

**98th Annual Report
2003-2004**



BOMBAY SWADESHI STORES LIMITED

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98th Annual Report 2003 - 2004

FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98*	1996-97	1995-96**	1994-95
Share Capital	63.00	63.00	63.00	63.00	250.00	250.00	250.00	50.00	50.00	30.00
Reserves & Surplus	462.39	430.07	427.03	422.96	71.28	40.64	40.64	40.64	40.64	25.03
Fixed Assets	527.09	598.89	660.55	699.36	186.42	187.52	198.61	150.37	161.93	9.33
Investments	251.15	250.83	0.83	0.83	0.68	1.18	1.91	1.91	1.91	1.41
Net Current Assets	296.98	314.40	561.26	485.25	283.69	90.52	80.13	66.86	5.25	45.39
Profit & Loss Account	—	—	—	—	—	(71.38)	(134.16)	(155.71)	(184.68)	(0.80)
Total Turnover	2,542.33	2,494.14	2,889.92	2,5962.57	1,692.13	1206.16	804.58	783.48	458.63	248.03
Profit After Tax	46.45	3.05	4.06	45.95	102.12	46.68	10.09	10.53	152.28	12.44
Rate of Dividend (%)	—	—	—	10	—	—	—	—	—	18

* For 9 month period

** For 15 month period

Note: Previous year's figures have been regrouped or rearranged wherever necessary.

BOMBAY SWADESHI STORES LIMITED**INDEX**

ITEMS	PAGE NO.
Company Details	2
Notice	3
Directors' Report	6
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules to Balance Sheet and Profit & Loss Account	14
Notes to Accounts	19

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

BOMBAY SWADESHI STORES LIMITED

COMPANY DETAILS

BOARD OF DIRECTORS

MR. MILAN DALAL (Resigned w.e.f 25-11-2003)
Chairman

MR. ASIM DALAL
Managing Director

MR. RAJESH KAPADIA (Resigned w.e.f 09-03-2004)

MR. MANOJ SOPARKAR (Appointed w.e.f. 29-09-2003)

MR. CHAMPAK KANABAR

MR. PRATUL DALAL

AUDITORS

M/s. M.D. PANDYA & ASSOCIATES
Chartered Accountants

BANKERS

UTI BANK LTD.

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

PUNE : THE BOMBAY STORE
M. G. Road

BANGALORE : THE BOMBAY STORE
M. G. Road

TRAVEL DIVISION

MUMBAI : P. M. Road

NOTICE

NOTICE is hereby given that the **NINETY-EIGHTH ANNUAL GENERAL MEETING** of the Members of **BOMBAY SWADESHI STORES LIMITED** will be held on Thursday, 30th September, 2004 at 10:15 a.m. at "Jasmine", 1st Floor, MVIRDC, World Trade Centre, Centre 1, Cuffe Parade, Mumbai 400 005, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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. Champak Kanabar who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider, and, if though, to pass with or without modification(s), if any, the following resolution as on Ordinary Resolution.

"RESOLVED THAT pursuant to Section 258 of the Companies Act, 1956, the number of Directors on the Board of Directors of the Company be and is hereby reduced to four".

5. To consider, and, if thought, to pass with or without modification(s), if any, the following resolutions as Ordinary Resolution.

"RESOLVED THAT Mr. Manoj Soparkar who, having been appointed earlier as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 holds office till this Annual General Meeting and in respect of whom the Company has a received notice under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed Director liable to retire by rotation".

6. To consider, and, if thought, to pass with or without modification(s), if any, the following resolutions as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 269 and Schedule XIII to the Companies Act, 1956, (hereinafter referred to as 'The Act') as amended from time to time, and subject to the provisions of Sections 198, 309 and other applicable provisions, if any, of The Act and Article 150 of the Articles of Association of the Company, and, further, subject to the approval of the shareholders to be obtained at the forthcoming Annual General Meeting, Mr. Asim Dalal be and is hereby re-appointed as Managing Director of the Company with effect from 1st April, 2004 on the following terms and conditions.

1. Tenure: Five years with effect from 1st April, 2004.
2. Remuneration:
 - a. Salary: Rs.1,00,000/- p.m. with a provision for enhancement of 10 % each year, during the tenure of re-appointment, subject to the condition that in the event of absence or inadequacy of profits in any financial year, the Managing Director shall be entitled to payment of only minimum remuneration as stated elsewhere.
 - b. Perquisites:
 - (i) Commission: At 20% of the salary payable annually.
 - (ii) Club Fees: Annual subscription fees subject to a maximum of 2 clubs.

The above remuneration shall be within the overall ceiling of 5% of the net profits as computed in the manner provided under Section 349, 350 and 351 of The Act.

The following shall not be included in the computation of the ceiling of remuneration specified above:

- a. Contribution to provident fund.
- b. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- c. Encashment of leave at the end of the tenure.
- d. Provision of car for use on the Company's business and telephone at residence.

Personal long distance calls and use of car for private purpose shall be billed by the Company to Mr. Asim Dalal. In the event of absence or inadequacy of profits in any financial year during his tenure as Managing Director, Mr. Asim Dalal would be entitled to the above remuneration not exceeding Rs.1,00,000/- p.m., being the "minimum remuneration" to which he would be entitled to pursuant to Section II of Part II of the Schedule XIII to The Act. Any excess remuneration already paid during such financial year shall be recovered from him.

3. Privilege leave: As per Company's rules.
 4. Sitting Fees: Mr. Asim Dalal will not be entitled to sitting fees for the Meetings of the Board or Committee(s), if any, attended by him during the tenure of his office as Managing Director.
 5. Reimbursement of expenses: Mr. Asim Dalal shall be entitled to reimbursement of all the expenses actually and properly incurred by him for the Company's business.
 6. Duties: Subject to superintendence and control of the Board of Directors of the Company, Mr. Asim Dalal, the Managing Director, shall be responsible for the day-to-day management of the Company and shall carry out such duties as may be entrusted to him from time to time by the Board of Directors.
 7. Notice: This agreement may be terminated by either party giving to the other party three months' notice in writing.
 8. Compensation for loss of office: Compensation for loss of office in case of termination before the expiry of the period of three months from 1st April, 2004 would be payable to him as mutually agreed upon.
 9. Retirement by rotation: Pursuant to Articles 150 of the Articles of Association of the Company, Mr. Asim Dalal shall not be liable to retire by rotation.
7. To consider, and, if thought, to pass with or without modification(s), if any, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 163(1) and other applicable provisions, if any, of the Companies Act, 1956, the Register of Members, the Index of Members and copies of all Annual Returns prepared under Section 159 together with the copies of the certificates and documents required to be annexed thereto under Section 160 and 161 any or more of them be and is hereby authorized to be kept at the office of Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, with effect from 1st October, 2004, instead of IIT Corporate Services Ltd., 2nd floor, Protoprma Chambers, Suren Road, Andheri-East, Mumbai 400059."

BY ORDER OF THE BOARD

Mumbai:
Dated: 31st August, 2004

Asim Dalal
Managing Director

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 on Thursday, 30th September, 2004.
4. The instrument appointing the proxy should be deposited with the Company not less than 48 hours before the commencement of the Meeting.
5. Members are requested to intimate change of address, if any, to Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, the Company's Registrars & Share Transfer Agents.

BOMBAY SWADESHI STORES LIMITED
98th Annual Report 2003 - 2004

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-Eighth Annual General Meeting of the Company.

Item No:4

The total strength of the Board of Directors after the Ninety-Seventh Annual General Meeting was five. Subsequently, Mr. Manoj Soparkar was appointed Additional Director pursuant to Section 260 of the Companies Act, 1956, and is proposed to be appointed Director liable to retire by rotation. Further, Mr. Milan Dalal and Mr. Rajesh Kapadia resigned as Directors from the Board of Directors of the Company. Consequently, the strength of the Board reduced to four.

Pursuant to Section 258 of the Act, any increase or decrease in the strength of the Board within the limits prescribed by the Articles of Association will necessitate the approval of the Members.

Hence the Ordinary Resolution.

None of the Directors are interested or concerned in the resolution.

Item No.5

Mr. Manoj Soparkar was appointed Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office till the forthcoming Ninety-Eighth Annual General Meeting of the Company.

A notice proposing his candidature for appointment as Director liable to retire by rotation has been received from a member alongwith deposit of Rs.500/-.

Hence the Ordinary Resolution.

None of the Directors other than Mr. Manoj Soparkar are interested or concerned in the above resolution.

Item No.6

Mr. Asim Dalal's tenure as Managing Director of the Company expired on 31st March, 2004. Subsequent thereto, the Board of Directors of the Company, at their Meeting held on 30th April, 2004, re-appointed Mr. Asim Dalal as Managing Director, with effect from 1st April, 2004 for a further period of five years, subject to the approval of the shareholders at this Annual General Meeting.

Hence the Ordinary Resolution.

The Draft Agreement is available for inspection at the Registered Office of the Company during office hours.

Mr. Asim Dalal is deemed to be interested or concerned in the resolution

Item No.7

Presently, the Register of Members, Index of Member and the copies of Annual Return prepared under Section 159 of the Companies Act, 1956 together with the copies of certificates and other relevant documents, prepared under the various provisions of the Act, are being kept at the office of IIT Corporate Service Ltd., (hereinafter referred to as 'IIT') 2nd Floor, Protoprima Chamber, Suren Road, Andheri-East, Mumbai 400059, who are the Registrars and Transfer Agents.

Vide letter dated 9th July, 2004, IIT have expressed their inability to continue to be associated with the Company as Registrars and Transfer Agents.

Subsequent to the receipt of said letter from IIT, it has been proposed to appoint Intime Spectrum Registry Limited (Intime) as the Registrars and Transfer Agents. To facilitate the same, it is proposed to keep, with effect from 1st October, 2004, the Register of Members, Index of Member and the copies of Annual Return prepared under Section 159 of the Companies Act, 1956 together with the copies of certificates and such other documents at office of Intime situated at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078 instead of at the office of IIT, the present Registrar and Transfer Agents, situated at 2nd Floor, Protoprima Chamber, Suren Road, Andheri-East, Mumbai 400059, where the said records are presently kept.

Hence the Special Resolution

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

By Order of the Board

Mumbai:
Dated: 31st August, 2004

Asim Dalal
Managing Director

Report of the Directors to the Shareholders

Your Directors present the **NINETY-EIGHTH ANNUAL REPORT** of your Company together with the Audited Statements of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Amount (Rs.)	
	31st March, 2004	31st March, 2003
Profit/(Loss) for the year	66,44,615	3,34,715
Less: Provision for taxation	20,00,000	30,000
	46,44,615	3,04,715
Less: Prior period tax adjustments	89,116	—
	45,55,499	3,04,715
Add: Balance of profit/(loss) brought forward	77,43,723	
Less: Goodwill adjustment	13,24,274	64,19,449
		74,39,009
Balance carried to Balance Sheet	1,09,74,948	77,43,724

During the year under report, the Company's sales were Rs.2326.48 lacs as compared to Rs.2319.71 lacs in the previous financial year, resulting profits of Rs. 45.56 lacs during the year under report as compared to Rs.3.04 lacs in the previous financial year.

DIVIDEND

With a view to conserve its resources, your Directors do not recommend any dividend for the year under report.

FIXED DEPOSITS

As on 31st March, 2004, there were no fixed deposits remaining overdue.

DIRECTORS

Mr.Champak Kanabar retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

During the year under report, Mr.Manoj Soparkar was appointed Additional Director on the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the forthcoming Annual General Meeting.

A notice proposing his candidature pursuant to Section 257 of the Companies Act, 1956 has been received by the Company.

Your Directors recommend the appointment of Mr. Manoj Soparkar as Director liable to retire by rotation.

During the year under report, Mr. Milan Dalal and Mr. Rajesh Kapadia resigned as Directors from the Board of Directors of your Company.

Your Directors place on record their appreciation of the valued advice rendered by Mr.Dalal and Mr. Kapadia during their respective tenures as Directors.

PARTICULARS OF EMPLOYEES

During the year under report, there was no employee of the category mentioned in Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and hence information in this regards is not required to be furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
2. The Annual Accounts have been prepared on a going concern basis.
3. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year covered under this Report and of the profit of your Company for the year;
4. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

COMPLIANCE CERTIFICATE

A compliance certificate received from M/s T.M.Khumri & Co., Practicing Company Secretaries, pursuant to Section 383A(1) of the Companies Act, 1956, read together with the Companies (Compliance Certificate) Rules, 2001 is attached hereto and forms part of this Report.