

94th Annual Report

Report  Junction

BOMBAY SWADESHI STORES LIMITED

BOMBAY SWADESHI STORES LIMITED

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

As per Government Guidelines, no gifts or gift coupons shall be distributed at the Annual General Meeting.

BOMBAY SWADESHI STORES LIMITED

Company Details

BOARD OF DIRECTORS

MR. MILAN DALAL
Chairman

MR. ASIM DALAL
Managing Director

MR. RAJESH KAPADIA

MR. SANJAY VIDWANS

MR. CHAMPAK KANABAR

MR. PRATUL DALAL

PRESIDENT

MR. VISHAL KAPOOR

AUDITORS

M/s. M.D. PANDYA & ASSOCIATES

BANKERS

UNION BANK OF INDIA

UTI BANK LTD.

NEW INDIA CO-OPERATIVE BANK LTD.

SYNDICATE BANK

REGISTERED OFFICE

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

RETAIL OUTLETS

MUMBAI : THE BOMBAY STORE
P.M. Road
: THE BOMBAY STORE
Domestic Airport
: URBAN LIVING
Nariman Point
PUNE : THE BOMBAY STORE
M. G. Road
BRANCH SECUNDERABAD : M. G. Road

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NOTICE

NOTICE is hereby given that the **NINETY-FOURTH ANNUAL GENERAL MEETING** of the Members of **BOMBAY SWADESHI STORES LIMITED** will be held on Thursday, 24th August, 2000 at 11.00 a.m. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/30, Kaikhushru Dubash Marg, Fort, Mumbai 400 001, to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss Account of the Company for the year ended on that date alongwith the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pratul Dalal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Milan Dalal who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and such other statutes as may be applicable, and subject to the approvals, sanctions and consents as may be required to be obtained from appropriate authorities, the Articles of Association of the Company be and is hereby altered by inserting the following new Article 17A after the existing Article 17."

Dematerialisation of securities**17A. (A) FOR THE PURPOSES OF THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES**

Act	"Act" means the Companies Act, 1956, including any amendment(s) thereto or any re-enactments(s) thereof.
Beneficial/Owner	"Beneficial Owner" means a person whose name is recorded as such with a depository.
SEBI Board	"SEBI Board" means the Securities and Exchange Board of India.
Bye -Laws	"Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.
Depositories Act	"Depositories Act" means the Depositories Act, 1992 (22 of 1996), including any amendment(s) thereto or any modification(s) thereof.

Depository

"Depository" means a company incorporated and registered under the Companies Act, 1956 which has been granted a Certificate of Registration under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1996.

Record

"Record" includes the records maintained in the form of books or stored in a computer or in such other form or medium as may be determined by regulations made by the SEBI Board.

Regulations

"Regulations" mean the regulations made by the SEBI Board.

Security

"Security" means such security as may be specified by the SEBI Board.

(B) DEMATERIALISATION OF SECURITIES

Either on the Company or on the investor exercising an option to hold his/her security with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the security, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act, 1996.

(C) OPTION TO RECEIVE SHARE CERTIFICATES OR HOLD EQUITY SHARES WITH DEPOSITORY

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of security, and on receipt of such information, the depository shall enter in its Record the name of the allottee as the Beneficial Owner of such security.

(D) SECURITIES IN DEPOSITORY TO BE IN FUNGIBLE FORM

All securities held by a depository shall be dematerialised and shall be in a fungible form.

Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the Beneficial Owner.

(E) RIGHTS OF DEPOSITORY AND BENEFICIAL OWNER

1. Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the Beneficial Owner.

2. Save as otherwise provided in (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
3. Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the records of the depository shall be deemed to be a member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

(F) DEPOSITORY TO FURNISH INFORMATION

Every depository shall furnish to the Company information regarding the transfer of securities in the name of the Beneficial Owners at such intervals and in such manner as may be specified by the Bye-laws and the Company in that behalf.

(G) OPTION TO OPT OUT IN RESPECT OF ANY SECURITY

If a Beneficial Owner seeks to opt out of a depository in respect of any security, the Beneficial Owner shall intimate the depository accordingly. The depository shall, on receipt of such an intimation, make appropriate entries in its records and shall inform the Company. The Company shall, within 30 (thirty) days of the receipt of the intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be.

(H) SECTIONS 83 AND 108 OF THE ACT NOT TO APPLY

Notwithstanding anything to the contrary contained in the Articles :

1. Section 83 of the Act shall not apply to the shares held with a depository.
2. Section 108 of the Act shall not apply to a transfer of security effected by the transferor and the transferee, both of whom are entered as Beneficial Owners in the records of the depository.

(I) SERVICE OF DOCUMENTS

Notwithstanding anything contained in the Act or these Articles, where securities are held in a depository, the records of the Beneficial Owner may be served by such depository of the Company by means of electronic mode or by delivery of floppies or discs.

(J) ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(K) DISTINCTIVE NUMBERS OF SECURITIES HELD IN A DEPOSITORY

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

(L) REGISTER AND INDEX OF BENEFICIAL OWNERS

The Register and Index of the Beneficial Owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security Holders for the purpose of the Act and of these Articles.

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

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval, if any, of such other appropriate authorities, that may be required to be obtained for the purpose under the applicable laws, rules and regulations, consent be and is hereby given to the Board of Directors (hereinafter referred to as the Board) of the Company to increase the issued, subscribed and paid-up share capital of the Company from Rs. 2.50 Crores (Rupees Two Crores Fifty Lacs only) divided into 5,00,000 (Five Lacs) equity shares of Rs. 10/- (Rupees Ten only) each, aggregating Rs. 50.00 Lacs (Rupees Fifty Lacs only) and 2,00,000 (Two Lacs) 15% Non-Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each, all fully paid-up, to Rs. 2,63,00,000/- (Rupees Two Crores Sixty Three Lacs only) divided into 6,30,000 (Six Lacs, Thirty Thousand only) equity shares of Rs. 10/- (Rupees Ten only) each, aggregating Rs. 63,00,000/- (Rs. Sixty Three Lacs only) and 2,00,000 (Two Lacs) 15% Non-Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each aggregating Rs. 2,00,00,000/- (Rupees Two Crores only), by the issue of 1,30,000 (One Lac Thirty Thousand only) equity shares of Rs. 10/- (Rupees Ten only) each for cash at a premium of Rs. 240/- (Rupees Two Hundred Forty) only per equity share, aggregating Rs. 3,25,00,000/- (Rupees Three Crores Twenty Five Lacs only) on the following terms and conditions:

- a. 90,000 (Ninety Thousand only) equity shares to Ingram Investments Private Limited, constituting 3.42% of the enhanced capital, and 40,000 (Forty Thousand only) equity shares to Pursarth Trading Company Private Limited, constituting 1.52% of the enhanced capital are proposed to be allotted at a price of Rs. 250/- (Rupees Two Hundred Fifty only) per equity share including a premium of Rs. 240/- (Rupees Two Hundred Forty only) per equity share,

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without all or any of them being offered to any or all of the existing Members of the Company or to any person(s) whose name(s) appear/s on the Register of Member of the Company.

- b. The said allotment is proposed to be made in order to, inter alia, redeem the preference shares of the Company.
- c. Subsequent to the proposed allotment, there will be no consequential change in the Board of Directors of the Company nor will be any consequential changes in its shareholding pattern.
- d. As there will be no significant change in the shareholding pattern, the voting rights will not change.
- e. The new equity shares shall be issued subject to the Memorandum and Articles of Association of the Company.
- f. The new equity shares shall rank pari passu in all respects with the existing equity shares of the Company except that they shall be entitled to dividend, if declared in the forthcoming financial year from the date of their allotment.
- g. The issue and allotment of the new equity shares shall, in accordance with this resolution, be subject to approval of all such authorities that may be required to be obtained including the Reserve Bank of India, if required.
- h. The full amount of Rs. 250/- (Rupees Two Hundred Fifty only) per equity share, including premium of Rs. 240/- (Rupees Two Hundred Forty only) per equity share, shall be payable along with the application for subscription thereto.
- i. The quantum of premium payable has been arrived at on the basis of the average of the high and low price per equity share during the six months ended on the date of this Notice, and the average of the high and low price per equity share during the two weeks ended on the date of this Notice, whichever is higher, as available from the Daily Quotation List of The Stock Exchange, Mumbai.
- j. The application money shall be payable to the Company's Bankers on or before the date fixed by the Board, or any Committee thereof, in that behalf.
- k. Application will be made to The Stock Exchange, Mumbai for listing the said new equity shares and for permission thereafter to deal in the same and for their official quotation(s).

- l. The person(s) to whom the said new equity shares are proposed to be offered shall not be entitled to renounce the offer, either in full or in part, through split or otherwise, in favour of any other person(s).
- m. In the event of the shares being offered remaining unsubscribed by any or all the persons to whom the offer is proposed to be made, the Board or any Committee thereof shall, in its absolute discretion, allot the same, from time to time to any person(s) and in such manner in the best interest of the Company.
- n. No Letter of Allotment shall be issued in respect of the shares proposed to be issued and allotted. However, share certificate(s) in respect of such shares shall be delivered to the shareholder(s) on or before the expiry of three months from the date of allotment of the said shares.

FURTHER RESOLVED THAT, for the purpose of giving effect to this resolution, the Board, or any Committee thereof constituted for the purpose, be and is hereby authorised to do all such acts, deeds and things as it may, in its absolute discretion, deem expedient, desirable, necessary or appropriate, to settle any question, difficulty or doubt that may arise with regard to the issue and/or allotment of the said new equity shares, and to accept on behalf of the Company such condition(s), alteration(s) and modification(s), if any, relating to the proposed issue of the said new equity shares, as may be imposed, required, stipulated or suggested by any or all of the authorities from whom approval, if any, to the proposed issue is required to be obtained."

BY ORDER OF THE BOARD

MILAN DALAL

Chairman

Dated : 24th July, 2000

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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd August, 2000 to 24th August, 2000, both days inclusive.
4. Members are requested to intimate change of address, if any, to the Company.

Annexure to the Notice

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

The following explanatory statement sets out in detail all material facts relating to the item of Special Business as mentioned in the accompanying Notice convening the Ninety-Fourth Annual General Meeting of the Company.

Item No.5

In order to protect the interest of investors, SEBI has been taking several steps to ensure that all companies accelerate the introduction of scripless trading or dematerialisation of their securities, in line with the provisions of the Depositories Act, 1996.

The concept of scripless trading will not only eliminate the possibilities of fake and forged shares and bad delivery, but also reduce the time taken to transfer shares.

Keeping the inherent advantages of the said concept and its efficacy in mind, the Company is initiating necessary steps for dematerialisation of its securities.

To give effect to the proposal, certain provisions of the Articles of Association of the Company pertaining to issue, holding, transfers, transmissions, and dealing in shares and other securities, if any, are required to be changed on the basis of the relevant provisions of the Depositories Act, 1996.

Any alteration to the Articles of Association requires the approval of the Company in a General Meeting through a Special Resolution.

Item No.6

In order to, inter alia, redeem the preference shares of the Company, it is proposed to make an issue of equity shares, as

permissible by Provisos (a) and (b) of Section 80(1) of the Companies Act, 1956, by offering 1,30,000 equity shares of Rs.10/- each for cash at a premium of Rs.240/- per equity share, aggregating Rs.3,25,00,000/- on terms and conditions stipulated in the foregoing resolution and in the manner stated therein, without offering such new equity shares or any of them to any or all of the existing members of the Company or to any person(s) whose name(s) appears/appear on the Register of Members of the Company

Pursuant to Section 81(1A) of the Companies Act, 1956, issue of shares to persons other than the holders of the equity shares of the Company as on the date of offer, requires the approval of the Company in a General Meeting through a Special Resolution.

Hence, the approval of the Members is being sought in this regard.

None of the Directors are deemed to be interested or concerned in the resolution.

Hence the approval of the Members is being sought in this regard.

None of the Directors are deemed to be interested or concerned in the resolution.

BY ORDER OF THE BOARD

MILAN DALAL
Chairman

Dated : 24th July, 2000

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Report of the Directors to the Shareholders

Your Directors present the **NINETY-FOURTH ANNUAL REPORT of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2000.**

FINANCIAL RESULTS

	31st March, 2000 Rs.	31st March, 1999 Rs
Profit/(Loss) for the year	1,29,62,427	53,67,818
Less : Provision for taxation	27,50,000	7,00,000
	<u>1,02,12,427</u>	<u>46,67,818</u>
Less : Prior year tax adjusted	10,404	58,698
	<u>1,02,02,023</u>	<u>46,09,120</u>
Add/Less : Balance of profit/ (loss) brought forward	(71,37,800)	(1,17,46,920)
Balance profit available for appropriation	30,64,223	(71,37,800)

During the year under report, the Company's sales was Rs.1547.61 lacs as compared to Rs.1105.29 lacs in the previous year, resulting in an increase of 40.01%. The carried forward loss was completely wiped off leaving a balance profit of Rs. 30.64 lacs.

DIVIDEND

In order to conserve resources for the expansion of the Company's activities, as informed elsewhere in this Report, your Directors are constrained not to declare dividend for the year under Report.

FIXED DEPOSITS

As on 31st March, 2000, there were no fixed deposits remaining overdue.

DIRECTORS

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

DEMATERIALISATION OF SECURITIES

The accompanying Notice convening the ensuing Annual General Meeting seeks the shareholders' approval for the amendment of the Articles of Association of the Company to give effect to the Company's plans to dematerialise its securities.

Your Directors recommend the resolution for approval by the Members.

EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the year under report, the Company' franchise arrangement with Benetton was terminated, and franchise arrangement with Ace Seating Private Limited for Chateau D'Ax was terminated. The Company has since lauched a new division 'Urban Living' for furniture retailing.

Subsequent to the year under report, the Company initiated steps to expand its operations to various other cities in the

country. As a first step, the Company is in the process of commencing operations at Bangalore and has acquired on conducting basis the premises for the purpose. The operations thereat are expected to commence shortly.

Subsequent to the year under report, the Company has been actively considering a proposal to commence travel related business, in further pursuance of its expansion plans. The company has identified a profit making IATA approved agency with a good client base and track record. The takeover process is on.

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 being retailing, providing information with regard to conservation of energy and technology absorption as required 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 this Report does not arise for your Company.

The total foreign exchange used during the year was Rs. 4,37,907/- (previous year Rs.5,07,661/-) and earned during the year was Rs.2,43,31,259/- (previous year Rs.1,64,60,275/-).

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.

FOR AND ON BEHALF OF THE BOARD

MILAN DALAL
Chairman

Dated : 24th July, 2000

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 (32 Years)	Managing Director	01.04.1994	B.Com. (Hons.) D.F.M. (London)	6,00,000	Gateway Chemist Ltd. Managing Director
2.	Mr. Vishal Kapoor (34 Years)	President General Management and Administration	04.06.1994	B.A.Sociology, B.A. (Eco.)	6,65,488	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 : 24th July, 2000.

MILAN DALAL

Chairman


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