

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

Established 1879

Annual Report 2011-12

BOMBAY DYEING



BOMBAY™
R E A L T Y
A Better Life



RESIDENCES | OFFICES | HOTELS | HOSPITALS | SCHOOLS | RETAIL

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FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Disclaimer: All specifications, dimensions, images and facilities given anywhere in this report are for representation purposes only. The same are subject to approval and changes without any notice or intimation.

AN ENTERPRISE THAT GENERATES SUSTAINABLE VALUE ON THE STRENGTH OF TRUST AND TRANSPARENCY. A HERITAGE THAT CONTINUES TO INSPIRE GENERATIONS OF PEOPLE ACROSS TIME. A LEGACY OF OVER 130 YEARS, DRIVEN BY THE VISION TO EXCEL.

WE ARE THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED.

From modest beginnings, we have transformed ourselves into one of the most recognised home-textiles brands in the country.

While our journey of continuous evolution in our core business continues through an enhanced emphasis on retail-led growth, we are also focusing on newer paradigms of value creation.

Bombay Dyeing has forayed into the realty business, to unlock value from its vast land bank. We believe that realty will lead in contributing to the Company's profit and value-creation initiatives going forward.

In 2011, we launched Bombay Realty, a brand created to develop state-of-the-art residences, offices, hotels, hospital, school and retail outlets in prime locations across the Wadia Group's large land bank in India.

Bombay Realty aims to bring closer the goodness of life. Creating islands of bliss where time is a gentle breeze and relationships mature in the lap of luxury.

It is also an extension of Bombay Dyeing's time tested philosophy of contributing to the betterment of the lives of our customers.





THE WADIA GROUP

ENDURING LEGACY OF EXCELLENCE AND TRUST

Driven by the vision to excel, The Wadia Group has scaled great heights in the field of entrepreneurship. Committed to advancement and innovation, the Group constantly looks for means to reinvent itself and set fresh standards of quality. Standing firm on three century-old foundation of goodwill and trust, it is surging ahead in various enterprises and venturing into new avenues of creation and knowledge.

To cater to the developing needs and aspirations of customers, the Group has enhanced its investment portfolio, presently comprising textiles, real estate, aviation, foods, plantations, engineering & chemicals and healthcare. **Its products today, touch the lives of millions of Indian consumers every year.** As a long-term investor, it aims to have a majority share in the daily needs and wants of its customers' lives and well-being.

PROFILE

The Wadia Group was founded by Loeji Nusserwanjee Wadia in 1736, when he opened a Marine Construction Company that built ships for the British. He was one of India's first master shipbuilders and a pioneer of the global shipbuilding industry. Quality has always been the Wadia Group's hallmark, and testimony of that fact is HMS Trincomalee, the world's second oldest existing ship, still afloat at Hartlepool, UK. Over the next 150 years, the Group manufactured over 355 vessels that ploughed international waters.

The year 1879 saw yet another Wadia visionary live his dreams. Matching opportunity with core skill-set and an entrepreneurial vision, Nowrojee Nusserwanjee Wadia moved his stakes into the burgeoning textile industry in India. By the latter half of the 19th Century, as Bombay was gaining its reputation as the second largest cotton trading port in the world as well as India, the cotton capital of the world, Nowrojee started Bombay Dyeing in a humble red-brick shed. This signalled the birth of one of the greatest success stories of Indian entrepreneurship.

Over the last 140 years, the Wadias have diversified into various fields of industry and commerce in collaboration with world leaders. The new companies under the Wadia banner have become market leaders in their respective fields under the vision and leadership of the Wadia Groups' Chairman, Mr. Nusli Wadia. Today, the Wadia Group is a large Indian conglomerate headquartered in Mumbai, India.

MISSION

To create, maximise and sustain long-term shareholder value.

VALUES

Our values have guided our path to success over the last three centuries. These values are the foundation of our organisational culture and regulate the contours of our day-to-day interaction with each other. Our values ensure we govern through a culture of integrity, excellence, respect, teamwork and trust.

FINANCIAL STRENGTHS

Each Company rests on strong fundamentals. Two of the group's four publicly listed companies have been listed for over a 100 years. Bombay Dyeing has declared uninterrupted dividends for over a hundred and twenty-five years and Bombay Burmah was the second Company to be listed on the Indian Stock Exchange.

PHILANTHROPY

We recognise that social, environmental and governance factors can impact the larger community as well as the long-term sustainability of companies and businesses. We continuously confirm our commitment and dedication as a responsible corporate citizen by supporting efforts that build people and communities through housing, education and health-care.

AFTER 275 YEARS, WADIA GROUP BRANDS



TEXTILES

BOMBAY DYEING

SINCE 1879



REAL ESTATE

BOMBAYTM
REALTY
A Better Life

SINCE 2011

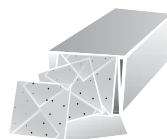


AVIATION

FLY SMART



SINCE 2005



FOODS



SINCE 1918



PLANTATIONS

Bombay Burmah

SINCE 1863



ENGINEERING & CHEMICALS



GHERZI EASTERN

SINCE 1960



SINCE 1954



HEALTHCARE

DENTAL PRODUCTS
MEDICAL MICRO-TECHNOLOGY
INSTRUMENTS ORTHOPAEDICS

WADIA GROUP COMPANIES - A LEGACY OVER THREE CENTURIES

EIGHTEENTH CENTURY

1736 | MARINE CONSTRUCTIONS: The Group's first venture, over 250 years ago, was in the marine construction industry. The Wadias were marine designers and master builders par excellence. **They built 355 vessels** that navigated international waters. Continuing a 160-year legacy, the first ships were constructed for the British navy outside England. It was on one such ship, the 'Minden', that the American national anthem was composed.

NINETEENTH CENTURY

1863 | BOMBAY BURMAH: India's **second oldest publicly listed Company** that operates in seven segments today: plantation products, building products, dental products, auto-ancillary, weighing products, investment segment and real estate.

1879 | BOMBAY DYEING: Bombay Dyeing is a household name in India, selling bed and bath linen, home furnishing products as well as suitings and shirtings. Bombay Dyeing also manufactures Polyester Staple Fibre (PSF), and has recently forayed into the realty business. Bombay Dyeing has an **uninterrupted dividend track record of over hundred and twenty-five years.**

TWENTIETH CENTURY

1918 | BRITANNIA: One of India's **best known and most admired food brands**, Britannia offers a broad spectrum of products ranging from health and lifestyle oriented food products to even an economical range to cater to the differing needs of its global consumers. It is backed by a sales network of over three-and-a-half million retail shops in India.

1954 | NPL: NPL is a pioneer in India in peroxygen chemicals.

1960 | GHERZI EASTERN: Gherzi Eastern Limited (GEL) is a joint initiative between Gherzi AG, Zurich (global leaders in consulting) and the Wadia Group. Gherzi Eastern has emerged as a world-class comprehensive consulting service provider, focusing on the evolving needs of various industries.

GEL has **successfully completed over 1,800 projects** across various sectors and possesses a strong and growing base of satisfied clients. The Company is empanelled with many leading international and national agencies, which are actively pursuing restructuring and development across the globe. GEL is an ISO 9001:2008 certified organisation for consultancy services in Architectural & Engineering Designs and Project Management.

TWENTY-FIRST CENTURY

2005 | GO AIR: Go Air was launched with the objective of making air travel accessible to a wider segment of the society. It is today one of the most prominent airlines in the growing aviation space in India. Go Air operates a fleet of brand new Airbus 320 aircrafts. **It also has 92 A320 aircrafts on order from Airbus as on date.**

2011 | BOMBAY REALTY: The Wadia Group's **land bank exceeds 10,000 acres, of which about 700 acres are in the city of Mumbai** and 70 acres is in the heart of Mumbai. The Company's focus is to develop and transform these locations into world-class residences, offices, hotels, hospitals, schools and retail outlets, enhancing the quality of life.

BOMBAY DYEING – AN OVERVIEW

One hundred thirty-three years ago, Nowrosjee Wadia nurtured an overarching vision. The vision to create an enterprise, which can stand the test of time. Scale new frontiers of excellence. And constantly reinvent itself to suit the changing needs of customers. Bombay Dyeing today is testimony to the strength of that vision. We are transforming to blend the traditional with the contemporary, and move forward with renewed determination and energy.

Bombay Dyeing is the embodiment of that vision. Respected, trusted and one of India's most endeared brands. Delivering exceptional value for money, Bombay Dyeing is one of the earliest of the Wadia Group companies to have been listed on the Bombay Stock Exchange (BSE).

The Company has extended its presence from cotton textiles and fabrics to Polyester Staple Fibre (PSF) and forayed into realty to cater to the evolving aspirations of its customers, enhancing their quality of life.

BOMBAY DYEING - BUSINESS INTERESTS

REALTY



In today's modern cities, where almost every individual is hard-pressed for time and jostling for space, Bombay Realty offers islands of bliss and expansive luxury.

Where time is not running out at a frenetic pace, but moving gently. Where life is not a mad rat race, but a smooth ride with friends and family.

The objective is to transform the Company's land banks into world-class integrated developments; not just sell properties for people to exist, but help them enjoy a better life.

At Bombay Realty, we are driven by the philosophy of 'A Better Life', enabling people to LIVE. WORK. PLAY. with enhanced conveniences and the luxury of TIME.

TEXTILES



Preferred brand: Established as a single store brand in 1879, Bombay Dyeing has since expanded significantly across categories such as stylish bed linen, premium bath linen, home furnishings, suitings and shirtings. Bombay Dyeing enjoys an association with reputed designers apart from having an in-house design cell, and is now available at over 300 exclusive and more than 2,000 multi-brand stores.

Manufacturing facility: State-of-the-art textile processing unit at Ranjangaon in Pune district (Maharashtra, India).

The entire gamut of products include:

Bedding range: Bed sheets, bed covers, quilts, duvet covers, dohars, bed in bag sets, blankets, pillow cases, cushion covers and shams

Bedding accessories: Cushions, pillows, duvets, comforters, diwan sets and bed decor sets

Bath linen: Pool towels, bath towels, hand towels, face towels, bath robes, hand towels and bath mats

Hotel linen: Twills, dobby weaves, satins, jacquards, high-thread-count-sheeting and satin fabrics

Industrial fabrics: Microdot interlining, fabrics for shoe uppers, adhesives, abrasives and leather cloth

POLYESTER STAPLE FIBRE (PSF)



Polyester Staple Fibre (PSF) is a substitute to cotton in the manufacturing of yarn. Bombay Dyeing ventured into this business in 2007.

Manufacturing facility: Patalganga in Raigad district (Maharashtra, India)

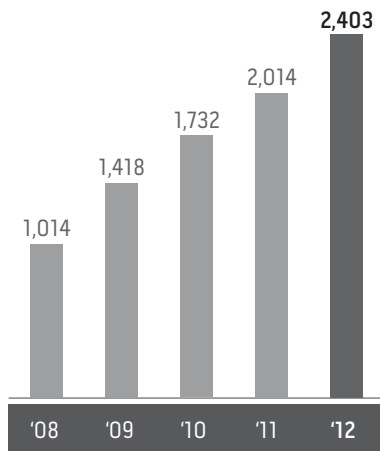
Product range*: Micro fibres, Semidull / Optically white/Dope dyed black/Hollow/ Super High Tenacity And Trilobal product mix, among others

**Manufactured from 100% Virgin Polymer, from continuous polymerisation plant.*

FINANCIAL PERFORMANCE

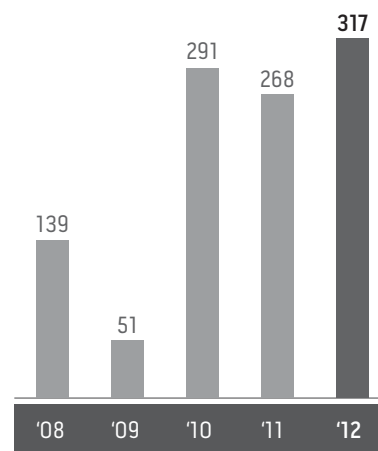
REVENUE

(₹ in crores)



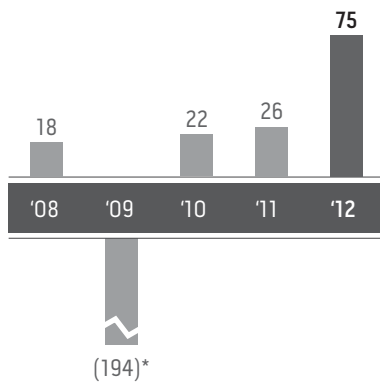
EBITDA

(₹ in crores)



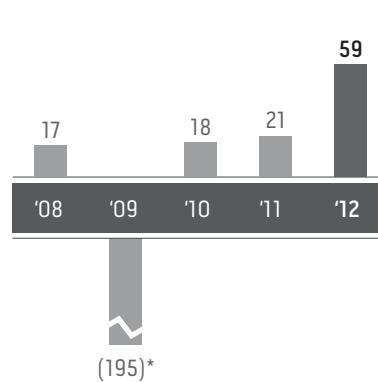
PBT

(₹ in crores)



PAT

(₹ in crores)

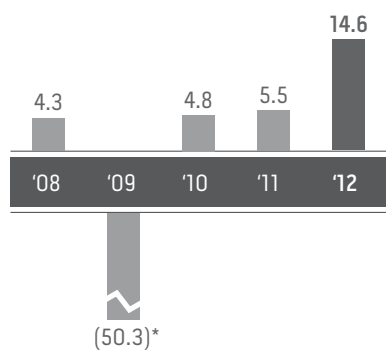


* Graph not to scale

EBITDA Earnings before Interest, Taxes, Depreciation and Amortisation
 PBT Profit Before Tax
 PAT Profit After Tax

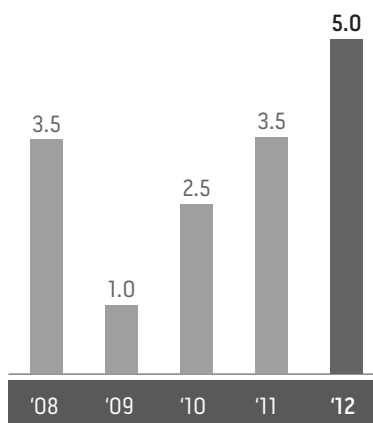
EPS

(₹)

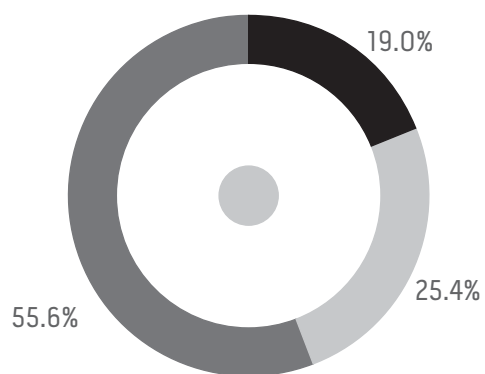


DIVIDEND PER SHARE

(₹)



SEGMENTAL BREAK-UP OF REVENUES, FY 2011-12



| | (₹ in crores) |
|-------------|---------------|
| Textile | 423.2 |
| Real Estate | 566.3 |
| PSF | 1,241.3 |

* Graph not to scale

CHAIRMAN'S STATEMENT



Nusli Wadia, Chairman

“At a Group level, we continuously strive to increase the share of our products and services in the daily lives of our customers. Each day, the Wadia Group’s products are consumed by millions of people, right from the time they wake up to the moment they go to sleep. This is a result of our strong investment portfolio across a broad spectrum, comprising textiles, real estate, aviation, foods, plantations, engineering & chemicals and healthcare.”

Dear Shareholders,

Your Company, Bombay Dyeing is one the flagship companies of the Wadia Group, and for more than 133 years, it has remained an inseparable part of Indian consumer's daily life. In consonance with the Group's spirit of trust, quality and perseverance, Bombay Dyeing has continuously strived to reinvent itself in tune with changing times. What began as a small dyeing unit of India-spun cotton yarn, has today transformed into a multi-faceted business enterprise, encompassing fast growing segments of real estate, textile and polyester staple fibre.

The global economy is under significant stress owing to the European crisis and the fragile US recovery. The West's economic inertia is smothering India's growth rates and creating a dismal investment horizon. Therefore, at Bombay Dyeing, we are thinking harder, acting faster and running the extra mile to counter a not-too-exciting business outlook.

We are transforming our business strategies to become more competitive with the evolving times. As a result, your Company will now focus on emerging as a strong retail focused home-solutions brand in the textiles business. We will unlock the value of the Wadia Group's large land bank in India by creating landmark developments and communities. We believe that the realty business will enhance future profitability and value creation for Bombay Dyeing. We are committed to invest and nurture this business with the same passion and values that have defined the foundations of the Wadia Group and Bombay Dyeing.

We are also constantly elevating our traditional businesses to seek new synergies, markets and sweet spots of product excellence. Synergies across the Wadia Group companies are also being leveraged in the areas of supply chain, human resource, customer relationship, finance and marketing management. Accordingly, reputed global software services major IBM has been engaged to identify best practices across the Group companies and take this initiative forward.

As a Group, we stand committed to the values of integrity, excellence, respect, teamwork and trust. These values have transcended the barriers of time and continue to inspire the way we operate our businesses, engage with our stakeholders and shape our future.

Nusli Wadia
Chairman

MANAGING DIRECTOR'S MESSAGE



Jeh Wadia, Managing Director

Dear Shareholders,

Bombay Dyeing is the name of a promise. A pledge to meet stakeholder expectations, fulfilled, for more than a century now, despite challenges. An embodiment of hope for an advanced quality of life for millions of people in our fast developing economy. Our heritage continues to provide the wellspring of inspiration to diversify into newer avenues of entrepreneurship, with the same focus and fortitude that marked the beginning of our journey.

Today, we, at Bombay Dyeing, are well poised to tackle competitive challenges and identify and leverage new business opportunities. We continue to build strong platforms for consistent value creation and continuous evolution. As a result, we have focussed on continuously making your Company 'future-competitive'. We have not only strengthened our traditional textile and PSF businesses, but also forayed with renewed energy into the upcoming real estate segment to improve the Company's profitability.

“In real estate, we are developing extensive land banks to create fully-integrated mixed-use development projects. In short, a never before ecosystem of bliss and convenience in a city-within-a-city concept. WIC and ICC, our two proposed iconic projects, will be located at prime locations of Worli and Dadar, respectively.”

As India's most reputed bed and bath linen brand, the textiles business is striving hard to emerge as a complete home-solutions provider. We are focussing on building synergistic branding, heightened retail visibility, extended product range and further improving quality. We are enhancing our presence into the market for tapestry, upholstery, curtains and technical textiles.

We have identified the potential of developing the extensive land bank of your Company, and have launched a new brand 'Bombay Realty' in mid FY 2011-12. The Island City Center (ICC) and The Wadia International Center (WIC), our two proposed green, iconic projects in Mumbai, are located at prime locations of Dadar and Worli respectively.

At Bombay Realty, we understand that people across major global cities today have one critical need and that is to have a lot more quality time for themselves and their families. It is precisely this insight that has inspired us to create these self-contained ecosystems, where people can LIVE.WORK.PLAY. all at one location, without having to spend any time commuting, thereby attaining a perfect work-life balance.

Financial acumen is crucial to turn corporate strategies into ground realities. Bombay Dyeing's financial competitiveness is reflected in its business performance, strengthened through its better cost management, intelligent project mix and focus on emerging business opportunities during the year.

At the core of our achievement, lies our people approach. We are creating a framework for consistent up-gradation of capabilities across our business verticals. Capability enhancement is a key area of focus for quality excellence and improved customer orientation.

Finally, I take this opportunity to thank all our stakeholders for their continued support and encouragement. I stand committed to the Group's long-term vision, and am confident that with your support, we will continue to deliver on expectations.

Jeh Wadia
Managing Director

“At the core of our achievement lies our people approach. We have created a framework for consistent up-gradation of capabilities across our business verticals. Capability enhancement is critical for quality excellence and customer orientation.”

REAL ESTATE – A BETTER LIFE



LIVE. WORK. PLAY.

WHAT IF....YOU AND NOT THE CITY'S TRAFFIC DECIDED HOW YOU SPENT YOUR DAY?

WHAT IF....YOU COULD ENJOY A LEISURELY BREAKFAST WITH YOUR WIFE, ON A WEEKDAY, BECAUSE WORK IS RIGHT NEXT DOOR?

WHAT IF....CATCHING UP WITH YOUR GOLF BUDDIES WAS NO LONGER JUST A SUNDAY ACTIVITY?

WHAT IF....THE END OF YOUR WORK DAY WASN'T ALSO THE END OF YOUR DAY?

Bombay Realty seeks to create mixed use developments that offer you the ability to LIVE. WORK. PLAY. – all at one place.

We are developing properties which are gated communities, having private roads, advanced security and world-class infrastructure. Built on the strong fundamentals of trust and quality, fulfilling the aspirations for an evolved lifestyle.



THE PROJECTS

Bombay Realty has announced two mixed-use projects, which are presently under development. Both these – The Island City Center (ICC) and The Wadia International Center (WIC) – are proposed to be built in line with our philosophy of LIVE. WORK. PLAY.

LIVE: Luxury apartments, serviced apartments, branded residences, five-star rooms and suites

WORK: Offices, business centers, malls and high streets

PLAY: Restaurants, bars, multiplexes & mixed-entertainment zones

ICC and WIC have been conceived as 'A City within a city', gated communities that enable residents and users to enhance the quality of their life, and enjoy luxury and exclusivity, and save hours of commuting time for home or work which they can devote for leisure with friends, family or on their own.



ISLAND CITY CENTER (ICC)



NO COMPLAINTS ABOUT NOT BEING ABLE TO SPEND QUALITY TIME WITH FAMILY. NO MAD RUSH EITHER FOR THAT IMPORTANT BUSINESS GUEST FROM ABROAD. NO UNFULFILLED LONGING FOR THE SIMPLE PLEASURES OF LIFE. THE WORLD OF ICC WILL LEAVE YOU WITH PLENTY OF TIME TO LIVE. WORK. PLAY.

The strategy is simple: create luxury residences with lots of amenities, and provide customers an all-encompassing ensemble of lifestyle infrastructure in proximity.

It is the First Fully Integrated 'Mixed Use' development in the heart of Island City of Mumbai. A city within a city, built over 45 acres of land, ICC will consist of premium residences, offices, a 5-star hotel with a convention center, serviced apartments, a high street, a premium mall, restaurants and mixed entertainment zones. In addition there would be an International School and over 8 acres of open, green landscape.

LOCATION

Dadar (E) – Mumbai, India

AREA

45 acres

UNDER DEVELOPMENT

Two residential high-rises have been launched in 2011 at ICC: ONE ICC and TWO ICC

Each iconic tower: 80 + storeys

DELIVERED

Springs

40 floors consisting of 39 habitable floors

Possession of apartments handed over in 2011



GREEN QUOTIENT

The proposed buildings are designed as per the Gold Leed Certification Requirements, offering rain water harvesting, sewage treatment plant, garbage disposal, motion sensor-driven lighting in common areas, waste composting plant and solar power for street lights, to name a few.

CUTTING-EDGE TECHNOLOGY AND QUALITY ASSURANCE

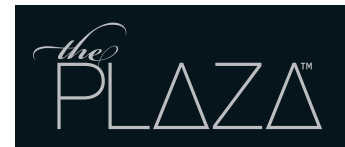
The Company proposes to use cutting-edge construction processes and on-site batching plant - for faster delivery and better quality control. The use of post-tension slabs and enhanced structural safety against earthquakes will ensure the buildings are world-class structures.



WADIA INTERNATIONAL CENTER (WIC)



THE WADIA INTERNATIONAL CENTER (WIC) SITUATED ON 25 ACRES OF MUMBAI'S PRIME BUSINESS AND RESIDENTIAL AREA (WORLI) IS PROPOSED TO BE A HIGH-END DEVELOPMENT, CONSISTING OF AN UBER LUXURY SHOPPING DESTINATION, ULTRA LUXURY RESIDENCES, OFFICES, A SEVEN STAR HOTEL, SERVICED APARTMENTS AND A STATE-OF-THE-ART HOSPITAL.



LOCATION

Worli – Mumbai, India

AREA

25 acres

Bombay Realty has already begun work on the first part of the WIC, The Plaza, designed to be the first-of-its kind luxury high street. The Plaza will provide a super premium retail shopping experience to the well heeled, offering the best international luxury brands.

DELIVERED

In the commercial space, possession has been handed over to Axis bank at C2, WIC . This project has received the LEED India Gold Certification, validating our commitment to sustainable and resource efficient construction.



TEXTILE – ONE THREAD, MANY PEARLS

EVERYDAY A 133-YEAR-OLD TRADITION COMES ALIVE THROUGH LATEST TRENDS IN BED AND BATH LINEN AND A WHOLE RANGE OF LIFESTYLE HOME FURNISHINGS AT BOMBAY DYEING.

Bombay Dyeing, synonymous with quality and trust, began its journey from textiles, and has moved forward across the value-chain to exclusive retail.



LEADERSHIP

With more than 1,000 design launches in bed linen every year (available in more than 100 colours) and a wide range of qualities in bath linen, the Company has emerged as a market leader with enhanced focus on value-addition and innovation.

REACHING OUT THROUGH...

9 flagship stores

300+ Exclusive Franchisee Stores

300+ Large Format Store Counters

2,000+ Multi-brand Stores

EXPANDING PRESENCE

through branded exports to countries such as Saudi Arabia, Nepal and more on the anvil

MORE FOR OUR CUSTOMERS

India's most well-known bed and bath linen brand is sprucing up its product basket. A brand transforming into a complete home-solutions provider, foraying into complementary segments as well.

Being the oldest and the most trusted bed and bath linen brand in the country, the continuing endeavour of Bombay Dyeing is to provide value. Keeping up with this philosophy, most of the bed linen collections this year have a value-added finish in addition to great design and quality. Finishes like mosquito repellent, perma white, quick stain release and quick dry are some of the innovative value additions in this year's collection.

The Company intends to offer an experience that can take customer to new levels of satisfaction through active engagement and thereby promote healthy living and an improved lifestyle. Overall, Bombay Dyeing aims to promote healthy living and advanced lifestyle for all its customers.

INITIATIVES IN FY 2011-12



NEW DESIGN APPROACH

Earlier the design selection was only done by the executives of the Company. Now, homemakers are also being involved to select designs, through an Annual Consumer Research, thereby deepening customer interaction and engagement. Also, the Company always collaborated with well-known designers – Sabhyasachi Mukherjee in the past and current association with Wendell Rodricks.

PIONEERING INNOVATION

Bombay Dyeing has always pioneered innovations, offering products ranging from an Aroma Rich collection of bed-linen; to Vitamin A, C & E infused Bed Linen for a luxurious and glowing skin sleep; to super absorbant towels, 'Super Ultrex' with great handfeel and superior absorbancy; and many more among others.

CAMPAIGNS TO GRAB EYEBALLS

Successful campaigns such as 'Chaandi hi Chaandi' having silver gifts as the main theme in the festive season and 'Happy Home To You' have been runaway hits with customers.

PROCESS EXCELLENCE

Bombay Dyeing is increasingly focussing on efficient management of delivery and supply-chain through direct connectivity with all stores. In order to ensure better inventory and supply-chain management, PoS (Point of Sale) systems are in place to capture and transmit real-time data directly from the shops to warehouses. Also, latest SAP systems have been implemented.



FUTURE-READY

In order to increase reach to the end consumer across the Indian diaspora, the Company plans to open up additional stores in malls and high streets in key metros, smaller towns and cities. These include an increase across all the formats – Company-owned stores, Franchise stores, Shop-in-shops in LFS, MBO's amongst many more. There is a constant endeavour to increase the width and depth of the product range which will be mainly showcased through flagship stores in key metros. Also, with an increasing activity in the online space, Bombay Dyeing products will also be available through its own web store www.mybombaydyeing.com.

PSF – TECHNOLOGY DRIVEN



BOMBAY DYEING'S PSF DIVISION IS CHARACTERISED BY SUBSTANTIAL INVESTMENTS IN FACILITIES AND EQUIPMENT. WE ARE UPGRADING THE TECHNOLOGICAL COMPETENCE OF THE PLANT THROUGH CONSISTENT ADDITION OF STATE-OF-THE-ART MACHINERY AND INTRODUCING PROGRESSIVE PROCESS AUTOMATION.

The PSF plant operates NGSSS (Next Generation Staple Spinning System) systems since 2007, implemented by Invista Polyester Technologies and Chemtex International Inc., USA- technical expertise suppliers. This was the first-of-its-kind polymer to PSF technology used anywhere in the world.

The plant maintains high safety standards and is built to exemplary environment and energy conservation standards. It is ISO 9001:2000, ISO 14001:2004, OHSAS 18001:2007 and Oeko-Tex Standard 100 certified.

ONE OF THE THREE PLAYERS

in the country to manufacture Polyester Staple Fibre (PSF)

CURRENT PLANT CAPACITY

450 MTPD*

*MTPD - (million Tonnes/Day)

CORPORATE INFORMATION

DIRECTORS

Nusli N. Wadia, *Chairman*

Keshub Mahindra

R. N. Tata

R. A. Shah

S. S. Kelkar

S. Ragothaman

A. K. Hirjee

S. M. Palia

Ms. Vinita Bali

Ishaat Hussain

Ness N. Wadia

Jeh N. Wadia, *Managing Director*

Durgesh Mehta, *Jt. Managing Director & CFO*

COMPANY SECRETARY

J. C. Bham

CEO/COOs/VICE-PRESIDENTS

Debashis Poddar, *Chief Executive Officer
(Textiles)*

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

John McNamara, *Chief Operating Officer
(Bombay Realty)*

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

S. Raja, *Vice-President – Corporate
Accounts & Taxation*

S. K. Tibrewal, *Vice-President –
Commercial (Textiles)*

J. Saxena, *Vice-President – Exports
(Textiles)*

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

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

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

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

Ms. Vidya Adsule, *Vice-President – Legal
(Bombay Realty)*

Jyoti Ganguli, *Vice-President – Sales
(Bombay Realty)*

Manish Agrawal, *Vice-President –
Marketing (Bombay Realty)*

Ameer Chand, *Vice-President –
Design (Bombay Realty)*

Harsh Verma, *Vice-President –
Business Development (Hotels)*

Nikunj Vyas, *Vice-President –
Regulatory (Bombay Realty)*

AUDITORS

Messrs. Kalyaniwalla & Mistry

REGISTERED OFFICE

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

Website : www.bombaydyeing.com

ADMINISTRATIVE OFFICE

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

BANKERS

State Bank of India
Axis Bank Ltd.
IDBI Bank Ltd.
State Bank of Hyderabad
State Bank of Patiala
Bank of India

ADVOCATES & SOLICITORS

Messrs. Crawford Bayley & Co.
Messrs. Karanjawala & Co.
Messrs. Solomon & Co.

REGISTRAR & TRANSFER AGENT

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

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

Tel: 022 - 67720300/67720400
Fax: 022 - 28591568

e-mail: sharepro@shareproservices.com

912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai – 400 021.

Tel: 022 - 66134700
Fax: 022 - 22825484

NOTICE

Notice is hereby given that the 132nd Annual General Meeting of the Members of The Bombay Dyeing and Manufacturing Company Limited will be held at the Yashwantrao Chavan Center Auditorium, General Jagannathrao Bhonsle Marg, Nariman Point, Mumbai - 400021, on Tuesday, 7th August, 2012, at 3.45 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. R. A. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. Ragothaman, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. S. M. Palia, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Ms. Vinita Bali, who retires by rotation and being eligible, offers herself for reappointment.
7. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

8. Special Business:

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 (the **"Act"**) including any statutory modifications or re-enactments thereof for the time being in force, the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**"SEBI Guidelines"**), and the provisions of the Memorandum and Articles of Association of the Company, and subject to the applicable provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and the applicable statutes, guidelines, regulations, approvals, consents, permissions or sanctions of the Central Government and any other appropriate and/or concerned authorities, institutions or bodies (the **"Approvals"**), the Employee Stock Option Scheme (ESOS) of the Company be altered in the following manner, namely:

(a) Definition under 3 (n)

"Guidelines" means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(b) Definition under 3 (p)

"intrinsic value" means the excess of the market price of the share under ESOS over the exercise price of the option (including up-front payment, if any).

(c) Definition under 3 (q)

"Market Price" of the share on a given date means the latest available closing price, prior to the date of the meeting of the Board of Directors or Remuneration/Compensation Committee in which Options are granted on the stock exchange on which the shares of the Company are listed or such other price as may be prescribed or stipulated by the Securities and Exchange Board of India (SEBI) from time to time. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date should be considered.

(d) Substitution of Clause 9 (e)

The Exercise Price per share for the purposes of the grant of Options shall be the 'Market Price' of the Company's equity shares as defined in the Guidelines, i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors/ Remuneration/Compensation Committee in which Options are granted subject to the Company conforming to the accounting policies specified in Schedule I of the Guidelines.

(e) Substitution of Clause 9 (f)

The Remuneration/Compensation Committee shall ensure that the Company shall also disclose separately the weighted-average exercise prices and weighted-average fair values of options in respect of options whose exercise price either equals or exceeds or is less than the market price of the stock.

(f) Substitution of Clause 9 (h)

The Company may re-price the options which are not exercised, whether or not they have been vested, if ESOS were rendered unattractive due to fall in the price of the shares in the market.

Provided that the Company ensures that such re-pricing shall not be detrimental to the interest of employees and approval of shareholders in General Meeting has been obtained for such re-pricing.

(g) Substitution of 1st Proviso of Clause 11

PROVIDED, HOWEVER, that notwithstanding the foregoing, it shall be competent for the Remuneration/Compensation Committee in its sole and unfettered discretion, to determine whether the employee should be allowed to exercise the option on a pro-rata basis depending upon the length of his service or otherwise, if the guidelines prevailing at the relevant time so permit, and the decision of the Remuneration/Compensation Committee shall be final, binding and conclusive. It is clarified that this provision shall not confer on the employee any right to exercise the option.

(h) Substitution of sub-clause (b) of Clause 11

(b) If, on or after the date that this Option shall first become vested, an Employee's employment is terminated for any reason, other than death or disability or misconduct, the Employee shall have the right, within three months after such termination of employment, to exercise this Option to the extent that it is exercisable and unexercised on the date of such termination of employment, subject to any other limitation on the Exercise of the ESOS in effect on the date of Exercise. The three-month period may be extended at the discretion of the Remuneration/Compensation Committee, but not beyond the expiration date stated in the original grant.

PROVIDED HOWEVER, that notwithstanding the foregoing, it shall be competent for the Remuneration/Compensation Committee in its sole and unfettered discretion, to provide that, if prior to the exercise of the options granted, an employee's employment is terminated for misconduct, then the option vested in such employees shall lapse. It is clarified that this provision shall not confer on the employee whose service is terminated for misconduct, any right to exercise the options vested in him/her.

FURTHER RESOLVED THAT for the purpose of giving effect to the above modifications to the ESOS, or for the purpose of finalising and confirming the above changes to the ESOS, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) (including to amend or modify any of the terms of such issue or allotment), as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members.

FURTHER RESOLVED THAT the Board be and is hereby authorised to vary or modify the terms of ESOS in accordance with any guidelines or regulations that may be issued, from time to time, by any appropriate authority unless such variation, modification or alteration is detrimental to the interests of the employees/Directors (including the whole-time Directors).

FURTHER RESOLVED THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or Officer(s) of the Company or Chairman of the Company, to give effect to this Resolution.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby jointly and severally authorized to sign and file any/all necessary forms with any regulatory authority, governing body or other agency, including but not limited to the Securities & Exchange Board of India, the Bombay Stock Exchange, the National Stock Exchange, the Registrar of Companies, Ministry of Corporate Affairs and with such other authorities as may be required and to accept, respond to, clarify and address any such response, notice, clarification, modification, alteration as may be suggested by any authority to give effect to the above Resolution.

FURTHER RESOLVED THAT nothing contained in the above resolutions shall be construed as limiting, curtailing or otherwise reducing in any manner whatsoever any/all powers that were or have been conferred on the Board at the time of approving the ESOS or in relation to any prior modifications thereto and that any/all powers granted to the Board collectively and/or the Remuneration/Compensation Committee under such previous Resolutions shall continue to be in force and are hereby confirmed and ratified by the Shareholders."

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to the Special Business, is annexed hereto as **Annexure I**.
- (c) As required in terms of paragraph IV(G)(i) of Clause 49 of the Listing Agreement, the details of the directors seeking re-appointment at the Meeting are given in detail in the **Annexure II**, annexed hereto.
- (d) The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, 31st July, 2012 to Tuesday, 7th August, 2012 both days inclusive.
- (e) The dividend as recommended by the Board of Directors, if approved by the members at the 132nd Annual General Meeting, shall be paid on or after Wednesday, 8th August, 2012 to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar & Share Transfer Agents of the Company on or before 30th July, 2012 in respect of shares held in physical form. In respect of shares held in electronic form, the dividend for the year ended 31st March, 2012 will be paid on or after Wednesday, 8th August, 2012 to the beneficial owners of shares as at the closing hours of 30th July, 2012 as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.
- (f) Members are requested to notify immediately any change of address:
- (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) to the Company's Registrar & Share Transfer Agents, M/s Sharepro Services (India) Pvt. Ltd. (R&TA), at 13AB, Samhita Warehousing Complex, Saki Naka Telephone Exchange Lane, Off Andheri Kurla Road, Saki Naka, Andheri (E), Mumbai 400 072 or at 912 Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021, in respect of their physical share folios, if any, quoting their folio numbers.
- (g) In view of the circular issued by SEBI, the Electronic Clearing Services (ECS/NECS) facility should mandatorily be used by the companies for the distribution of dividend to its members. In order to avail the facility of ECS/NECS, members holding shares in physical form are requested to provide bank account details to the Company or its Registrar and Share Transfer Agents.
- (h) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividends for the financial year ended 31st March, 2005 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 |
|----------------|---------------------------------|--|-------------------------------|
| 2004-2005 | 29.07.2005 | 28.07.2012 | 04.10.2012 |
| 2005-2006 | 27.07.2006 | 26.07.2013 | 02.10.2013 |
| 2006-2007 | 25.07.2007 | 24.07.2014 | 28.09.2014 |
| 2007-2008 | 02.09.2008 | 01.09.2015 | 04.11.2015 |
| 2008-2009 | 28.08.2009 | 27.08.2016 | 03.11.2016 |
| 2009-2010 | 11.08.2010 | 10.08.2017 | 17.10.2017 |
| 2010-2011 | 04.08.2011 | 03.08.2018 | 10.10.2018 |

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

- (i) Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Office at C-1, Wadia International Center (Bombay Dyeing), Pandurang Budhkar Marg, Worli, Mumbai - 400025 or from its R&TA at either of the aforesaid addresses.
- (j) As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents through electronic mode.
- In the spirit of the above circulars and as part of the Company's Green Initiative, the Company henceforth propose to send documents like Notice convening the general meetings, Financial Statements, Directors' Report, etc. to the e-mail address provided by the members. We therefore appeal to the members to be a part of the said 'Green Initiative' and request the members to register their name in getting the said documents in electronic mode by sending an email giving their Registered Folio Number and/or DP ID/Client ID to the dedicated email address at bombaydyeing@shareproservices.com or login at the R&TA's website www.shareproservices.com and register their request.
- (k) Members intending to require information about the Financial Accounts, to be explained at the Meeting are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made, available, if the Chairman permits such information to be furnished.
- (l) Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
- (m) Members are requested to bring their copy of the Annual Report to the meeting.

By Order of the Board of Directors,

For THE BOMBAY DYEING & MFG. CO. LTD.

J. C. BHAM

Company Secretary

Mumbai, 28th May, 2012.

Registered Office:

Neville House, J. N. Heredia Marg,

Ballard Estate, Mumbai 400 001

Phone: 66620000

ANNEXURE I

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

Item 8

At the AGM held on 13th August, 2002 the shareholders had approved the Company's existing Employee Stock Option Scheme (ESOS). Further the shareholders approved the amendments to the ESOS at the AGM held on 23rd July, 2004 which incorporated the amendments recommended by SEBI vide its Circular dated 30th June, 2003, amending the Stock Option Guidelines.

The total Options that could be issued under the scheme is 19.58 lakhs. During the intervening period 1,64,410 Options have been vested, out of which 1,57,910 Options have been exercised into shares and the balance 6,500 Options lapsed. No Options have been granted from the financial year 2007-08.

As per the existing Scheme the Exercise Price per share for the purposes of the grant of Options is at par value of the Company's Equity Share i.e. ₹ 10/- per share. The Company now proposes to amend the pricing subject to the approval of the shareholders at the ensuing AGM. The Exercise Price shall be based on the market price as defined in the SEBI (Employee Stock Option Scheme) Guidelines, 1999 ("Guidelines") meaning the latest available closing price, prior to the date of the meeting of the Board/ Remuneration/Compensation Committee in which options are granted on the stock exchange where there is highest trading volume, on which the shares of the Company are listed. This will be in line with the market trend.

Some of the clauses and definitions will also be amended to be in line with the current Guidelines. The Resolution at item 8 accordingly seeks ratification by the shareholders of amendment to the ESOS as given above.

The full ESOS is available for inspection by the shareholders during business hours on any working day (except Saturdays, Sundays and Public holidays) at the Registered Office of the Company.

The Directors commend the Resolution as set out at item 8 for approval of the shareholders.

Mr. Durgesh Mehta, Joint Managing Director & CFO, is concerned or interested in this Resolution as he will be the recipient of the Options granted under the Scheme. Other Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of the Options that may be offered to them under this Scheme.

By Order of the Board of Directors,
For THE BOMBAY DYEING & MFG. CO. LTD.
J. C. BHAM
 Company Secretary

Mumbai, 28th May, 2012.

Registered Office:

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

ANNEXURE II TO NOTICE

As required in terms of paragraph IV(G)(i) of Clause 49 of the Listing Agreement, the details of the Directors seeking appointment/reappointment at the Meeting are as follows:

| Name of the Directors | Mr. R. A. Shah | Mr. S. Ragothaman | Mr. S. M. Palia | Ms. Vinita Bali |
|------------------------------|--|---|--|---|
| Age (years) | 80 | 66 | 74 | 56 |
| Expertise in functional area | A leading Solicitor and a Senior Partner of M/s Crawford Bayley & Company, a firm of Solicitors and Advocates. He specialises in a broad spectrum of corporate laws. Mr. Shah has been a Director on the Board of the Company since December 1979. | Vast and rich experience in banking with specialization in the areas of project advice, risk assessment and financial management. A Graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India, Mr. Ragothaman also offers consultancy services. | Vast and rich experience in development banking. Retired as Executive Director of IDBI. Was advisor to Industrial Bank of Yemen and Industrial Bank of Sudan under World Bank assistance programmes. Erstwhile M.D. of Kerala Industrial and Technical Consultancy Organization Ltd. Founder and Chairman Emeritus of Rashtriya Gramin Vikas Nidhi. A Graduate in Commerce and Law, Mr. Palia also holds the degrees of CAIIB and CIIB (London). | Has worked globally in Marketing and General Management roles in pre eminent multi-nationals like The Coca-Cola Company and Cadbury Schweppes PLC. An MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai, Ms. Bali pursued her post graduate studies in Business & Economics at Michigan State University. Ms. Bali has rich and diverse experience in packaged foods and beverages industry. She also blends a high quality of Indian and International perspective having lived and worked in UK, Nigeria, South Africa, USA and Chile. She also serves on the Board of NGO's like Global Alliance for Improved Nutrition (GAIN), Geneva. |

| | | | | |
|--|---|---|---|--|
| Outside Directorship * | Chairman of Clariant Chemicals (India) Ltd., Godfrey Philips (India) Ltd., Pfizer Ltd., Procter & Gamble Hygiene and Healthcare Ltd.; Vice-Chairman of Colgate Palmolive (India) Ltd.; Director in Abbot India Ltd., Asian Paints Ltd., ACC Ltd., BASF India Ltd., Century Enka Ltd., Deepak Fertilisers & Petrochemicals Corporation Ltd., Lupin Ltd., Wockhardt Ltd; and Alternate Director in Atul Limited, BASF Polyurethanes India Ltd., Modicare Ltd., RPG Life Sciences Ltd., Schrader Duncan Ltd. and Uhde India Ltd. | Hinduja Foundries Ltd., Shreyas Shipping & Logistics Ltd., Xpro India Ltd., Xpro Global Ltd., Sakthi Finance Ltd. and Shreyas Relay Systems Ltd. | Tata Steel Ltd., ACC Ltd., Tata Motors Ltd., GRUH Finance Ltd., Al Champdany Industries Ltd. and Saline Area Vitalisation Enterprises Ltd. | Britannia Industries Ltd. (Managing Director), Titan Industries Ltd., Piramal Glass Ltd., The Bombay Burmah Trading Corporation Ltd. and Go Airlines (India) Ltd. |
| Committee Membership * | Chairman of Audit Committee of Colgate Palmolive (India) Ltd., Pfizer Ltd., Procter & Gamble Hygiene and Healthcare Ltd., Clariant Chemicals (India) Ltd., and Member of Audit Committee of The Bombay Dyeing & Mfg. Co. Ltd., Abbott India Ltd., BASF India Ltd., Century Enka Ltd. & Wockhardt Ltd. | Chairman of Audit Committee of The Bombay Dyeing & Mfg. Co. Ltd., Shreyas Relay Systems Ltd. and Xpro India Ltd.; and Member of Audit Committee and Shareholders'/ Investors' Grievance Committee of Hinduja Foundries Ltd.; and Member of Audit Committee of Shreyas Shipping & Logistics Ltd. | Chairman of Audit Committee of GRUH Finance Ltd. and Shareholders'/ Investors' Grievance Committee of Tata Motors Ltd.; and Member of Audit Committee of The Bombay Dyeing & Mfg. Co. Ltd., Tata Steel Ltd., ACC Ltd. and Tata Motors Ltd. and Shareholders'/ Investors' Grievance Committee of Tata Steel Ltd. | Member of Audit Committee of Titan Industries Ltd. and Share Transfer, Shareholders'/ Investors Grievance and Ethics & Compliance Committee of Britannia Industries Limited. |
| No. of shares held in the Company | 300 | 6,000 | Nil | Nil |

* Excludes Directorship / Committee Membership in private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956. Committee Membership comprises Audit Committee and Shareholders'/Investors' Grievance Committee.

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, 2012.

1. FINANCIAL RESULTS:

(₹ in crores)

| | For the Year ended 31 st March, 2012 | For the Year ended 31 st March, 2011 |
|--|--|--|
| GROSS TURNOVER AND OTHER INCOME | 2,285.36 | 1,911.46 |
| Profit before Finance Costs and Depreciation and amortization expenses | 316.81 | 267.61 |
| Finance Costs | 180.57 | 179.16 |
| Profit before Depreciation and amortization expenses | 136.24 | 88.45 |
| Depreciation and amortization expenses | 61.39 | 62.08 |
| PROFIT BEFORE TAX | 74.85 | 26.37 |
| Less: Tax (net) | 15.50 | 4.98 |
| PROFIT AFTER TAX | 59.35 | 21.39 |
| Add: Balance in Statement of Profit and Loss of Previous Year | 24.42 | 21.66 |
| SURPLUS AVAILABLE FOR APPROPRIATIONS | 83.77 | 43.05 |
| Appropriations to: | | |
| Proposed Dividend | 20.66 | 14.19 |
| Dividend Distribution Tax | 3.36 | 2.30 |
| Transferred to General Reserve | 5.93 | 2.14 |
| Balance carried to Balance Sheet | 53.82 | 24.42 |

Previous year figures have been regrouped where necessary.

2. COMPANY RESULTS AND DIVIDEND:

The Company's turnover for the year rose to ₹ 2,403 crores from ₹ 2,014 crores in the previous year, registering a growth of 19.3%. The revenue from Real Estate Division rose sharply from ₹ 240 crores in the previous year to ₹ 575 crores in the current year. The Textile Division registered a growth of 10% with a turnover of ₹ 439 crores as compared to ₹ 399 crores in the previous year. Polyester Staple Fibre (PSF) Division registered a turnover of ₹ 1,381 crores compared to ₹ 1,369 crores in the previous year.

The EBITDA for the year at ₹ 317 crores improved by 18.3% from ₹ 268 crores in the previous year. The interest cost at ₹ 181 crores remained flat compared to ₹ 179 crores, despite a significant increase in the interest rate environment through judicious fund management.

The Company earned Profit before Tax of ₹ 74.85 crores compared to ₹ 26.37 crores in the previous year. The Profit after Tax for the current year was ₹ 59.35 crores as against ₹ 21.39 crores in the previous year.

Your Directors recommend a dividend of ₹ 5/- per share for the year ended 31st March, 2012, to be paid, if declared by the members at the ensuing Annual General Meeting, as compared to dividend of ₹ 3.50 per share paid in the previous year.

3. REAL ESTATE DIVISION:

The revenue from real estate activity was ₹ 575 crores as compared to ₹ 240 crores in the previous year. The operating profit for the year was ₹ 269 crores as against ₹ 88 crores in the previous year.

During the year, the Company's Realty Division was re-launched to operate under the name of 'Bombay Realty' (BR). Bombay Realty will launch and execute new projects under this brand.

Bombay Realty launched the 'Island City Centre' (ICC) in FY12 on the Company's land at Spring Mills in Mumbai. During FY 2011-12, the Company launched two high-rise luxury residential towers ('One ICC' and 'Two ICC').

Further, the handing over of the apartments at the premium residential tower has been substantially completed. Besides, Bombay Realty has begun the construction of a high-end luxury retail space ('The Plaza') at the 25-acre textile mills at Worli, as the 'Wadia International Center' (WIC). The retail space will have leading luxury brands.

The Division Bench of the Bombay High Court has dismissed the Writ Petition filed by the Company for quashing and setting aside the stop work notices issued by the MCGM pursuant to the direction of the Monitoring Committee established under DCR58(9). The Stop Work notices were directed on the basis that the Company had not surrendered lands to MCGM and MHADA as per the provisions of DCR 58(1)(b) r/w Note (vii). Although the Bench dismissed the Writ Petition, it has continued the interim order passed till 31st July, 2012 to enable the Company to appeal. The Company proposes to challenge the same before the Supreme Court. The directors believe that irrespective of the outcome, the Company's development plans are not likely to be affected.

4. TEXTILE DIVISION:

The overall turnover grew by 10% from ₹ 399 crores to ₹ 439 crores led by the domestic retail business while the average realisation rose by 15% due to improved mix as also increase in prices. However, sales meterage dropped by 6% due to weaker consumer sentiments at retail level in the second half of the year. Exports turnover remained flat at ₹ 38 crores, while the meterage declined by 29% due to sluggish market conditions in USA and Europe.

The Division has made a significant improvement at operating level in the current year by achieving an operating profit of ₹ 9 crores as compared to operating loss of ₹ 21 crores in the previous year. This was possible due to strengthening of product mix as well as improved realisation.

5. POLYESTER DIVISION:

The division achieved a turnover of ₹ 1,381 crores during the year as compared to ₹ 1,369 crores in the previous year. There was a sharp fall in cotton prices compared to previous year which led to a large number of spinners switching away from PSF, thereby adversely impacting the volume. Overall market for PSF declined by 13%, while your Company's volumes were lower by 11%. The Company achieved an average capacity utilisation of 84% as compared to 94% in the previous year.

The margins were adversely impacted due to a sharp increase in the raw material prices in the backdrop of escalating crude oil prices, adverse impact of rupee depreciation and sharp increase in conversion cost due to over 100% increase in natural gas price, during the second half of the year. As a result, the division achieved breakeven compared to profit of ₹ 150 crores in the previous year.

6. FIXED DEPOSITS:

During the year, your Company decided to offer renewal of fixed deposits which were raised in 2009. The Company also invited fresh fixed deposits from public and shareholders. Total deposits outstanding as on 31st March, 2012 amounted to ₹ 102.72 crores out of which 684 deposits aggregating ₹ 2.87 crores had matured, but not been claimed. These have been subsequently repaid or renewed, except 209 deposits of total value of ₹ 0.83 crores.

7. PREFERENTIAL ISSUE OF WARRANTS TO PROMOTERS:

In accordance with the terms of warrants issued to the Promoters, 7,60,000 warrants were exercised in January 2012 and the Promoters were issued equal number of equity shares at a price of ₹ 527.28 per share. The balance 12.67 lakh warrants lapsed due to non-exercise of the same.

8. WADIA BRAND EQUITY & BUSINESS PROMOTION AND SHARED SERVICES AGREEMENT:

The Wadia Group has several companies in diverse sectors like the airlines, food, textiles, chemicals etc. and employs various subject matter experts in areas such as Legal, Finance, Information Technology, Treasury, Taxation, Human Resources, Procurement, Risk Management etc. With a view to maximising the efficiency and effectiveness of these specialised resources, a formal structure has been created under Nowrosjee Wadia & Sons Limited (NWS) to serve the common interests of all the Group Companies. The combined skills, knowledge and expertise of this structure will benefit all the Group Companies availing of this arrangement.

In order to formalise this structure of common services and avail of the standing of the Wadia Group Brand, the Board of your Company, during the year, approved an Agreement between NWS and your Company to enter into the 'WADIA Brand Equity & Business Promotion and Shared Services Scheme'.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 ("the Act") 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. INSURANCE:

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

11. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. R. A. Shah, Mr. S. Ragothaman, Mr. S. M. Palia, and Ms. Vinita Bali retire by rotation and are eligible for re-appointment.

12. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the 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.

13. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement a Management Discussion and Analysis Report is given in **Annexure 'B'** to this Report. A separate report on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to this Report as **Annexure 'C'**.

14. PARTICULARS OF EMPLOYEES:

The Information required under Section 217(2A) of the Act read with the Rules framed thereunder forms part of this Report. However, as per provision of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to all shareholders excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Company's Registered Office or Administrative Office.

15. AUDITORS:

Messrs. Kalyaniwalla & Mistry, Chartered Accountants, who are the Statutory Auditors of the Company, hold office upto the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. As required under the proviso to Section 224(1) of the Act, the Company has obtained written confirmation from Messrs. Kalyaniwalla & Mistry that their appointment, if made, would be in conformity with the limits specified in Section 224(1B) of the Act.

The Central Government accorded its approval to the appointment of Messrs. N. I. Mehta & Company, as the Cost Auditors for auditing the cost accounts relating to Textiles and Polyester for the FY 2011-12. The Cost Audit Reports for Textiles and PSF Divisions were submitted to the Central Govt. well before the due date of filing the same.

16. APPRECIATION:

The Directors express their appreciation to all the employees at various divisions for their diligence and contribution. The Directors record their appreciation for the support and co-operation received from the franchisees, dealers, agents, suppliers, bankers and all other stakeholders. Last but not the least the Directors wish to thank the shareholders for their continued support.

On behalf of the Board of Directors

NUSLI N.WADIA

Chairman

Place: Mumbai

Date: 28th May, 2012

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, 2012.

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

- Maintaining power factor near unity.
- Recycling good usable water.
- Installing coal fire boiler and thermopac.
- Fitting machines with energy efficient-I motors.
- Providing galvanized-aluminium sheets having transparent interjection at Ranjangaon facility for natural lighting during day.
- Replacement of conventional light fittings with energy saving Compact Fluorescent Lamps (CFL).
- Monitoring instruments have been installed in major energy consuming machines.
- Creating awareness in the employees for energy saving.
- Staggered working of electrical lights, fans, air conditioners.
- Optimal use of ambient conditions for HU plant.

PSF operations

- Catalyst addition in slurry for heat load reduction.
- Keeping one HTF heater as cold stand-by.
- Use of 3.5 Kg flash steam in Relaxer Dryer in place of 10 Kg steam from Boiler.
- Low speed operation of Cooling Tower fans.
- Lower speed operation of Spinning area AHU.
- Trimming impellers of pumps where feasible.
- Direct conveying of PTA to Day bin-Continued.
- VFD provision in Fan C of Dow Cooler to reduce Power and Heat loss.

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

Textile operations

Insulation of Thermopac internal oil lines and furnace.

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

Continuously monitoring the energy consumed at processing plant at Ranjangaon enabled the Company to set benchmarks for different machines which resulted in significant benefits in terms of lower cost of energy and other utilities.

Reduction in overall specific energy consumption by about 2%, in spite of lower throughput in PSF.

(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

- New Product Development comprising latest range of new collections (Anti fungal, Aromatic Vitamin-enriched Bed linen) based on green concepts, technological advancements, self discovery and celebration of life with a youthful attitude.

- New Design Development modernizing its State of Art design studio with high end work-stations, CAD software for design creations and 3-D product presentation with innovative cutting edge technology facilitating world class designs and products.
- Process optimization/Recipe modification/introduction of new dyes and chemicals for 'cost economy'.
- Process standardization for consistent quality, meeting customer requirements.

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.
- Better design development providing a variety of product range, targeting various market segments, better marketability and saleability.

3. Future plan of action

- Setting up of dedicated product development team for Textiles.
- Process re-engineering projects initiated to experiment with modified process parameters and thereby reduce cost.
- Explore possibilities of modifications in printing machines to print additional designs.
- Based on trend forecast and new themes, create new designs keeping track of seasonal needs and trends.
- Cost reduction at all levels through process and utilities optimization.
- Reduction of energy consumption.
- Establishing production and market for specialty products including technical textiles.

4. Expenditure on R & D

- Expenditure on R & D during the year under report : ₹ Nil (previous year ₹ Nil)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- Establishment of single stage process for polyester cotton qualities instead of two stage process earlier done for export and industrial market thereby reducing chemical and utility costs.
- Replacement of optical brightening agent with an economical product.
- Replacement of optical brightening agent for interlining qualities and reduction of the whiteness requirement by using less chemicals than required for achieving maximum possible whiteness in order to reduce the overall processing cost.
- Development of high value satin sheeting, printed with reactive colors.
- Development of special finishes for RDS and export markets.
- Development of new finishes on fine cotton qualities for the industrial market.
- Standardisation of process route for lungi qualities in order to get the required penetration on the back side of the fabric.
- Establishment of a more economical package for bleaching on continuous bleaching range by replacement of the earlier one used.
- Reduction of finishing cost by replacement of products with economical substitutes.
- Process standardization for consistent quality and increased occupancy.
- Commissioning machinery for converting waste to saleable fibre.
- 'OEKO TEX' Certification.
- New product of Trilobal established.
- Rationalization of important Finish Oil for better product performance at customer end.
- Improved customer relation management.

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.

- Product improvement.
- Improved customer base and satisfaction.
- Access to the EU market with certified eco-friendly products.
- Productivity improvement.
- Improvement in marketability and business viability through lower cost.
- Improved customer base and satisfaction.

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

- Technology of INVISTA Performance Technologies, U.S.A. for PSF manufacture with PTA feedstock.
- Year of import – 2006.
- Has Technology been fully absorbed – Yes.
- 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:

(i) Activities relating to exports, initiatives taken to increase exports, development of export markets for products and services and export plans:

PSF export market expanded but the margins continued to remain under pressure. Textile exports were adversely impacted by intense competition coupled with low demand in the western markets. New export team in Textile division is working on to expand the customer base and also to revive the old customers.

(ii) Total foreign exchange used and earned:

| | ₹ in crores |
|---------------------------------|-------------|
| Total foreign exchange used | 855.34 |
| Total foreign exchange earnings | 246.52 |

On behalf of the Board of Directors

NUSLI N.WADIA

Chairman

Place: Mumbai

Date: 28th May, 2012

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 lakh) | | | 672.83 | 699.54 |
| Total Amount (Rupees in crores) | | | 42.28 | 39.64 |
| Rate/Unit (Rupees) | | | 6.28 | 5.67 |
| (b) Own Generation | | | | |
| (Through Diesel Generator) | | | | |
| Unit (KWH in lakh) | | | 0.09 | 0.35 |
| Units per Ltr. of Diesel | | | 2.66 | 3.65 |
| Cost/Unit (Rupees) | | | 14.50 | 11.50 |
| 2 Furnace Oil/L.S.H.S. | | | | |
| Quantity (in M. Tons) | | | 89.03 | 91.09 |
| Total Cost (Rupees in crores) | | | 0.33 | 0.27 |
| Average Rate (in Rupees per M.T.) | | | 36971.81 | 29433.00 |
| 3 RLN GAS | | | | |
| Quantity in (MMBTU) | | | 823208.00 | 908761.00 |
| Total Cost (Rupees in crores) | | | 49.20 | 34.66 |
| Average Rate (in Rupees per MMBTU) | | | 597.70 | 381.40 |
| 4 Coal | | | | |
| Quantity (in M. Tons) | | | 23061.00 | 20489.00 |
| Total Cost (Rupees in crores) | | | 10.77 | 9.14 |
| Average Rate (in Rupees per M.T.) | | | 4668.47 | 4460.00 |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | | | |
| 1 Electricity (KWH) | | | | |
| Cloth | 1000 | Mtrs | 468.28 | 372.13 |
| Yarn | 100 | Kgs | - | - |
| PSF | | M.T. | 367.00 | 356.00 |
| 2 Furnace Oil/L.S.H.S.(M.T.) | | | | |
| Cloth | 1000 | Mtrs | 3.74 | 0.003 |
| 3 RLN GAS | | | | |
| PSF | | MMBTU | 5.634 | 5.776 |
| 4 Coal (M.T.) | | | | |
| Cloth | 1000 | Mtrs | 0.969 | 0.729 |

ANNEXURE 'B' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

REAL ESTATE BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The preceding 12 months have witnessed sluggish activity in Mumbai's real estate market, primarily owing to slow regulatory approvals, limiting the number of new launches, and thereby restricted supply of new projects in the market.

Mumbai's property prices continued to increase marginally, due to the limited supply in the aforesaid period. However, many potential buyers who had postponed their purchase in anticipation of declining prices have gone ahead with their purchase decision before the closure of the financial year.

At higher prices, the demand appears to be modest, especially in Central Mumbai where your Company's land parcels are located. Elevated interest rates on home loans have continued to impact demand adversely.

However, a silver lining was the introduction of the amended Development Control Regulations (DCR) for Mumbai. It seeks to create a level-playing field for developers and reduce the period for scrutiny and approvals of real-estate projects. This, in turn, will enable your Company to accelerate construction as well as the marketing/sales processes.

OPPORTUNITIES AND THREATS

The scarcity of land in the city, increasing on-road congestion and infrastructure inadequacy will lead to a higher demand for residential accommodation, especially in Central Mumbai, a location equidistant from the commercial hubs of South Mumbai and Bandra-Kurla Complex in North Mumbai. In addition, the Central Mumbai itself is also developing into a commercial hub. Further, your Company's strategy of undertaking integrated mixed-use developments within the island city of Mumbai promoting the concept of a 'city within a city' gives a competitive edge.

To exploit this opportunity, Bombay Realty proposes to develop 45-acre Spring Mills at Dadar and 25-acre Textile Mills at Worli as 'Island City Center' (ICC) and 'Wadia International Center' (WIC), respectively. These will be luxury mixed-use projects, consisting of residences, offices, a luxury hotel, a mall, high street and a hospital. As a part of this initiative, Bombay Realty has begun the construction of two residential towers at ICC and a high-end luxury retail space called 'The Plaza' at WIC, which will have leading luxury brands. Coupled with your Company's brand, we expect to leverage these land parcels to a superior profitable business proposition. Further, Bombay Realty is also evaluating the option of joint development of land parcels of the Wadia Group to enhance shareholder value.

However, a large number of new projects are commencing in the vicinity, which will cater to the same luxury segment. This could put pressure in terms of excess supply and result in slower pace of sale and consequent realization of the opportunity. A slower-than-expected pace of reduction in interest rates may also further dampen the revival of demand for the real estate sector.

RISK AND CONCERNS

The market for residential property has been adversely impacted, due to higher interest rates and delays in approvals at various stages. The initial lack of clarity in respect of the new Development Control Regulation in Mumbai could further impact the approval process and consequently the development plans of your Company. Another key concern area is slow pace of demand in a generally recessionary economic environment.

The Company is addressing these risks through a process driven, flexible approach to development in a planned manner. Further, we have aggressively invested in Brand Building and also adopted a consumer centric approach to differentiate from other competitive offerings.

TEXTILE BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Textile Industry contributes nearly 14% of the total Industrial Production of the country and also contributes 3% to the GDP of the country. The

country earns about 27% of its foreign exchange through textile export. Considering the slow global economic recovery so far, there is a need to improve competitiveness of the sector in the global market.

Within textile, 'Home Textile' market is estimated at over ₹ 10,000 crores. Of this, the organized sector accounts for under 10%. The Home Textile category is expected to grow at 8% p.a. and the share of organized sector is expected to improve.

The emergence of strong modern trade and rapidly growing large format stores is expected to help upgradation of the market and also aid growth of organized sector players.

With a view to spur the growth of the Industry, Maharashtra Government has recently introduced several incentives which are expected to spur the growth of industry in the state.

OPPORTUNITIES AND THREATS

Textile and clothing retail is bound to benefit from increased penetration and share of modern trade. The share of organized retail is expected to grow from 5% to 24% in 2020, benefitting players like your Company.

Increased disposable income, especially among the middle class will fuel the retail boom. Our priority categories, i.e. Bed and Bath linen are expected to continue to witness healthy growth.

Your Company has the widest range of designs and price points from ₹ 549 to ₹ 10,000 for Bed linen to cater to consumers in every segment. The growing market and opportunities to leverage our Brand as well as distribution network represents opportunity for the Company in the Domestic market.

However, the consumer demand could get impacted due to severe inflationary pressure as our Products form a part of discretionary spend basket. The prices will be further affected by levy of excise duty, which is bound to hurt the consumers' pocket, and may impact the demand. Cheap imports, particularly from China by the trade, and duty free imports from Bangladesh pose additional threat for the domestic players including your Company.

In the export market, while demand is expected to pick up in USA, slowdown continues in Europe which would have adverse impact on our Business. Your Company is focusing on a long term sustainable profitable business model, and expects positive growth in the coming years. This would also enable us to improve capacity utilization at our state of the art processing Plant at Ranjangaon. At the same time, strong competition from China and Pakistan as also, other Indian Manufacturers still continues to be a threat for the Company.

OUTLOOK

With stable cotton prices, overall business situation appears to be positive. While the Company had to vacate low price point items last year due to steep increase in cotton prices, with the concentrated effort on Product Development, the Company has been able to regain some of the lost ground in mass market segment.

Assuming the inflation is brought under control and input prices remain at reasonable level, the domestic market is expected to continue to deliver a modest topline growth. With the continued effort on Retail upgradation and contemporary experience, the footfall and Brand image at the Retail level would be improved.

With the strengthening of Supply Chain Management, we expect to significantly reduce the cycle time from procurement to sale, strengthen the quality of the products and reduce the conversion cost. These initiatives are expected to positively influence the margins of the Business.

RISKS AND CONCERNS

High inflation could adversely impact the domestic demand, especially since the 'Home Category' is considered as 'non-essential' in the family's consumption basket. Aggressive competition by new players, who wish to enter the category pose a risk of the Company losing its market share. The conversion cost could sharply escalate with severe energy price rise as well as increased labour cost due to hike in minimum wages.

In the exports business, European situation remains a key concern.

The Company will focus on contemporary designs, better value proposition in the product basket through continuous innovation and on cost management to mitigate the risks. We will also strive to widen the customer base in the exports business to address the key challenge faced in Europe.

POLYESTER BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Polyester Staple Fibre (PSF) is produced from two major petrochemical intermediates, Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG), and is used as substitute for cotton to manufacture spun yarns, either wholly with polyester or blended with cotton or with viscose staple fibre (VSF). There are three major producers of PSF in the country. While the market leader is fully vertically integrated, the other two producers including your Company are stand alone PSF manufacturers.

Internationally, over 60% of global PSF capacity is located in China. Being the largest importer and consumer of cotton as well, China thus has a dominant influence on polyester and downstream textile industries.

The domestic PSF business saw a sharp reduction in volume and realisation especially from Q2 of 2011-12 due to tumbling of cotton prices from the historic high in Q4 of 2010-11 and other extraneous factors like Japanese earthquake, euro zone crisis and consequent increase in crude, RLNG and petrochemical prices in the world market. The sharp rise in Rupee to US Dollar exchange rate in Q2 and thereafter made the matter even worse, as the key raw materials are primarily driven by global prices. The overall polyester industry's capacity utilization came down to barely 65-70% while your Company could manage up to 84% (as against 94% in the previous year).

The world PSF market was equally subdued due to a static demand in the western hemisphere countries and a modest growth of around 6-7% in China.

OPPORTUNITIES AND THREATS

The opportunity for PSF is driven by its low price as compared to cotton and other substitute fibres, natural or man-made. With continuously rising demand for textile products in general, both in apparel and non-apparel or technical textile segments, demand for PSF is expected to grow steadily over a long term. This would help your Company to achieve higher capacity utilisation and contain manufacturing costs.

However, if the cotton prices were to remain at an unattractively low level, close to PSF prices whereas the crude oil prices remain high as of now or even escalate further, the industry would face severe cost pressures thereby eroding the margin significantly. The improved availability of cotton globally at reasonable prices could also result in demand for PSF being adversely impacted as the preference for cotton (which is natural fibre) based products would be preferred by the consumers.

OUTLOOK

While the year 2011-12 was not a rewarding period from business perspective, few positives could be derived out of the operation such as efforts toward energy conservation, maintaining a reasonably healthy capacity utilisation compared to the industry average, an improved gross realisation and stable topline compared to previous year. With our sustained efforts in these fronts coupled with anticipated improved demand and higher capacity utilization, we expect the business to improve and become profitable. This will further be aided by your Company's focus on speciality fibres, innovative product mix and long term measures for cost reduction by converting fuel from RLNG to coal.

RISKS AND CONCERNS

The demand and prices of PSF are linked to availability and prices of cotton and any significant change in the size of crop in India as also globally could impact the demand of the product. Government's policy in export of raw cotton could also be a factor in the growth of demand. Wide fluctuation in crude oil prices and the resultant changes in the prices of PTA and MEG as well as exchange rate will affect prices of raw materials and consequently, the margins of business. Addition of global or Indian capacity for PSF could put pressure on pricing and also margins.

SEGMENT-WISE PERFORMANCE

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

GENERAL

INTERNAL CONTROLS

The Company maintains adequate internal control systems, which provide among other things reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company's assets. The Company has implemented ERP packages with built in control checks.

The Internal Auditors have introduced several objective tools to assess strengths of our internal controls as also, identify areas where it need to be further strengthened. The scope and authority of the Internal Audit are well defined in the internal audit charter, approved by the Audit Committee. Internal audit plays a key role in providing an assurance to the Board of Directors of adequate internal control system. The audit committee at its meetings reviewed the reports of the internal auditors as well as the Risk Management process of the Company.

Special audits are undertaken based on the operational requirements and corrective actions are taken accordingly.

HUMAN RESOURCES

Organizational re-structuring of PSF and Textile business was carried out through a structured review process to align with the changing business needs. The Company has maintained harmonious industrial relations in both the manufacturing facilities. A long term settlement was signed in March 2012 with the internal union of workers at Ranjangaon unit in an amicable environment.

The manpower resources in real estate business have been significantly augmented during the financial year by attracting the right talent to handle the new project requirements. Functional training and employee engagement was given adequate weightage during the year to enhance employee productivity and morale.

Re-training on occupational, health, safety and environment were carried out in both the manufacturing facilities to improve awareness.

RESOURCES & LIQUIDITY

The Company's borrowings increased by ₹ 40 crores during the year. These have been utilised to meet the working capital requirements. The Company received ₹ 30 crores from the Promoter towards conversion of preferential warrants into equity and ₹ 6 crores from divestment of its holding in a joint venture company.

The working capital requirement of the Company continued to be funded by a consortium of banks led by State Bank of India.

Cautionary Statement.

Statements 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 regulation, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

ANNEXURE 'C' TO THE DIRECTORS' REPORT

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 Mr. Nusli N. Wadia, Non-Executive Chairman, 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 the Board consists of Non-Executive Directors and of these, the majority are independent Directors. The details are given below :-

| Name | Category | No. of Board Meetings attended during 2011-12 | Whether attended AGM held on 4th August, 2011 | No. of Directorships in other public companies as on 31.3.2012* | | No. of Committee positions held in other public companies** as on 31.3.2012 | |
|-------------------------------|-------------------------------|---|---|---|--------|---|--------|
| | | | | Chairman | Member | Chairman | Member |
| Mr. Nusli N. Wadia (Chairman) | Non-Executive/Promoter | 6 | Yes | 3 | 4 | - | - |
| Mr. Keshub Mahindra | Independent | 5 | Yes | 3 | 2 | 1 | - |
| Mr. R. N. Tata | -do- | 1 | No | 10 | - | - | - |
| Mr. R. A. Shah | -do- | 6 | Yes | 4 | 10 | 4 | 4 |
| Mr. S. S. Kelkar | -do- | 6 | Yes | - | 9 | - | 3 |
| Mr.S. Ragothaman | -do- | 4 | Yes | - | 7 | 1 | 3 |
| Mr. A. K. Hirjee | -do- | 5 | Yes | 2 | 2 | 3 | 4 |
| Mr. S. M. Palia | -do- | 5 | Yes | - | 6 | 2 | 4 |
| Ms. Vinita Bali | Non-Executive/Not independent | 5 | Yes | - | 5 | - | 2 |
| Mr. Ishaat Hussain | Independent | 4 | Yes | 2 | 11 | 3 | 6 |
| Mr. Ness N. Wadia | Non-Executive/Promoter | 6 | Yes | 1 | 6 | - | 1 |
| Mr. Jeh N. Wadia | Managing Director/Promoter | 5 | Yes | - | 4 | - | 1 |
| Mr. Durgesh Mehta | Jt. Managing Director & CFO | 6 | Yes | - | 6 | - | 1 |

Note : Other than Mr. Nusli N. Wadia, Mr. Ness N. Wadia and Mr. Jeh N. Wadia who are related to each other, no Director is related to any other Director.

* 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.

During the year under review, 6 Board Meetings were held, the dates being 24th May, 2011, 13th July, 2011, 4th August, 2011, 9th November, 2011, 13th February, 2012 and 28th March, 2012.

3. Board Committees:

The Board has constituted the following Committees of Directors :

(a) Audit Committee:

The Audit Committee consists of the following 4 Non-Executive Independent Directors:

Mr. S. Ragothaman (Chairman)

Mr. R. A. Shah

Mr. S. S. Kelkar

Mr. S. M. Palia

Mr. Jeh N. Wadia, Managing Director and Mr. Durgesh Mehta, Joint Managing Director & Chief Financial Officer, Internal Auditors, Cost Auditors and the Statutory Auditors attend Audit Committee Meetings as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

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, review of financial statements both quarterly and annual before submission to the Board, review of management discussion and analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, 7 Meetings of the Audit Committee were held, the dates being 23rd May, 2011, 21st July, 2011, 3rd August, 2011, 12th October, 2011, 8th November, 2011, 13th February, 2012 and 27th March, 2012.

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

| Name | No. of Audit Committee Meetings attended |
|-------------------|--|
| Mr. S. Ragothaman | 5 |
| Mr. R. A. Shah | 7 |
| Mr. S. S. Kelkar | 7 |
| Mr. S. M. Palia | 6 |

(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 13th July, 2011 and all the above members attended the meeting.

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

Remuneration Policy:

Payment of remuneration to the Managing/Joint Managing Directors is governed by the respective Agreements executed between them and the Company. Their Agreements are approved by the Board and by the shareholders. Their remuneration structure comprises salary, incentive, bonus, benefits, 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.

- (i) Details of remuneration paid to the Managing Director and Joint Managing Director during the year 2011-12 are given below: -

(In Rupees)

| Name | Salary | Benefits* | Bonus | Total |
|--|-------------|-------------|-----------|-------------|
| Mr. Jeh. N. Wadia, Managing Director | 2,07,18,000 | 1,80,82,277 | Nil | 3,88,00,277 |
| Mr. Durgesh Mehta, Joint Managing Director & CFO | 52,80,000 | 1,18,25,100 | 50,00,000 | 2,21,05,100 |

* Also includes the Company's contribution to Provident and Superannuation Funds, but excludes gratuity and leave encashment.

Notes:

- a) The Agreements with the Managing Director and Joint Managing Director are 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 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 whole-time Directors during the year. No stock options which were granted in previous years to whole-time Directors were outstanding for vesting or for exercise at the beginning of the year.
- (ii) Details of payments made to Non-Executive Directors during the year 2011-12 are given below: -

| Name | Sitting Fees (in Rupees) | | Commission | Total No. of Shares held in the Company as on 31st March, 2012 |
|---------------------|--------------------------|-------------------|------------|--|
| | Board Meeting | Committee Meeting | | |
| Mr. Nusli N. Wadia | 1,20,000 | 40,000 | 30,00,000 | 3,85,354 |
| Mr. Keshub Mahindra | 1,00,000 | 20,000 | 2,49,000 | 1,630 |
| Mr. R. N. Tata | 20,000 | - | 41,000 | 700 |
| *Mr. R. A. Shah | 1,20,000 | 1,60,000 | 5,80,000 | 300 |
| Mr. S. S. Kelkar | 1,20,000 | 2,10,000 | 8,71,000 | 7,340 |
| Mr. S. Ragothaman | 80,000 | 1,80,000 | 8,09,000 | 6,000 |
| Mr. A. K. Hirjee | 1,00,000 | 70,000 | 5,39,000 | 760 |
| Mr. S. M. Palia | 1,00,000 | 1,40,000 | 4,98,000 | Nil |
| Ms. Vinita Bali | 1,00,000 | 20,000 | 2,49,000 | Nil |
| Mr. Ishaat Hussain | 80,000 | - | 1,66,000 | Nil |
| Mr. Ness N. Wadia | 1,20,000 | 40,000 | 4,98,000 | 1,55,169 |

* Mr. R. A. Shah, Independent Director, 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 ₹ 12.81 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, Mr. R. A. Shah, Mr. Ishaat Hussain, Ms. Vinita Bali, Mr. Ness N. Wadia and Mr. Jeh. N. Wadia, Directors have booked flats in the residential building constructed by the Company on its Spring Mills land. No amount is outstanding against their names as on 31st March, 2012. As per the view of the Board of Directors, the transaction of booking of flats by Mr. S. S. Kelkar, Mr. R. A. Shah and Mr. Ishaat Hussain is not considered material enough to impinge on their independence.

Remuneration of Non-Executive Directors by way of commission (if any) is determined by the Board within the limits stipulated by the Special Resolution passed at the 130th Annual General Meeting held on 11th August, 2010. Non-Executive Directors are paid sitting fees at the rate of ₹ 20,000/- per meeting for attending the meetings of the Board of Directors/Committees thereof except Share Transfer, Shareholders'/ Investors' Grievance and Ethics & Compliance Committee wherein the Non-Executive Directors are paid sitting fees at the rate of ₹ 10,000/- per meeting.

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 Annual Reports, Dividends etc. and (iii) carries out the functions envisaged under the Code of Conduct for Prevention of Insider Trading adopted in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Committee consisted of 2 Non-Executive Directors and the Joint Managing Director, namely: -

Mr. A. K. Hirjee

Mr. S. S. Kelkar

Mr. Durgesh Mehta

During the year under review, the Share Transfer, Shareholders'/ Investors' Grievance and Ethics & Compliance Committee met once on 25th August, 2011 and all the above members attended the meeting.

The Board delegated the power to approve transfer/transmission of shares, issue of duplicate/consolidated/new certificates upto a certain limit to the Jt. Managing Director & CFO and the Company Secretary w.e.f. 1st November, 2010.

Name and designation of Compliance Officer:

Mr. J. C. Bham, Company Secretary

No. of shareholders' complaints received during the year: 37

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

No. of pending share transfers: Nil

(d) Finance Committee:

The Finance Committee consists of the following Directors:

Mr. S. S. Kelkar

Mr. A. K. Hirjee

Mr. S. Ragothaman

Mr. Ness N. Wadia

The terms of reference of the Finance 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. The Managing/Joint Managing Directors are permanent invitees.

During the year under review, the Committee met twice on 21st July, 2011 and 28th March, 2012.

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

| Name | No. of Finance Committee Meetings attended |
|-------------------|--|
| Mr. S. S. Kelkar | 2 |
| Mr. A. K. Hirjee | 1 |
| Mr. S. Ragothaman | 2 |
| Mr. Ness N. Wadia | 2 |

Communication was also undertaken by way of e-mails and discussions were held, as and when required, among the Committee members and decisions taken in matters coming within the Committee's purview.

(e) Executive Committee:

The Executive Committee consists of the following Directors:

Mr. Nusli N. Wadia (Chairman)

Mr. S. Ragothaman

Mr. S. M. Palia

Mr. S. S. Kelkar

Mr. A. K. Hirjee

Ms. Vinita Bali

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 capital expenditure and (iii) review of performance of the business of the Company. The Managing Director, Joint Managing Director and Mr. Ness Wadia are permanent invitees.

During the year under review, the Executive Committee met once on 8th November, 2011 and all the above members attended the meeting.

4. General Body Meetings :

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

| Date & Time | Location | Special Resolutions Passed |
|---|---|---|
| 4 th August, 2011, at 3.30 p.m. | Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020 | (i) Appointment of Mr. Jeh N. Wadia as a Whole time Director designated as Managing Director of the Company for a period of 5 years with effect from 1 st April, 2011 and terms of remuneration. |
| 11 th August, 2010, at 3.45 p.m. | Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020 | (i) Appointment of Mr. Durgesh Mehta as a Whole time Director designated as Joint Managing Director & Chief Financial Officer (JMD & CFO) of the Company for a period of 5 years with effect from 1 st April, 2010 and terms of remuneration . (ii) Consent of the Company in terms of the Sections 309 and 198 to the Board of Directors for payment of commission to such Directors of the Company (excluding Managing Director(s) and Wholetime Director(s)) as may be determined by the Board, for each of the five financial years of the Company commencing from 1 st April, 2011. |

| Date & Time | Location | Special Resolutions Passed |
|---|--|--|
| 28 th August, 2009, at 3.45 p.m. | Lady Shantabai Patkar Convocation Hall of the S.N.D.T. Women's University, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai – 400020. | (i) Re-appointment of Mr. P. V. Kuppuswamy as Jt. Managing Director for 5 years and approval of payment of remuneration for 3 years. (ii) Re-appointment of Mr. Ness N. Wadia as Jt. Managing Director for 5 years and approval of payment of remuneration for 3 years. (iii) Noting of change of Registered Office of the Company's Registrar & Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd. |

- (b) Whether any Special Resolutions were passed last year through postal ballot :
During the year under review, no Special Resolution was passed through postal ballot.
- (c) Person who conducted postal ballot exercise : Not Applicable
- (d) Whether any special resolution is proposed to be passed through postal ballot this year :
During the current year, if special resolutions are proposed to be passed through postal ballot, the same would be taken up at the appropriate time.
- (e) Procedure for postal ballot :
If any special resolution is passed through postal ballot during the current year, the procedure for postal ballot will be followed in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, as amended from time to time.

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 42 to the financial statements in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest. The Audit Committee has reviewed these transactions as mandatorily required under Clause 49 of the Listing Agreement.
- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:
None.
- (c) Risk Management:
The Company has in place mechanism to inform Board Members about the risk assessment and minimisation procedures. The Audit Committee and the Board have periodically reviewed the risk assessment and minimisation procedures as required under Clause 49 of the Listing Agreement so as to ensure that risk is controlled by the Executive Management.
- (d) CEO/CFO Certification:
Mr. Durgesh Mehta, Jt. Managing Director & Chief Financial Officer, has certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March, 2012.
- (e) Code of Conduct:
The Board of Directors has adopted the Code of Ethics and Business Principles for 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.
- (f) Prevention of Insider Trading Code:
As per the 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 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 45 days from the end of the quarter and the audited annual results within sixty days from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchanges.
- (ii) Newspapers wherein results normally published:
Mint (all editions) & Lakshadweep (Mumbai).
- (iii) Any Website where displayed:
www.bombaydyeing.com
- (iv) Whether Website also displays official news releases:
Yes. Financial Results, distribution of shareholding and press releases, if any, are displayed on the Website.
- (v) Whether presentations made to institutional investors or to analysts:
No presentations were made to institutional investors or to analysts.
- (vi) Management Discussion & Analysis Report :
The Management Discussion & Analysis Report is annexed to the Directors' Report and forms a part of the Annual Report.

7. General Shareholder information:

- (a) AGM: Date, time and venue:
7th August, 2012 - 3.45 p.m. at Yashwantrao Chavan Center Auditorium, General Jagannathrao Bhonsle Marg, Nariman Point, Mumbai - 400021.
- (b) Financial calendar (tentative):
Financial results for the quarter ending 30th June, 2012 : 1st week August, 2012
Financial results for the quarter ending 30th September, 2012: 1st week November, 2012
Financial results for the quarter ending 31st December, 2012 : 1st week February, 2013
Financial results for the year ending 31st March, 2013 : End May, 2013
Annual General Meeting for the year ending 31st March, 2013: 1st or 2nd week of August, 2013.
- (c) Book closure period: 31st July, 2012 to 7th August, 2012 both days inclusive.
- (d) Dividend payment date : On or after 8th August, 2012.
- (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 Fees for the year 2012-13 have been paid to 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 2012.
- (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 Agent (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 : | Investor Relation Centre : |
| Sharepro Services (India) Pvt. Ltd., | Sharepro Services (India) Pvt. Ltd. |
| Unit: Bombay Dyeing | Unit: Bombay Dyeing |
| 13AB, Samhita Warehousing Complex, | 912, Raheja Centre |
| Sakinaka Telephone Exchange Lane, | Free Press Journal Road, |
| Off Andheri Kurla Road, Sakinaka, | Nariman Point, |
| Andheri (East), Mumbai 400 072. | Mumbai 400 021. |
| Tel: 022 - 67720300/67720400 | Tel: 022 - 66134700 |
| Fax: 022 - 28591568 | Fax: 022 - 22825484 |
| e-mail: sharepro@shareproservices.com | |

(j) Share Transfer System:

Share transfers in physical form are registered within a period of 7 to 15 days from the date of receipt in case documents are complete in all respects. The Board has delegated the power to approve transfer/transmission of shares, issue of duplicate/consolidated/new certificates upto a certain limit to the Jt. Managing Director & CFO and the Company Secretary w.e.f. 1st November, 2010. Anything above the said limit is approved by the Share Transfer Committee. The number of shares transferred/transmitted during the year are as under:

| Date & Time | No. of Applications | No. of Shares |
|---------------|---------------------|---------------|
| Transfers | 337 | 17535 |
| Transmissions | 29 | 2565 |
| Total | 366 | 20100 |

(k) Dematerialisation of shares and liquidity:

96.78% of the outstanding Equity Shares have been dematerialised up to 31st March, 2012. All shares held by Promoters/Promoter Group Companies have been dematerialized. 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) Share Capital Audit

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practising Company Secretary carries out the Share Capital 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 the register of members and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the 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) 5,65,945 GDRs were outstanding as at 31st March, 2012, each GDR representing one underlying Equity Share.
- (ii) 928 (2010-11 : 928) 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 ₹ 60 per share. Likely impact on full conversion will be ₹ 0.09 lac on share capital and ₹ 0.46 lac on share premium.

- (n) (i) Distribution of Shareholding as on 31
- st
- March, 2012.

| DESCRIPTION | NO. OF SHAREHOLDERS | % | SHARE HOLDING | % |
|--------------|---------------------|---------------|-----------------|---------------|
| 1 - 50 | 52553 | 69.00 | 1031060 | 2.50 |
| 51 - 100 | 11645 | 15.29 | 987808 | 2.39 |
| 101 - 250 | 6760 | 8.88 | 1145238 | 2.77 |
| 251 - 500 | 2742 | 3.60 | 1021806 | 2.47 |
| 501 - 1000 | 1267 | 1.66 | 959815 | 2.32 |
| 1001 - 5000 | 988 | 1.30 | 2021746 | 4.90 |
| 5001 & Above | 203 | 0.27 | 34139507 | 82.65 |
| Total | 76158 | 100.00 | 41306980 | 100.00 |

- (ii) Shareholding Pattern as on 31
- st
- March, 2012.

| | No. of Shares | % |
|---------------------|--------------------|------------|
| Promoter Group * | 2,15,07,204 | 52.07 |
| Insurance Companies | 22,74,898 | 5.51 |
| Nationalised Banks | 38,795 | 0.09 |
| Mutual Funds | 43,70,228 | 10.58 |
| FII's | 38,39,441 | 9.29 |
| GDR Holders | 5,65,945 | 1.37 |
| Others | 87,10,469 | 21.09 |
| Total | 4,13,06,980 | 100 |

*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, Estate of Smt. Bachoobai Woronzow, Jer Mavis Settlement No. II, Diana Claire Wadia Trust, Nusli Neville Wadia Trust, N. N. Wadia – Administrator of Estate of Late E. F. Dinshaw, 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, Lotus Vinijog Private Limited, Botanium Ltd., Go Airlines (India) Ltd., Go Investment & Trading Pvt. Ltd., Nidhivan Investment & Trading Co. Pvt. Ltd., Heera Holdings & Leasing Pvt. Ltd. and Sahara Investments Pvt. Ltd. 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, 2012 an aggregate amount of ₹ 13.06 lakh to the Investor Education and Protection Fund (IEPF).
- (p) Plant Locations :
- Textile Processing Unit,
B-28, MIDC Industrial Area,
Ranjangaon, Tal. Shirur,
Dist. Pune – 412 220.
Tel. No.: 021-38232700 / 38232800
Fax No.: 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),
at C-1, Wadia International Center (Bombay Dyeing),
Pandurang Budhkar Marg, Worli, Mumbai-400 025.
Tel: (91) (22) 66620000 Fax: (91) (22) 66193262.

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.

(q) **Green Initiative:**

As part of the Green Initiative in Corporate Governance, the Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has clarified that the companies would have complied with Section 53 of the Companies Act, 1956, if the service of documents is made through electronic mode.

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

Those members who want the above documents in physical form, must indicate their option by sending a letter or an email to the Registrar at the specially created e-mail ID 'bombaydyeing@shareproservices.com' or login at the R&TA's website www.shareproservices.com quoting their DP ID & Client ID and/or Registered Folio Number.

Non-Mandatory Requirements:

(a) Office of the Chairman of the Board:

The Company defrays the secretarial and travel expenses of 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 website 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.

(d) Unqualified Financial Statements:

The statutory Financial Statements of the Company are unqualified.

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, 2012.

For The Bombay Dyeing & Mfg. Co. Ltd

Durgesh Mehta

Joint Managing Director & CFO

Date: 28th May, 2012

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, 2012, under clause 49 of the listing agreements with relevant stock exchanges.

We have examined the compliance of conditions of corporate governance by The Bombay Dyeing and Manufacturing Company Limited ("the Company") for the year ended 31st March, 2012, as stipulated in clause 49 of the listing agreements of the Company with relevant stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the 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 management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We further 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 and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

Firm Reg. No. 104607W

Viraf R. Mehta

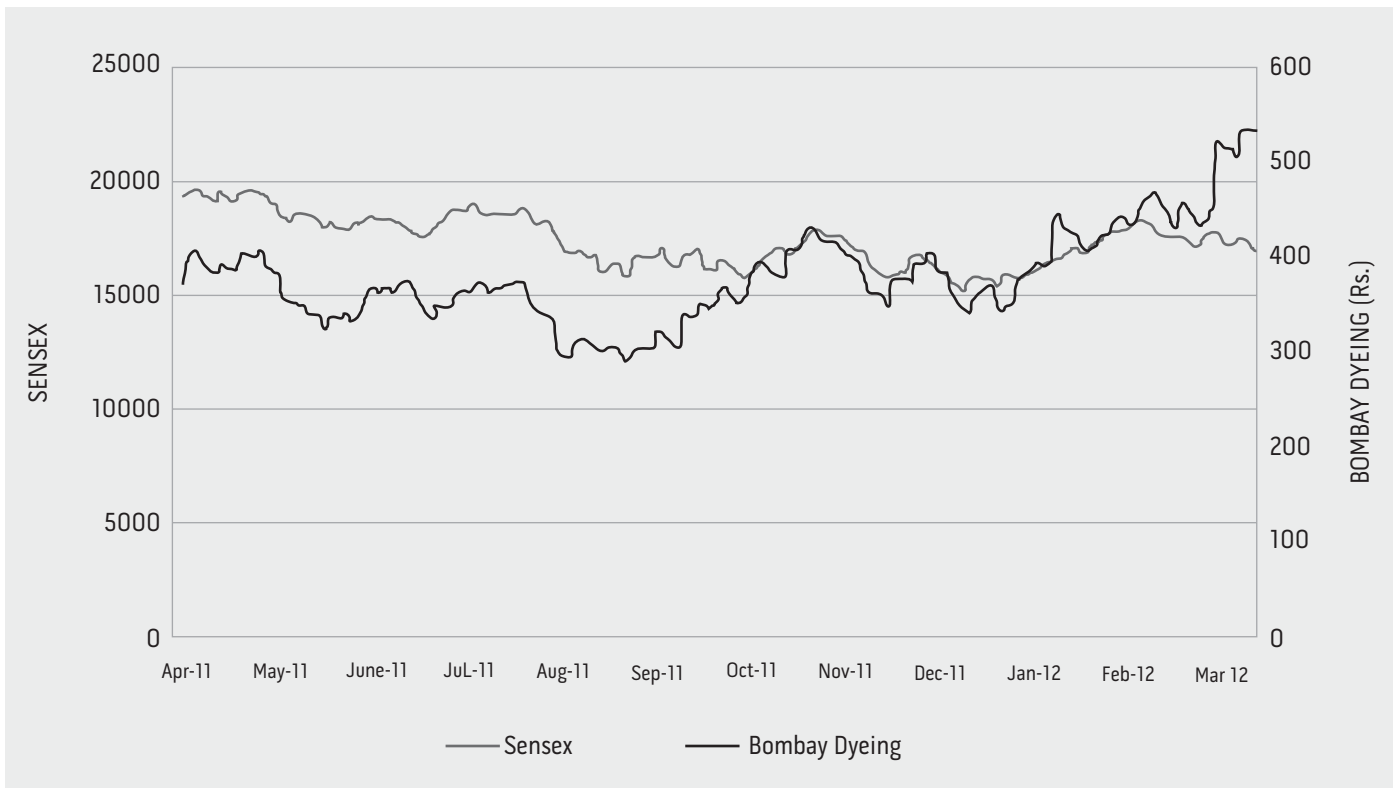
Partner

M. No: 32083

Mumbai, 28th May, 2012

STOCK MARKET DATA

| | Month's High Price (₹) | | Month's Low Price (₹) | | No. of Trades | | No. of shares Traded | | Value (₹ in lakh) | |
|-----------|---------------------------|--------|--------------------------|--------|---------------|--------|----------------------|----------|----------------------|-----------|
| | BSE | NSE | BSE | NSE | BSE | NSE | BSE | NSE | BSE | NSE |
| Apr 2011 | 419.50 | 419.50 | 363.80 | 375.00 | 51732 | 186660 | 1676037 | 6434555 | 6748.02 | 25969.38 |
| May 2011 | 397.65 | 397.45 | 326.60 | 326.00 | 48890 | 178782 | 1330756 | 5537386 | 4654.78 | 19343.19 |
| Jun. 2011 | 385.90 | 386.00 | 327.55 | 286.00 | 67326 | 263925 | 2152982 | 8858405 | 7861.03 | 32310.45 |
| Jul. 2011 | 386.10 | 386.50 | 337.85 | 341.75 | 37579 | 167824 | 1291572 | 5981353 | 4795.16 | 22217.03 |
| Aug. 2011 | 362.00 | 351.30 | 283.50 | 283.40 | 34713 | 146539 | 1012003 | 5038954 | 3157.94 | 15732.06 |
| Sep. 2011 | 385.50 | 386.00 | 303.05 | 302.50 | 56718 | 211293 | 1767981 | 6391855 | 6120.67 | 21948.47 |
| Oct. 2011 | 438.80 | 438.80 | 344.00 | 351.05 | 47472 | 184403 | 1397524 | 5869340 | 5558.41 | 23341.40 |
| Nov. 2011 | 436.85 | 436.90 | 328.00 | 342.80 | 31203 | 153057 | 760373 | 4355800 | 2936.88 | 16853.78 |
| Dec. 2011 | 417.00 | 421.00 | 311.70 | 336.55 | 25843 | 121763 | 643937 | 3182273 | 2434.16 | 12033.13 |
| Jan. 2012 | 463.80 | 463.90 | 335.40 | 335.00 | 55483 | 230096 | 1768062 | 7524576 | 7426.34 | 31383.76 |
| Feb. 2012 | 489.00 | 488.80 | 405.25 | 409.70 | 59090 | 237018 | 1906769 | 8539343 | 8565.59 | 38440.99 |
| Mar. 2012 | 587.90 | 587.50 | 390.00 | 418.60 | 174744 | 609841 | 5345930 | 21951438 | 2835.16 | 115877.41 |



10 YEARS' FINANCIAL REVIEW

(₹ in Crores)

| | 2011-2012 | 2010-2011 | 2009-2010 | 2008-2009 | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 | 2003-2004 | 2002-2003 |
|---------------------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| FINANCIAL POSITION | | | | | | | | | | |
| Share capital | 41.31 | 40.54 | 38.61 | 38.61 | 38.61 | 38.61 | 38.60 | 38.58 | 38.52 | 39.00 |
| Share Warrants | - | 26.75 | - | - | 11.89 | - | - | - | - | - |
| Reserves & Surplus | 1,751.09 | 1,060.90 | 171.74 | 331.81 | 357.30 | 364.07 | 426.23 | 303.38 | 347.49 | 314.37 |
| Net Worth : | | | | | | | | | | |
| Total | 1,792.40 | 1,128.19 | 210.35 | 370.42 | 407.80 | 402.68 | 464.83 | 341.96 | 386.01 | 353.37 |
| Per Equity Share | | | | | | | | | | |
| of Rs. 10 | 434.00 | 271.96 | 54.49 | 95.96 | 102.57 | 104.32 | 120.42 | 88.59 | 100.26 | 90.61 |
| Borrowings | 1,300.05 | 1,240.87 | 1,775.11 | 1,710.88 | 1,415.76 | 1,052.40 | 558.37 | 354.46 | 362.60 | 380.90 |
| Deferred Tax Liability | - | - | - | - | - | 1.70 | 2.60 | 10.64 | 35.90 | 21.77 |
| Debt Equity Ratio | 0.28:1 | 0.44:1 | 4.64:1 | 1.28:1 | 1.39:1 | 1.35:1 | 0.78 : 1 | 0.25 : 1 | - | 0.01:1 |
| Fixed Assets : | | | | | | | | | | |
| Gross Block | 1,380.62 | 1,386.66 | 1,391.83 | 1,378.60 | 1,364.25 | 1,390.11 | 995.57 | 813.86 | 795.40 | 827.27 |
| Depreciation | 349.16 | 292.81 | 231.26 | 178.72 | 123.67 | 512.86 | 596.20 | 622.38 | 573.15 | 573.23 |
| Net Block | 1,031.46 | 1,093.85 | 1,160.57 | 1,199.88 | 1,240.58 | 877.25 | 399.37 | 191.48 | 222.25 | 254.04 |
| Investments | | | | | | | | | | |
| and Other Assets | 2,556.93 | 1,581.80 | 824.89 | 881.42 | 582.98 | 579.53 | 626.43 | 515.58 | 562.26 | 502.00 |
| OPERATING RESULTS | | | | | | | | | | |
| Sales and other | | | | | | | | | | |
| Income | 2,402.61 | 2,014.11 | 1,732.04 | 1,417.77 | 1,013.95 | 536.16 | 1,143.64 | 1,172.41 | 1,072.51 | 1,005.37 |
| Manufacturing and | | | | | | | | | | |
| other Expenses | 2,266.37 | 1,925.66 | 1,650.31 | 1,555.64 | 960.52 | 478.29 | 1,067.52 | 1,119.35 | 965.52 | 934.61 |
| Depreciation | 61.39 | 62.08 | 59.54 | 55.73 | 35.42 | 17.46 | 16.90 | 19.38 | 34.43 | 37.23 |
| Profit before Tax | 74.85 | 26.37 | 22.19 | (193.60) | 18.01 | 40.41 | 59.22 | 33.68 | 72.56 | 33.53 |
| Current taxation | 15.50 | 5.26 | 3.77 | - | 1.75 | 4.43 | 4.97 | 2.42 | 4.93 | 2.48 |
| Excess Provision of Tax | | | | | | | | | | |
| of earlier years | - | (0.28) | - | - | - | - | - | - | - | - |
| Deferred tax credit | - | - | - | - | (1.70) | (0.90) | (8.04) | 4.70 | 14.13 | (1.26) |
| Fringe benefit tax | - | - | - | 1.02 | 1.28 | 0.95 | 0.95 | | | |
| Profit after Tax | 59.35 | 21.39 | 18.42 | (194.62) | 16.68 | 35.93 | 61.34 | 26.56 | 53.50 | 32.31 |
| Earnings per Equity | | | | | | | | | | |
| Share of Rs. 10 | 14.59 | 5.54 | 4.77 | (50.39) | 4.32 | 9.31 | 16 | 7 | 14 | 8 |
| Dividends : | | | | | | | | | | |
| Amount | 24.02 | 16.49 | 11.26 | 4.52 | 15.82 | 22.59 | 22.01 | 17.59 | 17.38 | 13.02 |
| Percentage | 50 | 35 | 25 | 10 | 35 | 50 | 50 | 40 | 40 | 30 |

Notes :

- Capital : Original Rs. 0.63 crore, Bonus Shares Rs. 21.02 crores, conversion of Debentures Rs. 0.83 crore, Global Depository Receipts (GDRs) representing equity shares Rs. 5.82 crores, conversion of equity warrants relating to NCD/SPN Issue Rs. 9.81 crores and conversion of preferential warrants to promoters Rs. 3.20 crores, Equity shares bought back and extinguished upto 31st March, 2004 Rs. 2.55 crores, Equity shares issued under Employees' Stock Option Scheme Rs. Nil. Equity shares allotted on exercise of warrants issued on Preferential basis to Promoter/Promoter Group Company Rs. 2.70 crores. Average Share Capital for 2011-2012 - Rs. 41.31 crores
- Reserves & surplus include revaluation reserve.
- Debt Equity ratio is on Long Term Debt.
- Revenue and other Income include excise duty, sale of Assets etc.
- Dividend amount includes Corporate Dividend Tax on the proposed/interim dividend.
- Depreciation includes lease equalisation.
- Previous year's figures have been regrouped where necessary.

AUDITOR'S REPORT

REPORT OF THE AUDITORS TO THE MEMBERS OF THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

- 1) We have audited the attached Balance Sheet of The Bombay Dyeing and Manufacturing Company Limited as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 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 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 section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Without qualifying our opinion, we draw attention to the following:
 - i) Note 32 regarding change in accounting policy for recognition of revenue from real estate activity. Up to the previous year, revenue arising from sale of undivided interest in underlying freehold land relating to flats / office premises was accounted when the agreement for sale of such flats / office premises was entered into. Effective April 1, 2011, the entire revenue from real estate activity is recognised on the percentage of completion method. Had the Company continued to follow the earlier accounting policy, revenue from real estate activity and construction costs would have been lower by ₹ 146.22 crore and ₹13.92 crore respectively, the release from Revaluation Reserve would have been higher by ₹ 205.81 crore and the net profit before tax would have been higher by ₹ 73.51 crore.
 - ii) Note 33 regarding an agreement to sell certain apartments in the proposed residential towers being constructed at Island City Centre, pursuant to a Memorandum of Understanding entered into during the year with SCAL Services Ltd., an associate company, for a consideration of ₹ 743.83 crores. The Company has recognised net revenue of ₹ 341.32 crores from the said transaction, including an amount of ₹ 103.67 crores released from Revaluation Reserve.
- 5) Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) 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;
 - b) 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;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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;
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon, 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- 6) On the basis of written representations received from the Directors of the Company as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2012, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Kalyaniwalla & Mistry
 Chartered Accountants
 Firm Reg. No. 104607W
Viraf R. Mehta
 Partner
 Membership No: 32083

Place: Mumbai
 Date: May 28, 2012

ANNEXURE TO THE AUDITOR'S REPORT

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 March 31, 2012 (referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained records showing particulars, including quantitative details and situation of fixed assets. The records of certain assets need to be assimilated to make identification possible.
 - (b) The Company has a program for physical verification of fixed assets in a phased manner. In our opinion the period of verification is reasonable, having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed in respect of the assets physically verified during the year.
 - (c) In our opinion, the fixed assets disposed off during the year are not substantial and therefore do not affect the going concern assumption.
2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company is generally maintaining proper records of inventory. The discrepancies noticed on verification between physical stock and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except an interest free shareholders' deposit of ₹ 15.22 crore to a joint venture company, as stated in Note 14 (a).
 - (b) As stated above, the said shareholders' deposit has been given free of interest.
 - (c) As stated in Note 14 (a), the repayment of the said deposit has been extended upto the year 2015 as permitted by Reserve Bank of India.
 - (d) No amount is overdue as the terms of repayment have been extended upto 2015.
 - (e) According to the information and explanation given to us, the Company has taken unsecured loans aggregating ₹ 300 crore from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum principal amount involved during the year is ₹ 180.29 crore and the balance outstanding as at the year end was ₹ 100 crore.
 - (f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which the loans have been taken from 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.
 - (g) In our opinion and as per the records examined by us, the payment of principal amount and interest thereon is regular.
4. In our opinion and according to the information and explanations given to us, the Company has internal control procedures which are generally adequate, commensurate with the size of the Company and nature of its business, with regard to purchases of inventory, fixed assets, and for the sale of goods and services. The Company is also implementing steps for further strengthening of the same. On the basis of our examination of the books and records and the information and explanations given to us, we have not come across any continuing failure to correct major weakness in the internal control system.
5. (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 explanation given to us, transactions in pursuance of such contracts or arrangements entered into 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 the transactions where a comparison of prices could not be made since there was no similar transactions with other parties or transactions of a special nature where comparable alternative quotation were not available.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provision 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.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of Textile division and Polyester Staple Fibre division of the Company and are of the opinion that prima facie the prescribed records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of records for any other product or services of the Company.
9. (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, Excise duty, Customs duty, Cess and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts were in arrears, as on 31st March 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Service tax, Excise duty or cess which have not been deposited on account of any dispute, except as stated below :

| No. | Name of the statute | Nature of Dues | Amount (₹ in crores) | Period to which the amount relates | Forum where dispute is pending |
|-----|------------------------------|------------------------|-------------------------|--|---|
| 1 | Income Tax Act, 1961 | Tax Deducted at Source | 0.03 0.02 | 2007-08 2008-09 | Commissioner of Income Tax – TDS (Appeals) |
| 2 | The Customs Act, 1962 | Customs Duty | 0.25 | 1997 | Commissioner of Customs(Appeals), Mumbai |
| 3 | The Central Excise Act, 1944 | Excise Duty | 0.10 | 1989-90 to 1995-96 | Commissioners of Central Excise, Mumbai |
| | | Excise Duty | 0.68 | 1997-98 to 2000-01 | Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai |
| | | Excise Duty | 0.01 | 1999-00 to 2000-01 | Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai |
| | | Service Tax | 0.77 | April, 2003 to March, 2006 | Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai |

10. 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.
11. 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 institution or debenture holders.
12. 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.
13. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the said Order are not applicable to the Company.
14. 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 it's own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given any guarantees for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans have/are being applied for the purpose for which they were obtained.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment.
18. According to the information and explanations given to us, the company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
19. The Company has not issued any debentures during the year.
20. 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.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

Firm Reg No. 104607W

Viraf R. Mehta

Partner

Membership No: 32083

Place: Mumbai

Date: May 28, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

| | | (₹ in crores) | |
|---|------|---------------------------|---------------------------|
| | Note | As at 31st March, 2012 | As at 31st March, 2011 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 41.31 | 40.54 |
| Reserves and surplus | 3 | 1,751.09 | 1,060.90 |
| Money received against share warrants | | - | 26.75 |
| | | 1,792.40 | 1,128.19 |
| Non-current liabilities | | | |
| Long-term borrowings..... | 4 | 508.06 | 497.86 |
| Other Long term liabilities | 5 | 1.23 | 1.17 |
| Long-term provisions | 6 | 2.99 | 3.89 |
| | | 512.28 | 502.92 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 308.58 | 324.44 |
| Trade payables | 8 | 338.06 | 188.58 |
| Other current liabilities | 9 | 607.81 | 510.11 |
| Short-term provisions | 10 | 29.26 | 21.41 |
| | | 1,283.71 | 1,044.54 |
| TOTAL | | 3,588.39 | 2,675.65 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 925.33 | 892.44 |
| Intangible assets | 12 | 4.09 | 4.89 |
| Capital work-in-progress | | 44.38 | 3.20 |
| Incidental expenditure relating to construction / development | | 57.66 | 193.32 |
| Non-current investments | 13 | 55.96 | 60.19 |
| Long-term loans and advances | 14 | 56.45 | 68.29 |
| | | 1,143.87 | 1,222.33 |
| Current assets | | | |
| Inventories | 15 | 1,549.73 | 1,031.72 |
| Trade receivables | 16 | 137.59 | 119.85 |
| Cash and cash equivalents | 17 | 33.32 | 21.02 |
| Short-term loans and advances | 18 | 188.74 | 207.25 |
| Other current assets | 19 | 535.14 | 73.48 |
| | | 2,444.52 | 1,453.32 |
| TOTAL | | 3,588.39 | 2,675.65 |
| Significant Accounting Policies | 1 | | |
| The accompanying notes are an integral part of the financial statements | | | |

As per our report attached

Signatures to the Balance Sheet and Notes
For and on behalf of the Board of Directors

| | | | | |
|------------------------------|----------------|--|-----------------|-----------|
| For and on behalf of | NUSLI N. WADIA | <i>Chairman</i> | K. MAHINDRA | Directors |
| KALYANIWALLA & MISTRY | | | R. N. TATA | |
| <i>Chartered Accountants</i> | JEH N. WADIA | <i>Managing Director</i> | R.A. SHAH | |
| | | | S. S. KELKAR | |
| | DURGESH MEHTA | <i>Jt. Managing Director & CFO</i> | S. RAGOTHAMAN | |
| | | | A. K. HIRJEE | |
| VIRAF R.Mehta | J.C. BHAM | <i>Company Secretary</i> | S. M. PALIA | |
| <i>Partner</i> | | | MS. VINITA BALI | |
| | | | ISHAAT HUSSAIN | |
| | | | NESS N. WADIA | |

Mumbai, 28th May, 2012

Mumbai, 28th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in crores)

| | Note | 2011-12 | 2010-11 |
|---|------|--------------|--------------|
| INCOME | | | |
| Revenue from operations | 20 | 2,348.06 | 1,961.89 |
| Less : Excise Duty | | 117.25 | 102.65 |
| Revenue from operations (net) | | 2,230.81 | 1,859.24 |
| Other income | 21 | 54.55 | 52.22 |
| Total Revenue | | 2,285.36 | 1,911.46 |
| EXPENSES | | | |
| Cost of materials consumed | 22 | 1,263.72 | 1,115.94 |
| Purchases of Stock-in-Trade | | 118.14 | 96.56 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade ... | 23 | (518.11) | (850.32) |
| Employee benefits expenses | 24 | 83.48 | 67.22 |
| Finance costs | 25 | 180.57 | 179.16 |
| Depreciation and amortization expenses | 26 | 61.39 | 62.08 |
| Other expenses | 27 | 1,021.32 | 1,214.45 |
| | | 2,210.51 | 1,885.09 |
| Profit before tax | | 74.85 | 26.37 |
| Tax expenses: | | | |
| Current tax | | 15.50 | 5.26 |
| Excess provision of tax of earlier years | | - | (0.28) |
| | | 15.50 | 4.98 |
| Profit for the year | | 59.35 | 21.39 |
| Earnings per equity share (Refer Note No.39) | | | |
| Basic earnings per equity share (in rupees) | | 14.59 | 5.54 |
| Diluted earnings per equity share (in rupees) | | 14.59 | 5.54 |
| Nominal value per equity share (in rupees) | | 10.00 | 10.00 |
| Significant Accounting Policies | 1 | | |
| The accompanying notes are an integral part of the financial statements | | | |

As per our report attached

Signatures to Statement of Profit and Loss and Notes
For and on behalf of the Board of Directors

| | | | | |
|--|--------------------------------|-------------------------------|---|-----------|
| For and on behalf of KALYANIWALLA & MISTRY Chartered Accountants | NUSLI N. WADIA JEH N. WADIA | Chairman Managing Director | K. MAHINDRA R. N. TATA R.A. SHAH S. S. KELKAR | Directors |
| | DURGESH MEHTA | Jt. Managing Director & CFO | S. RAGOTHAMAN A. K. HIRJEE | |
| VIRAF R.Mehta Partner | J.C. BHAM | Company Secretary | S. M. PALIA MS. VINITA BALI ISHAAT HUSSAIN NESS N. WADIA | |
| | | | | |
| | | | | |

Mumbai, 28th May, 2012

Mumbai, 28th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | | (₹ in crores) | |
|--|-----|---------------|------------|
| | | 2011-2012 | 2010-2011 |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| NET PROFIT BEFORE TAX | | 74.85 | 26.37 |
| Adjusted for | | | |
| Depreciation and amortisation | | 61.39 | 62.08 |
| Unrealised foreign exchange loss/(gain) (net) | | 18.87 | 4.04 |
| Profit on sale of investments | | (2.84) | (3.24) |
| Provision for doubtful debts/advances | | - | 0.45 |
| Debtors written off (net of provision written back) | | 2.49 | 0.07 |
| Interest income | | (11.17) | (6.87) |
| Loss/(Profit) on sale of fixed assets (net) | | 0.77 | 0.70 |
| Interest and other finance charges | | 163.01 | 175.11 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS | | 307.37 | 258.71 |
| Changes in | | | |
| Inventories | | 87.61 | (108.66) |
| Trade receivables | | (15.98) | 145.89 |
| Loans and advances & other assets | | (436.16) | 235.15 |
| Trade payables, other liabilities and provisions | | 174.61 | 9.79 |
| CASH GENERATED FROM OPERATIONS | | 117.45 | 540.88 |
| Direct taxes paid (net) | | (15.66) | 11.09 |
| NET CASH FROM OPERATING ACTIVITIES | (a) | 101.79 | 551.97 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Purchase of fixed assets | | (8.78) | (11.98) |
| Proceeds from sale of fixed assets | | 2.43 | 7.92 |
| Purchase of investments | | (196.00) | (1,197.23) |
| Proceeds from sale of investment | | 196.47 | 1,197.98 |
| Inter-corporate deposits placed | | (0.75) | (12.08) |
| Inter-corporate deposits refunded | | 3.20 | 30.66 |
| Fixed deposits placed with banks | | (14.71) | (43.46) |
| Fixed deposits refunded by banks | | 3.96 | 42.43 |
| Proceeds from sale of shares in associate company/ joint venture | | 6.60 | 12.10 |
| Interest received | | 11.13 | 5.16 |
| NET CASH USED IN INVESTING ACTIVITIES | (b) | 3.55 | 31.50 |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Proceeds from borrowings | | 728.38 | 616.72 |
| Proceeds from fixed deposits | | 32.91 | - |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

CASH FLOW STATEMENT (CONTD.)

(₹ in crores)

| | 2011-2012 | 2010-2011 |
|---|-------------|----------------|
| Repayment of fixed deposits | (11.00) | (0.33) |
| Repayment of borrowings | (759.49) | (1,000.58) |
| (Decrease) / Increase in demand loan, cash credit | 66.30 | (157.91) |
| Proceeds from issue of equity shares on conversion of warrants | 30.08 | 101.87 |
| Advance received on preferential allotment warrants | - | 26.75 |
| Interest and other finance charges paid | (174.46) | (172.68) |
| Dividend paid (including corporate dividend tax) | (16.49) | (11.24) |
| (Decrease) / Increase in unpaid dividend | (0.01) | 0.02 |
| NET CASH USED IN FINANCING ACTIVITIES..... (c) | (103.78) | (597.38) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (a + b + c) | 1.56 | (13.91) |
| CASH AND CASH EQUIVALENTS AT THE COMMENCEMENT OF THE YEAR | | |
| Balances with banks in current accounts | 4.04 | 5.07 |
| Cheques on hand | - | 12.82 |
| Cash on hand | 0.08 | 0.14 |
| Cash and cash equivalents | 4.12 | 18.03 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | |
| Balances with banks in current accounts | 4.74 | 4.04 |
| Cheques on hand | 0.76 | - |
| Cash on hand | 0.18 | 0.08 |
| Cash and cash equivalents | 5.68 | 4.12 |
| NET (DECREASE) / INCREASE AS DISCLOSED ABOVE | 1.56 | (13.91) |
| Notes: 1. Figures in brackets are outflows/deductions. 2. Previous year's figures have been regrouped where necessary. | | |

As per our report attached

For and on behalf of the Board of Directors

| | | | | |
|-----------------------|----------------|-----------------------------|-----------------|-----------|
| For and on behalf of | NUSLI N. WADIA | Chairman | K. MAHINDRA | Directors |
| KALYANIWALLA & MISTRY | | | R. N. TATA | |
| Chartered Accountants | JEH N. WADIA | Managing Director | R.A. SHAH | |
| | | | S. S. KELKAR | |
| | DURGESH MEHTA | Jt. Managing Director & CFO | S. RAGOTHAMAN | |
| | | | A. K. HIRJEE | |
| VIRAF R.Mehta | J.C. BHAM | Company Secretary | S. M. PALIA | |
| Partner | | | MS. VINITA BALI | |
| | | | ISHAAT HUSSAIN | |
| | | | NESS N. WADIA | |

Mumbai, 28th May, 2012

Mumbai, 28th May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, on an accrual basis, in accordance with Generally Accepted Accounting Principles in India and are in accordance with the requirements of the Companies Act, 1956 and comply with the Accounting Standards.

(b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets, liabilities and contingent liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

(c) Revenue recognition

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

(d) Revenue from real estate activity

Revenue from real estate is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration.

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 / office premises, which are under construction, is being accounted on the percentage of completion method.

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 cost incurred as against the total cost of project (including land). Revenue is recognised if the cost incurred is in excess of 25% of the total estimated cost. The estimates of saleable area and cost of construction 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 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. Unbilled costs are carried as real estate work in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project / activity and the foreseeable losses to completion.

(e) 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 construction period.

(f) Depreciation

Depreciation on fixed assets other than furniture and motor vehicles is provided under the straight line method in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher. Depreciation on furniture and motor vehicles is provided on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956. Useful lives as estimated by the management are as under:

- (i) Assets of retail shops including leasehold improvement – 6 years
- (ii) Movable site offices – 10 years
- (iii) Computer software – 5 years
- (iv) Technical know-how – 10 years
- (v) Lease hold land – lease period namely 95 years

The Textile processing plant at Ranjangaon has been treated as a Continuous process plant based on technical assessment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Impairment

The carrying amounts of the Company's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognised in the Statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior accounting periods.

(h) 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.

(i) 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 and the resultant decline if any is charged to revenue.

(j) 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, cloth, yarn, purified terephthalic acid, mono ethylene glycol, dyes & chemicals and other materials on a weighted average method.

(c) Work-in-process and finished goods

Textile division-

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 fair 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 by a combination of specific identification plus weighted average method.

PSF division-

Material cost included in the valuation are determined on the basis of the weighted average rate and cost of conversion and other costs are determined on the basis of average cost of conversion of the last month.

(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 Statement of Profit and Loss proportionate to area sold and at the time when corresponding revenue is recognised.

(k) Foreign currency transactions

(i) Transactions in foreign currency are recorded at exchange rates on the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are translated at closing rates. The difference in translation of all monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- (ii) Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Statement of Profit and Loss. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.
- (iii) The company used forward foreign exchange contract to hedge its exposure against movements in foreign exchange rates.

(l) Accounting for Derivatives

The Company enters into derivative financial instruments to hedge foreign currency risk of firm commitments and highly probable forecast transactions. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The carrying amount of a derivative designated as a hedge is presented as a current asset or liability. The company does not enter into any derivatives for trading purposes.

Cash Flow Hedge

Forward exchange contracts entered into to hedge foreign currency risks of firm commitments or highly probable forecast transactions, that qualify as cash flow hedges are recorded in accordance with the principles of hedge accounting enunciated in Accounting Standard (AS) 30 – Financial Instruments Recognition and Measurement. The gains or losses on designated hedging instruments that qualify as effective hedges is recorded in the Hedging Reserve account and is recognised in the Statement of Profit and Loss in the same period or periods during which the hedged transaction affects profit or loss.

Gains or losses on the ineffective hedge transactions are immediately recognised in the Statement of Profit and Loss. When a forecasted transaction is no longer expected to occur the gains and losses that were previously recognised in the Hedging Reserve are transferred to the Statement of Profit and Loss immediately.

(m) Employees benefits

(i) Short term employee benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss as incurred.

(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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

(n) Taxation

Tax expense comprises current and deferred tax. Current tax is measured at the amount expected to be paid 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.

(o) Provisions and Contingent Liabilities

A provision is recognised when the 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.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

(p) 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 Statement of Profit and Loss on a straight-line basis over the lease term.

(q) Government Grants

Grants in the nature of subsidies related to revenue are recognised in the Statement of Profit and Loss over the period in which the corresponding costs are incurred and are recorded on accrual basis.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits with banks and short term highly liquid investments, which are readily convertible into cash and have original maturities of three months or less.

(₹ in crores)

2. SHARE CAPITAL

AUTHORISED

5,00,00,000 (2010-2011: 5,00,00,000) shares of ₹ 10 each

ISSUED, SUBSCRIBED AND PAID-UP

4,13,06,980 (2010-2011 : 4,05,46,980) Equity shares of ₹ 10 each fully paid-up

4,13,06,980

4,13,06,980

| As at 31st March, 2012 | As at 31st March, 2011 |
|---------------------------|---------------------------|
| 50.00 | 50.00 |
| 41.31 | 40.54 |
| <u>41.31</u> | <u>40.54</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

2. SHARE CAPITAL (CONTD.)

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

| | 31-03-2012 | | 31-03-2011 | |
|---|-------------------|--------------|-------------------|--------------|
| | Numbers | ₹ in crores | Numbers | ₹ in crores |
| At the beginning of the period | 40,546,980 | 40.55 | 38,616,980 | 38.61 |
| Add: Shares issued on exercise of warrants to promoters | 760,000 | 0.76 | 1,930,000 | 1.93 |
| Outstanding at the end of the period | 41,306,980 | 41.31 | 40,546,980 | 40.54 |

(b) Rights, preferences and restrictions attached to Equity shares

The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% shares in the company

| | 31-03-2012 | | 31-03-2011 | |
|---|-------------------|--------------|-------------------|--------------|
| | Numbers | % holding | Numbers | % holding |
| The Bombay Burmah Trading Corporation Limited | 5,928,875 | 14.35 | 5,928,875 | 14.62 |
| N.W.Exports Limited | 5,554,310 | 13.45 | - | - |
| Perman Projects Supports Limited | - | - | 3,995,771 | 9.85 |
| Jehreen Investments Limited | 2,547,945 | 6.17 | - | - |
| Reliance Capital Trustee Co.Limited | 2,343,957 | 5.67 | 2,202,957 | 5.43 |
| Life Insurance Corporation of India | - | - | 2,155,281 | 5.32 |
| Ben Nevis Investment Limited | - | - | 2,056,758 | 5.07 |
| | 16,375,087 | 39.64 | 16,339,642 | 40.29 |

(d) Shares held in Abeyance

Under orders from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992, - the allotment against 928 (2010-11- 928) warrants carrying rights of conversion into equity shares of the Company has been kept in abeyance in accordance with section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner is certified by the concerned Stock Exchanges.

(e) Shares allotted on exercise of warrants

The Company had on 21st July, 2010 allotted 39,57,000 warrants on preferential basis to a Company in the promoter group. In accordance with the terms of issue, 19,30,000 warrants were subscribed for conversion in March 2011, and equivalent equity shares issued. Further, 20,27,000 warrants were exercisable with option to subscribe to equivalent number of equity shares of ₹ 10 each, on or after 1st April, 2011 but not later than 18 months from the date of issue of the warrants, in terms of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the Regulations").

In January, 2012, 7,60,000 warrants were exercised for conversion into equity shares as per the terms of the allotment of the warrants and 7,60,000 equity shares were allotted on 30th January, 2012 to the promoter group company. The balance 12,67,000 warrants lapsed due to non-exercise of the conversion into equity shares and the amount aggregating ₹ 16.71 crores was forfeited in terms of the SEBI(DIP) Guidelines and conditions attached to the warrants. The forfeited amount of ₹16.71 crores has been credited to Capital Reserve.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in crores)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---------------------------|---------------------------|
| 3. RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| As per last balance sheet | 11.89 | 11.89 |
| Add : Amount forfeited on warrants not exercised | 16.71 | - |
| | <u>28.60</u> | <u>11.89</u> |
| Capital Redemption Reserve | | |
| As per last balance sheet | 2.55 | 2.55 |
| Securities Premium Account | | |
| As per last balance sheet | 102.01 | 2.07 |
| Add: Premium on issue of shares on conversion of warrants | 39.36 | 99.94 |
| | <u>141.37</u> | <u>102.01</u> |
| Revaluation Reserve [Refer Note 1 (d)] | | |
| As per last balance sheet | 778.83 | - |
| Add: Created during the year on conversion of a part of the freehold land from fixed assets into stock-in-trade | 764.30 | 853.96 |
| Less: Released to statement of profit and loss in proportion of revenue recognised on entering into agreements for sale | (165.27) | (75.13) |
| | <u>1,377.86</u> | <u>778.83</u> |
| Investment Reserve | | |
| As per last balance sheet | 1.31 | 1.31 |
| Hedging Reserve Account | | |
| As per last balance sheet | 0.01 | (5.48) |
| Add / (Less): Fair value gain / (loss) on derivative contracts designated as cash flow hedges | (0.24) | 5.49 |
| | <u>(0.23)</u> | <u>0.01</u> |
| General Reserve | | |
| As per last balance sheet | 139.88 | 137.74 |
| Add: Transferred from statement of profit and loss | 5.93 | 2.14 |
| | <u>145.81</u> | <u>139.88</u> |
| Surplus in statement of profit and loss | | |
| Balance as per last balance sheet | 24.42 | 21.66 |
| Add: Profit for the year | 59.35 | 21.39 |
| | <u>83.77</u> | <u>43.05</u> |
| Less: Appropriations | | |
| Proposed dividend | 20.66 | 14.19 |
| Dividend distribution tax | 3.36 | 2.30 |
| Transferred to General Reserve | 5.93 | 2.14 |
| | <u>29.95</u> | <u>18.63</u> |
| Net surplus in the statement of profit and loss | <u>53.82</u> | <u>24.42</u> |
| | <u>1,751.09</u> | <u>1,060.90</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| 4. LONG-TERM BORROWINGS | (₹ in crores) | |
|-------------------------|---------------------------|---------------------------|
| | As at 31st March, 2012 | As at 31st March, 2011 |
| Secured | | |
| Term Loans | | |
| - from banks | 395.14 | 430.61 |
| - from others | 80.00 | - |
| | 475.14 | 430.61 |
| Unsecured | | |
| Fixed Deposits | 32.92 | 67.25 |
| | 508.06 | 497.86 |

a) Nature of Security and terms of repayment of secured borrowing:

- i) Term Loans aggregating ₹ 111.92 crores (2010-2011 ₹ 250.02 crores) are secured by first pari passu charge on the Company's existing as well as future fixed assets at Textile Processing Unit at Ranjangaon and the Polyester Division at Patalganga other than fixed assets charged exclusively to term lenders. Repayable in quarterly instalments over a period of 2 to 7 years.
- ii) Term loan amounting to ₹ 13.00 crores (2010-2011 ₹ 26.00 crores) is secured by first pari passu charge on the Company's existing as well as future assets of Polyester Division at Patalganga [excluding assets on lease basis, vehicles, furnitures and fixed assets charged exclusively to term lenders]. Repayable in one year.
- iii) Term loan amounting to ₹ 16.69 crores (2010-2011 ₹ 23.35 crores) is secured by first pari passu charge on the fixed assets of the Company at Polyester Division at Patalganga. Repayable in half yearly instalments over 3 years.
- iv) Term loans aggregating ₹ 375.00 crores (2010-2011 ₹ 125.00 crores) is secured by first pari passu charge over part of the land of the Company at Textile Mills at Mumbai admeasuring upto 89,941.07 square metres and plant and machinery, buildings and structures thereon. Repayable in quarterly instalments over a period of 1 to 3 years.
- v) Term loan of ₹ 125.00 crores (2010-2011 ₹ 250.00 crores) is secured by first pari passu charge over part of the land of the Company at Spring Mills at Mumbai admeasuring 46,442.13 square metres and buildings and structures thereon. Repayable in one year.
- vi) Term loan amounting to ₹150.00 crores (2010-2011 Nil) is to be secured by first pari passu charge on Company's plant & machinery at Textile Processing unit at Ranjangaon and the Polyester Division at Patalganga. Repayable in annual instalments over 3 years.
- vii) Term loan amounting to ₹100.00 crores (2010-2011 ₹ Nil) is to be secured by first pari passu charge over part of the land of the Company at Textile Mills at Mumbai. Repayable in quarterly instalments over 3 years.
- viii) Term Loans aggregating ₹NIL (2010-2011 ₹161.05 crores) were secured by first pari passu charge over part of the land of the Company at Mumbai admeasuring 30,006.90 square metres and buildings and structures thereon.
- ix) Term Loan amounting to ₹NIL (2010-2011 ₹0.19 crores) was secured by exclusive charge on the specific fixed assets of the Company at Textile Processing Unit at Ranjangaon.

b) Terms of repayment of unsecured borrowing:

Fixed Deposits from shareholders and public are repayable from January to March 2015.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in crores)

5. OTHER LONG-TERM LIABILITIES

Deposits
Other Liabilities

| As at 31st March,2012 | As at 31st March,2011 |
|--------------------------|--------------------------|
| 0.50 | 0.28 |
| 0.73 | 0.89 |
| 1.23 | 1.17 |

(₹ in crores)

6. LONG TERM PROVISIONS

Provision for employee benefits
Provision for compensated absences

| As at 31st March,2012 | As at 31st March,2011 |
|--------------------------|--------------------------|
| 2.99 | 3.89 |
| 2.99 | 3.89 |

(₹ in crores)

7. SHORT-TERM BORROWINGS**Secured**

- Working capital loans from banks
[includes ₹ 15.96 crores (2010-11 ₹ 0.50 crores) in foreign currencies]
Buyer's Credit in Foreign currency

- Short term loan from bank

Unsecured

Bills discounted

| As at 31st March,2012 | As at 31st March,2011 |
|--------------------------|--------------------------|
| 92.66 | 123.11 |
| 192.94 | 91.24 |
| - | 100.00 |
| 22.98 | 10.09 |
| 308.58 | 324.44 |

a) Nature of Security for Short term borrowings

- (i) Working Capital loans of ₹ 92.66 crores (2010-2011 ₹ 123.11 crores) and Buyer's Credit amounting to ₹ 192.94 crores (2010-11 ₹ 91.24 crores) from banks under consortium arrangement is secured by hypothecation of present and future stocks, book debts and other current assets on pari passu basis and a second charge over part of the land of the Company at Textile Mills at Mumbai admeasuring 89,819.85 square metres and plant and machinery and buildings thereon on pari passu basis.
- (ii) Buyer's Credit aggregating ₹ 49.82 crores (2010-11 - ₹ Nil) is secured by first pari passu charge on land of the Company at Spring Mills at Mumbai admeasuring 46,442.13 square metres and aggregating ₹ 23.55 crores (2010-11 ₹ Nil) is secured by first pari passu charge on land of the Company at Spring Mills at Mumbai admeasuring 30,006.90 square metres and buildings and erections thereon.
- (iii) Short term loan from bank amounting to ₹ Nil (2010-11 ₹ 100 crores) was secured by first pari passu charge over part of the land of the Company at Textile Mills at Mumbai admeasuring 89,819.85 square metres and Plant & Machinery and buildings and structures thereon.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| 8. TRADE PAYABLES | (₹ in crores) | |
|-------------------------------------|--------------------------|--------------------------|
| | As at 31st March,2012 | As at 31st March,2011 |
| Acceptances | 101.83 | - |
| Dues to Micro and Small Enterprises | - | - |
| Other Creditors | 236.23 | 188.58 |
| | 338.06 | 188.58 |

a) 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.

| 9. OTHER CURRENT LIABILITIES | (₹ in crores) | |
|---|--------------------------|--------------------------|
| | As at 31st March,2012 | As at 31st March,2011 |
| Current maturities of long-term borrowings [Refer Note 4 (a)] | 483.41 | 418.57 |
| Interest accrued but not due on borrowings | 7.75 | 4.98 |
| Unclaimed matured deposits | 2.87 | - |
| Unpaid dividends | 0.84 | 0.85 |
| Advances from customers | 42.89 | 21.63 |
| Deposits | 14.10 | 12.73 |
| Statutory dues including service tax and tax deducted at source | 19.60 | 15.58 |
| Creditors for capital expenditure | 1.17 | 1.87 |
| Employees benefits payable | 3.92 | 3.30 |
| Other payables | 31.26 | 30.60 |
| | 607.81 | 510.11 |

| 10. SHORT TERM PROVISIONS | (₹ in crores) | |
|---|--------------------------|--------------------------|
| | As at 31st March,2012 | As at 31st March,2011 |
| Provision for employee benefits | | |
| Provision for compensated absences | 1.56 | 0.60 |
| Provision for gratuity | 2.33 | 2.06 |
| Provision for superannuation | - | 0.29 |
| | 3.89 | 2.95 |
| Other provisions | | |
| Provision for litigation and disputes | 1.35 | 1.78 |
| Provision for mark-to-market losses on foreign exchange forward contracts / derivatives | - | 0.19 |
| Proposed dividend | 20.66 | 14.19 |
| Provision for tax on proposed dividend | 3.36 | 2.30 |
| | 25.37 | 18.46 |
| | 29.26 | 21.41 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

11. TANGIBLE ASSETS

(₹ in crores)

| Description | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------------------|-------------------------------------|---------------------------|----------------------------|-------------------------------------|------------------|--------------|----------------------------|-----------------|------------------|------------------|
| | Cost or book value as at 01-04-2011 | Additions during the Year | Deductions during the Year | Cost or book value as at 31-03-2012 | Up to 01-04-2011 | For the year | Deductions during the year | Upto 31-03-2012 | As at 31-03-2012 | As at 31.03.2011 |
| Land | | | | | | | | | | |
| Freehold | 11.86 | 81.97 | 0.08 | 93.75 | - | - | - | - | 93.75 | 11.86 |
| Leasehold | 19.02 | - | - | 19.02 | 0.98 | 0.19 | - | 1.17 | 17.85 | 18.04 |
| Building* | 137.08 | 5.58 | 4.24 | 138.42 | 22.73 | 3.51 | 1.58 | 24.66 | 113.76 | 114.35 |
| Office Equipments | 7.16 | 0.27 | 0.03 | 7.40 | 2.50 | 0.35 | 0.01 | 2.84 | 4.56 | 4.66 |
| Plant & Machinery | 968.66 | 5.36 | 3.55 | 970.47 | 245.68 | 50.89 | 3.20 | 293.37 | 677.10 | 722.98 |
| Furniture & Fixture | 34.88 | 2.59 | 0.42 | 37.05 | 14.59 | 4.70 | 0.25 | 19.04 | 18.01 | 20.29 |
| Motor Vehicles | 1.49 | 0.12 | - | 1.61 | 1.23 | 0.08 | - | 1.31 | 0.30 | 0.26 |
| Total | 1,180.15 | 95.89 | 8.32 | 1,267.72 | 287.71 | 59.72 | 5.04 | 342.39 | 925.33 | 892.44 |
| As at 31.03.2011 | 1,173.81 | 15.38 | 9.04 | 1,180.15 | 227.71 | 60.53 | 0.53 | 287.71 | | 892.44 |

- a) *The company has given commercial premises on operating lease which form part of its premises at Neville House, Ballard Estate and C-1 Wadia International Centre, Worli. Since only a portion of the buildings are given on lease, the gross carrying amount and accumulated depreciation of the premises given on lease is not separately available.
- b) Borrowing cost capitalized during the year as incidental expenditure relating to construction/development is NIL (2010-11 is ₹1.04 crores).

12. INTANGIBLE ASSETS

(₹ in crores)

| Description | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------|-------------------------------------|---------------------------|----------------------------|-------------------------------------|-----------------|--------------|----------------------------|-----------------|------------------|------------------|
| | Cost or book value as at 01-04-2011 | Additions during the Year | Deductions during the Year | Cost or book value as at 31-03-2012 | Upto 01-04-2011 | For the year | Deductions during the year | Upto 31-03-2012 | As at 31-03-2012 | As at 31.03.2011 |
| Technical Know How | 4.22 | - | - | 4.22 | 1.48 | 0.42 | - | 1.90 | 2.32 | 2.74 |
| Software | 5.77 | 0.87 | - | 6.64 | 3.62 | 1.25 | - | 4.87 | 1.77 | 2.15 |
| Total | 9.99 | 0.87 | - | 10.86 | 5.10 | 1.67 | - | 6.77 | 4.09 | 4.89 |
| As at 31.03.2011 | 9.63 | 0.48 | 0.12 | 9.99 | 3.55 | 1.55 | - | 5.10 | | 4.89 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

13. NON-CURRENT INVESTMENTS

TRADE INVESTMENTS (Valued at Cost)

(Unquoted, fully paid-up)

Equity Shares

Investment in associates

20,000 Equity shares of ₹ 10 each in Bombay Dyeing Real Estate Company Limited (formerly known as White Horse Real Estate Private Limited).

1,900 Equity shares of ₹ 10 each in BDS Urban Infrastructure Pvt.Ltd. a wholly owned subsidiary from 29.07.2010 to 10.03.2011.

Investment in joint ventures

- Equity shares of ₹ 10 each in Proline India Ltd.

2,217 Series A shares of U.S. \$ 1,000 each in PT. Five Star Textile Indonesia

OTHER INVESTMENTS (Valued at Cost)

(Unquoted, fully paid-up)

Equity Shares

Investment in associates

2,15,600 Equity shares of ₹ 100 each in Archway Investment Co. Ltd.

88,200 Equity shares of ₹ 100 each in Pentafil Textile Dealers Ltd.

30,400 Equity shares of ₹ 100 each in Scal Services Ltd.

100 Shares of ₹ 25 each in Roha Industries Association's Co-operative Consumers Society Ltd. ₹ 2500/- (2010-11 ₹ 2500/-)

Debentures

Investment in associates

47,65,000 Zero-Interest Unsecured Fully Convertible Debentures - A Series of ₹ 100 each in Archway Investment Co. Ltd.

3,35,000 Fully Convertible Unsecured (Interest Free) Debentures of ₹ 100 each in Archway Investment Co.Ltd.

Aggregate amount of Quoted Investment

Aggregate amount of Unquoted Investment

| | As at 31st March, 2012 | (₹ in crores) As at 31st March, 2011 |
|--|---------------------------|--|
| | 0.02 | 0.02 |
| | 0.01 | 0.01 |
| | - | 3.75 |
| | 1.59 | 1.59 |
| | 1.62 | 5.37 |
| | 2.16 | 2.16 |
| | 0.88 | 0.88 |
| | 0.30 | 0.78 |
| | - | - |
| | 47.65 | 47.65 |
| | 3.35 | 3.35 |
| | 54.34 | 54.82 |
| | 55.96 | 60.19 |
| | - | - |
| | 55.96 | 60.19 |
| | 55.96 | 60.19 |

14. LONG-TERM LOANS AND ADVANCES

Unsecured, Considered good (unless otherwise stated)

Capital advances

Security deposit

Loans and advances to related parties

Advances recoverable in cash of kind or for value to be received

Considered good

Considered doubtful

Less : Provision for doubtful advances

Prepaid expenses

Loans to employees

Balances with statutory/government authorities

| | As at 31st March, 2012 | (₹ in crores) As at 31st March, 2011 |
|--|---------------------------|--|
| | 5.28 | 9.02 |
| | 4.93 | 10.15 |
| | 33.87 | 34.11 |
| | 6.20 | 8.04 |
| | 1.28 | 1.18 |
| | (1.28) | (0.96) |
| | 6.20 | 8.26 |
| | 4.47 | 4.34 |
| | 0.31 | 0.44 |
| | 1.39 | 1.97 |
| | 56.45 | 68.29 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

14. LONG-TERM LOANS AND ADVANCES (CONTD.)

- a) Deposit of ₹ 15.22 crores (2010-2011 ₹ 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 which was earlier repayable by 2010 is now repayable by PTFS after repayment of its other borrowings or by the year 2015, whichever is earlier, as permitted by Reserve Bank of India.
- b) Loans and advances to related parties also includes ₹ 15.65 crores (2010-11 ₹ 15.89 crores) recoverable from PTFS on account of royalty and expenses incurred on their behalf. The Company has stopped accrual of royalty and other expenses in the account since April, 2009. The management is considering various options including the restructuring of the operations of PTFS, for recovery of the same.

- c) Loans and advances to related parties pertain to :

| | | |
|---|--------------|--------------|
| P.T.Five Star Textile Indonesia | 30.87 | 31.11 |
| The Bombay Burmah Trading Corporation Limited | 3.00 | 3.00 |
| | 33.87 | 34.11 |

(₹ in crores)

15. INVENTORIES

(Valued at lower of cost and net realisable value)

| | | |
|--|--------|-------|
| Raw materials [includes in transit ₹ 32.99 crores (2010-11 ₹ Nil)] | 78.80 | 80.28 |
| Work-in-progress | 13.80 | 24.89 |
| Finished goods [includes in transit ₹ 7.15 crores (2010-11 ₹ 7.08 crores)] | 143.32 | 89.83 |
| Traded goods | 12.36 | 11.63 |
| Stores, spares and catalysts | 15.93 | 14.55 |

Others

| | | |
|--|-----------------|-----------------|
| Office premises | 0.30 | 0.30 |
| Real estate development work-in-progress | 1,285.22 | 810.24 |
| | 1,549.73 | 1,031.72 |

(₹ in crores)

16. TRADE RECEIVABLES

Unsecured, considered good unless otherwise stated

Outstanding for a period exceeding six months from the date they are due for payment

| | | |
|--|--------|--------|
| Considered good | 1.92 | 2.60 |
| Considered doubtful | 8.32 | 8.90 |
| | 10.24 | 11.50 |
| Less: Provision for doubtful receivables | (8.32) | (8.90) |
| | 1.92 | 2.60 |

Other receivables

| | | |
|-----------------|---------------|---------------|
| Considered good | 135.67 | 117.25 |
| | 137.59 | 119.85 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| 17. CASH AND BANK BALANCES | (₹ in crores) | |
|--|--------------------------|--------------------------|
| | As at 31st March,2012 | As at 31st March,2011 |
| Cash and Cash Equivalents | | |
| Balances with banks in current accounts | 4.74 | 4.04 |
| Cheques on hand | 0.76 | - |
| Cash on hand | 0.18 | 0.08 |
| | <u>5.68</u> | <u>4.12</u> |
| Other bank balances | | |
| In unpaid dividend account | 0.84 | 0.85 |
| Bank deposits with maturity more than 3 months but less than 12 months | 26.80 | 16.05 |
| | <u>27.64</u> | <u>16.90</u> |
| | <u>33.32</u> | <u>21.02</u> |

- a) Balances with banks in deposit accounts includes fixed deposits aggregating to ₹13.28 crores (2010-2011 ₹ 16.05 crores) against which lien has been marked by the banks as security for guarantees issued on behalf of the Company. It also includes fixed deposits aggregating to ₹ 9.06 crores (2010 - 2011 ₹ Nil) placed out of the funds received as corpus fund and maintenance deposits from flat owners.

| 18. SHORT-TERM LOANS AND ADVANCES | (₹ in crores) | |
|--|--------------------------|--------------------------|
| | As at 31st March,2012 | As at 31st March,2011 |
| Unsecured, considered good, unless otherwise stated : | | |
| Security Deposit | 0.34 | 0.50 |
| Loans and advances to related parties | 14.76 | 5.95 |
| Advances recoverable in cash or kind or for value to be received | 139.27 | 166.66 |
| Advance income-tax (net of provision for taxation) | 26.20 | 26.04 |
| Prepaid expenses | 6.84 | 7.36 |
| Loans/ advances to employees | 0.70 | 0.70 |
| Balances with statutory/government authorities | 0.63 | 0.04 |
| | <u>188.74</u> | <u>207.25</u> |

- a) Advances recoverable in cash or in kind or for value to be received includes ₹ 0.71 crore on account of remuneration recoverable from Mr. M.K.Singh, Executive Director, whose services were terminated on 6th July, 2008 consequent to detection of irregular conduct. A suit has been filed by the company in the High Court of Judicature of Mumbai alleging fraudulent misconduct. The matter is pending before the Court.

- b) Loans and advances to related parties pertain to :

| | | |
|------------------------------------|--------------|-------------|
| Scal Services Limited | 8.09 | (2.92) |
| BDS Urban Infrastructure Pvt.Ltd. | - | 0.11 |
| Archway Investment Company Limited | 6.22 | 8.67 |
| Go Airlines (India) Limited | 0.45 | 0.09 |
| | <u>14.76</u> | <u>5.95</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| | (₹ in crores) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2012 | As at 31st March, 2011 |
| 19. OTHER CURRENT ASSETS | | |
| Unsecured, considered good | | |
| Interest accrued on deposits | 0.48 | 0.44 |
| Mark-to-market gains on foreign exchange forward contracts / derivatives | 12.14 | - |
| Unbilled revenue | 522.52 | 73.04 |
| | 535.14 | 73.48 |
| 20. REVENUE FROM OPERATIONS | | |
| | (₹ in crores) | |
| | 2011-12 | 2010-11 |
| Sale of products | | |
| Finished goods | 1,599.16 | 1,585.61 |
| Traded goods | 157.21 | 126.37 |
| Sale of Services | 551.58 | 213.26 |
| Other operating revenue | | |
| Lease Rentals | 21.98 | 20.45 |
| Scrap sales | 1.55 | 1.72 |
| Others | 16.58 | 14.48 |
| | 2,348.06 | 1,961.89 |
| Less : Excise duty | 117.25 | 102.65 |
| Revenue from operations (net) | 2,230.81 | 1,859.24 |
| Details of Products Sold | | |
| Finished and Traded goods sold | | |
| Polyester staple fibre | 1,333.09 | 1,322.50 |
| Cotton processed long length | 160.89 | 151.56 |
| Cotton made ups | 105.18 | 111.55 |
| Traded goods | 157.21 | 126.37 |
| | 1,756.37 | 1,711.98 |
| 21. OTHER INCOME | | |
| | (₹ in crores) | |
| | 2010-12 | 2010-11 |
| Interest income | | |
| On inter-corporate deposits | 3.05 | 0.64 |
| On income-tax refunds | - | 1.66 |
| On fixed deposits with banks | 1.59 | 0.76 |
| From dealers and others | 6.53 | 3.81 |
| Profit on sale of long term investments | 2.37 | 2.47 |
| Profit on sale of current investments | 0.47 | 0.77 |
| Subsidy under Package Incentive Scheme | 30.60 | 30.28 |
| Gain on foreign currency transactions (net) | - | 1.09 |
| Sundry balances / excess provisions written back | 2.57 | 4.75 |
| Other non-operating income | 7.37 | 5.99 |
| | 54.55 | 52.22 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| | (₹ in crores) | |
|--|-----------------|-----------------|
| | 2011-12 | 2010-11 |
| 22. COST OF RAW MATERIAL CONSUMED | | |
| Raw materials consumed | | |
| Inventory at the beginning of the year | 74.63 | 35.38 |
| Add : Purchases | 1,231.63 | 1,155.19 |
| Less: Inventory at the end of the year | (42.54) | (74.63) |
| | 1,263.72 | 1,115.94 |
| Details of raw material consumed | | |
| 1. Cotton | 2.80 | 0.78 |
| 2. Fibre | 0.20 | - |
| 3. Yarn | 25.40 | 52.66 |
| 4. Grey cloth | 117.54 | 111.27 |
| 5. Dyes and chemicals | 13.63 | 13.68 |
| 6. Purified Terephthalic Acid | 811.37 | 706.82 |
| 7. Mono Ethylene Glycol | 283.51 | 224.58 |
| 8. Others | 9.27 | 6.15 |
| | 1,263.72 | 1,115.94 |
| 23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| | | (₹ in crores) |
| | 2011-12 | 2010-11 |
| Inventories at the end of the year | | |
| Finished goods | 143.32 | 89.83 |
| Work-in-progress | 13.80 | 24.89 |
| Traded goods | 12.36 | 11.63 |
| Office Premises | 0.30 | 0.30 |
| Real Estate Development work-in-progress | 1,285.22 | 810.24 |
| | 1,455.00 | 936.89 |
| Inventories at the beginning of the year | | |
| Finished goods | 89.83 | 53.87 |
| Work-in-progress | 24.89 | 18.34 |
| Traded goods | 11.63 | 6.65 |
| Office Premises | 0.30 | 0.30 |
| Real Estate Development work-in-progress | 810.24 | 7.41 |
| | 936.89 | 86.57 |
| | (518.11) | (850.32) |
| 24. EMPLOYEE BENEFIT EXPENSES | | |
| | | (₹ in crores) |
| | 2011-12 | 2010-11 |
| Salaries, wages and bonus | 72.21 | 56.85 |
| Contribution to provident and other funds | 6.97 | 6.39 |
| Workmen and staff welfare expenses | 4.30 | 3.98 |
| | 83.48 | 67.22 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in crores)

2010-11

25. FINANCE COST**2011-12**

| | | |
|--|---------------|---------------|
| Interest on long term borrowing | 108.63 | 125.41 |
| Interest on working capital loans | 32.38 | 34.71 |
| Ancillary borrowing costs | 21.99 | 15.00 |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 17.57 | 4.04 |
| | 180.57 | 179.16 |

(₹ in crores)

2010-11

26. DEPRECIATION AND AMORTISATION EXPENSES**2011-12**

| | | |
|-----------------------------------|--------------|--------------|
| Depreciation on tangible assets | 59.73 | 60.53 |
| Depreciation on intangible assets | 1.66 | 1.55 |
| | 61.39 | 62.08 |

(₹ in crores)

2010-11

27. OTHER EXPENSES**2011-12****Manufacturing Expenses**

| | | |
|--|---------------|---------------|
| Stores, spare parts and catalysts | 40.02 | 46.04 |
| Oil and coal consumed | 59.93 | 46.72 |
| Electric energy (net of refund receivable on account of regulatory liability charges) | 40.86 | 39.51 |
| Water charges | 3.14 | 3.99 |
| Repairs: Buildings | 1.78 | 1.60 |
| Machinery | 3.82 | 4.13 |
| Others | 2.65 | 2.36 |
| Excise duty other than relating to sales | 5.86 | 3.50 |
| Job work / processing charges | 22.39 | 29.03 |
| | 180.45 | 176.88 |

Construction Expenses

| | | |
|---|--------|--------|
| Architect fees and technical and project related consultancy | 22.65 | 3.49 |
| Civil, Electrical, contracting etc.. | 56.19 | 68.28 |
| Payment to local agencies | 0.53 | - |
| Fees for cancellation of contracts,acquiring rights in real estate | - | 25.72 |
| Preliminaries and site expenses | 1.13 | 0.05 |
| Land cost on conversion of freehold land from fixed assets to stock in trade [(Refer Note 1 (d))] | 768.18 | 856.22 |
| Expenditure relating to construction/development transferred from capital work-in-progress in respect of commenced projects | 40.27 | 18.12 |
| Provision for estimated losses to completion | (0.72) | 2.56 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

27. OTHER EXPENSES (CONTD.)

(₹ in crores)

| | 2011-12 | 2010-11 |
|--|-----------------|-----------------|
| Release from revaluation reserve in proportion of revenue recognised on entering into an agreement of sale | (165.27) | (75.13) |
| Transfer to Capital work-in-progress | (4.73) | (2.22) |
| | <u>718.23</u> | <u>897.09</u> |
| Selling and Distribution Expenses | | |
| Brokerage, commission and indenting charges on sales | 7.78 | 36.32 |
| Discount on sales | 5.55 | 5.47 |
| Freight and forwarding | 19.38 | 23.80 |
| Advertisement expense | 27.96 | 12.28 |
| | <u>60.67</u> | <u>77.87</u> |
| Establishment Expenses | | |
| Rent | 8.62 | 13.32 |
| Rates and taxes | 2.98 | 3.63 |
| Insurance | 1.62 | 1.33 |
| Sundry balances written off | 2.66 | 0.07 |
| Provision for doubtful advances/debts | - | 0.82 |
| Legal and Professional Fees | 9.12 | 7.22 |
| Other expenses | 33.29 | 31.88 |
| | <u>58.29</u> | <u>58.27</u> |
| Loss on foreign currency transactions (net) | 2.91 | 3.64 |
| Loss on fixed assets scrapped / sold (net) | 0.77 | 0.70 |
| | <u>1,021.32</u> | <u>1,214.45</u> |
| Payment to auditor | | |
| As an auditor : | | |
| Audit Fee | 0.42 | 0.35 |
| Limited Review | 0.30 | 0.24 |
| In other capacity: | | |
| Certification fees | 0.03 | - |
| Reimbursement of expenses | 0.01 | 0.01 |
| | <u>0.76</u> | <u>0.60</u> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in crores)

| | 2011-12 | 2010-11 |
|--|---------|---------|
| 28. Contingent Liabilities | | |
| A. Claims against the company not acknowledged as debt. | | |
| (a) Income-tax matters in respect of earlier years under dispute (including interest of ₹ 5.85 crores) [31.03.2011. ₹5.86 crores] as follows: | | |
| (i) Decided in Company's favour by appellate authorities and department in further appeal | 5.11 | 5.11 |
| (ii) Pending in appeal - matters decided against the Company | 28.57 | 36.07 |
| (b) Sales Tax, Service Tax and Excise Duties | 1.86 | 14.12 |
| (c) Customs duty | 0.25 | 0.25 |
| (d) Others (Claims against the Company not acknowledged as debts) (with interest thereon) | 36.42 | 6.99 |
| In respect of items (a) to (d) above, future cash outflows, if any in respect of contingent liabilities are determinable only on receipt of judgments pending at various forums/ authorities. | | |
| B. Counter indemnity for an amount of ₹ 113.47 crores (31.3.2011 ₹96.22 crores) issued in favour of banks which in turn have guaranteed loans granted by other banks abroad to PT Five Star Textile, Indonesia, (PTFS), a joint venture company as under:- | | |
| (i) ₹ 84.08 crores (31.03.2011 ₹ 84.16 crores) in favour of IDBI Bank Limited against guarantees issued to Punjab National Bank International London for loans granted to PTFS secured by first pari passu charge over part of the land of the Company at Spring Mills at Mumbai admeasuring 46,442.13 square metres and buildings and structures thereon. | | |
| (ii) ₹ 12.00 crores (31.03.2011 ₹ 12.06 crores) in favour of IDBI Bank Limited against guarantees issued to Punjab National Bank International London for loans granted to PTFS secured by fixed deposit of ₹ 12.51 crores earmarked in favour of IDBI Bank Limited. | | |
| (iii) ₹ 17.39 crores (31.03.2011 ₹ Nil) in favour of Bank of Bahrain & Kuwait, Bahrain for loans granted to PTFS secured by first pari passu charge over part of the land of the Company at Textile Mills at Mumbai admeasuring 89,819.85 square metres and plant & machinery, buildings and structures thereon. | | |
| The Company has a pari passu charge on PTFS's assets, which would cover the aforesaid indemnity amount. | | |
| C. Other money for which the company is contingently liable | | |
| Bills discounted | 37.94 | 41.44 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| | (₹ in crores) | |
|--|---------------|---------|
| | 2011-12 | 2010-11 |
| 29. Capital & other commitments | | |
| (i) Estimated amount of contracts to be executed on capital account and not provided for: | 33.34 | 7.72 |
| (ii) Other Commitments not provided for related to construction under development | 25.82 | 4.44 |
| (iii) In accordance with the EPCG Scheme, the company had during 2006-07 and 2007-08 imported capital goods duty free, subject to condition that the Company will fulfill, in future, a specified amount of export obligation within eight years. Amount of duty saved on import of the above goods aggregate ₹29.78 crores (31.03.2011 ₹ 29.78 crores) against which export obligation of ₹399.95 crores (31.03.2011 ₹ 399.95 crores) needs to be fulfilled. Of the same, export obligation amounting to ₹ 324.53 crores (31.03.2011 ₹ 290.33 crores) has been fulfilled and the balance export obligation amounting to ₹ 75.42 crores (31.03.2011 ₹ 109.62 crores) yet to be fulfilled by the year 2014. | | |
| (iv) Export obligation under Advance License Scheme ₹ 1.29 crores (31.03.2011 ₹ 2.81 crores) and duty saved thereon | 0.25 | 0.71 |
| 30. 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 20 th April, 2001, the assets, liabilities and reserves of SIL had been transferred to and vested in the Company with effect from 1 st October, 2000. The Company is taking necessary steps for securing transfer of some of the assets and liabilities in the name of the Company. | | |
| 31. The Company has during the year ended March 31, 2012 converted a part of the freehold land under real estate development from Fixed Assets to Stock in trade at market value and the difference between the market value and cost amounting to ₹ 764.30 crores (2010-11 ₹ 853.96 crores) has been credited to Revaluation Reserve. An amount of ₹ 165.27 crores (2010-11 ₹ 70.57 crores) has been released from revaluation reserve to Statement of Profit and Loss in proportion of revenue recognised on the area sold in accordance with the accounting policy. | | |
| 32. The Company has with effect from April 1, 2011 changed the accounting policy for recognition of revenue from Real Estate activity. Up to the previous year, revenue arising from sale of undivided interest in the underlying freehold land relating to flats / office premises under construction was accounted when the agreement for sale of such flats / office premises was entered into and the revenue from construction activity in relation to the areas sold was recognised on the percentage of completion method. Effective April 1, 2011 entire revenue from real estate activity is recognised on the percentage of completion method. Had the Company continued to follow the earlier accounting policy, revenue from real estate activity and construction costs would have been lower by ₹ 146.22 crores and ₹13.92 crores respectively, the release from Revaluation Reserve would have been higher by ₹ 205.81 crores and the net profit before tax would have been higher by ₹ 73.51 crores. | | |
| 33. The Company has pursuant to a Memorandum of Understanding entered into during the year with SCAL Services Ltd., an associate company, agreed to sell certain apartments in the proposed residential towers being constructed at Island City Centre for a consideration of ₹ 743.83 crores. The company has recognised net revenue of ₹ 341.32 crores from the said transaction, including an amount of ₹ 103.67 crores released from Revaluation Reserve. | | |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| | | (₹ in crores) | |
|-----|--|---------------|---------------|
| | | 2011-12 | 2010-11 |
| 34. | Prior period expenses included under "Other Expenses". | | |
| | Raw material/other expenses short accounted | 4.16 | - |
| | Interest liability not accounted | 2.49 | - |
| | Excess provision for freight charges | (1.97) | - |
| | Export incentives short accounted | (1.71) | - |
| | | 2.97 | - |
| 35. | Employee Benefits | | |
| A. | Defined Contribution Plan | | |
| | The Company has recognised the following amounts in the statement of profit and loss under contribution to provident and other funds as under: | | (₹ in crores) |
| | | 2011-12 | 2010-11 |
| | Employer's contribution to Provident Fund | 2.99 | 2.86 |
| | Employer's contribution to Family Pension Fund | 0.43 | 0.45 |
| | Employer's contribution to Superannuation Fund | 0.72 | 0.47 |
| B. | Defined Benefit Plan | | |
| | Gratuity - as per actuarial valuation as on 31st March, 2012 | | (₹ in crores) |
| | | 2011-12 | 2010-11 |
| i. | Reconciliation of opening and closing balances of Defined Benefit Obligation | | |
| | Present value of Defined Benefit Obligation as at 31 st March, 2011 | 13.75 | 12.29 |
| | Interest cost | 1.11 | 1.01 |
| | Current Service Cost | 0.54 | 0.63 |
| | Benefits paid | (1.62) | (1.34) |
| | Net Actuarial gain / (loss) | 1.55 | 1.16 |
| | Present value of Defined Benefit Obligation as at 31 st March, 2012 | 15.33 | 13.75 |
| ii. | Reconciliation of fair value of Plan Assets | | |
| | Fair value of Plan Assets as at 31st March, 2011 | 12.99 | 10.59 |
| | Expected return on Plan Assets | 1.16 | 1.04 |
| | Net Actuarial gain / (loss) | (0.37) | (0.34) |
| | Employer's Contribution | 2.35 | 3.04 |
| | Benefits Paid | (1.62) | (1.34) |
| | Fair value of Plan Assets as at 31 st March, 2012 | 14.51 | 12.99 |
| | The Company expects to contribute in 2012-2013 | 2.14 | 1.83 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

35. Employee Benefits (Contd.)

| | (₹ in crores) | |
|--|---------------|---------------|
| | 2011-12 | 2010-11 |
| The major categories of Plan Assets as a percentage of the fair value of total Plan Assets are as follows: | | |
| Corporate Bonds | 24.42 | 63.02 |
| Banks | 2.57 | 4.27 |
| Insurance Funds | 73.01 | 32.71 |
| | <u>100.00</u> | <u>100.00</u> |
| iii. Net assets / (liabilities) recognised in the Balance Sheet as at 31 st March, 2012 | | |
| Present value of Defined Benefit Obligation | (15.33) | (13.75) |
| Fair value of Plan Assets | 14.51 | 12.99 |
| Net Assets / (liability) recognised in Balance Sheet | <u>(0.82)</u> | <u>(0.76)</u> |
| iv. Components of Employer's Expenses | | |
| Current Service Cost | 0.54 | 0.63 |
| Interest Cost | 1.11 | 1.01 |
| Expected return on Plan Assets | (1.16) | (1.04) |
| Net Actuarial (gain) / loss | 1.92 | 1.49 |
| Total expenses recognised in the statement of profit and loss under contribution to Gratuity Fund | <u>2.41</u> | <u>2.09</u> |
| Actual return on Plan Assets | 0.70 | 0.70 |
| v. Actuarial Assumptions | LIC (1994-96) | LIC (1994-96) |
| Mortality Table | Ultimate) | Ultimate) |
| Discount Rate (per annum) | 8.50% | 8.25% |
| Expected rate of return on Plan Assets | 8.60% | 8.00% |
| Salary escalation | 7.50% | 6.50% |
| vi. Amount recognised in current year and previous years | | |

| | (₹ in crores) | | | | |
|---|---------------|---------|---------|---------|---------|
| | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| 1. Present Value of Defined Benefit Obligation as at 31st March | 15.33 | 13.75 | 12.29 | 11.97 | 10.38 |
| 2. Fair Value of Plan Assets as at 31 st March | 14.51 | 12.99 | 10.58 | 11.23 | 9.63 |
| 3. Funded status [Surplus / (Deficit)] | (0.82) | (0.76) | (1.71) | (0.74) | (0.75) |
| 4. Experience adjustment on Plan Liabilities [(Gain) / Loss] | 0.74 | (0.15) | 1.61 | 0.37 | - |
| 5. Experience adjustment on Plan Assets [(Loss) / Gain] | (0.37) | (0.34) | (0.23) | (0.05) | - |
| vii 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. | | | | | |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

35. Employee Benefits (Contd.)

- 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.

viii The above information is certified by the actuary.

C. Other long term benefits-

Amount recognised as a liability in respect of compensated leave absences is ₹ 4.61 crores [2010-11- ₹ 4.49 crores]

36. Deferred taxes

| Nature of timing difference | (₹ in crores) | | |
|---|---|------------------------------------|--|
| | Deferred tax (liability)/asset as at 1st April, 2011 | Credit/(charge) for the year | Deferred tax (liability)/asset as at 31st March, 2012 |
| Deferred tax liabilities | | | |
| - Depreciation | (126.78) | (1.55) | (128.33) |
| | <u>(126.78)</u> | <u>(1.55)</u> | <u>(128.33)</u> |
| Deferred tax assets | | | |
| - Item covered under section 43B | 1.46 | 0.04 | 1.50 |
| - 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 | 125.32 | 1.51 | 126.83 |
| | <u>126.78</u> | <u>1.55</u> | <u>128.33</u> |
| Net | <u>(-)</u> | <u>(-)</u> | <u>(-)</u> |

37. Foreign Currency Transactions

Exchange differences recognised in Statement of Profit and Loss include gain on cancellation of forward exchange contracts ₹1.61 crores (2010-11 loss ₹3.84 crores)

38. Derivative Instruments & unhedged foreign currency exposure

- (i) The following are the outstanding forward foreign exchange contracts entered into by the Company as on 31st March, 2012 for hedging the currency risk:

| Particulars | Purpose | Amount in foreign currency | |
|--------------------------------|---|----------------------------|----------------|
| | | March 31, 2012 | March 31, 2011 |
| Forward contracts to buy USD | Hedge of external commercial borrowings & raw material imports | 79,218,117 | 57,822,404 |
| Forward contracts to sell USD | Hedge of firm commitments, highly probable forecast transactions and export of finished goods | 6,415,189 | 10,425,145 |
| Forward contracts to sell EURO | Hedge of firm commitments, highly probable forecast transactions and export of finished goods | 200,000 | 12,62,075 |
| Forward contracts to sell GBP | Hedge of firm commitments, highly probable forecast transactions and export of finished goods | NIL | 189,386 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

38. Derivative Instruments & unhedged foreign currency exposure (Contd.)

(ii) Particulars of unhedged foreign currency exposures as on 31st March, 2012

| | March 31, 2012 | March 31, 2011 |
|-----------------------|----------------|----------------|
| (a) Trade Receivables | | |
| USD | - | 26,49,836 |
| EURO | - | 2,05,112 |
| GBP | - | 97,688 |
| (b) Trade Payables | | |
| USD | 62,067 | 48,008 |
| EURO | 77,861 | 11,058 |
| GBP | 1,624 | 1,965 |

- (iii) The Company has adopted the principles of hedge accounting as set out in Accounting Standard 30, 'Financial Instruments: Recognition and Measurement', issued by The Institute of Chartered Accountants of India. Accordingly, the foreign exchange (gain)/ loss of ₹ 0.23 crores (2010-11 ₹ (0.01) crores) as on 31st March, 2012 on forward foreign exchange contracts entered into to hedge firm commitments and highly probable forecast transactions, which qualify for hedge accounting, has been accounted under Hedging Reserve to be ultimately recognised in the Statement of Profit and Loss when the forecasted transactions arise.

39. Earnings Per Equity Share

(₹ in crores)

| | 2011-12 | 2010-11 |
|--|----------------------|----------------------|
| (i) Profit computation for both basic and diluted earnings per equity share of ₹ 10 each | | |
| Net profit as per Statement of Profit and Loss available for equity Shareholders | 59.35 | 21.39 |
| (ii) Number of Equity Shares | No. of equity shares | No. of equity shares |
| Number of equity shares at the beginning of the year | 4,05,46,980 | 3,86,16,980 |
| Add:- Shares allotted during the year | 7,60,000 | 19,30,000 |
| Number of equity shares at the end of the year | 4,13,06,980 | 4,05,46,980 |
| Weighted average number of equity shares | | |
| (a) For basic earnings | 4,06,75,723 | 3,86,32,843 |
| (b) For diluted earnings | 4,06,75,723 | 3,86,32,843 |
| Face value of Equity Share (In Rupees) | 10 | 10 |
| (iii) Earnings per equity share | | |
| Basic (in Rupees) | 14.59 | 5.54 |
| Diluted (in Rupees) | 14.59 | 5.54 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

40. Operating Lease

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

| | (₹ in crores) | |
|---|-------------------------|------|
| | As at March 31, 2012 | |
| | As at March 31, 2011 | |
| (i) Total of minimum lease payments | | |
| Total of minimum lease payments for a period: | | |
| - not later than one year | 2.38 | 2.53 |
| - later than one year but not later than five years | 2.76 | 5.35 |
| - later than five years | - | 0.31 |
| (ii) Lease payments recognised in the statement of profit and loss for the year | 3.03 | 5.70 |

- (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, for a period of one year for godowns and for a period of 3 years for flats.

- (b) The Company has given commercial space on operating lease. The particulars in respect of such leases are as follows:-

| | (₹ in crores) | |
|---|-------------------------|-------|
| | As at March 31, 2012 | |
| | As at March 31, 2011 | |
| (i) Lease rental income: | | |
| Total of minimum lease receipts for a period: | | |
| - not later than one year | 22.16 | 19.79 |
| - later than one year but not later than five years | 53.74 | 54.53 |
| - later than five years | 15.68 | 22.53 |

- (ii) With regards to details such as gross carrying amount, accumulated depreciation and depreciation for the current year, the same are not available separately.

41. Segment Reporting

(i) Primary Segments - Business Segments

| | Textile | Polyester | Real Estate | Elimination | Total |
|---|----------|------------|-------------|-------------|------------|
| A REVENUE | | | | | |
| 1. Segment revenue - External sales/ Income from operations | 423.18 | 1,241.28 | 566.27 | - | 2,230.73 |
| | [391.82] | [1,233.71] | [233.68] | [-] | [1,859.21] |
| 2. Inter-segment revenue | - | 3.68 | - | (3.68) | - |
| | [-] | [1.97] | [-] | [(1.97)] | [-] |
| 3. Total segment revenue | 423.18 | 1,244.96 | 566.27 | (3.68) | 2,230.73 |
| | [391.82] | [1,235.68] | [233.68] | [(1.97)] | [1,859.21] |
| 4. Unallocated revenue | | | | | 0.08 |
| | | | | | [0.03] |
| TOTAL | | | | | 2,230.81 |
| | | | | | [1,859.24] |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

41. Segment Reporting (Contd.)

| | Textile | Polyester | Real Estate | Total |
|--|------------------|-----------------|-------------------|--------------------------|
| B RESULT | | | | |
| 1. Segment result/operating profit/(loss) | 8.90 | (0.86) | 268.58 | 276.62 |
| | <i>[(20.86)]</i> | <i>[158.10]</i> | <i>[87.79]</i> | <i>[225.03]</i> |
| 2. Unallocated (Expenses)/Income Net | | | | (21.20) |
| | | | | <i>[(19.50)]</i> |
| 3. Operating Profit | | | | 255.42 |
| | | | | <i>(205.53)</i> |
| 4. Interest expenses | | | | (180.57) |
| | | | | <i>[(179.16)]</i> |
| 5. Income Taxes | | | | (15.50) |
| | | | | <i>[(4.98)]</i> |
| 6. Net Profit | | | | 59.35 |
| | | | | <u><i>[21.39]</i></u> |
| C OTHER INFORMATION | | | | |
| 1. Segment assets | 465.53 | 820.81 | 2125.84 | 3,412.18 |
| | <i>[484.75]</i> | <i>[815.86]</i> | <i>[1,210.37]</i> | <i>[2,510.98]</i> |
| 2. Unallocated assets | | | | 176.21 |
| | | | | <i>[164.67]</i> |
| 3. Total assets | | | | 3,588.39 |
| | | | | <u><i>[2,675.65]</i></u> |
| 4. Segment liabilities | 45.00 | 320.77 | 87.96 | 453.73 |
| | <i>[51.00]</i> | <i>[160.94]</i> | <i>[73.68]</i> | <i>[285.62]</i> |
| 5. Unallocated liabilities | | | | 42.21 |
| | | | | <i>[24.54]</i> |
| 6. Total liabilities | | | | 495.94 |
| | | | | <u><i>[310.16]</i></u> |
| 7. Cost incurred during the year to acquire segment fixed assets | 2.94 | 2.00 | 9.85 | 14.79 |
| | <i>[4.55]</i> | <i>[1.58]</i> | <i>[4.68]</i> | <i>[10.81]</i> |
| 8. Depreciation | 19.90 | 36.07 | 5.42 | 61.39 |
| | <i>[20.28]</i> | <i>[35.98]</i> | <i>[5.82]</i> | <i>[62.08]</i> |
| 9. Non-cash expenses other than depreciation | | | | |
| - doubtful advances written off | - | 2.66 | - | 2.66 |
| | <i>[-]</i> | <i>[-]</i> | <i>[0.07]</i> | <i>[0.07]</i> |
| - provision for bad & doubtful debts | - | - | - | - |
| | <i>[0.82]</i> | <i>[-]</i> | <i>[-]</i> | <i>[0.82]</i> |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

41. Segment Reporting (Contd.)

(ii) Secondary Segments - Geographical Segments

| | India | Rest of the World | Total |
|---|------------|----------------------|------------|
| A. Segment revenue from external customers, based on geographical location of customers | 1,984.21 | 246.52 | 2,230.73 |
| | [1,564.22] | [294.99] | [1,859.21] |
| B. Segment assets based on geographical location | 3,361.50 | 50.68 | 3,412.18 |
| | [2,486.13] | [24.85] | [2,510.98] |
| C. Cost incurred during the year to acquire fixed assets | 14.79 | - | 14.79 |
| | [10.81] | [-] | [10.81] |

Notes:

- (a) The Company's operating facilities are located in India. Some of the assets are not identifiable separately to any reportable segment as these are used interchangeably between segments.
- (b) Corporate expenses have been apportioned between the segments on a reasonable basis.

42. Related party disclosures –

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

Subsidiary Company: BDS Urban Infrastructure Private Limited (Upto 11th March 2011)

Associate Companies: Archway Investment Company Limited

Pentafil Textile Dealers Limited

Scal Services Limited

Bombay Dyeing Real Estate Company Limited

Joint Venture Companies: PT. Five Star Textile Indonesia

Proline India Limited

(Ceased to be joint venture w.e.f. 28th March, 2012)

L&T Bombay Developers Private Limited (Upto 29th July, 2010)

Co-venturer: Batra Group

Key Management Personnel and relatives of such personnel : Mr. Jeh N. Wadia - Managing Director (w.e.f. 1st April, 2011)

Mr. Durgesh Mehta- Joint Managing Director & CFO

Mr. Ness Wadia - Joint Managing Director (Upto 31st March 2011),
brother of Managing Director

Entities over which key management

personnel and their relatives exercise significant influence: Go Airlines (India) Limited (w.e.f. 1st April, 2011)

The Bombay Burmah Trading Corporation Ltd.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

42. Related party disclosures (Contd.)

(b) Transactions with related parties

(₹ in crores)

| Nature of transactions | Subsidiary <u>Company</u> | Associate <u>Companies</u> | Joint Venture <u>Companies & Co-venturers</u> | Key Management Personnel & their <u>relatives</u> | Entities over which Key Management Personnel & their relatives exercise significant <u>influence</u> |
|--|------------------------------|-------------------------------|--|---|--|
| I) Transactions: | | | | | |
| (i) Inter-Corporate Deposits (ICDs) given | | | | | |
| - Archway Investment Company Limited | - | 0.75 | - | - | - |
| | (-) | (12.08) | (-) | (-) | (-) |
| (ii) Repayment of ICDs | | | | | |
| - Archway Investment Company Limited | - | 3.20 | - | - | - |
| | (-) | (30.66) | (-) | (-) | (-) |
| (iii) Interest income on ICDs | | | | | |
| - Archway Investment Company Limited | - | 0.76 | - | - | - |
| | (-) | (0.60) | (-) | (-) | (-) |
| (iv) Interest income on advances | | | | | |
| - Scal Services Ltd. | - | 2.29 | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| (v) ICDs taken | | | | | |
| - Archway Investment Company Limited | - | - | - | - | - |
| | (-) | (55.27) | (-) | (-) | (-) |
| - The Bombay Burmah Trading Corporation Ltd. | - | - | - | - | 77.40 |
| | (-) | (-) | (-) | (-) | (-) |
| (vi) Repayment of ICDs | | | | | |
| - Archway Investment Company Limited | - | - | - | - | - |
| | (-) | (55.27) | (-) | (-) | (-) |
| - The Bombay Burmah Trading Corporation Ltd. | - | - | - | - | 77.40 |
| | (-) | (-) | (-) | (-) | (-) |
| (vii) Interest paid on ICDs | | | | | |
| - Archway Investment Company Limited | - | - | - | - | - |
| | (-) | (0.14) | (-) | (-) | (-) |
| - The Bombay Burmah Trading Corporation Ltd. | - | - | - | - | 1.46 |
| | (-) | (-) | (-) | (-) | (-) |
| (viii) Airlines Tickets purchased | | | | | |
| - Go Airlines (India) Limited | - | - | - | - | 0.05 |
| | (-) | (-) | (-) | (-) | (-) |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

42. Related party disclosures (Contd.)

| Nature of transactions | (₹ in crores) | | | | |
|--|-------------------------------|--------------------------------|---|---|--|
| | <u>Subsidiary Company</u> | <u>Associate Companies</u> | <u>Joint Venture Companies & Co-venturers</u> | <u>Key Management Personnel & their relatives</u> | <u>Entities over which Key Management Personnel & their relatives exercise significant influence</u> |
| (ix) Expenses incurred on behalf of related parties (reimbursable) | | | | | |
| - PT. Five Star Textile Indonesia | - | - | - | - | - |
| | (-) | (-) | (2.52) | (-) | (-) |
| - L&T Bombay Developers Private Limited | - | - | - | - | - |
| | (-) | (-) | (0.22) | (-) | (-) |
| - Go Airlines (India) Limited | - | - | - | - | 0.06 |
| | (-) | (-) | (-) | (-) | (-) |
| (x) Remuneration | | | | | |
| - Mr. Jeh Wadia | - | - | - | 3.88 | - |
| | (-) | (-) | (-) | (-) | (-) |
| - Mr. Ness Wadia | - | - | - | - | - |
| | (-) | (-) | (-) | (1.08) | (-) |
| - Mr. Durgesh Mehta | - | - | - | 2.21 | - |
| | (-) | (-) | (-) | (1.16) | (-) |
| (xi) Guarantee and collaterals | | | | | |
| - PT. Five Star Textile Indonesia | - | - | 17.25 | - | - |
| | (-) | (-) | (14.77) | (-) | (-) |
| (xii) Revenue from real estate activity [Refer footnote (b)] | | | | | |
| - Scal Services Limited | - | 743.83 | - | - | - |
| | (-) | (0.05) | (-) | (-) | (-) |
| - Mr. Ness Wadia | - | - | - | 2.07 | - |
| | (-) | (-) | (-) | (0.09) | (-) |
| - Mr. Jeh Wadia | - | - | - | 5.30 | - |
| | (-) | (-) | (-) | (-) | (-) |
| (xiii) Reversal of sale on cancellation of contracts | | | | | |
| - Scal Services Limited | - | 7.92 | - | - | - |
| | (-) | (6.14) | (-) | (-) | (-) |
| - Bombay Dyeing Real Estate Company Limited | - | - | - | - | - |
| | (-) | (658.56) | (-) | (-) | (-) |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

42. Related party disclosures (Contd.)

| Nature of transactions | Subsidiary Company | Associate Companies | Joint Venture Companies & Co-venturers | Key Management Personnel & their relatives | (₹ in crores) |
|---|-----------------------|------------------------|--|--|---|
| | | | | | Entities over which Key Management Personnel & their relatives exercise significant influence |
| (xiv) Fees for cancellation of sale contracts | | | | | |
| - Scal Services Limited | - | 6.86 | - | - | - |
| | (-) | (2.70) | (-) | (-) | (-) |
| (xv) Lease Rent income | | | | | |
| - Go Airlines (India) Ltd. | - | - | - | - | 1.82 |
| | (-) | (-) | (-) | (-) | (-) |
| (xvi) Sale of shares | | | | | |
| - Proline India Ltd. | - | - | 3.12 | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| - Batra Group | - | - | 2.99 | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| - Bombay Dyeing Real Estate Company Ltd. | - | 0.48 | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| - Pentafile Textile Dealers Ltd. | - | - | - | - | - |
| | (-) | (0.01) | (-) | (-) | (-) |
| (xvii) Advances given | | | | | |
| - Scal Services Limited | - | 42.66 | - | - | - |
| | (-) | (66.61) | (-) | (-) | (-) |
| - BDS Urban Infrastructure Private Limited | - | - | - | - | - |
| | (250.10) | (-) | (-) | (-) | (-) |
| (xviii) Repayment of Advances given | | | | | |
| - Scal Services Limited | - | 36.63 | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| - BDS Urban Infrastructure Private Limited | - | 0.10 | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| II) Receivable as at year end | | | | | |
| - Archway Investment Company Limited | - | 6.22 | - | - | - |
| | (-) | (8.67) | (-) | (-) | (-) |
| - PT. Five Star Textile Indonesia | - | - | 15.65 | - | - |
| | (-) | (-) | (15.89) | (-) | (-) |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

42. Related party disclosures (Contd.)

| Nature of transactions | (₹ in crores) | | | | |
|--|-----------------------|------------------------|--|--|---|
| | Subsidiary Company | Associate Companies | Joint Venture Companies & Co-venturers | Key Management Personnel & their relatives | Entities over which Key Management Personnel & their relatives exercise significant influence |
| - Scal Services Limited | - | 8.74 | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| - BDS Urban Infrastructure Private Limited | - | - | - | - | - |
| | (0.10) | (-) | (-) | (-) | (-) |
| - Go Airlines (India) Limited | - | - | - | - | 0.28 |
| | (-) | (-) | (-) | (-) | (-) |
| III) Payables as at year end | | | | | |
| - Scal Services Limited | - | - | - | - | - |
| | (-) | (1.64) | (-) | (-) | (-) |
| IV) Advances received for purchase of flats | | | | | |
| - Mr. Ness Wadia | - | - | - | 0.57 | - |
| | (-) | (-) | (-) | (0.57) | (-) |
| - Mr. Jeh Wadia | - | - | - | 0.64 | - |
| | (-) | (-) | (-) | (-) | (-) |
| V) Shareholders' deposit (as at year end) | | | | | |
| - PT. Five Star Textile Indonesia | - | - | 15.22 | - | - |
| | (-) | (-) | (15.22) | (-) | (-) |
| VI) Guarantee and collaterals (as at year end) | | | | | |
| - PT. Five Star Textile Indonesia [Refer footnote (c)] | - | - | 113.47 | - | - |
| | (-) | (-) | (96.22) | (-) | (-) |

Notes:

- (a) Dividend paid has not been considered by the Company as a transaction falling under the purview of Accounting Standard 18 "Related Party Disclosures".
- (b) Revenue from real estate activity is disclosed based on aggregate value of sales consideration as per agreements.
- (c) Secured by a pari passu charge on the assets of the joint venture.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

43. 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 31 st March, 2012 ₹ in crores | Maximum amount outstanding during the year ₹ in crores | No. of shares of the Company held by the loanees as at 31 st March, 2012 |
|---|--|---|---|---|---|
| A. Investments and Loans and advances in subsidiary and associates | | | | | |
| 1 | Archway Investment Company Ltd. | Inter corporate deposit | 6.22 (8.67) | 9.17 (28.38) | - (-) |
| | | 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) | - (-) |
| 2 | Pentafil Textile Dealers Ltd. | Investment in equity shares | 0.88 (0.88) | 0.88 (0.88) | - (-) |
| 3 | Bombay Dyeing Real Estate Company Ltd. | Investment in equity shares | 0.02 (0.02) | 0.02 (0.02) | - (-) |
| 4 | Scal Services Ltd. | Investment in equity shares | 0.30 (0.78) | 0.78 (0.78) | - (-) |
| | | Loans & advances | 8.74 (-) | 29.84 (26.55) | - (-) |
| | | | <u>69.32</u> <u>(63.51)</u> | <u>93.85</u> <u>(109.77)</u> | <u>-</u> <u>(-)</u> |
| B. Loans and advances in the nature of loans to companies in which directors are interested. | | | | | |
| 1. | PT. Five Star Textile Indonesia | Shareholders' Deposit | 15.22 (15.22) | 15.22 (15.22) | - (-) |
| | | Loans & Advances | 15.65 (15.89) | 15.65 (15.89) | - (-) |
| | | | <u>30.86</u> <u>(31.11)</u> | <u>30.86</u> <u>(31.11)</u> | <u>-</u> <u>(-)</u> |
| 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 A1 and B1 above. | | | | | |
| | Employee Loans | | 0.79 (0.95) | 1.00 (1.09) | 200 (1,250) |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

44. Joint Ventures

The Company has the following joint ventures as on 31st March, 2012 and its proportionate share in the assets, liabilities, income and expenditure of the respective joint venture companies is given below:

| (₹ in crores) | | | | | | | | |
|---------------|--|-----------------------|----------------------------|-----------------------|------------------------|--------------------|---|------------------|
| | Name of the joint venture company | Percentage of holding | Assets | Liabilities # | Contingent Liabilities | Capital commitment | Income | Expenditure |
| | | | As at 31st March, 2012 | | | | For the year ended 31st March, 2012 | |
| a. | Proline India Ltd.* (incorporated in India) | 49% | - (10.07) | - (2.45) | - (0.01) | - - | - (17.37) | - (16.53) |
| | | | As at 31st December, 2011§ | | | | For the year ended 31st December, 2011§ | |
| b. | PT. Five Star Textile Indonesia, (PTFS) (Incorporated in Indonesia) | 33.89% | 56.09 @ (58.67) | 51.63 ^ (40.73) | - (-) | - (-) | 10.04 (11.73) | 12.53 (13.00) |

* ceased to be Joint venture w.e.f. 28th March 2012.

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.

45. CIF value of imports of

(i) Raw material

(ii) Stores, spare parts & catalysts

(iii) Capital goods

2011-12

(₹ in crores)
2010-11

831.33

620.40

14.62

72.17

0.68

0.88

46. Expenditure in foreign currency (Disclosure on payment basis)

(i) Travelling Expenses

(ii) Interest

(iii) Architect Fees, technical & project related Consultancy

(iv) Other expenditure

2011-12

(₹ in crores)
2010-11

1.01

0.87

3.23

3.23

0.48

0.03

3.99

5.27

47. Consumption

Imported raw materials, spare parts and components

Indigenous raw materials, spare parts and components

2011-12

%

2010-11

%

(₹ in crores)

807.48

62.23

625.77

54.00

490.03

37.77

542.35

46.00

1,297.51

100.00

1,168.12

100.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| | (₹ in crores) | |
|--|----------------|----------------|
| | 2011-12 | <i>2010-11</i> |
| 48. 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 5,66,995 equity shares, dividend for 2010-2011 | 0.20 | - |
| (ii) on 5,81,995 equity shares, dividend for 2009-2010 | - | 0.15 |
| 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: 816 (<i>2010-2011 :806</i>) | | |
| (ii) on 67,81,190 equity shares, dividend for 2010-2011 | 2.37 | - |
| (iii) on 55,57,955 equity shares, dividend for 2009-2010 | - | 1.39 |
| 49. Earnings in foreign exchange | 2011-12 | <i>2010-11</i> |
| (i) Export of goods calculated on FOB basis | 240.13 | 285.08 |
| (ii) Reimbursement of insurance and freight on exports | 6.39 | 9.17 |
| (iii) Sale of Flats | - | 0.74 |

50. Figures in Brackets indicate corresponding figures for the previous year.

51. Previous year figures have been regrouped where necessary.

Signatures to the Balance Sheet, Statement of Profit and Loss and Notes which form an integral part of accounts

As per our report attached

For and on behalf of the Board of Directors

| | | | | |
|---|--|---|--|------------------|
| For and on behalf of KALYANIWALLA & MISTRY <i>Chartered Accountants</i> | NUSLI N. WADIA JEH N. WADIA DURGESH MEHTA J.C. BHAM | <i>Chairman</i> <i>Managing Director</i> <i>Jt. Managing Director & CFO</i> <i>Company Secretary</i> | K. MAHINDRA R. N. TATA R.A. SHAH S. S. KELKAR S. RAGOTHAMAN A. K. HIRJEE S. M. PALIA MS. VINITA BALI ISHAAT HUSSAIN NESS N. WADIA | <i>Directors</i> |
| VIRAF R.Mehta <i>Partner</i> | | | | |
| Mumbai, 28th May, 2012 | | Mumbai, 28th May, 2012 | | |

Bombay Dyeing

Corporate office: C-1, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai - 400 025

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

Phone: +91 22 66620000

Website: www.bombaydyeing.com

Island City Center

Sales office: The Island City Center (ICC), GD Ambekar Marg, Dadar (E), Mumbai - 400 014

Phone: +91 22 61912345 / 71912345

Email: sales@bombayrealty.in

Website: www.bombayrealty.in



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THE WADIA GROUP

The Group has scaled great heights in innovation and entrepreneurship, inspired by the centuries-old legacy of goodwill and trust. The British Coat of Arms, granted to Nowrosjee Wadia, symbolises this legacy and the Wadia Group's commitment to advancement and innovation.

The crest is a representation of the Group, its philosophy, beliefs and businesses.

The crest and base of the shield represent the family origins in the shipbuilding industry during the 1700s. The middle and upper parts of the shield depict the Group's interests in cotton growing and its links with England in the form of the Lancastrian rose. The hand holding the hammer atop the shield signifies industriousness, together with workmanship and skill. The sun that surrounds the hand stands for global recognition and merit.

The motto, IN DEO FIDE ET PRESERVERANTIA means 'Trust in God and Perseverance'.

<http://www.wadiagroup.com/>

The Bombay Dyeing and Manufacturing Company Limited

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