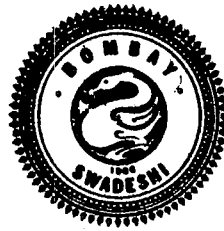


MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓			



BOMBAY SWADESHI STORES LIMITED

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**92ND ANNUAL REPORT
1997-98**





BOMBAY SWADESHI STORES LIMITED

BOARD OF DIRECTORS

MR. MILAN B. DALAL —Chairman
 MR. ASIM DALAL —Managing Director
 MR. R.G. KAPADIA
 MR. S.K. VIDWANS
 MR. C.N. KANABAR
 MR. PRATUL N. DALAL

PRESIDENT

MR. VISHAL KAPOOR

AUDITORS

M/s. M.D. PANDYA & ASSOCIATES

BANKERS

NEW INDIA CO-OPERATIVE BANK LTD.
 SYNDICATE BANK

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REGISTERED OFFICE

Western India House,
 Sir Pherozeshah Mehta Road,
 Fort, Mumbai 400 001.

BRANCHES

PUNE, M. G. Road
 PUNE, J. M. Road
 SECUNDERABAD
 MUMBAI, Air Port ("Kiosk")

Members are requested to bring their copy of the Annual Report to the Annual General Meeting.



NOTICE

NOTICE is hereby given that the **NINETY-SECOND ANNUAL GENERAL MEETING** of the Members of **BOMBAY SWADESHI STORES LIMITED** will be held on Wednesday, September 30, 1998 at 11.30 a.m. at Kilachand Conference Room, 2nd Floor, Indian Merchants' Chamber, IMC Marg, Opp.Churchgate Station, Mumbai 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account of the Company for the nine month period ended on that date alongwith the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Milan B. Dalal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr.Champak N. Kanabar who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

BY ORDER OF THE BOARD

MUMBAI:

MILAN B. DALAL

Dated : 2nd September, 1998

Chairman

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The proxies duly completed should be deposited with the Company at its Registered Office not later than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed on 30th September, 1998.
4. Member are requested to intimate change of address, if any, to the Company.

BOMBAY SWADESHI STORES LIMITED
92nd Annual Report 1997-98

Report of the Directors to the Shareholders

Your Directors present the NINETY-SECOND ANNUAL REPORT of the Company together with the Audited Statements of Accounts for the nine month period ended 31st March, 1998.

CHANGE IN ACCOUNTING YEAR

The Company's Accounting Year of 1st July to 30th June has resulted in duplication of efforts in the maintenance and submission of records in compliance of the requirements of the Income-tax and Company Law authorities. In order to avoid such duplication of efforts and in view of the operational difficulties involved therein, it has been considered prudent to change the Accounting Year and hence, the Audited Accounts as well as this Report are being presented for the nine month period ended 31st March, 1998. From the next year, the Accounting Year will be from 1st April to 31st March.

FINANCIAL RESULTS

	Nine month period ended 31st March, 1998	Year ended 30th June 1997
Profit/(Loss) for the year	13,09,269	10,53,346
Less : Provision for taxation	3,00,000	-
	10,09,269	10,53,346
Less : Prior year tax adjustment	44,527	-
	9,64,742	10,53,346
Add/Less : Balance of profit/(loss) Brought forward	(1,27,11,662)	(1,37,65,008)
Add : Transferred from General Reserved	-	-
Balance profit available for appropriations	(1,17,46,920)	(1,27,11,662)
APPROPRIATIONS		
Proposed dividend	-	-
Amount transferred to General Reserve	-	-
Balance carried forward	(1,17,46,920)	(1,27,11,662)
	(1,17,46,920)	(1,27,11,662)

During the period under report, the Company's sales was Rs.688.51 lacs as compared to Rs.710.40 lacs in the previous financial year. On an annualised basis, the sales for the Financial Year 1997-98 was Rs.918.01 lacs resulting in an increase by 29.22%. The balance of the

losses carried forward to the Balance Sheet was Rs.117.47 lacs as compared to Rs.127.12 lacs in the previous financial year.

Your Directors are hopeful of wiping off the carried forward losses completely in due course.

EVENTS DURING THE YEAR

Subsequent to the period under report, the Company terminated its franchise arrangement with DCM Benetton in respect of the outlet at Borivali, Mumbai, as the same was not found viable operationally.

DIVIDEND

In view of the carried forward losses, your Directors are constrained not to recommend any dividend for the period under report.

FIXED DEPOSITS

As on 31st March, 1998, there were no fixed deposits remaining overdue.

ISSUE OF PREFERENCE SHARES

During the period under report, the Company made an issue of 2,00,000 15% redeemable non-cumulative preference shares of Rs.100/- each for cash at par aggregating Rs. 200.00 lacs to an associate company.

DIRECTORS

Mr.Milan B. Dalal and Mr.Champak N. Kanabar retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed and forms part of this Report.

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

The nature of business of the Company being retailing, information in respect of conservation of energy and technology absorption as required under Section 217(1) (e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is not applicable.

The total foreign exchange used during the period was Rs.13,45,264/- (previous year Rs.4,83,819/-) and earned during the period was Rs.91,38,961/- (previous year Rs.80,42,100/-).

**SUBSIDIARY COMPANY**

Statement pursuant to Section 212 of the Companies Act, 1956 in respect of your Company's Subsidiary is annexed and forms part of this Report.

AUDITORS

M/s.M.D.Pandya & Associates, Chartered Accountants, Mumbai, hold office as Auditors of the Company upto the conclusion of the forthcoming Annual General Meeting. A certificate has been obtained from them pursuant to Section 224(1-B) of the Companies Act, 1956 to the effect that their appointment, if made would be within the limits prescribed thereunder.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the co-operation and diligent efforts of the employees of the Company as also the Bankers.

FOR AND ON BEHALF OF THE BOARD

MILAN B. DALAL
Chairman

MUMBAI :
Dated : 2nd September, 1998

ANNEXURE TO DIRECTORS' REPORT TO THE MEMBERS

Statement showing Particulars of Employees as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report

Sr. No.	Name and Age	Designation/ Nature of Duties	Date of Commencement of Employment	Qualification/ Experience	Gross Remuneration (Rs.)	Last employment held
1.	Mr. Asim Dalal (31 Years)	Managing Director Day-to-day Management	01.04.1994	B.Com (Hons.) D.F.M. (London)	2,25,000	Gateway Chemists Ltd. Managing Director
2.	Mr. Vishal Kapoor (33 Years)	President General Management and Administration	04.06.1994	B.A.Sociology, B.A. (Eco.)	4,12,200	Self Employed

NOTES :

1. Remuneration as above includes salary, taxable allowances, leave encashments, value of perquisites as per Income tax Rules, 1962 and excluding Company's contribution to Provident Fund, Family Pension Fund and Super annuation Fund.
2. The conditions of employment, except in the case of Managing Director whose appointment is contractual, are non-contractual and terminable by three months notice.
3. Mr. Asim Dalal is the relative of a Director of the Company.

For and on behalf of the Board

MUMBAI :
Dated : 2nd September, 1998.

MILAN B. DALAL
Chairman

BOMBAY SWADESHI STORES LIMITED
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FINANCIAL HIGHLIGHTS										
		(Rs. lacs)								
	*1997-98	1996-97	**1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	***1987-89
Share Capital	\$250.00	50.00	\$\$50.00	30.00	\$\$\$30.00	15.00	14.90	14.90	14.90	14.90
Share Premium & Capital Reserves	40.64	40.64	40.40	25.03	17.99	10.40	10.40	20.51	19.38	18.07
Fixed Assets	198.61	150.37	161.93	9.33	4.26	3.56	3.45	5.01	3.99	3.07
Investments	1.91	1.91	1.91	1.41	0.56	0.29	0.29	0.29	0.29	0.29
Net Current Assets	80.13	66.86	(5.25)	45.39	45.37	41.26	34.81	62.06	60.84	61.30
Miscellaneous Expenditure and Profit & Loss Account	(134.16)	(155.71)	(184.68)	(0.80)	(0.57)	(8.71)	(18.10)	—	—	—
Total Turnover	755.94	748.19	436.95	241.72	196.09	173.27	164.93	147.81	137.29	204.76
Profit After Tax	10.09	10.53	(152.28)	12.44	20.61	9.74	(28.20)	1.13	3.54	3.72
Rate of dividend (%)	—	—	—	18.00	#16.00	—	—	—	15.00	##22.00

* For 9 month period

** For 15 month period

*** For 18 month period

\$ Post Preference Issue

\$\$ Post Rights Issue - II

\$\$\$ Post Rights Issue - I

Includes dividend on prorata for post rights -I share

Dividend for 18 month period



Report of the Auditors to the Members of Bombay Swadeshi Stores Limited

We have audited the attached Balance Sheet of **BOMBAY SWADESHI STORES LIMITED**, as at 31st March, 1998 and also the annexed Profit and Loss Account of the Company for the nine months ended on that date, and report that :-

1. 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;
2. 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,
3. The Balance Sheet and the Profit and Loss Account dealt with by the report are in agreement with the books of account;
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to :-

Note No. 7(a) regarding non furnishing of quantitative information and read together with the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-

- (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998. and
- (ii) in the case of the Profit and Loss Account of the profit for the nine months period ended on 31st March, 1998.

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and as per the information and explanations given to us we further state that :-

1. This being a Trading Company, this report includes matters specified in the above mentioned Order as far as they are applicable to this Company.
2. The Company has not maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. We are informed that such records are under compilation and physically verification of assets will be carried out by the Management on completion of the records.

3. None of the Fixed Assets have been revalued during the period.
4. Physical verification of stock-in-trade (Finished Goods) has been carried out during the period by the Management. On account of the nature of the trade being retail business dealing in hundreds of small items, in our opinion the frequency of the verification is reasonable.
5. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. As the Company does not maintain any book records of its stock-in-trade, it is not possible to ascertain whether there are any discrepancies between physical stock and book records.
7. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
8. The Company has accepted loans from Directors, Managing Director and Companies listed in the Register maintained under Section 301 and from Companies under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956. The rate of interest and other terms and conditions of such loans, in our opinion, are prima facie not prejudicial to the interest of the Company.
9. The Company has not given any loans to Companies, firms and other parties as listed in the Register maintained under Section 301 of the Companies Act, 1956 and to Companies under the same management.
10. The parties including employees to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts and interest as stipulated.
11. This being a Trading Company and Departmental Stores dealing in hundreds of different types of items, it does not call for any tenders or quotations for purchases of goods.