPCG ICICI Prudential Floating Rate Plan C - Growth of ICICI Prudential Mutual Fund	5.62
50,94,713	Units (and 767 fractions) of Rs. 10 each in 1084 ICICI Prudential Interval Fund II Quarterly Interval Plan C - Retail Dividend- Reinvest Dividend of ICICI Prudential Mutual Fund	5.09
31,92,786	Units (and 856 fractions) of Rs. 10 each in 24IN ICICI Prudential Institutional Short Term Plan - Cumulative Option of ICICI Prudential Mutual Fund	5.00
79,90,092	Units (and 286 fractions) of Rs. 10 each in JM High Liquidity Fund - Super Institutional Plan - Growth (94) of JM Financial Mutual Fund	10.00
96,16,841	Units (and 582 fractions) of Rs. 10 each in JM Short Term Fund - Institutional Plan Growth (60) of JM Financial Mutual Fund	10.00
4,85,93,720	Units (and 572 fractions) of Rs. 10 each in LICMF Liquid Fund - Growth Plan of LIC Mutual Fund	68.42
50,00,000	Units of Rs. 10 each in Lotus India Quarterly Interval Fund - Plan C - Growth of Lotus India Mutual Fund	5.00
50,000	Units of Rs. 1,000 each in Mirae Asset Liquid Plus Fund-Super Institutional Growth Option of Mirae Asset Mutual Fund	5.00
67,84,640	Units (and 437 fractions) of Rs. 10 each in Principal Cash Management Fund - Liquid Option Institutional Premium Plan - Growth of Principal Mutual Fund	8.05
2,02,38,917	Units (and 406 fractions) of Rs. 10 each in Principal Floating Rate Fund - FMP Institutional Option - Growth Plan of Principal Mutual Fund	24.47
50,00,000	Units of Rs. 10 each in L151G SBI Debt Fund Series - 90 Days-14-(Sep 07) - Growth of SBI Mutual Fund	5.00
95,78,721	Units (and 059 fractions) of Rs. 10 each in L147IG SBI - SHF - Liquid Plus - Institutional Plan - Growth of SBI Mutual Fund	10.00
47,95,545	Units (and 297 fractions) of Rs. 10 each in Templeton Floating Rate Income Fund Long Term Plan Institutional Option - Growth of Templeton India Mutual Fund	5.39
41,857	Units (and 152 fractions) of Rs. 1,000 each in Templeton India Short Term Income Plan Institutional Growth of Templeton India Mutual Fund	5.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 7

INVENTORIES

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
Stores, spare parts and catalysts	15.13	*14.19*
Stock-in-trade		
Raw materials	13.31	*56.22*
Work-in-process	*57.61*	*49.17*
Finished goods	55.33	*16.08*
Office premises	0.30	*0.30*
Real estate under development [see Note 10(ii)(d) on Schedule 18]	–	*35.58*
	126.55	*157.35*
	141.68	*171.54*

SCHEDULE 8

SUNDRY DEBTORS

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
Unsecured, unless otherwise stated		
— **Over 6 months:**		
Considered good	50.72	*1.41*
Considered doubtful	23.33	*23.33*
	74.05	*24.74*
— **Other Debts:**		
Considered good [includes secured Rs. 0.09 crore (2006-2007 Rs. 0.29 crore), unbilled revenue of Rs. 63.03 crores (2006-2007 Rs. 96.88 crores) and due from a director Rs. 0.33 crore (2006-2007 Rs. Nil) and maximum amount outstanding from directors during the year Rs.4.79 crores (2006-2007 Rs. Nil)]	211.97	*250.02*
	211.97	*250.02*
	286.02	*274.76*
Less: Provision [includes Rs. 19.50 crores *(2006-2007 Rs. 19.50 crores)* adjusted from securities premium account]	23.33	*23.33*
	262.69	*251.43*

SCHEDULE 9

CASH AND BANK BALANCES

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
Cash on hand	0.15	*0.15*
Cheques on hand	3.88	*2.24*
Balances with scheduled banks		
In current accounts and margin accounts	3.17	*1.39*
In fixed deposit accounts	48.91	*32.26*
[lien has been created on fixed deposits of Rs. 26.10 crores (2006-2007 Rs. 21.37 crores) including on fixed deposits of Rs. 18.00 crores and Rs. 7.00 crores in favour of IDBI Bank and State Bank of India respectively (2006-2007 Rs. 10 crores in favour of Standard Chartered Bank), as a security for their guarantee (see Note 2(f) on Schedule 19)]		
	56.11	36.04

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 10

OTHER CURRENT ASSETS

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
Interest accrued on investments	–	*1.99*
Interest accrued on deposits	3.14	*0.59*
	3.14	*2.58*

SCHEDULE 11
LOANS AND ADVANCES
Unsecured, considered good unless otherwise stated

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
Advances recoverable in cash or in kind or for value to be received*		
— Considered good	246.37	*150.60*
— Considered doubtful	8.59	*8.59*
	254.96	*159.19*
Advance share application money to L&T Bombay Developers Private Limited	5.00	–
Deposit with a joint venture company (see Note 4 on Schedule 19)	15.22	*15.22*
Income-tax paid less provisions thereagainst	40.54	*32.85*
Balances with customs, port trust, etc. on current accounts	0.44	*0.29*
	316.16	*207.55*
Less: Provision [includes Rs. 7.02 crores *(2006-2007 Rs. 7.02 crores)* adjusted from securities premium account]	8.59	*8.59*
	307.57	*198.96*

* of which secured is Rs. 0.67 crore (2006-2007 Rs. 0.70 crore) and also includes:
(i) inter-corporate deposits Rs. 18.87 crores (2006-2007 Rs. 12.55 crores);
(ii) Rs. Nil (2006-2007 Rs. 0.04 crore) due from a private company in which some of the directors of the Company are directors and/or a member;
(iii) Security deposits Rs. 13.95 crores (2006-2007 Rs. 9.27 crores)
(iv) due from a director of the Company Rs. 0.69 crore (2006-2007 Rs. Nil) maximum amount outstanding during the year Rs. 0.69 crore (2006-2007 Rs. Nil)

SCHEDULE 12

CURRENT LIABILITIES

	Rupees in crores	*As at 31st March, 2007 Rupees in crores*
Acceptances	0.07	*0.03*
Sundry creditors (see Note 10 on Schedule 19)	259.87	*204.61*
Advance payments from customers and others	17.19	*50.76*
Unpaid dividends*	0.81	*0.74*
Unpaid debenture redemption*	-	*0.09*
Unpaid matured deposits*	-	*0.01*
Unpaid interest on deposits*	-	*0.01*
Deposits from selling agents, dealers, customers and others	6.56	*6.11*
Interest accrued but not due on loans	1.13	*1.34*
	285.63	*263.70*

* 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

SCHEDULE 13

PROVISIONS

	Rupees in crores	As at 31st March, 2007 Rupees in crores
Income-tax less payments thereagainst	13.31	*13.31*
Fringe Benefit Tax less payments thereagainst	0.13	*0.07*
Proposed dividend	13.52	*19.31*
Additional income-tax on distributed profits	2.30	*3.28*
Compensated absences	2.83	*2.17*
	32.09	*38.14*

SCHEDULE 14

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Voluntary retirement compensation:

[see Note 13(iii) on Schedule 18 and Note 7 on Schedule 19.]

	Rupees in crores	As at 31st March, 2007 Rupees in crores
Balance brought forward	67.12	*5.57*
Add: Incurred during the year	-	*73.40*
	67.12	*78.97*
Less: Capitalised as a part of expenditure incidental to development of land	62.94	-
	4.18	*78.97*
Less: Written off during the year	1.39	*11.85*
	2.79	*67.12*

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 15

OTHER INCOME

	Rupees	As at 31st March, 2007 Rupees
1. Interest and dividends (gross)		
(a) From non-trade investments:		
- Long term	0.27	-
- Current	1.01	*2.56*
(b) Interest on inter-corporate deposits	0.87	*1.58*
(c) Interest on income-tax refunds	-	*0.08*
(d) Interest on fixed deposits with banks	4.18	*1.38*
(e) Interest from dealers and others [tax deducted at source Rs. 1.14 crore (2006-2007 Rs. 0.76 crore)]	0.86	*0.21*
	7.19	*5.81*
2. Profit on sale of current investments	4.66	*4.86*
3. Profit on sale of fixed assets (net) [includes impact of reversal of impairment loss of Rs. 74.28 crores (see Note 17 on Schedule 19)]	22.39	*8.46*
4. Technical know-how fees	0.88	*0.89*
5. Lease rental	7.94	*6.56*
6. Gain on cancellation of forward foreign exchange contracts (net)	0.42	-
7. Profit on sale of Methanol (2006-2007 Quantity sold 574.360 MT, Sales Value Rs. 0.98 crore, Cost Rs. 0.81 crore)	-	*0.17*
8. Miscellaneous	11.46	*6.87*
	54.94	*33.62*

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Rupees in crores	Rupees in crores	*2006-2007 Rupees in crores*
SCHEDULE 16			
MANUFACTURING AND OTHER EXPENSES			
1. Raw materials consumed		601.78	*257.89*
2. Contracted production		66.55	*44.59*
		668.33	*302.48*
3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, wages and bonus		27.26	*26.42*
Workmen and staff welfare expenses		3.53	*2.01*
Contribution to gratuity fund		0.75	*6.16*
Contribution to provident and other funds		3.59	*3.88*
		35.13	*38.47*
4. OPERATING AND OTHER EXPENSES			
Stores, spare parts and catalysts		30.79	*24.13*
Oil and coal		43.36	*28.46*
Electric energy (net of refund receivable on account of Regulatory Liability Charges Rs. 8.12 crores)		14.98	*19.96*
Water charges		3.93	*3.67*
Excise duty other than relating to sales		0.02	*3.26*
Job work/processing charges		60.76	*36.26*
Rates and taxes		2.45	*2.61*
Brokerage and indenting charges on sales		6.42	*5.13*
Discount on sales		-	*2.80*
Freight and forwarding		5.13	*4.49*
Advertising		11.85	*9.62*
Insurance		1.54	*2.00*
Rent		4.42	*2.94*
Repairs: Buildings		2.25	*2.28*
Machinery		3.01	*1.42*
Others		0.40	*0.95*
Doubtful advances/bad debts written off		-	*3.17*
Less: Reversal of provision for doubtful advances/debts [includes Rs. Nil (2006-2007 Rs. 0.84 crore) adjusted from securities premium account in an earlier year]		-	*(3.17)*
		-	*-*
Other expenses		49.43	*26.74*
		240.74	176.72
5. Loss on cancellation of forward foreign exchange contracts (net)		-	*0.20*
6. Loss on sale of long term investments		-	*0.70*
7. Write down in value of current investments		0.26	*-*
Sub-total		944.46	*518.57*
8. Less: Cost of goods Captively consumed for trial run		(148.60)	*(100.86)*
Sub-total		795.86	*417.71*
9. Cost in respect of real estate:			
Opening Stock		35.58	*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]		59.01	*-*
Add: Expenditure relating to construction incurred during the year:			
Architect fees, technical and project related consultancy	3.66		*3.41*
Civil, electrical, contracting, etc.	34.70		*14.03*
Payments to local agencies	0.31		*-*
Fees for cancellation of sale contracts	6.82		*-*

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

			2006-2007
SCHEDULE 16 *(Contd.)*	Rupees in crores	Rupees in crores	*Rupees in crores*
MANUFACTURING AND OTHER EXPENSES *(Contd.)*			
Preliminaries and site expenses	0.03		*0.35*
Legal charges	-		*0.11*
Payments to and provisions for employees	0.59		*1.05*
Contract/retainership fees	0.28		*0.44*
Electricity	0.01		*0.03*
Insurance	-		*0.01*
Water Charges	0.01		-
Rent	0.01		-
Repairs: Machinery	0.01		*0.01*
Building	-		*0.02*
Others	0.02		*0.04*
Travelling and conveyance	0.12		*0.27*
Interest on fixed loans	-		*0.59*
Other expenses	0.30		*0.90*
		46.87	*21.26*
Add: Transferred from Schedule 5 - Fixed assets; incidental expenditure relating to construction/development pending capitalisation/allocation		0.07	-
Less: Release from revaluation reserve on entering into agreements for sale of flats [see Note 3 on Schedule 18]		(66.67)	*(75.62)*
Less: Closing stock (Real estate under development)		-	*(35.58)*
		74.86	*0.52*
10. (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED GOODS			
(A) Closing stock			
(i) Work-in-process		57.61	*49.17*
(ii) Finished goods		55.33	*16.08*
		112.94	*65.25*
(B) Opening stock			
(i) Work-in-process		49.17	*50.42*
(ii) Finished goods		16.08	*27.39*
Add: Stock transferred from trial run production			
(i) Work-in-process		14.23	-
(ii) Finished goods		31.69	-
		111.17	*77.81*
		(1.77)	*12.56*
Sub-total		868.95	*430.79*
11. COST OF APARTMENTS AND UNDIVIDED SHARE IN LAND SOLD			
(A) Opening stock		0.30	*0.30*
(B) Closing stock		0.30	*0.30*
		-	-
		868.95	*430.79*

SCHEDULE 17

INTEREST AND FINANCE CHARGES (see Note 7 on Schedule 19)

(a) Interest:			
- Debentures and other fixed loans		48.80	*25.42*
- Others		20.09	*4.98*
		68.89	*30.40*
(b) Other finance charges		4.51	*1.43*
Add: Exchange differences on loans - (gain)/loss		1.91	*(0.13)*
		6.42	*1.30*
		75.31	*31.70*

SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 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

The freehold land under Real Estate Development planned for sale, is 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 is 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.

Revenue from construction activity is recognised on the 'Percentage of Completion Method' of accounting. Revenue is recognised in relation to the sold areas only, on the basis of percentage of actual cost incurred as against the total estimated cost of construction. Revenue is only recognised if the actual cost incurred is in excess of 25% of the total estimated cost. The estimates of saleable area and costs are revised periodically by the management. The effect of such changes to estimates is recognised in the period such changes are determined. The estimated cost of the construction as determined, is based on management's estimate of the cost expected to be incurred till the final completion and includes cost of materials, service and other related overheads.

(4) Fixed assets

Fixed assets are stated at cost (net of cenvat credit wherever applicable) less accumulated depreciation and impairment losses, if any. The cost includes cost of acquisition, construction, erection, installation etc, preoperative expenses (including trial run) and borrowing costs incurred during pre-operational period. 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 and assets of retail shops including leasehold improvement.

(b) Hitherto, consequent to the recognition of impairment loss in an earlier year, depreciation on assets of the DMT plant was 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. Consequent to sale of DMT plant, certain balance assets of DMT plant were redeployed for PSF plant and now being depreciated at the rates specified in Schedule XIV to the Companies Act, 1956 on a straight line method.

(c) Assets of retail shops including leasehold improvement are being depreciated over the period of six years.

(d) 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 cash flows 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.

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed assets is increased to the revised estimate of its recoverable amount, however, the same would be restricted to the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the profit and loss account.

After recognition of impairment loss or reversal of impairment loss, as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount less its residual value (if any), on a straight line basis over its remaining useful life.

(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.

SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 *(Contd.)*

(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.

(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. Cost of land and construction/ development is charged to profit and loss account proportionate to area sold and at the time when corresponding revenue is recognised.

(11) Foreign currency transactions

(i) Foreign currency monetary 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.

(ii) The Company uses forward foreign exchange contracts to hedge its exposure against movements in foreign exchange rates.

(iii) Premiums or discounts arising at the inception of forward foreign exchange contracts are amortised and recognised in the Profit and Loss Account over the period of the contract. Also, exchange difference on forward foreign exchange contracts i.e. the difference between (i) the foreign currency amount of the contract translated at the exchange rate at the reporting date or the settlement date where the transaction is settled during the reporting period, and (ii) the same foreign currency amount translated at the latter of the date of inception of the forward foreign exchange contract and last reporting date, is recognised in the profit and loss account.

(12) Accounting for Derivatives

During the year ended 31st March, 2008, The Institute of Chartered Accountants of India has issued an announcement on 'Accounting for Derivatives' which, inter alia, requires provision to be made for losses on all derivative contracts outstanding at the balance sheet date by marking them to market keeping in view the principle of prudence, other than for forward contracts to which Accounting Standard (AS) 11 - 'The Effect of Change in Foreign Exchange Rates' is applicable (see Note 20 on Schedule 19).

(13) Employees benefits

(i) Short term employee benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Post-employment benefits:

(I) Defined Contribution Plan:

a) Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the provident fund and pension fund set up as irrevocable trust by the Company or to respective Regional Provident Fund Commissioner. The Company has no further obligations beyond making the contribution, except that any shortfall in the fund assets based on the Government specified minimum rates of return in respect of provident fund set up by the Company, and the Company recognises such contributions and shortfall, if any, as an expense in the year incurred.

b) Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes annual contribution at a specified percentage of the employees' eligible salary (currently 10% or 15 % of employees' eligible salary). The contributions are made to the Superannuation fund set up as irrevocable trust by the Company. Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plan is charged to profit and loss account as incurred.

SIGNIFICANT ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 *(Contd.)*

(13) (ii) Employees benefits (contd.)

(II) Defined Benefit Plan:

a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days or 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Contributions are made to the Gratuity Fund set up as irrecoverable trust by the Company. The Company accounts for gratuity benefits payable in future on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using Project Unit Credit method. Actuarial gains and losses which comprise experience adjustment and the effect of change in actuarial assumptions are recognised in the profit and loss account.

b) Other long-term employee benefits - compensated absences:

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The Company makes provision for compensated absences based on an actuarial valuation by an independent actuary at the year end, which is calculated using Project Unit Credit Method. Actuarial gains and losses which comprise experience adjustment and the effect of change in actuarial assumptions are recognised in the profit and loss account.

(iii) Termination benefits:

Compensation to employees who have opted for retirement under the Voluntary Retirement Scheme (VRS) of the Company is being written off equally over a period of five years from the date of incurrence or upto 31st March, 2010, whichever is shorter. In respect of VRS incurred during 2006-07 and 2007-08 relating to Textile Mills and New Bleach Works is carried as development cost of the land, as the Company proposes to carry out real estate development at Textile Mills and New Bleach Works (see Note 7 on Schedule 19).

(14) 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.

(15) 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.

(16) 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.

(17) 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/receipts are recognised as an expense/income 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, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 19

				Rupees in crores	*2006-2007 Rupees in crores*
(1)	Estimated amount of contracts to be executed on capital account and not provided for as at 31st March, 2008 – Rs 42.52 crores *(31.3.2007 Rs. 151.78 crores)*				
(2)	Contingent liabilities not provided for:				
	(a)	Income-tax matters in respect of earlier years under dispute (including interest of Rs. 3.44 crores) [31.03.2007 Rs. 2.08 crores] as follows:		28.94	*26.23*
		(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	23.28	*20.57*
	(b)	Sales Tax and Excise Duties		1.54	*2.37*
	(c)	Customs duty		0.45	*0.45*
	(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) 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.		4.09	*4.34*
	(f)	Counter indemnity for an amount of Rs. 60.48 crores *(31.3.2007 Rs.54.62 crores)*, of which Rs. 28.90 crores *(31.3.2007 Rs.27.38 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, Rs. 24.98 crores *(31.3.2007 Rs. 27.24 crores)* issued in favour of Industrial Development Bank of India Limited, which in turn has guaranteed loans granted by State Bank of India, Singapore *(31.03.2007 ICICI Bank Limited, Singapore)* to PTFS and Rs. 6.60 crores *(31.03.2007 Rs. Nil)* issued in favour of State Bank of India, which in turn has guaranteed loans granted by Bank Indomonex, Jakarta to PTFS. As confirmed by PTFS, the Company has a *pari-passu* charge on PTFS's machinery, which would cover the aforesaid indemnity amount.			
	(g)	Bills discounting		16.39	*11.07*
	(h)	In accordance with the EPCG Scheme, imports of capital goods are allowed to be made duty free and under Advance License scheme, import of raw material are allowed to be made duty free, subject to condition that the Company will fulfill, in future, a specified amount of export obligation within a specified time. Based on the current operating plan, the Company would fulfill its export obligation within the specified time period. Amount of duty saved on import of the above goods aggregate Rs. 36.47 crores (*31.03.2007 Rs. 25.71 crores*) against which export obligation of Rs. 239.54 crores (*31.03.2007 Rs. 174.85 crores*) need to be fulfilled.			
(3)	Expenses appearing in Schedule 16 include:				
	(a)	Auditors' remuneration (excluding service tax)#			
		(i)	Audit fees	0.42	*0.35*
		(ii)	Company law matters *(2006-2007 Rs. 27,000)*	0.01	–
		(iii)	Other services #	0.36	*0.27*
		(iv)	Reimbursement of out-of-pocket expenses # *(2006-2007 Rs.33,534)*	0.03	–
			# excludes Rs. 0.52 crore *(2006-2007 Rs. 0.14 crore)* paid for other services and Rs. 3,887 *(2006-2007 Rs. 8,306)* 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	0.14	*0.10*
		(ii)	Remuneration to the Managing Director, Joint Managing Directors and the Executive Directors (collectively referred to as whole-time directors) [inclusive of contribution to provident and other funds Rs. 0.54 crore *(2006-2007 Rs. 0.49 crore)*, estimated monetary value of benefits of Rs. 0.15 crore *(2006-2007 Rs. 0.25 crore)* but excluding contribution to gratuity fund and provision for compensated absences as separate figures are not available]	3.40@	*3.78@*

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

	Rupees in crores	*2006-2007 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	18.01	*40.41*
Add: Whole-time directors' remuneration and commission to other directors	3.40	*4.13*
Loss on sale of investments	–	*0.70*
Write down in value of current investments	0.26	*–*
	21.67	*45.24*
Less: Capital profit on sale of fixed assets	(0.04)	*(0.10)*
Profit on sale of investments	(4.66)	*(4.86)*
Reversal of provision for doubtful debts	–	*(2.33)*
	16.97	*37.95*
(iv) Maximum remuneration payable to whole-time directors at the rate of 10 percent of net profits or as per Schedule XIII to the Companies Act, 1956 in case of no profits or profits are inadequate.	2.12	*3.80*
(vi) Maximum commission payable to other directors at the rate of 1 percent of net profits	0.17	*0.38*
Commission to other directors	–	*0.35*
Total Remuneration	3.54	*4.23*

@ Notes:

(i) 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. 0.09 crore *(2006-2007 Rs. 0.25 crore)*. The Company has been legally advised that options granted under ESOS would not constitute managerial remuneration.

(ii) payment of remuneration of Rs. 1.28 crores to whole-time directors is in excess of the limits laid down in section 198 of the Companies Act, 1956 read with Schedule XIII of the said Act and is pending approval of the Central Government, in respect of which the Company has made an application, and shareholders by way of special resolution in the ensuing annual general meeting of the Company.

(iii) excluding Rs. 0.69 crore excess remuneration paid to one of the executive director has been shown as recoverable and included under Advances recoverable in cash or in kind or for value to be received (see schedule 11).

(4) Deposit of Rs.15.22 crores *(2006-2007 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. 0.38 crore *(2006-2007 Rs. 0.46 crore)*.

(6) Employee Benefits

Effective 1st April, 2007 the Company adopted revised Accounting Standard 15 'Employee Benefits'. Pursuant to the adoption, no adjustment was required to be made to general reserve as the impact of revised AS-15 was insignificant.

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(6) Employee Benefits *(Contd.)*

A. Defined Contribution Plan

Contribution to defined contribution plan, recognised in the statement of Profit and Loss Account under Contribution to provident and other funds in Schedule 16 for the year are as under:

	Rs. in crores
Employer's contribution to Provident Fund	1.82
Employer's contribution to Family Pension Fund	0.25
Employer's contribution to Superannuation Fund	1.52

B. Defined Benefit Plan

Gratuity and long term compensated absences - as per actuarial valuation as on 31st March, 2008

		Gratuity (Funded) Rs. in crores	Compensated Absences (Unfunded) Rs. in crores
i.	Reconciliation of opening and closing balances of Defined Benefit Obligation		
	Present value of Defined Benefit Obligation as at 31st March, 2007	9.64	2.17
	Interest cost	0.71	0.16
	Current Service Cost	0.66	0.32
	Benefits paid	(1.70)	(0.76)
	Net Actuarial gain / (loss)	1.07	0.94
	Present value of Defined Benefit Obligation as at 31st March, 2008	10.38	2.83
ii.	Reconciliation of fair value of Plan Assets		
	Fair value of Plan Assets as at 31st March, 2007	5.82	N.A.
	Expected return on Plan Assets	0.70	N.A.
	Net Actuarial gain / (loss)	0.99	N.A.
	Employer's Contribution	3.82	N.A.
	Benefits Paid	(1.70)	N.A.
	Fair value of Plan Assets as at 31st March, 2008	9.63	N.A.
	The Company expects to contribute in 2008-2009	0.91	N.A
	The major categories of Plan Assets as a percentage of the fair value of total Plan Assets are as follows:		
	Corporate Bonds	0.37	N.A.
	State Govt. Securities	14.04	N.A.
	Banks	85.59	N.A
		100.00	N.A.
iii.	Net assets / (liabilities) recognised in the Balance Sheet as at 31st March, 2008		
	Present value of Defined Benefit Obligation	(10.38)	(2.83)
	Fair value of Plan Assets	9.63	-
	Net Assets / (liability) recognised in Balance Sheet	(0.75)	(2.83)
iv	Components of Employer's Expenses		
	Current Service Cost	0.66	0.32
	Interest Cost	0.71	0.16
	Expected return on Plan Assets	(0.70)	-
	Net Actuarial (gain) / loss	0.08	0.94
	Total expenses recognised in the Profit and Loss account in	0.75	1.42
	Schedule 16 under:	Contribution to Gratuity Fund	Workmen and staff Welfar Expenses

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(6) Employee Benefits *(Contd.)*

B. Defined Benefit Plan (*Contd.*)

		Gratuity (Funded) Rs. in crores	Compensated Absences (Unfunded) Rs. in crores
	Actual return on Plan Assets	1.07	N.A.
v	Actuarial Assumptions		
	Mortality Table	LIC (1994-96) (Ultimate)	LIC (1994-96) (Ultimate)
	Discount Rate (per annum)	8.00%	8.00%
	Expected rate of return on Plan Assets	8.00%	-
	Salary escalation	3.50%	3.50%

vi a. The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

b. The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of the post-employment benefit obligations.

c. The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risk, historical results of return on plan assets and the Company's policy for plan assets management.

vii The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.

(7) During the year ended 31st March, 2007, the Company announced Voluntary Retirement Scheme (VRS) for its workers at Textile Mills and New Bleach Works at Worli, with the intention to develop the real estate at Worli. During the year ended 31st March, 2007 and 31st March, 2008, the Company has paid VRS of Rs. 73.40 crores and Rs. 1.03 crores respectively. The said expenditure would have been written off over the period from the date of incurrence up to 31st March, 2010. During the year ended 31st March, 2007, the Company has written off Voluntary Retirement Compensation to the extent of Rs. 10.46 crores. As the said VRS was introduced for the purpose of making the land available for development, the Company has decided to capitalise the VRS payments including the amount incurred during the year ended 31st March, 2007, since the Company is of the opinion that the said treatment is more appropriate in the presentation of financial statements. Accordingly, an amount of Rs. 62.94 crores lying in the "Miscellaneous expenditure to the extent not written off or adjusted being VRS" pertaining to Textile Mills' and New Bleach Works' and Rs. 1.03 crores of VRS incurred during the year is transferred to incidental expenditure relating to construction / development pending capitalisation. Moreover, an amount of Rs. 10.46 crores being amortisation of VRS expenditure during the previous year to the profit and loss account has been written back to the current year profit and loss account with a corresponding increase to the incidental expenditure relating to construction / development pending capitalisation. The above treatment resulted in VRS reversal of Rs.10.46 crores as shown in the profit and loss account of the current year instead of a charge of Rs. 21.16 crores.

(8) The amount of exchange differences charged to the profit and loss account is Rs. 1.99 crores (net) *(2006-2007 Rs. 0.30 crores)* [taking into account gain on cancellation of forward foreign exchange contracts Rs. 0.42 crore (net) disclosed separately in Schedule 15 {*2006-2007 Rs. 0.20 crore (loss)* disclosed separately in Schedule 16}]

(9) (a) Borrowing costs capitalised during the year is Rs. 59.53 crores *(2006-2007 Rs. 34.99 crores)* of which an amount of Rs. Nil *(2006-2007 Rs. 0.59 crore)* is included in closing stock of real estate under development.

(b) 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.

(10) There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(11) Segment Reporting

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

	Textile [see foot note (c)]	Polyester [see foot note (b)]	Real Estate	Elimination	Total
A. REVENUE					
1. Segment revenue — External sales/ Income from operations	351.06	385.63	239.66	–	976.35
	[368.03]	*[29.62]*	*[123.89]*	*[–]*	*[521.54]*
2. Inter-segment revenue	–	1.15	–	(1.15)	–
	[–]	*[–]*	*[–]*	*[–]*	*[–]*
3. Total segment revenue	351.06	386.78	239.66	(1.15)	976.35
	[368.03]	*[29.62]*	*[123.89]*	*[–]*	*[521.54]*
4. Other Income					12.27
					[10.67]
TOTAL					988.62
					[532.21]

	Textile	Polyester	Real Estate	Total
B. RESULT				
1. Segment result/operating profit/(loss) ..	(17.14)	(54.08)	140.00	68.78
	[(29.47)]	*[(8.71)]*	*[110.98]*	*[72.80]*
2. (a) Voluntary Retirement Compensation Written off [see footnote (d)]......				(1.39)
				[(11.85)]
(b) Capitalisation of Voluntary Retirement Compensation written off in the previous year [see Note 13 (iii) on Schedule 18 and Note 7 on Schedule 19].............................				10.46
				[–]
(c) Interest expenses				(68.89)
				[(30.40)]
(d) Exchange differences on loans-loss(gains)/loss				(1 91)
				[0.13]
3. Other Income				12.27
				[10.67]
4. Other Expenses				(1.31)
				[(0.94)]
5. Profit before tax				18.01
				[40.41]
6. Provision for taxation				
— current tax				1.75
				[4.43]
— deferred tax				(1.70)
				[(0.90)]
— fringe benefit tax				1.28
				[0.95]
7. Profit after tax				16.68
				[35.93]

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(11) Segment Reporting *(Contd.)*

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

	Textile	Polyester	Real Estate	Total
C. OTHER INFORMATION				
1. Segment assets	519.37	877.00	462.87	1859.24
(*includes Rs. 7.66 crores on account of revaluation)	*[375.28]*	*[716.76]*	*[341.33]**	*[1433.37]*
2. Other assets				282.04
				[325.25]
3. Total assets				2141.28
				[1758.62]
4. Segment liabilities	68.55	177.90	40.60	287.05
	[62.90]	*[141.06]*	*[60.20]*	*[264.16]*
5. Other liabilities (including share capital and reserves)				1851.93
				[1494.46]
6. Total liabilities				2141.28
				[1758.62]
7. Cost incurred during the year to acquire segment fixed assets	215.31	641.98	3.27	860.56
	[22.01]	*[2.72]*	*[20.95]*	*[45.68]*
8. Depreciation	7.94	25.16	2.32	35.42
	[7.75]	*[9.03]*	*[0.68]*	*[17.46]*
9. Non-cash expenses other than depreciation – employee stock option compensation written off	–	0.02	–	0.02
	[–]	*[0.10]*	*[0.02]*	*[0.12]*

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

	India	Rest of the World	Total
A. Segment revenue from external customers, based on geographical location of customers	746.95	229.40	976.35
	[372.87]	*[148.65]*	*[521.54]*
B. Segment assets based on geographical location	*1852.46*	*6.78*	*1859.24*
	[1416.54]	*[16.83]*	*[1433.37]*
C. Cost incurred during the year to acquire fixed assets	860.56	–	860.56
	[45.68]	*[–]*	*[45.68]*

Notes:

(a) The Company's operating facilities are located in India. Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between segments.

(b) Commercial production of PSF, based on PTA as feed stock, commenced from Ist October, 2007 and hence the figures for the current year are not comparable.

(c) The Textile Division has commenced commercial production of wider width and narrow width lines at its processing facilities at Ranjangaon from 1st January, 2008 and 1st March, 2008 respectively.

(d) Corporate expenses have been apportioned between the segments on a reasonable basis.

(e) 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, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(12) 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 L&T Bombay Developers Private 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

(Rs. in crores)

Nature of transactions	Associate Companies	Joint Venture Companies	Key Management Personnel
I) Volume of transactions:			
(i) Inter-Corporate Deposits (ICDs) given			
- Archway Investment Company Limited	22.73 *(75.85)*	— *(—)*	– *(—)*
(ii) Repayment of ICDs			
- Archway Investment Company Limited	16.41 *(91.95)*	— *(—)*	— *(—)*
(iii) Interest income on ICDs			
- Archway Investment Company Limited	0.53 *(1.13)*	— *(—)*	— *(—)*
- Proline India Limited	— *(—)*	0.34 *(0.34)*	— *(—)*
(iv) Expenses incurred on behalf of related parties (reimbursable)			
- PT. Five Star Textile Indonesia	— *(—)*	0.77 *(0.60)*	— *(—)*
- N. W. Exports Limited	0.19 *(0.09)*	— *(—)*	— *(—)*
- Nowrosjee Wadia & Sons Limited	2.79 *(0.10)*	— *(—)*	— *(—)*
- Scal Services Limited	— *(0.08)*	— *(—)*	— *(—)*
- L&T Bombay Developers Private Limited	— *(—)*	8.53 *(—)*	— *(—)*
(v) Expenses incurred on behalf of the Company (reimbursable)			
- N. W. Exports Limited	0.72 *(0.79)*	— *(—)*	— *(—)*
- Nowrosjee Wadia & Sons Limited	0.37 *(0.34)*	— *(—)*	— *(—)*
- Scal Services Limited	0.37 *(0.14)*	— *(—)*	— *(—)*
(vi) Technical know-how fees (income)			
- PT. Five Star Textile Indonesia	— *(—)*	0.88 *(0.89)*	— *(—)*

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(12) Related party disclosures: *(Contd.)*

(Rs. in crores)

	Nature of transactions	Associate Companies	Joint Venture Companies	Key Management Personnel
(vii)	Remuneration			
	- Mr. Ninu Khanna - Managing Director	—	—	—
		(-)	*(-)*	*(0.37)*
	- Mr. P.V. Kuppuswamy - Joint Managing Director..	—	—	1.07
		(-)	*(-)*	*(1.02)*
	- Mr. Ness Wadia - Joint Managing Director	—	—	1.08
		(-)	*(-)*	*(0.94)*
	- Mr. M. K. Singh - Executive Director	—	—	0.30*
		(-)	*(-)*	*(0.95)*
	- Mr. S. K. Gupta - Executive Director	—	—	0.95
		(-)	*(-)*	*(0.72)*
(viii)	Employee stock option compensation written off			
	- Mr. P.V. Kuppuswamy - Joint Managing Director.	—	—	0.02
		(-)	*(-)*	*(0.10)*
	- Mr. M.K.Singh - Executive Director	—	—	—
		(-)	*(-)*	*(0.02)*
(ix)	Guarantee and collaterals			
	- PT. Five Star Textile Indonesia	—	5.86	—
		(-)	*(6.97)*	*(-)*
(x)	Purchase of goods			
	- Proline India Limited	0.19	—	—
		(-)	*(-)*	*(-)*
(xi)	Sale of goods			
	- N. W. Exports Limited	26.18	—	—
		(43.97)	*(-)*	*(-)*
	- Nowrosjee Wadia & Sons Limited	0.50	—	—
		(21.17)	—	*(-)*
(xii)	Revenue from real estate activity (Refer foot note(c)]			
	- Scal Services Limited	45.33	—	—
		(158.24)	*(-)*	*(-)*
	- Mr. P.V. Kuppuswamy - Joint Managing Director..	—	—	2.64
		(-)	*(-)*	*(-)*
	- Mr. Ness Wadia - Joint Managing Director	—	—	13.57
		(-)	*(-)*	*(-)*
(xiii)	Reversal of sale on cancellation of contracts with]			
	- Scal Services Limited Refer foot note(c)]	270.90	—	—
		(-)	*(-)*	*(-)*
(xiv)	Fees for cancellation of contracts (expense)			
	- Scal Services Limited	6.82	—	—
		(-)	*(-)*	*(-)*

*excluding Rs. 0.69 crore excess remuneration paid has been shown as recoverable under Advances recoverable in cash or in kind or for value to be received (see schedule 11).

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(12) Related party disclosures: *(Contd.)*

(Rs. in crores)

	Nature of transactions	Associate Companies	Joint Venture Companies	Key Management Personnel
II)	Receivable as at year end			
	- Archway Investment Company Limited	14.73	—	—
		(8.49)	*(-)*	*(-)*
	- N. W. Exports Limited	1.42	—	—
		(3.54)	*(-)*	*(-)*
	- PT. Five Star Textile Indonesia	—	9.83	—
		(-)	*(8.18)*	*(-)*
	- Nowrosjee Wadia & Sons Limited	2.14	(-)	—
		(6.02)	—	*(-)*
	- Scal Services Limited [Refer footnote (c)]	65.10	—	—
		(90.07)	*(-)*	*(-)*
	- Proline India Limited	—	4.08	—
		(-)	*(4.19)*	*(-)*
	- L & T Bombay Developers Private Limited	—	8.60	—
		(-)	*(-)*	*(-)*
	- Mr. M.K. Singh - Executive Director	—	—	0.69*
		(-)	—	*(-)*
III)	Advances received for allotment of flats			
	- Mr. P.V. Kuppuswamy - Joint Managing Director	—	—	—
		(-)	*(-)*	*(0.55)*
	- 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)	Contribution to equity share capital of L&T Bombay Developers Private Limited	—	0.01	—
		(-)	*(-)*	*(-)*
	- Advance share application money to L&T Bombay Developers Private Limited	—	5.00	—
		(-)	*(-)*	*(-)*
VI)	Guarantee and collaterals (as at year end)			
	- PT. Five Star Textile Indonesia [Refer footnote (d)]	—	60.48	—
		(-)	*(54.62)*	*(-)*
VII)	Payable as at year end			
	- Mr. Ness Wadia - Joint Managing Director	—	—	1.32
		(-)	*(-)*	*(-)*

Notes:

(a) 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.

(b) Dividend paid has not been considered by the Company as a transaction falling under the purview of Accounting Standard 18 "Related Party Disclosures".

(c) Revenue from real estate activity is disclosed based on aggregate value of sales consideration as per agreements.

(d) Secured by a pari-passu charge on the machinery of the joint venture.

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

* Excess remuneration paid has been shown as recoverable (see schedule 11).

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(12) Related party disclosures: *(Contd.)*

(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, 2008 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, 2008
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	14.72	14.72	—
			(8.40)	*(31.00)*	*(-)*
		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)*	*(-)*
			69.54	69.54	—
			(63.22)	*(85.82)*	*(-)*
B.	Loans and advances in the nature of loans to companies in which directors are interested.				
1.	Citurgia Biochemicals Ltd	Inter Corporate Deposit *	3.50	3.50	—
			(3.50)	*(3.50)*	*(-)*
2.	PT. Five Star Textile Indonesia	Shareholders' Deposit	15.22	15.22	—
			(15.22)	*(15.22)*	*(-)*
3.	Proline India Limited	Inter Corporate Deposit	4.00	4.00	—
			(4.00)	*(4.00)*	*(-)*
			22.72	22.72	—
			(22.72)	*(22.72)*	*(-)*

* 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 B2 above.

Employee Loans	0.82	0.94	5,118
	(0.55)	*(0.80)*	*(6,508)*

(13) (a) The Company has taken certain motor vehicles and retail shops on operating lease. The particulars in respect of such leases are as follows:

		As at 31st March, 2008 (Rupees in crores)	As at 31st March, 2007 (Rupees in crores)
(i)	Total of minimum lease payments		
	Total of minimum lease payments for a period:		
	- not later than one year	5.62	0.41
	- later than one year but not later than five years	20.54	0.83
	- later than five years	14.21	-
(ii)	Lease payments recognised in the statement of profit and loss for the year	2.29	0.36

(iii) The lease agreements are for a period of four years for vehicles and for a period of one to nine years for retail shops including further periods for which the Company has the option to continue the lease of retail shop with the condition of increase in rent.

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

	Rupees in crores	*2006-2007 Rupees in crores*
(14) 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	16.68	*35.93*
	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	3,86,14,313	*3,86,11,166*
(b) For diluted earnings per equity share		
No. of equity shares for basic earnings per equity share as per (ii) (a)	3,86,14,313	*3,86,11,166*
Add: Weighted average outstanding employee stock options deemed to be issued for no consideration	374	*3,063*
: Weighted average outstanding warrants deemed to be issued for no consideration	1,53,510	*-*
No. of equity shares for diluted earnings per equity share	3,87,68,197	*3,86,14,229*
(iii) Earnings per equity share		
Basic (in Rupees)	4.32	*9.31*
Diluted (in Rupees)	4.30	*9.31*

(15) Deferred taxes:

Nature of timing difference	Deferred tax (liability)/asset as at 1st April, 2007	Credit/(charge) for the year	Deferred tax (liability)/asset as at 31st March, 2008
	Rupees in crores	Rupees in crores	Rupees in crores
(a) Deferred tax liabilities			
- Depreciation	(19.66)	(79.57)	(99.23)
- Voluntary retirement compensation	(1.42)	1.42	-
Sub-total	(21.08)	(78.15)	(99.23)
(b) Deferred tax assets			
- Item covered under section 43B	0.47	0.19	0.66
- Provision for doubtful debts and advances	0.58	0.01	0.59
- Unabsorbed depreciation under the Income-tax Act, 1961, recognised in view of timing difference in (a) above restricted to the extent of deferred tax liability	18.33	79.65	97.98
Sub-total	19.38	79.85	99.23
Net amount	(1.70)	1.70	-

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

(16) The Company has the following joint ventures as on 31st March, 2008 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, 2008				For the year ended 31st March, 2008	
(a)	Proline India Ltd. (incorporated in India)	49%	10.55 *(8.45)*	5.11 # *(4.03)*	0.01 *(0.01)*	—- *(0.13)*	15.17 *(13.75)*	14.14 *(12.78)*
(b)	L&T Bombay Developers Private Limited (incorporated in India) (First year of incorporation, hence previous year figures are not applicable)	50%	9.3	4.31 #	-	-	-	-
			As at 31st December, 2007$				For the year ended 31st December, 2007*§	
(c)	PT. Five Star Textile Indonesia, (PTFS) (Incorporated in Indonesia)	33.89%	64.01 @ *(70.93)*	25.16 ^ *(23.90)*	- *(-)*	- *(-)*	6.45 *(7.87)*	8.88 *(10.05)*

\# net after deducting shareholders' funds.
@ 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.

(17) (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 of Rs. 74.28 crores in respect of the DMT Plant, the then cash generating unit and forming part of Polyester Division, a reportable segment; by a corresponding adjustment to general reserve, pursuant to the transitional provisions of the said Standard.

(b) During the year, impairment losses aggregating Rs. 74.28 crores have been reversed consequent to the relevant fixed assets being scrapped/sold/being used in polyester plant.

(18) The Company has started commercial operation of Textile Processing Plant with regard to wider width line on 1st January, 2008 and narrow width line on 1st March, 2008. As the said plant is required and designed to operate 24 hours a day, as certified by the Chartered Engineers, the Company has treated it as a Continuous Process Plant (CPP) and consequently, applied depreciation rates of 5.28% as applicable to CPP instead of the general rates, applicable to plant and machinery, of 10.34%. The auditors have relied on the Certificate from Chartered Engineers, without any verification being a technical matter.

(19) 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.

(20) Derivative Instruments:

(i) The following are the outstanding Forward Foreign Exchange Contracts entered into by the Company as on 31st March, 2008:

Currency	Amount in foreign currency	Buy/Sell	Cross Currency
USD	29,62,839 *(13,27,094)*	Sell	INR
USD	87,79,491 *(-)*	Buy	INR
EURO USD	5,00,000 *(827)*	Sell	USD
GBP INR	- *(3,00,493)*	Sell	INR
JPY USD	45,92,75,053 *(-)*	Buy	USD

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

Apart from above Forward Foreign Exchange Contracts, the Company has outstanding foreign exchange contract as on 31st March, 2008, to sell 10,00,000 USD or 20,00,000 USD each month, as applicable, as per the terms of the contract from April, 2008 to October, 2010. This contract is hedged against future transactions.

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

The company has provided a loss of Rs. 0.32 crore on contracts to hedge firm commitment or highly probable forecast transaction by marking such contracts to market as on 31st March, 2008.

(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 - GBP 69,887, Euro 1,23,245 (2006-2007 USD 13,57,974)

(b) Amounts payable in foreign currency - USD 2,76,42,470, GBP 18,424, Euro 17,28,943, CHF 40,33,510 and SGD 31,764 (2006-2007 USD 81,68,380, GBP 21,686, Euro 3,51,952 and SGD 2,37,473).

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

(21) The Company has allotted on 7th September, 2007 on a preferential basis to The Bombay Burmah Trading Corporation Ltd. (BBTCL), a company in the promoter group, 19,30,000 warrants carrying an option to apply for and be allotted in one or more tranches, one equity share of Rs. 10/- each per warrant within 18 months from the date of the issue at an issue price of Rs. 616 each as determined in accordance with the SEBI prescribed pricing formula as per the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000. The monies received from BBTCL in terms of SEBI guidelines equivalent to 10% of the price i.e. Rs.61.60 per warrant aggregating Rs. 11.89 crores on allotment of the warrants, have been utilised for the object of the issue i.e. to augment the long term resources of the Company for meeting the fund requirements of existing and new businesses and for general corporate purposes.

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

	Quantity		Rupees in crores	*2006-2007 Quantity*		*Rupees in crores*
(a) TURNOVER						
Cloth	378.62	Lac mts.	301.34	*425.50*	*Lac mts.*	*338.74*
Yarn	15.35	Lac kgs.	18.20	*3.15*	*Lac kgs.*	*3.37*
DMT	3,616.00	M. tons	15.83	*5,901.00*	*M. tons*	*30.64*
PSF	48,935.00	M. tons	268.89			-
PET - Chips	18,397.00	M. tons	105.71			-
Wastes	13.13	Lac kgs.	3.83	*10.48*	*Lac kgs.*	*2.41*
Others	1,042.00	M. tons	1.51			-
Export Incentive			10.93			*10.19**
*(includes Rs.2.99 Crores in respect of earlier years)						
			726.24			*385.35*
(b) RAW MATERIALS CONSUMED						
Cotton	56.72	Lac kgs.	32.88	*54.64*	*Lac kgs.*	*34.08*
Fibre	-		-	*0.99*	*Lac kgs.*	*0.71*
Yarn purchased and consumed	31.77	Lac kgs.	41.84	*26.48*	*Lac kgs.*	*36.96*
Grey Cloth	132.86	Lac Mts.	72.04	*156.54*	*Lac Mts.*	*76.16*
Dyes and chemicals	10.13	Lac kgs.	11.17	*30.20*	*Lac kgs.*	*13.57*
Paraxylene	15,691.58	M. tons	80.75	*16,978.97*	*M. tons*	*89.13*
Purified Terepthalic Acid	53,751.87	M. tons	192.96	-		-
Mono Ethylene Glycol	30,071.62	M. tons	160.32	-		-
Others	2,620.81	M. tons	9.82	*3,325.33*	*M. tons*	*7.28*
			601.78			*257.89*
(c) OPENING 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*
			16.08			*27.39*

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

	Quantity		Rupees in crores	*2006-2007 Quantity*		*2006-2007 Rupees in crores*
(d) STOCK TRANSFERRED FROM TRIAL RUN PRODUCTION						
Cloth	9.38	Lac mts.	4.46	-		-
PSF	4,143.29	M. tons	24.60	-		-
PET - Chips	511.61	M. tons	2.63	-		-
			31.69			-
(e) CLOSING STOCK OF FINISHED GOODS						
Cloth	24.07	Lac mts.	21.97	*27.27*	*Lac mts.*	*15.46*
DMT	-		-	*52.70*	*M. tons*	*0.26*
Wastes	0.17	Lac kgs.	0.08	*1.15*	*Lac kgs.*	*0.36*
PSF	4709.59	M. tons	28.51	-		-
PET - Chips	802.44	M. tons	4.77	-		-
			55.33			*16.08*

(f) LICENSED CAPACITY

	Quantity		*Quantity*	
Production capacity @ :	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 PSF and DMT are exempt from the licensing requirements by virtue of Notification No.477(E) of 25-07-91.

As per the application under Industrial Entrepreneurs Memorandum No.IEM-1869/SIA/MO/- 2005 dated 19.04.2005 the proposed capacity of PSF plant is 1,65,000 M.Tons per annum.

Processing capacity @ :	1,369.88	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.

(g) INSTALLED CAPACITY (as certified by the Management and accepted by the Auditors without verification) as at the year end.

Production capacity :	-	Spindles	*43,632*	*Spindles*
	64	Looms	*65*	*Looms*
	-	M. tons DMT per annum	*1,65,000*	*M. tons DMT per annum*
	1,65,000	M. tons PSF per annum	-	*M. tons PSF per annum*
Processing capacity :	437	Lac mts. cloth per annum	*933*	*Lac mts. cloth per annum*
	-	M. tons Yarn per annum	*864*	*M. tons Yarn per annum*

(h) PACKED PRODUCTION (excluding trial run)

Cloth	366.04	Lac mts.	*415.93*	*Lac mts.*
Yarn	15.35	Lac kgs.	*3.15*	*Lac kgs.*
DMT(includes captively consumed 33,195 M.Tons; *2006-2007 21,266 M. Tons*)	36,758.07	M. tons	*26,951.90*	*M. tons*
PSF (includes captively consumed 193 M.Tons)	49,694.30	M. tons	-	*M. tons*
PET - Chips	18,687.83	M. tons	-	*M. tons*
Wastes	12.15	Lac kgs.	*10.62*	*Lac kgs.*

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE *(Contd.)*

SCHEDULE 19 *(Contd.)*

		Quantity		*2006-2007 Quantity*	
(i)	PACKED PRODUCTION DURING TRIAL RUN				
	Cloth	33.71	Lac mts.	-	Lac mts.
	PSF	25,417.02	M. tons	-	M. tons
	PET - Chips	10,069.25	M. tons	-	M. tons

		Rupees in crores	*2006-2007 Rupees in crores*
(j)	CIF VALUE OF IMPORTS OF		
	(i) Raw materials	21.62	*10.44*
	(ii) Stores, spare parts and catalysts	16.27	*7.40*
	(iii) Capital goods	19.61	*104.42*
(k)	EXPENDITURE IN FOREIGN CURRENCY		
	(Disclosure on payment basis)		
	(i) Travelling expenses	1.62	*2.10*
	(ii) Interest	5.44	*5.33*
	(iii) Architect Fees, technical & project related Consultancy	10.37	*7.39*
	(iv) Other expenditure	3.90	*2.46*

			%	*2006-2007*	*%*
(l)	CONSUMPTION				
	Imported raw materials, spare parts and components ..	33.19	5.25	*8.12*	*2.88*
	Indigenous raw materials, spare parts and components..	599.38	94.75	*273.90*	*97.12*
		632.57	100.00	*282.02*	*100.00*

		Rupees in crores	*2006-2007 Rupees in crores*
(m)	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 5,88,245 equity shares, dividend for 2006-2007	0.29	-
	(ii) on 6,05,595 equity shares, dividend for 2005-2006	-	0.30
	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: 569 *(2006-2007 :567)*		
	(ii) on 58,15,892 equity shares, dividend for 2006-2007	2.91	-
	(iii) on 87,17,592 equity shares, dividend for 2005-2006	-	4.36
(n)	EARNINGS IN FOREIGN EXCHANGE		
	(i) Export of goods calculated on FOB basis (Including trial run export Rs.8.18 crores 2006-2007 Rs.Nil)	208.41	*81.86*
	(ii) Reimbursement of insurance and freight on exports	3.42	*2.33*
	(iii) Local sales for exports (including trial run Rs.1.33 crores 2006-2007 Rs.Nil)	28.29	*65.90*
	(iv) Technical know-how fees	0.88	*0.89*

(23) 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	*Chairman*	K. MAHINDRA	*Directors*
NESS N. WADIA	*Jt. Managing Director*	R. A. SHAH	
P. V. KUPPUSWAMY	*Jt. Managing Director*	Dr. H. N. SETHNA	
S.K. GUPTA	*Executive Director*	S. S. KELKAR	
		S.M. PALIA	
RAMESH VED	*Chief Financial Officer*	P. GOVINDAN	*Secretary*

Mumbai, 30th June, 2008

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. 00037 State Code 11

Balance Sheet Date 31 (Date) 03 (Month) 2008 (Year)

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

Public Issue: NIL	Rights Issue: 7
Bonus Issue: NIL	Private Placements: NIL
Employee Stock Option Scheme: 12	Share Warrants: 118888

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

Total Liabilities: 18235596	Total Assets: 18235596

Sources of Funds

Paid-up Capital: 386151	Reserves and Surplus: 3572951
Secured Loans: 9946690	Unsecured Loans: 4210916
Deferred Tax Liability (net): NIL	Share Warrants: 118888

Application of Funds

Net Fixed Assets: 12405843	Investments: 1267246
Net Current Assets: 4534721	Miscellaneous Expenditure: 27786
Accumulated Losses: NIL	

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

Turnover: 9886204	Total Expenditure: 9706065
Profit/Loss before tax: + 180139	Profit/Loss after tax: + 166801

(+ for profit, - for loss)

Basic earnings per equity share in Rs.: 4.32	Dividend Rate %: 35

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

For and on behalf of the Board of Directors

NUSLI N. WADIA	*Chairman*	K. MAHINDRA	*Directors*
NESS N. WADIA	*Jt. Managing Director*	R. A. SHAH	
P. V. KUPPUSWAMY	*Jt. Managing Director*	Dr. H. N. SETHNA	
S.K. GUPTA	*Executive Director*	S. S. KELKAR	
		S.M. PALIA	
RAMESH VED	*Chief Financial Officer*	P. GOVINDAN	*Secretary*

Mumbai, 30th June, 2008

Mumbai, 30th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

			2007-2008		*2006-2007*	
			Rs. in crores	Rs. in crores	*Rs. in crores*	*Rs. in crores*
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**					
	NET PROFIT BEFORE TAX			18.01		*40.41*
	Adjusted for					
	Depreciation		35.42		*17.46*	
	Foreign exchange loss/(gain) (net) - unrealised		1.27		*(0.49)*	
	Profit on sale of investments		(4.66)		*(4.86)*	
	Loss on sale of investments		–		*0.70*	
	Dividend/interest income		(7.19)		*(5.73)*	
	Profit on sale of fixed assets (net)		(22.39)		*(8.46)*	
	Interest and other finance charges [without adjusting Rs. 1.14 crore *[2006-2007 (Rs. 0.54 crore)]* representing unrealised foreign exchange gain/ (loss)]		74.17		*32.24*	
	Write down in the value of current investment		0.26		-	
	Provision/reversal of provision for leave encashment		0.66		*(0.08)*	
	Employees stock option compensation written off		0.02		*0.12*	
				77.56		*30.90*
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS			95.57		*71.31*
	Changes in					
	Trade and other receivables		(54.79)		*(148.79)*	
	Inventories		22.20		*(34.62)*	
	Trade payables		12.10		*190.60*	
	Other adjustments					
	Voluntary retirement compensation (to the extent not written off or adjusted)		(9.07)		*(61.55)*	
				(29.56)		*(54.36)*
	CASH GENERATED FROM OPERATIONS			66.01		*16.95*
	Direct taxes (paid) (net)			(10.66)		*(6.42)*
	NET CASH FROM OPERATING ACTIVITIES	(a)		55.35		*10.53*
B.	CASH FLOW FROM INVESTING ACTIVITIES:					
	Purchase of fixed assets			(284.77)		*(466.25)*
	Sale of fixed assets			6.15		*11.54*
	Purchase of investments			(601.57)		*(984.00)*
	Sale of investments			632.95		*1002.48*
	Advance share application money to L&T Bombay Developers Private Limited			(5.00)		-
	Inter-corporate deposits (net)			(6.32)		*18.60*
	Dividend received			0.36		*0.01*
	Interest received			6.27		*4.20*
	NET CASH USED IN INVESTING ACTIVITIES	(b)		(251.93)		*(413.42)*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008*(Contd.)*

		2007-2008		*2006-2007*	
		Rs. in crores	Rs. in crores	*Rs. in crores*	*Rs. in crores*
C. CASH FLOW FROM FINANCING ACTIVITIES:					
Proceeds from borrowings			1979.90		*1506.61*
Repayment of borrowings			(1723.51)		*(1086.37)*
Increase in demand loan, cash credit and packing credit			104.80		*73.79*
Issue of equity shares under Employees' stock option scheme and on conversion of warrants			0.01		*0.01*
Share warrant allotment money received			11.89		*-*
Interest and other finance charges paid			(133.92)		*(66.48)*
Dividend paid (including corporate dividend tax)			(22.52)		*(21.97)*
NET CASH FROM FINANCING ACTIVITIES	(c)		216.65		*405.59*
NET INCREASE IN CASH AND CASH EQUIVALENTS	(a + b + c)		20.07		*2.70*
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:					
Cash on hand		0.15		*0.04*	
Cheques on hand		2.24		*0.16*	
Balances with scheduled banks					
In current accounts and margin accounts		1.39		*7.06*	
In fixed deposit accounts [lien has been created on fixed deposits of Rs.21.37 crores *(2005-2006 Rs. 0.77 crore)*]		32.26		*26.08*	
			36.04		*33.34*
CASH AND CASH EQUIVALENTS AS AT THE END OF- THE YEAR, COMPRISING:					
Cash on hand		0.15		*0.15*	
Cheques on hand		3.88		*2.24*	
Balances with scheduled banks					
In current accounts and margin accounts		3.17		*1.39*	
In fixed deposit accounts [lien has been created on fixed deposits of Rs.26.10 crores *(2006-2007 Rs. 21.37 crore)*]		48.91		*32.26*	
			56.11		*36.04*
NET INCREASE AS DISCLOSED ABOVE			20.07		*2.70*

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

Per our report attached

For A. F. FERGUSON & CO.
Chartered Accountants

H. L. SHAH
Partner

Mumbai, 30th June, 2008

For and on behalf of the Board of Directors

NUSLI N. WADIA	*Chairman*	K. MAHINDRA	*Directors*
NESS N. WADIA	*Jt. Managing Director*	R. A. SHAH	
P. V. KUPPUSWAMY	*Jt. Managing Director*	Dr. H. N. SETHNA	
S.K. GUPTA	*Executive Director*	S. S. KELKAR	
		S.M. PALIA	
RAMESH VED	*Chief Financial Officer*	P. GOVINDAN	*Secretary*

Mumbai, 30th June, 2008

10 YEARS' FINANCIAL REVIEW

(Rs. in Crores)

	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
FINANCIAL POSITION										
Share capital	38.61	38.61	38.60	38.58	38.52	39.00	39.17	41.00	41.00	41.00
Share Warrants	11.89									
Reserves & Surplus	357.30	364.07	426.23	303.38	347.49	314.37	294.82	615.77	628.94	612.72
Net Worth :										
Total	**407.80**	**402.68**	**464.83**	**341.96**	**386.01**	**353.37**	**333.99**	**656.77**	**669.94**	**653.72**
Per Equity Share of Rs. 10	102.57	104.32	120.42	88.59	100.26	90.61	85.00	160.00	163.00	159.00
Borrowings	1415.76	1052.40	558.37	354.46	362.60	380.90	292.45	597.87	602.35	667.58
Deferred Tax Liability	-	1.70	2.60	10.64	35.90	21.77	23.03	-	-	-
Debt Equity Ratio	1.39:1	1.35:1	0.78 : 1	0.25 : 1	-	0.01:1	0.20:1	0.10:1	0.03:1	0.37:1
Fixed Assets :										
Gross Block	1364.25	1390.11	995.50	813.86	795.40	827.27	875.78	897.03	865.10	847.61
Depreciation	123.67	512.86	596.19	622.38	573.15	573.23	578.99	550.55	507.42	456.20
Net Block	1240.58	877.25	399.31	191.48	222.25	254.04	296.79	346.48	357.68	391.41
Investments and Other Assets	582.98	579.53	626.49	515.58	562.26	502.00	352.68	908.16	914.61	929.89
OPERATING RESULTS										
Sales and other Income	1013.95	536.16	1143.64	1172.41	1072.51	1005.37	932.04	1,042.41	1,048.71	952.09
Manufacturing and other Expenses	960.52	478.29	1067.53	1119.35	965.52	934.61	939.07	976.45	955.66	882.05
Depreciation	35.42	17.46	16.89	19.38	34.43	37.23	43.65	47.83	48.46	49.00
Profit before Tax	18.01	40.41	59.22	33.68	72.56	33.53	(50.68)	18.13	44.59	21.04
Current taxation	1.75	4.43	4.97	2.42	4.93	2.48	-	-	1.43	0.81
Deferred tax credit	(1.70)	(0.90)	(8.04)	4.70	14.13	(1.26)	21.62	-	-	-
Fringe benefit tax	1.28	0.95	0.95	-	-	-	-	-	-	-
Profit after Tax	16.68	35.93	61.34	26.56	53.50	32.31	(29.06)	18.13	43.16	20.23
Earnings per Equity Share of Rs. 10	4.32	9.31	16	7	14	8	(7)	4	11	5
Dividends :										
Amount	15.82	22.59	22.01	17.59	17.38	13.02	7.83	9.04	13.65	13.65
Percentage	35	50	50	40	40	30	20	20	30	30

Notes :

1. Capital : Original Rs. 0.63 crores, Bonus Shares Rs. 21.02 crores, conversion of Debentures Rs. 0.83 crores, Global Depositary 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 perferantial 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 crores. Average Share Capital for 2007-2008 - 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

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

ATTENDANCE SLIP

I hereby record my presence at the 128th 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 Tuesday, 2nd September, 2008,

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

Members' Folio No. : ____________	No. of Shares : ____________
and / or	
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 ....

of .... being 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 Tuesday, 2nd September, 2008, and at any adjournment thereof.

Signed this ______________________ day of August, 2008.

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.
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