THE BOMBAY DYEING & MANUFACTURING COMPANY LIMITED
Neville House, J. N. Heredia Marg, Ballard Estate,
Mumbai - 400 001

MINUTES OF THE ANNUAL GENERAL MEETING

The 131st Annual General Meeting of The Bombay Dyeing and Manufacturing Company Limited was held at the Birla Matushri Sabhagar, 19, Marine Lines, Mumbai – 400 020, on Thursday, 4th August, 2011, at 3.30 p.m.

The following Directors were present :

Mr. Nusli N. Wadia, Chairman
Mr. Keshub Mahindra
Mr. R. A. Shah
Mr. A. K. Hirjee
Mr. S. M. Palia
Mr. S. Ragothaman – Chairman of the Audit Committee
Mr. S. S. Kelkar
Ms. Vinita Bali
Mr. Ness N. Wadia
Mr. Ishaat Hussain
Mr. Jeh N. Wadia, Managing Director
Mr. Durgesh Mehta – Joint Managing Director & Chief Financial Officer

1. 522 members were present in person.

2. 59 members were present through their proxies representing 2,49,21,709 shares, i.e. 61.46%.

3. With the approval of the members present, the Notice convening the Meeting was taken as read by the Chairman.

4. The Chairman asked the Company Secretary to read the Auditors' Report and the Auditors' Report was read out by the Company Secretary. With the approval of the members, Annexure to the Auditors' Report was taken as read.

5. The Chairman welcomed the members to the 131st Annual General Meeting (AGM) of the Company and with their approval the Directors' Report and Audited Accounts for the year ended 31st March, 2011, already circulated to the members, were taken as read.

6. The Chairman then made the following observation on the financial results of the Company for the year ended 31st March 2011 and the Q1 of the current financial Year.

During the year 2010-11, Company's turnover grew by 19% and crossed the Rs. 2,000 crores mark. The profit for the year increased from Rs. 18 crores last year to Rs. 21 crores.

The Textile business of the Company in terms of topline grew by 36% and had shown a further growth during the current quarter of 16%. The efforts put in by the Division to reduce costs and improve operational efficiencies were beginning to show promising results in terms of contribution. The Division had reported a breakeven result for the first quarter of 2011-12 and would continue to improve during the year.

Last year was a record year for the Polyester Staple Fibre business where the growth in sales was 64% in terms of volume and turnover. The realization was higher and margins were healthy. Since April 2011, there had been an adjustment in the market due to the volatility of the oil prices. The PTA prices went up. The polyester prices did not go up as fast as the PTA prices. That was now going through a correction and as a result, in the first quarter, PSF business reported lower margins.

The Commercial building at Worli site had been handed over to Axis Bank and the handing over of Residential Apartments at Springs had commenced for the purpose of fit-outs.

The Chairman informed that the Board had met in the morning the same day to consider the results for the first quarter of 2011-12.

The income of the Company for the first quarter was slightly lower by approximately 4% at Rs. 414.26 crores. There was a loss of Rs. 39.79 crores in the first quarter as against a loss of Rs. 30.61 crores for the same quarter of the previous year. This was because the sale of flats in the new towers would commence from the second quarter of the current year.

Since second half of the previous year, margins had been under pressure with interest rates going up significantly and imposition of VAT on Textiles. Although, there was pressure on margins, the management was confident that the outlook of the current financial year was reasonably good.

The construction of two residential Towers at Dadar, i.e. the Spring Mill site, was held up primarily on account of continuing changes in the Government policies such as FSI Policy, Development Policy etc. There had been fair amount of turmoil in the BMC and Maharashtra Government over the last six months and that had to some extent slightly hampered the Company's ability to move forward. The construction work on both towers had commenced and it was proposed to develop the site with the theme of "LIVE, WORK AND PLAY" at the same place. It would not be just a building, but an entire development. The location would have residences, offices, shops, hotels, malls and a school, all at the same site. It would be

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a unique development in the city of Mumbai. There was no other development of such nature where it was completely comprehensive. The Company was looking forward to creating a centre of envy in Mumbai and was proud of it.

Barring any exceptional or environmental factors, the Company was expected to post much better results for the current year as compared to the previous year. The outlook was looking fairly and reasonably good subject to any environmental issues coming in the way.

The Chairman stated that posting of the Dividend Warrants would commence from 5th August, 2011 and ESC payment would also be made on the same day.

7. The Chairman then proposed the following resolution as an Ordinary Resolution which was seconded by Mr. R. V. Chari:

"RESOLVED THAT the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon, be and are hereby received and adopted."

8. The Chairman then invited shareholders who desired further clarifications or information on Annual Report and Accounts and requested each speaker to observe a reasonable time limit of five minutes per speaker. This would give opportunity to other speakers without waiting for too long for their turn to speak.

23 members thereafter addressed the Meeting. A summary of the comments and observations made and queries raised by the shareholders are given hereunder:

1. MR. TAMAL KUMAR MAJUMDAR

Mr. Tamal Kumar Majumdar made some observations and raised queries relating to the audited accounts as under:

- He briefly touched upon the operations of the Company referring to the performance of Textiles and PSF Divisions of the Company. During the year the Company booked satisfactory results due to turnaround of Polyester despite abnormal decrease in profits of Real Estate from Rs.349 crores to Rs.86 crores.

- Segment account revealed that from a loss of Rs. 66.38 crores in 2009-10, the Polyester division had made a profit of Rs. 151.89 crores in the current year, without considering interest and unallocated expenses. In the first quarter there was no loss but price correction was taking place. What was your outlook for the whole year?

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- As regards, both textile and polyester businesses were concerned, the Company was in a catch 22 situation. When cotton prices started increasing, the polyester business started getting better prices, and better capacity utilisation. If the cotton prices stabilized, the textile unit would do good business. How the Company would come out of this in the current year?

- In the backdrop of deepening debt prices in Europe and USA economy sweeping back in recession, would the Company be able to export textiles at profit during the current year? Whether stability in the price of cotton was expected in the near future? Was it expected that the government would declare special fiscal stimulus package for the textile business, as discussed in the Management Discussion Analysis in the Balance Sheet?

- As regards L&T Bombay Developers was concerned, whether the Company had sold its stake to L&T or its group company?

- It was gratifying to note that interest on fixed loans decreased substantially due to substantial decrease in secured and unsecured loans balances from Rs. 1775.11 to Rs. 1237.30 crores. He wanted to know:
  - Whether the Company would become debt free in time to come.
  - What would be the impact on the Company on account of increase in rate of interest by 50 basis point announced in July by RBI?

- Whether company was considering revaluing its entire land and building account in the near future

- Whether Realty Division would operate in the name of Bombay Realty? Had the Company started positioning the brand through media and visual advertisement?

Mr. Majumdar welcomed the new Managing Director, Mr. Jeh Wadia.

2. MR. Z. I. MANIAR

Mr. Z. I. Maniar welcomed Mr. Ness Wadia and Mr. Jeh Wadia and stated that they would help in promoting the business of the Company. He wished them good luck on behalf of all present.

Mr. Maniar congratulated the Company for the good performance and dividend of Rs.3.50 which was more than last year. Looking at the reserves position, he appealed to the Board for considering giving bonus shares to the shareholders. He inquired when was the last time when bonus shares were given to the shareholders.

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The following observations were made and queries raised by Mr. Maniar:

- Inventories had gone up tremendously from Rs. 144.24 crores in the last year to Rs. 1031.72 crores in the current year (nearly 8 times more than the last year). Significant amount was blocked in the inventories which was a matter of great concern.

- He wanted to know future road map for exploring new avenues for exporting the Company's branded quality products in the competitive European and US market? Thrust and focus should be on exports for earning more foreign exchange as it would add to the total turnover and profitability.

- Payment to and provisions for employees had gone up from Rs. 2.13 crores last year to Rs. 6.18 crores in the current year. Whether any new recruitment, upgradation or bonus or some wage revision had taken place?

Mr. Maniar supported all resolutions and wished good luck to the Company.

3. MR. VINIT KUMAR PARIKH

Mr. Parikh stated that that he fully supported the queries raised by Mr. Tamal Kumar Majumdar and other shareholders. He further stated that AGM was not a tea party and hence no tea-coffee should be served.

Regarding the balance sheet, he stated that perhaps the Company had put the green initiative into practice. The cost of annual report was Rs.7 which he welcomed and stated that it was in consonance with the spirit to save trees.

Mr. Parikh mentioned that the Financial highlights statement was the most important page in the Annual Report and suggested that it should be in bold type and easily readable.

Mr. Parikh requested the Company to consider issue of bonus shares in view of strong position of reserves & surplus which was many times higher than the equity capital. He preferred bonus shares rather than splitting of equity shares into smaller denomination of face value say Re.1/- or Rs.2/- per equity share. No company should think of splitting their shares because it unnecessarily increases cost.

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4. MR. R. V. CHARI

Mr. R. V. Chari thanked the Chairman and the Company Secretary for the factory visit which he had the opportunity of visiting in the month of March 2011. He then made the following observations:

- The net sales had gone up compared to the previous year, which had increased 53.24% in the current year. However, profit before tax as a percentage to sales had come down. Similarly profit after tax, though in value had gone up, as a percentage to sales it was less. It was 1.28% compared to 1.69% last year.

- Company had done wonderfully well in regard to raw materials which was brought down as a percentage to sales from 71.13% last year to 67.12% in the current year.

- He was surprised that some of the shareholders were saying that the inventories had gone up because if analysed closely, it could be noted that land was included also as stock. If Rs.810.24 crores was deducted, the inventories were almost at the same level of previous year.

- Some shareholders were demanding bonus shares. From the balance sheet it was very clear that the Company's reserves include revaluation reserves of Rs. 853 crores and if that was deducted, the reserves position was not strong. Hence, even if bonus issue of 1:1 was proposed, it would be difficult to service the same. He did not support issue of bonus shares by the Company.

5. MR. RUSI KHAMBATTA

At the outset, on behalf of the shareholders, Mr. Rusi Khambatta condoled the death of the stalwart, Dr. H. N. Sethna. He thanked for the dividend of Rs.3.50 and made the following observations and sought some clarifications:

- He noted that now there are 3 Vice Presidents, Chief Officers, etc. for each item, like Textiles has three, PSF has three and Real Estate has three. Why the Company needed so many controlling officers?

- The Company had used excess of foreign exchange by Rs. 407.86 crores. What was the reason for that? Foreign exchange used was Rs. 702.85 crores and foreign exchange earned was only Rs. 294.99 crores.

- Details of development of Spring Mills and from where details such as flat rates, etc. could be obtained?

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Mr. Khambatta welcomed Mr. Jeh Wadia as Managing Director on the Board and wished him all the best for the future.

He supported all the resolutions and wished happy and prosperous New Year to the Board of Directors, staff and shareholders and their families.

6. MR. JAYPRAKASH DESAI

Mr. Jayprakash Desai made few comments, opinions, suggestions as under:

- Mr. Desai suggested improvement in the presentation and quality of the information in the annual report.
- He then reviewed the performance of the Company for the year ended 31st March, 2011. Turnover of polyester division was significantly better and capacity utilization was 90%. However, Textiles and Real Estate Division had not done well.
- R &D expenses as percentage to sales has been shown as nil, though some activities has been shown in the Annual Report

Mr. Desai concluded by wishing all the best to the Company for the current year.

7. MR. BHUPENDRA C. GANDHI

Mr. Bhupendra Gandhi observed that though Bombay Dyeing and Bombay Burmah both belonged to Mr. Wadia, in rating the secretarial department of Bombay Dyeing stood first.

Mr. Gandhi mentioned that he had addressed some queries on email, which were replied by the Company. He raised further queries as under:

- With regard to the investments in BDS Urban Infrastructure Pvt. Ltd., it was mentioned in the Annual Report that 10,000 shares were purchased and 8,100 shares were sold during the year, and it was a wholly owned subsidiary from 29.7.2010 to 10.3.2011. Out of 10,000, 1,900 shares were pending and the current investment was shown as Rs.1,00,000. For an investment of Rs.100,000, the Company had given a loan of Rs. 250 crores.

- If the investment was Rs. 100,000, why Company was giving loan of Rs. 250 crores and what was the worth of that company? He would be writing a letter to the government regulatory bodies to find out what was the true value of those shares which had now been transferred from the main company to an associate company. Why the Company did not want to maintain those shares in its own Company? (Chairman's reply: Rs.250 crores was given to the company to buy something. It was a 100% subsidiary. The loan was repaid, and then

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the Company had just transferred the shares. Bombay Dyeing was going to buy something and then decided not to pursue the same. Therefore, the amount was returned. It was being bought in a 100% subsidiary. It was all part of Bombay Dyeing. It was to hold an SPV.)

- Mr. Gandhi requested for the balance sheet of the company. (Chairman's reply : There was no valuation because there was no transaction. The share capital of the company was Rs.100,000. Rs.250 crores was an advance in order to purchase an asset. Company decided not to purchase the asset. On that basis the loan was just returned and Rs. 100,000 remained 1,00,000 which was the paid up capital.)

- When 10,000 shares were mentioned, then now why it had become 1,900 shares? When 10,000 shares were purchased why, 8,100 shares were transferred? (Chairman's reply : It was because there was no need to keep the company as a subsidiary any more. It had capital of Rs.100,000. There was no reserve and no valuation.)

- Bombay Dyeing Real Estate Company Ltd., formerly known as White Horse Real Estate Pvt. Ltd., was a subsidiary upto 16th March, 2010. It was stated in the Annual Report that it had ceased to be a subsidiary. Why did it cease to be a subsidiary? It had been included in associate company. (Chairman's reply: company was used as a vehicle for the Axis Bank transaction. After the transaction was over, Bombay Dyeing got all its money and nothing was remaining in White Horse. It was a 100% subsidiary. There was no need to keep a subsidiary. Subsidiary was like a SPV. Once the use of the SPV was over, the issue was over. There was no valuation.)

- As regards Resolution No. 8, special business, in the Notice of the AGM, the name of the proposer for the appointment of Mr. Ness N. Wadia as a director has not been mentioned. He suggested that the name of the proposer should have been included. (Chairman's reply : It was a normal practice everywhere and if requested, the name of the proposer would be provided.)

- Whether Rs. 71 lakhs had been received from Mr. M. K. Singh, Executive Director?

8. MRS. SHOBHANA MEHTA

Mrs. Shobhana Mehta condoled the death of Dr. H. N. Sethna. She thanked the auditors, accounts, finance and secretarial department for preparing and signing the balance sheet early on 24th May, 2011 and holding the AGM atleast one week earlier than previous year. She suggested that the next AGM should be held at Patkar Hall which has parking facility and compared to Birla the rent was also less.

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Commenting on the Balance sheet she stated that it was received on time and was simple and good. Results were quite satisfactory and showed encouraging performance. She thanked the Chairman, Board and the employees for the excellent results and good dividend and stated that it was the result of their hard work and dedication.

Mrs. Mehta welcomed Mr. Jeh Wadia, Managing Director and conveyed her best wishes to him.

Mrs. Mehta then raised some queries as under:

- During the year the Company had appointed Aneja Associates as Internal Auditors. What was the date of their appointment and fees?

- What was the total sq.ft. development and per sq.ft. rate of the Dadar residential tower? Whether booking had started? Total how many towers and floors would be developed?

She supported all the resolutions and conveyed best wishes for the Company. She wished for better performance and dividend and expected bonus in near future.

9. MR. B. V. JOSHI

Mr. B. V. Joshi congratulated the Company for doing a good job inspite of recession all over the world. He stated that the Company had shown honesty by earning 5.54 and paying 3.50 which very few companies were doing. He stated that the balance sheet was very good and he had no questions on that.

Mr. Joshi stated that Bombay Dyeing was one of the oldest and flagship Company of the Wadia group, yet outside the auditorium there were no banners of the Company to display its textiles and real estate activities. Company's activities were not being exhibited for the media that was present. He suggested that the Company should give proper advertisement.

He further requested that considering the high prices and inflation, the Company should increase the cloth discount coupons from 10% to 15%.

10. MR. JITENDRA SANGHAVI

Mr. Jitendra Sanghavi reiterated his demand for splitting the shares of the Company into shares of face value of Re.1/- as its stock was not doing well considering its strong assets base.

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Bombay Dyeing is a small Company with a turnover of hardly Rs.2000 crores, then why were two managing directors required. He felt that the Company was spending too much on the MDs. He wanted to know the name of the independent directors on the Board.

Mr. Sanghavi raised following queries relating to the real estate:

- This was the second consecutive year when a 100% subsidiary became non subsidiary practically in the third or fourth week of March. Last year it was Bombay Dyeing Real Estate Company which was formally known as White Horse. It was noted from the annual report that the Company had transferred the building of Axis Bank first to the subsidiary company and prior to the sale the subsidiary company became a non subsidiary company. He inquired at what price the Company had transferred the Axis Bank building and at what rate thereafter White Horse or BDRECL sold it to Axis Bank. Whether there was a profit? Basically White Horse was not having much capital. How much profit the subsidiary which became non subsidiary had made on the sale of Axis Bank building? (Chairman's reply: The beneficial ownership still remained 100% with Bombay Dyeing and the second company, White Horse made a profit of Rs. 2 crores on Axis Bank building transaction which was Rs. 800 crores, transferred at Rs.798 crores, and profit made was Rs. 2 crores.)

- Details and current status of the Company's real estate at Worli and Spring Mills.

- Whether the whole sale proceeds of the 70 storey towers would come straight to Bombay Dyeing or whether there would be some SPV? (Chairman's reply: It would be to the Company.)

11. MRS. GULSHAN CHINWALLA

Mrs. Gulshan Chinwalla thanked the Company for the increased dividend and stated that shareholders expected best return on their investments and that was what Bombay Dyeing was giving them. In the record of 131 years, the Company had never skipped any year without a dividend. She appreciated the progress and wished all the best for the near future so that the record remains and dividend is never skipped but on the contrary it is increased.

12. MR. NILESH SHEODE

Mr. Nilesh Sheode stated that Real estate business was experiencing slow down. He sought comments and elaboration on that.

(Chairman's reply: The general environment was difficult because interest rates were going up but the Company was confident.)

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He requested the Chairman to use his good office with the Government to have the provision relating to Investor Education and Protection Fund amended where unclaimed dividends were deposited, as the dividend belonged to the shareholders and their legal heirs.

He suggested that the Company should keep increasing the dividend and give benefit to the shareholders because bonus shares and buy back, both were out of question seeing the funds requirement of the Company.

13. MR. PRABHAKAR KUVALEKAR

Mr. Prabhakar Kuvalekar made the following comments:

- The pages of the Annual Report were coming out and it was not up to the standard of Bombay Dyeing. The attendance slip should have been put inside. The paper was good. He suggested to include pie diagram or bar diagram in the Report.

- He suggested bonus shares because Company's reserves were 25% times of the issued capital and share capital was not too large to service.

- Fees for cancellation of sale contracts had gone up from Rs. 1.91 crores to Rs. 25.73 crores in the current year. He sought details of the same.

- In item 10(d) of schedule 18 on page 42 of the annual report, the words "revenue is recognized" were used. If revenue was not received, what would be the position? Just recognizing and receiving were two different things.

He stated that some members had mentioned about tea party at the AGM. In this regard some details had appeared in the newspaper Economic Times which clearly said that if a rule is passed and the company does not adhere to it, the cost would be recovered from the directors.

He supported all the resolutions.

14. MRS. SMITA BHARAT SHAH

Mrs. Smita Bharat Shah made the following observations and comments:

- The balance sheet was received on time. It was very simple and gave good information. She thanked the Company Secretary, Mr. J. C. Bham for it.

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- Share prices were much better than before. The Company's progress and Dividend were good. She complimented the Chairman and his team who had worked hard for the progress of the Company. She conveyed best wishes for the Company's growth and success.

- Company's factory visit was always good. Shareholders were taken care of like family members. Ranjangaon factory is very good and the Shareholders got to visit the Ganesh temple. She thanked Mr. Mayur and Mr. Ghag for that.

Mrs. Shah supported all the resolutions and conveyed best wishes to the Chairman and his team for all the festivals.

15. MRS. HOMAI B. POUREDEHI

Referring to the annual report Mrs. Homai Pouredehi made some observations and queries as under:

- Suggested that address of the Statutory Auditors be given in the balance sheet.

- Who are the Company's internal auditors and what was the period of the internal audit?

- Whether the promoters had subscribed to the remaining 20,27,000 warrants. (Chairman's reply : It was not yet subscribed.)

She thanked the Company for taking the shareholders for plant visit year after year. She requested to arrange for air conditioned bus for the plant visit.

Mrs. Pouredehi mentioned that she was happy to see Mr. Keshub Mahindra on the Board and conveyed her best wishes for him.

She supported all resolutions and expected further better results.

16. MR. PRAMOD KUMAR AGNIHOTRI

Mr. Pramod Kumar Agnihotri complimented the Chairman for declaring dividend of Rs.3.50 in the backdrop of the Company's earning which was merely 5.54 per share vis-à-vis 4.77 last year. He stated that the payout was commendable. Company was going to make super profits in future and that is why it was able to declare a dividend of the magnitude in the current year.

Referring to the annual report Mr. Agnihotri made some observations and raised queries as follows:

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- It was observed from the graph, sensex, share prices given in the annual report that sensex has been outperforming the Company's share prices. What was the reason for the downfall during the last three years? Company was doing better but share prices had not shown that kind of reversal and investment value was being depleted. The Company has completed 131 years of good performance declaring dividend every year still market was not reciprocating in that respect. What was the reason for that?

- Company has three divisions, textiles, polyester and real estate. As on date which was the focus area of the Company? Whether Company was into textile or real estate. These are two very divergent fields. Textile is related to productions, export, sales and local sales. Real estate is the area of builders. Whether the Company was a builder or textile producer?

- Rs.776 crores had been brought into reserves by way of conversion of freehold land, i.e. Company's old land that it had been holding for 100 years was now reaping fruits, bringing to its reserves but it was not coming from the real core area like textiles.

- It was suggested to hive off Bombay Dyeing real estate to another company and issue some shares of the said company to the existing shareholders. He noted that most of the textile companies were either not doing good or performing in very lackluster manner and future of the Company was in the Real Estate. If there were two companies, shareholders would be rewarded.

- It was mentioned in the annual report that against original Rs.0.63 crores share capital, the Company had given bonus shares of Rs.21.02 crores. Could it be indicated when the Company would be able to give bonus shares to the shareholders? Bonus shares was probably given in the long past in the 131 years time and the current shareholders had not got any share out of it.

- With the conversion of Warrants, share capital of the Company as well as securities premium account would increase substantially. As the reserves were becoming healthy, he suggested that the Company could consider bonus shares to the shareholders.

Lastly Mr. Agnihotri stated that he could not attend the last plant visit arranged in the month of March. He was interested in the plant visit if it was arranged in future as the Company was quite hospitable in that respect and took care of the shareholders.

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17. MR. DINESH G. BHATIA

Mr. Dinesh G. Bhatia congratulated the Company for the excellent work and increase of 19% from last year. He thanked for the dividend which had been increased from Rs. 2.50 last year to Rs. 3.50 in the current year.

Mr. Bhatia raised the following queries:

- Sale of products increased only by 19-20% but increase in raw material was 50%. It increased from Rs.831.44 crores last year to Rs.1214.69 crores in the current year.

- There are three segments of the Company - textile, polyester and real estate. How much was the investment and income in each division separately? (Chairman's reply : Revenue, income, assets and liabilities were given separately for each division under segment reporting in the annual report.)

- RLN gas and coal consumption was more than double from the previous year. If sales had increased by only 20%, how consumption of gas was more than double.

- According to the financial highlights of the last 10 years, no bonus shares had been declared for many years. Suggested that the Company should consider declaring bonus shares.

- Directors Mr. S. S. Kelkar, Mr. R. A. Shah, Mr. Ishaat Hussain and Ms. Vinita Bali had booked flats in the residential building being constructed by the Company on its Spring Mill land. At what per sq.ft. price they had booked the flats. (Chairman's reply : They had booked at the market price.)

- As regards plant visit, speakers were not considered for the plant visit. It was suggested that repeated people should not be taken for the plant visit and chance should be given to the remaining people in the next visit.

18. MR. RAMASWAMI DAMODARAN

Mr. Ramaswami Damodaran congratulated the Company for the excellent results and raised queries as follows:

- The turnover had gone up by over 50%. All the divisions had done well except the cotton textile division. Although, it had improved a great deal, it was still under a loss. When would the Company be able to wipe off the loss?

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- From the balance sheet it was noted that cotton prices was the main factor for the textile division not making good profit. What was the current situation of cotton? What was the percentage of sales that cotton textile contributed to the total sales?

- Polyester division had done extremely well and price realization had also been good in the current year. What was the current trend for polyester, whether it was good? What was the capacity utilization? India requires blended fabric rather than pure cotton or pure polyester. Was the Company making any cloth from blended fabric, i.e. polyester cotton mixture?

- It was a prudent thing that the Company had expanded its business in other fields like real estate activities which had contributed a very good deal last year. What was the situation for the real estate business in the current year?

Mr. Damodaran wished all the best to all employees, directors and shareholders and expressed his desire for factory visit.

19. MR. JAIDEV MERCHANT

Mr. Jaidev Merchant requested to provide details about some of the development plans of the Company for the Island City Centre and other projects. He also requested to comment on the press reports stating that the Company was looking to sell its polyester division.

20. MR. MAHESH KUMAR TRIKAMDAS

Mr. Mahesh Kumar Trikamdas stated that he had booked a flat in the residential project at Spring Mills in September 2007. At that time he was told that he would get possession in December 2008 but as of date his flat was not ready even for fit out. He inquired when his flat would be ready for fit out and when he would get the possession.

Mr. Trikamdas also inquired for the amount of compensation for the delayed possession.

He stated that for the interior decoration plan there was favoritism for some flat owners to change the original layout and indiscriminate change was sanctioned and passed against broad guidelines.

Mr. Trikamdas mentioned that the execution of the Spring project was not upto the standard and goodwill that Bombay Dyeing enjoys in terms of quality control, administration, public relation and communication. He requested the Chairman to look into the matter and correct it otherwise it would have an impact on the Company's brand image.

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21. MR. KIRTI SHAH

Mr. Kirti Shah thanked for the good dividend inspite of low profit. He made the following observations and comments relating to the balance sheet and raised some queries:

- Noted that the Company's borrowing at Rs.1100 crores in the current year had reduced by Rs.500 crores as compared to the last year. What was the position and plan for the current year? In the last AGM, it was mentioned that within the next 2-3 years borrowing would be completely reduced to zero. When would the Company become debt free? Debt equity ratio had become very less in the last six years.

- How much benefit Company was getting from the use of natural gas as fuel?

- Inventories were Rs. 1031.72 crores as against Rs.144.24 crores last year. In that, major inventories of Rs. 810.24 crores were of Real Estate. Whether it would be realized in the current year or next year? Maximum profit was in that. Company had done the valuation in the current year but when would the inventories be realized?

- Whether Rs.25.73 crores shown as fees for cancellation of sale contracts was of the real estate?

Mr. Shah also made the following suggestions:

- It would be better if the first and last page of the balance sheet was hard. Website and email id should also be mentioned on the page where address of the registered office is given.

- Last 10 years highlights should be given on the back page of the balance sheet so that the shareholders could retain only one page and not the full balance sheet throughout the year.

- Company's quarterly and annual results were being published in Business Standard and Lakshadweep which are not very popular newspapers. It should be published in prime and popular newspapers like Economic Times, Navbharat Times and Loksatta.

Mr. Shah mentioned that he had sent emails to Mr. Jeh Wadia, Mr. Ness Wadia and Mr. Durgesh Mehta regarding an opportunity to tie-up for the world's 9th tallest building which was in Dubai, but he received no response from them. According to him it would have been a profitable joint venture for Bombay Dyeing as the project was viable and genuine.

Mr. Shah wished all the best to the Company and stated that he was interested in the plant visit.

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22. MR. T. M. DAVAR

At the outset Mr. T. M. Davar suggested that the Company should change its accounting year to June, September or December, or atleast complete the audit by April so that the AGM could be held by the end of May or in June.

Mr. Davar then made the following comments, suggestions and queries:

- The balance sheet presentation was very simple but it was frail. Information was good. He complimented the Company Secretary, Mr. J. C. Bham, and Mr. N. Venkat Krishnan who were always helpful.

- Realty business had not done well in the last year for which reasons were given but what was the future of the realty business?

- Promoter group was shown as 49% and it was mentioned that there was a preferential issue for the promoters. What was the percentage of the promoters before the preferential issue? (Chairman's reply : It was before the second tranche and after the first tranche.) Would it increase further? There should not be any takeover bid. (Chairman's reply : At 49% it was difficult.)

- As regards the green initiative by the government, no law or provisions of any act could be amended just by a circular. According to the green initiative companies were giving information, notices, balance sheets by email but shareholders at advanced age do not want emails. Requested to continue with the simple balance sheet but suggested to make it little sturdier.

- Why was Neville House, a heritage building, forsaken? (Chairman's reply: It was leased out.) He suggested that the heritage structure should be utilized properly.

- In view of the strong balance sheet, requested to consider declaring some rights or bonus shares.

Mr. Davar wished Happy Pateti and New Year to the Chairman.

23. MRS. ASHALATA MAHESHWARI

Mrs. Ashalata Maheshwari mentioned that the balance sheet had covered all questions. She stated that Mr. Wadia had set an example by never failing to give dividend to the shareholders

Mrs. Maheshwari made the following comments:

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- Company's performance had improved and dividend was increased to 35%.

- There were reports in the newspapers that the Company's dynamic and smart MD, Mr. Jeh Wadia had adopted some new strategy to increase growth by restructuring. She wished to encourage him.

- Plant visit was arranged every year and efforts were made to include all shareholders for the plant visit.

- All employees, executives were contributing for the Company's growth.

- Mr. Venkat Krishnan gave good investor services. Company had a good Company Secretary, Mr. J. C. Bham. Registrars were giving good services.

Mrs. Maheshwari conveyed her best wishes and strong support for all resolutions.

9. The Chairman thereafter replied to the queries and points raised by the members who were present in the auditorium. A summary of the replies given by the Chairman is given hereunder:

Textile Division

- As regards textile prices, textile and polyester were in a sense related but the value addition in textile was what had to grow into insulating against the volatility of its raw material.
- As regards export outlook, the global situation was difficult but the Company's textile business was primarily focused on the domestic market. Growth was in that area and exports had shrunk and hence vulnerability in that sense was less.
- Stability in cotton prices was very difficult to predict because commodity prices in all commodities had created the huge inflation in the country. It was difficult to predict how the government would fix the minimum prices and allowed or disallowed exports.
- Fiscal stimulus package on exports was available and the Company was drawing from it as and when Company was entitled to it.
- Company's exports were a combination of direct sales and combination of agents depending on the market.

PSF Division

- Company made reasonably good profit in Polyester in the last year. In the current year there was fluctuation in the PTA prices and polyester staple fibre prices needed to catch up with that. Outlook for the year was a little difficult to project because of the volatility in oil prices which

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forms the base for raw material. The Company was confident that there would be no loss and it would make some marginal profit.

- Foreign exchange outflow was high because of import of PTA and MEG, the raw material for the PSF plant.
- Capacity utilization in PSF plant was 94%.
- There was no sale proposal for the Polyester plant at the moment.
- PSF division did make profit in the last year.

Real Estate Division

- Both, the Company and Larsen and Toubro sold their shares in L&T Bombay Developers Pvt. Ltd. There was an arrangement between the two for developing a property. However, due to adverse market situation it was not viable to undertake the project. Hence, the same was sold and the Company withdrew from it. Company fully recovered its investment.
- Increase in reserves was primarily because of transfer of land on which two new towers were proposed to be constructed was revalued and taken into reserves. It would be drawn down to the P&L as and when the building is sold. When it would be booked to profit and loss, it would go from revaluation to general reserves as part of its profits. Land was being revalued as and when it was put to use.
- The transaction of the flat in Spring was with SCAL. The flats were sold by Bombay Dyeing so the transaction with SCAL was reversed. There was no change in the transaction.
- Bombay Realty was going to be launched in a substantial way in the next few months.
- BDS Urban Infrastructure was a vehicle for a transaction which the Company then decided not to proceed with.
- Proposed development in the two towers is approximately 1 million sq.ft. The booking rates would vary from time to time. It was just being launched.
- Price at which Mr. R. A. Shah, Mr. Ishaat Hussain, Ms. Vinita Bali, Mr. Jeh Wadia and Mr. Ness Wadia had brought the flats was based on the market price on that day and was same as the sale price to everybody else. Mr. Hussain was not a director in those days but others were associated with the Company. Flats were sold to everybody internally and externally at the same price. There was no special price for anybody.
- There had been a delay in Springs project. When the building was being completed it was found that the quality and standard of the building was not what it should be. The Company had to protect its reputation and deliver to the customer something better than the others in the market. Lot of rework had to be done. The marble in the flat of Mr. Mahesh Kumar Trikamdas was pink and he had complained about it and so it was being changed. That would be completed in August and the flat would be ready for fit out very soon. It was better to correct the wrong and deliver a flat of a good standard which would be

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appreciated. Company was not contemplating any compensation for the delay. There was no favoritism regarding the interior decoration.

- Land had become part of the inventory of the business because of the two towers being developed. Land was taken into work in progress and therefore it was part of the inventory. Currently it was stock, work in progress. Money would be realized as construction progressed and finally when the building was delivered. The building which is being built is close to 80 storeys and would take about 4 years to complete.
- Dubai market was highly volatile and risky and Company had no interest in such transactions.
- Fees for cancellation was basically a transaction with White Horse and SCAL. These were transactions where properties were transferred and then sold. There was interest cost, so adjustment was made. It was more an accounting treatment which auditors had advised to do.

General

- Increase in interest rate does affect the Company.
- The number of people in each department was linked to the amount of work the Company had. There were people on flexible basis according to the requirements of the business. Number of people in real estate was going up because the business was increasing.
- There are 400 factory workers.
- Mr. Ness Wadia was in Bombay Dyeing earlier and got experience in that Company. Mr. Jeh Wadia was in Bombay Burmah and other companies. Now they were swapping over so that they get an understanding of the group as a whole, and understand all the businesses.
- Request for improvement in presentation of the balance sheet was noted.
- R&D expenses were for the product development that the Company was doing.
- There was a case pending in the high court against Mr. M. K. Singh and it was being reported every year.
- Date of appointment of internal auditor was October 2010 and cost was Rs.45 lacs.
- Cloth coupon was 10% and though there was inflation, shareholders were still getting the benefit of 10% on that inflation. There was no proposal for increase in the discount rate.
- Splitting of shares into Re.1/- would be considered in due course. Splitting was done in one of the group company. There were two views on the subject. Some people were in favour of it and some were not. It was a question of how things were perceived.
- The Company required two MDs because it has two different business. The real estate business which needed different type of skills as compared to Textile and Polyester Staple Fibre.

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- Details and classification of directors was mentioned in the balance sheet.
- Company is both, builder and producer.
- Company had changed from furnace oil to gas because it was more economical.
- There was debt reduction in the current year. Next year debt reduction would not be very large because more money was being put into the building of the two towers. Debt reduction would be substantial in the following year.
- Publication of results in Economic Times would be considered.
- Green Initiative was a good thing.

10. The Chairman then put to vote on a show of hands the Ordinary Resolution No.1 which had been moved by him and seconded by Mr. R. V. Chari.

The Resolution was put to vote on a show of hands and passed by requisite majority.

11. Ms. Shobhana Mehta proposed and Mr. Z. I. Maniar seconded the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT, as recommended by the Directors, a dividend of Rs. 3.50/- (Rupees Three and Paise Fifty Only) per Equity Share of Rs. 10/- each be declared and paid for the year ended 31st March, 2011 to those members whose names stand on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar & Share Transfer Agents of the Company on or before 26th July, 2011 in respect of shares held in physical form and in respect of shares held in electronic form, to the beneficial owners of shares as at the closing hours of 26th July, 2011 as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose."

The Resolution was put to vote on a show of hands and carried nem.con.

Since the next item of business related to his reappointment as Director, Mr. Nusli N. Wadia, Chairman, vacated the Chair and requested Mr. S. M. Palia to chair the meeting and accordingly Mr. S. M. Palia took the Chair.

12. Mr. Vinit Kumar Parikh proposed and Mr. Bakul Joshi seconded the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Nusli N. Wadia who retires by rotation and is eligible for reappointment, be and is hereby reappointed as a Director of the Company."

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The Resolution was put to vote on a show of hands and passed by requisite majority.

Mr. S. M. Palia thereafter vacated the Chair and Mr. Nusli N. Wadia resumed the Chair.

13. Mr. Tamal Kumar Majumdar proposed and Mr. Rusi Khambatta seconded the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. R. N. Tata who retires by rotation and is eligible for reappointment, be and is hereby reappointed as a Director of the Company."

The Resolution was put to vote on a show of hands and passed by requisite majority.

14. Mr. Z. I. Maniar proposed and Mr. Nilesh Sheode seconded the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. S. S. Kelkar who retires by rotation and is eligible for reappointment, be and is hereby reappointed as a Director of the Company."

The Resolution was put to vote on a show of hands and passed by requisite majority.

15. Mr. Bakul Joshi proposed and Mr. Vinit Kumar Parikh seconded the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. A. K. Hirjee who retires by rotation and is eligible for reappointment, be and is hereby reappointed as a Director of the Company."

The Resolution was put to vote on a show of hands and passed by requisite majority.

16. Mr. Nilesh Sheode proposed and Ms. Smita B. Shah seconded the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, (Registration No. 104607W), 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."

The Resolution was put to vote on a show of hands and carried nem.con.

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17. Ms. Smita B. Shah proposed and Mr. Tamal Kumar Majumdar seconded the following Resolution as an Ordinary Resolution:-

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

The Resolution was put to vote on a show of hands and passed by requisite majority.

18. Mr. Rusi Khambatta proposed and Mrs. Shobhana Mehta seconded the following Resolution as a Special Resolution:-

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

RESOLVED FURTHER THAT the payment of remuneration to Mr. Jeh N. Wadia may be on such terms and conditions as approved by the Remuneration/Compensation Committee and by the Board of Directors at their respective Meetings held on 29th March, 2011 and as set out in the Explanatory Statement under Section 173(2) of the Act annexed to the Notice convening the 131st Annual General Meeting and in the Agreement to be entered into between the Company and Mr. Jeh N. Wadia, a draft whereof duly initialed by the Chairman for purposes of identification is submitted to this Meeting, which Agreement is hereby specifically sanctioned with liberty and power to the Board of Directors (hereinafter referred to as "the Board", which expression shall also include the Remuneration/Compensation Committee of the Board), in the exercise of its discretion, to fix and to revise from time to time the actual remuneration of Mr. Jeh N. Wadia within the ceilings stipulated in the Agreement and to alter/vary/modify/amend from time to time the terms and conditions of the

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said appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. Jeh N. Wadia, provided that such alteration/variation/modification/ amendment is in conformity with the applicable provisions of the Act as amended from time to time.

RESOLVED FURTHER THAT where in any financial year comprised in the period of 3 years with effect from 1st April, 2011, during the currency of tenure of Mr. Jeh N. Wadia as Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay Mr. Jeh N. Wadia remuneration as determined from time to time by the Board pursuant to the authority vested in them in terms of this Resolution, subject to compliance with the applicable provisions of Schedule XIII to the Act, with the approval of the Central Government if and to the extent necessary AND THAT such remuneration shall be treated as the minimum remuneration payable to Mr. Jeh N. Wadia in the absence or inadequacy of profits, in accordance with the provisions of Sections 198(4), 309(3), 311, Schedule XIII and other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary and desirable to give effect to this Resolution".

The Resolution was put to vote on a show of hands and passed by requisite majority.

The Meeting terminated with a vote of thanks to the Chair.

CONFIRMED

Sd/-

Date: 31.08.2011

DIRECTOR

Certified True Copy
For THE BOMBAY DYEING & MFG. CO. LTD.

(J. G. BHAMI)
COMPANY SECRETARY