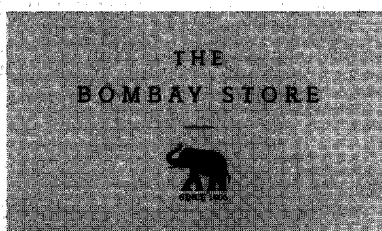


# **BOMBAY SWADESHI STORES LTD.**



**BOMBAY SWADESHI STORES LIMITED**  
**103 rd ANNUAL REPORT 2008 - 09**

**FINANCIAL HIGHLIGHTS**

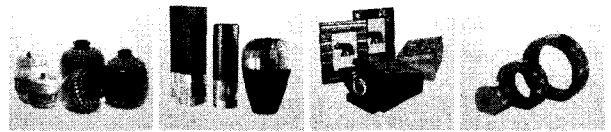
(Rs. In Lacs)

	2008-09*	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Share Capital	98.80	98.80	84.00	63.00	63.00	63.00	63.00	63.00	63.00	250.00
Reserves & Surplus	1074.47	1,117.25	531.17	511.82	493.24	462.39	430.07	427.03	422.96	71.28
Fixed Assets	450.19	371.10	405.68	466.02	464.27	527.09	598.89	660.55	699.36	186.42
Investments	1.37	1.58	251.19	251.18	251.17	251.15	250.83	0.83	0.83	0.68
Net Current Assets	1256.72	1,088.85	767.06	526.46	497.96	296.98	314.40	561.26	485.25	283.69
Profit & Loss Account	-	-	-	-	-	-	-	-	-	-
Total Turnover	2554.48	2,425.27	2,422.30	2,432.12	2,446.76	2,542.33	2,494.14	2,889.92	2,596.57	1,692.13
Profit(Loss) After Tax	(42.79)	8.94	41.06	24.90	38.27	46.45	3.05	4.06	45.95	102.12
Rate of Dividend (%)	-	-	-	-	-	-	-	-	10	-

\* Consolidated

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





## BOMBAY SWADESHI STORES LIMITED

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

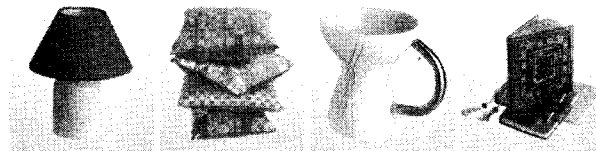
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## **BOMBAY SWADESHI STORES LIMITED**

### **103<sup>RD</sup> ANNUAL REPORT 2008-2009**

#### **COMPANY DETAILS**

BOARD OF DIRECTORS	MR. MILAN DALAL	(Chairman)
	MR. ASIM DALAL	(Managing Director)
	MR. PRATUL DALAL	(Director)
	MR. DEVANSHU DESAI	(Director)
	MR. KAMLESH GANDHI	(Director)
	MR. HETAL GANDHI	(Director)
STATUTORY AUDITORS	MR. BHARAT PATEL	(Director)
	M/s. M.D. PANDYA & ASSOCIATES	Chartered Accountants
BANKERS	YES Bank Limited	
REGISTERED OFFICE	WESTERN INDIA HOUSE, SIR PHEROZESHAH MEHTA ROAD, FORT, MUMBAI 400 001	
INVESTOR GRIEVANCES E-MAIL ID:	investor@bombaystore.com	
CORPORATE OFFICE	1 <sup>ST</sup> FLOOR, 'B' WING, TODI ESTATE, SUN MILL COMPOUND, LOWER PAREL (WEST), MUMBAI – 400 013.	
LISTED AT	BOMBAY STOCK EXCHANGE	



## NOTICE

NOTICE is hereby given that the **ONE-HUNDRED AND THIRD ANNUAL GENERAL MEETING** of the Members of **BOMBAY SWADESHI STORES LIMITED** will be held on Wednesday, 30<sup>th</sup> September, 2009, at "Orchid", First Floor, MVIRDC, World Trade Centre, Centre 1, Cuffe Parade, Mumbai – 400005 at 4.30p.m., to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit & Loss Account of the Company for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Milan Dalal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Pratul 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), if any, the following resolution as an Ordinary resolution.

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the approval of Central Government, if required, and such alterations and modifications, if any, that may be effected pursuant to any change in policies, Acts or Laws, guidelines, rules and regulations relating to Managerial Remuneration or in response to any application(s) for review and reconsideration submitted by the Company in that behalf to the concerned authorities, if any, consent of the Company be and is hereby accorded towards re-appointment and terms of remuneration of Mr. Asim Dalal, Managing Director of the Company, for a period of 5 (five) years with effect from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2014, on the terms and conditions set out in the Explanatory Statement annexed to the notice convening the One hundred and third Annual General Meeting with authority to Board of Directors of the Company to alter and vary the terms and conditions of the said reappointment, remuneration and/or agreement in such manner and to such extent as may be agreed between the Board of Directors and Managing Director so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any amendments thereto.

**RESOLVED FURTHER THAT** where in any financial year the Company has no profits or its profits are inadequate, the Company do pay to Mr. Asim Dalal remuneration as specified above by way of salary, perquisites and other allowances not exceeding the ceiling limit laid down under Section II of Part II of Schedule XIII of the Companies Act, 1956.

**RESOLVED FURTHER THAT** during such time as Mr. Asim Dalal holds and continues to hold office of Managing Director, he shall not be liable to retirement by rotation as a Director.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby jointly and severally authorized to do all such acts, deeds and things as deemed necessary to give effect to foregoing resolution(s)."

**By order of the Board of Directors  
For Bombay Swadeshi Stores Limited**

**Place: Mumbai  
Date: 26<sup>th</sup> August, 2009**

**MILAN DALAL  
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 OF THE COMPANY.**
2. The relative explanatory statement pursuant to section 173 of the Companies Act 1956 in respect of business under Item No. 5 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed on Wednesday, 30<sup>th</sup> September, 2009.
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 Link Intime India Private Limited, C-13, Panalal Silk Mills Compound, L.B.S Marg, Bhandup (West) Mumbai 400078, the Company's Registrar & Share Transfer Agents.

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**ANNEXURE TO THE NOTICE**

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

Mr. Asim Dalal, aged 41 years, is the Managing Director of the Company. He holds a Bachelor's degree in commerce from Sydenham College of Commerce & Economics, Mumbai and Diploma in Financial Management from London University.

As the Managing Director of the Company, he is responsible for advising and counseling management on corporate decisions, providing strategic guidance and oversight and supervises actively the day to day management and administration of the Company.

Mr. Asim Dalal joined the Board in October, 1991. The Board of Directors of the Company at its meeting held on April 29, 2009 has re-appointed him as Managing Director for a period of 5 years effective from 1<sup>st</sup> April, 2009. In view of the trend in the industry it is proposed to upwardly revise the remuneration payable to him, with effect from 1<sup>st</sup> April, 2009, as per the terms and conditions (as set out below) in this Explanatory Statement.

1. **Tenure:** Five years with effect from April 1, 2009.

2. **Remuneration:**

(a) Rs. 1,25,000/- P.M. (Rupees One Lakh Twenty Five Thousand only) 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.

(b) **PERQUISITES:**

(i) **Commission:** @ 20% of the salary payable annually.

(ii) **Club Fees:** Annual Subscription fees subject to a maximum of two clubs.

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

- Contribution to Provident Fund.
- Gratuity payable at a rate not exceeding half month's salary for such completed year of service.
- Encashment of leave at the end of the tenure.
- Provision of car for use on the Company's business and telephone of residence.

Personal long distance calls and use of car for private purposes shall be billed by the Company to Mr. Asim Dalal.

3. **Privilege Leave:** As per the Company's rules.

4. **Sitting Fees:** Mr. Asim Dalal will not be entitled to sitting fees for the meetings of the Board or Committee, 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 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 the loss of office in case of termination before the period of three months from April 1, 2009 would be payable to him as mutually agreed upon.

9. **Retirement by rotation:** Pursuant to Article 150 of the Articles of Association of the Company, Mr. Asim Dalal will not be liable to retire by rotation.

This explanation together with the accompanying Notice is to be regarded as an abstract of terms and memorandum of interest, inter-alia, under Section 302 of the Companies Act, 1956.

Your Board is of the opinion that Mr. Asim Dalal's experience and skill will benefit the Company immensely, hence recommends resolution for the approval of members.

None of the Directors, except Mr. Asim Dalal, is deemed to be interested or concerned in passing of this resolution, as it relates to his re-appointment and payment of remuneration.

**By order of the Board of Directors**  
**For Bombay Swadeshi Stores Limited**

**Place: Mumbai**  
**Date: 26<sup>th</sup> August, 2009**

**MILAN DALAL**  
**CHAIRMAN**





## DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Members,

Your Directors take pleasure in presenting the ONE HUNDRED AND THIRD ANNUAL REPORT of your Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2009.

Retailing is estimated to account for US\$340bn, or 35% of India's GDP. However, the industry is highly fragmented; organized players have less than 5% of the industry's turnover. In contrast, share of organized retailing is 20% in China and 40% in Thailand. Clearly, organized retailing has a long way to go yet. The industry is a direct beneficiary of rapid economic growth and a growing working-class population. India has been ranked No.1 in AT Kearney's annual Global Retail Development Index for three consecutive years, maintaining its position as the world's most attractive market for retail investments.

### Activity concentrated in urban areas

The retail market in India is estimated to grow more than double over the next 10 years, from the current US\$340bn to US\$800bn by 2017, with the share of organized retailing rising from under 5% to 25%. Hardly surprising, then, that the sector should be seeing such intense activity as it is now, with investments of US\$35bn planned over the next five years. If all goes as per plan, the sector will create demand for more than 600m sq. ft. of high-quality retail space and more than two million new jobs. However, most of this activity would be confined to the urban areas, which account for more than 90% of the planned investment (source: Technopak Advisors).

The economic downturn in India and at many other developing countries in the world affected most of the sectors, including the retail sector in which your Company operates, resulting in a lower than expected demand for its goods and consequently lower profitability during the year under report. Many of the organized retailers were compelled to wind up their operations, while some of the others had toned down their operations and consequently cut down manpower. This was further aggravated by the various disturbances in different parts of our country which has resulted in the major downturn in inflow of foreign tourists.

However, the economic downturn in India has also opened up select opportunities for the Company especially with respect to better availability of prime properties at lower rates as well as better talent availability and lower wage rise. The Company have taken measures to convert the economic depression into an opportunity and continued to add new stores in select cities during the current year. The Directors strongly believe that this would definitely help us to improve in top line and would in turn help us to improve growth in income and profitability and improve the return on investment for stake holders in the long term.

In the year under review, The Bombay Store expanded by opening new outlets at Rajiv Gandhi International Airport, Spirit of India Section of International Terminal, Hyderabad and another one at Domestic Terminal of the same Airport; Inorbit Mall, Vashi, Navi Mumbai; Grand Galleria at High Street Phoenix, Lower Parel, Mumbai; Ishanya Mall, Pune and at Triose Mall at Lonavala. More outlets are planned in the major cities in India like Hyderabad, Bangalore, Pune and Mumbai and are looking at opportunities at major Airports in India.

The Bombay Store does promote Artisans, under privileged and down trodden children and women folk and even NGOs. To name a few, Literacy India, Vimla Welfare Centre, Pragati Rajasthani Mahila Mandal, Maheshwari Khadi Bhandar, etc. Simultaneously we also take care that the brand image of the Company is not compromised at any level.

### FINANCIAL RESULTS:

	Amount (Rs.)	
Particulars	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
Profit / (loss) for the year	15,18,450	46,27,281
Less: Provision for Current Tax	8,60,000	22,00,000
Less: Provision for Fringe Benefit Tax	3,70,000	3,90,000
<b>TOTAL</b>	<b>2,88,450</b>	<b>20,37,281</b>
Less: Prior year tax adjustments	NIL	5,929
<b>TOTAL</b>	<b>2,88,450</b>	<b>20,31,352</b>
Add: Balance of Profit/ (Loss) brought forward	2,19,84,970	1,99,53,618
Balance carried to Balance Sheet	<b>2,22,73,420</b>	<b>2,19,84,970</b>

### OBSERVATIONS IN THE AUDITORS' REPORT:

Explanations given in Notes to Accounts are self explanatory.

### DIVIDEND:

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

### FIXED DEPOSITS:

As on 31<sup>st</sup> March, 2009, there were no fixed deposits remaining overdue.

### DIRECTORATE:

- The term of Mr. Asim Dalal, Managing Director of the Company expired on March 31, 2009. It is proposed to re-appoint him for a term of five years with effect from

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April 1, 2009. A resolution for re-appointment of Mr. Asim Dalal as Managing Director pursuant to Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 forms part of the accompanying Notice. Your Directors recommend the re-appointment of Mr. Asim Dalal as Managing Director.

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

**PARTICULARS OF EMPLOYEES PURSUANT TO THE SECTION 217 (2A) OF THE COMPANIES ACT, 1956:**

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

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as inserted vide Companies Amendment Act, 2000 your Directors report that,

- a) In preparation of the Annual Accounts, the applicable accounting standards have been followed;
- b) They have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of your Company at the end of the relevant financial period covered under this report and of the profit of your Company for the year;
- c) 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 the Company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the accounts on a going concern basis.

**COMPLIANCE CERTIFICATE:**

A Compliance Certificate received from M/s Mehta & Mehta, 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.

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

The nature of the business being retailing, providing information with regard to conservation of energy & 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. 4,11,496/- (Previous year Rs. 9,81,035/-) and earned during the year was Rs. 5,54,61,265/- (Previous year Rs. 6,19,34,766/-). Thus the company continues to add considerable amount of foreign exchange. The relevant details are given in the Notes to Accounts.

**AUDITORS:**

M/s M.D. Pandya & Associates, Chartered Accountants, Mumbai hold office as Statutory Auditors of your 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 there under.

**ACKNOWLEDGEMENTS:**

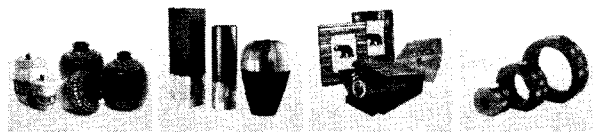
Your Directors take this opportunity to thank all the Shareholders, Employees and Bankers to the Company for their valuable support and co-operation during the year under review.

**By order of the Board of Directors  
 For Bombay Swadeshi Stores Limited**

**Place: Mumbai  
 Date: 26<sup>th</sup> August, 2009**

**MILAN DALAL  
 CHAIRMAN**





### SECRETARIAL COMPLIANCE CERTIFICATE

U/S 383A of the Companies Act, 1956 & Rule 3 of the Companies (Compliance Certificate) Rules, 2001

To

The Members of

#### **BOMBAY SWADESHI STORES LIMITED**

We have examined the registers, records, books and papers of **BOMBAY SWADESHI STORES LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Mumbai.
3. The Company being Public Limited Company has maintained minimum prescribed paid-up capital.
4. The Board of Directors duly met six times on 29/04/2008, 28/07/2008, 25/08/2008, 30/09/2008, 31/10/2008, 30/01/2009 during the current financial year in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members on 30th September, 2008 and necessary compliance of Section 154 of the Act has been made.
6. The 102<sup>nd</sup> Annual General Meeting of the Company for the financial year ended 31/03/2008 was held on 30<sup>th</sup> September, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting of the Company was held during the year.
8. As per information provided by the Company, the provisions of section 295 of the Act were not attracted during the financial year under review.
9. As per information provided by the Company, it has not entered into contracts attracting the provisions of Section 297 of the Act.
10. The Company has entered into transactions attracting the provisions of section 299 of the Act and the Company has made necessary entries in the register maintained under Section 301 of the Act.
11. There were instances falling within the purview of section 314 of the Act.
12. The Company has not issued any duplicate certificate during the financial year.
13. The Company:
  - (i) has made transfer of equity shares during the financial year. However no allotment/transmission of shares was made during the year under scrutiny.
  - (ii) was not required to deposit amount in a separate bank account as no dividend was declared during the financial year under scrutiny.
  - (iii) was not required to issue warrants for dividends to all members within a period of 30(Thirty) days as no dividend was declared during the financial year under scrutiny.
  - (iv) has deposited the amount which remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund amounting to Rs. 13,374/- on 18<sup>th</sup> October, 2008.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has revised the remuneration payable to the Managing Director under the provisions of Schedule XIII of the Act during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. During the year under consideration, the company has filed petition with Company Law Board for condonation of delay and extension of time in filing Form 17 for satisfaction of charge dated 07<sup>th</sup> May, 2005 for the charge created on 06<sup>th</sup> Jan, 2004 for Rs. 10,45,766/- under Section 141 of the Companies Act, 1956.

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- |   |  |
|---|--|
| <p>18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.</p> <p>19. During the year, the Company has not issued equity shares.</p> <p>20. The Company has not bought back any shares during the financial year.</p> <p>21. The Company has not issued any preference shares/ debentures, hence no preference shares/debentures were redeemed during the financial year.</p> <p>22. The Company was not required to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.</p> <p>23. As per the information and explanation provided, the Company has complied with provisions of section 58A read with Companies (Acceptance of Deposits) Rules, 1975 the applicable directions issued by Reserve Bank of India in respect of Deposits accepted by the company during the year and the company has filed the copy of the advertisement/statement in lieu of advertisement necessary particulars as required, with the Registrar of Companies.</p> <p>24. The provisions of section 293(1)(d) of the Act were not attracted during the financial year under review.</p> <p>25. The Company has not entered into transactions attracting the provisions of section 372A of the Act during the financial year.</p> <p>26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.</p> | <p>27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.</p> <p>28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.</p> <p>29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.</p> <p>30. The Company has not altered its articles of association of the Company during the year under scrutiny.</p> <p>31. As per information and explanations provided, there were no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.</p> <p>32. The Company has not received any money as security from its employees during the financial year under certification.</p> <p>33. The Company has deposited both employees and employers contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.</p> |
|---|--|

**For Mehta & Mehta  
Company Secretaries**

Dipti Mehta  
Mehta & Mehta  
Company Secretaries  
C.P.No.: 3202  
ACS No.: 3667

Place: Mumbai.  
Date: 26th August, 2009