

# BOMBAY SWADESHI STORES LTD.



## 106th Annual Report 2011-2012

[www.thebombaystore.com](http://www.thebombaystore.com)

ARTEFACTS & GIFTS | APPAREL | FASHION | BED & BATH | TABLEWARE | WELLNESS





# BOMBAY SWADESHI STORES LIMITED

## INDEX

PARTICULARS	PAGE NO.
Company Details .....	2
Notice .....	3
Directors' Report .....	4
Compliance Certificate .....	6
Auditors' Report .....	9
Balance Sheet.....	12
Statement of Profit & Loss Account .....	13
Cash Flow Statement.....	14
Notes to Financial Statements .....	15
Financial Performance of Subsidiary .....	25
Auditors' Report on Consolidated Accounts.....	27
Consolidated Accounts .....	28

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



# **BOMBAY SWADESHI STORES LIMITED**

**106<sup>th</sup> ANNUAL REPORT 2011-2012**

## **COMPANY DETAILS**

### **BOARD OF DIRECTORS**

MR. MILAN DALAL	(Chairman)
MR. ASIM DALAL	(Managing Director)
MR. PRATUL DALAL	(Director)
MR. DEVANSHU DESAI	(Director)
MR. HETAL GANDHI	(Director)
MR. BHARAT PATEL	(Director)

### **STATUTORY AUDITORS**

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 EMAILID**

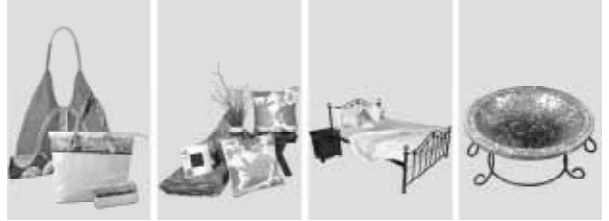
investor@bombaystore.com

### **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 LIMITED



## NOTICE

**NOTICE** is hereby given that the **ONE-HUNDRED AND SIXTH ANNUAL GENERAL MEETING** of the Members of **BOMBAY SWADESHI STORES LIMITED** will be held on **Thursday, 20<sup>th</sup> September, 2012** at **10.45 a.m.** at **Orchid, First Floor, MVIRDC, World Trade Centre, Centre-1, Cuffe Parade, Mumbai - 400005**, to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 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.Milan Dalal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr.Bharat Patel 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  
Dated: 14th August, 2012

**MILAN DALAL**  
**CHAIRMAN**

**SINCE 1906**

### **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 instrument appointing the proxy should be deposited with the Company not less 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 **Thursday, 20<sup>th</sup> September, 2012.**
4. Members are requested to intimate change of address, if any, to the Company's Registrars & Share Transfer Agents, Link Intime Private Limited, C-13, Panalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai 400 078.

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors present the **ONE-HUNDRED AND SIXTH ANNUAL REPORT** of your Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2012.

The financial year gone by has been one of the most challenging and turbulent periods for the retail industry. The overall performance of the industry was moderate and the Company was no exception with the profits having fallen substantially. Certain prudent cost-saving measures pursued by the Company and effective inventory control management contributed largely to the Company being able to register profits. Some of the outlets not beneficial to the Company's endeavour to grow were closed down. Further, the Company opened outlets during the year in a very judicious manner.

### **FINANCIAL RESULTS**

	Year ended 31 <sup>st</sup> March, 2012	Amount (₹) Year ended 31 <sup>st</sup> March, 2011
Profit/Loss for the year	<b>7,38,114</b>	38,05,951
Less: Provision for Current Tax	<b>70,000</b>	11,90,000
Total	<b>6,68,114</b>	26,15,951
Less: Prior Year Tax adjustments	--	13,98,449
Add: Balance of Profit brought forward	<b>2,38,95,864</b>	2,26,78,362
Balance carried to Balance Sheet	<b>2,45,63,978</b>	2,38,95,864

### **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, 2012, there were no fixed deposits remaining overdue.

### **DIRECTORS**

During the year under report, Mr.Milan Dalal and Mr.Bharat Patel retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

### **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 regard 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. 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;
3. 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;
4. The Annual Accounts have been prepared on a going concern basis.

### **COMPLIANCE CERTIFICATE**

A compliance certificate received from M/s Sanjay Soman & Associates, 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, 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 ₹2,68,248/- (previous year ₹14,44,501/-) and earned during the year was ₹3,85,53,870 (previous year ₹42,967,410/-).

#### **SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standards AS-21 on consolidated financial statements, the Consolidated Financial Statements are attached and form part of this Annual Report. These Consolidated Financial Statements provide financial information about the company and its Subsidiary as a single entity.

The Ministry of Corporate Affairs, Government of India, vide General Circular No:2/2011 dated February 8, 2011, has granted general exemption under Section 212(1) of Companies Act, 1956 to the holding companies, from attaching the specified documents of its subsidiary companies, as referred in Section 212(1) of Act, with its Balance Sheet, on fulfillment of certain conditions. The Company has fulfilled these specified conditions and accordingly, the said documents of its Subsidiary are not attached with the financial statements of the Company. A summary of the financial performance of the Subsidiary is given in this Annual Report. The Annual Accounts of the Subsidiary and the related detailed information are made available to shareholders of the Company as well as the

Subsidiary seeking such information. The Annual Accounts of the Subsidiary are also open for inspection by any member at the Registered Office of the Company and of the Subsidiary.

#### **AUDITORS**

M/s. M. D. Pandya & Associates, Chartered Accountants, Mumbai, hold office as 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 thereunder.

#### **ACKNOWLEDGEMENTS**

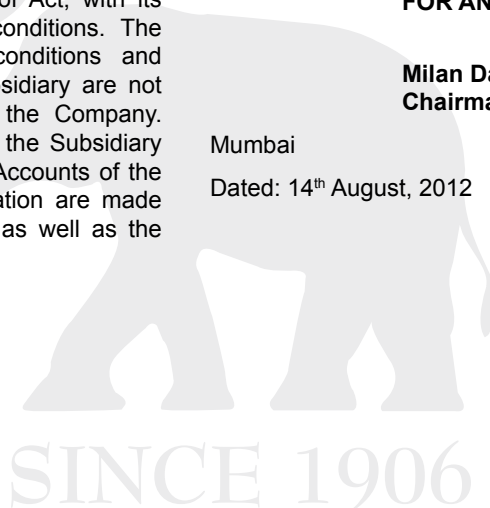
Your Directors wish to place on record their appreciation of the co-operation and diligent efforts of the employees of your Company.

#### **FOR AND ON BEHALF OF THE BOARD**

**Milan Dalal**  
**Chairman**

Mumbai

Dated: 14<sup>th</sup> August, 2012



## **COMPLIANCE CERTIFICATE**

### **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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. 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, registered under CIN L74999MH1905PLC000223 with the Registrar of Companies, Maharashtra and having its Registered Office at Western India House, Sir Pherozeshah Mehta Road, Fort, Mumbai 400 001 has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns prescribed under the Act and the rules made thereunder as stated in Annexure 'B' to this certificate with the Registrar of Companies, Maharashtra or other authorities within the time prescribed under the Act.
3. The Company being a public limited company has maintained minimum prescribed paid-up capital and no further comments are required.
4. The Board of Directors duly met 6 (six) times on the under mentioned dates:
  1. 6th May, 2011,
  2. 12th August, 2011,
  3. 25th August, 2011,
  4. 28th September, 2011,
  5. 5th November, 2011,
  6. 14th February, 2012.

in respect of which Meetings, 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 28th September, 2011 and necessary compliance of Section 154 of the Act has been made.
6. The 105th Annual General Meeting for the financial year

ended on 31st March, 2011 was held on 28th September, 2011 after giving due Notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book of the Company.

7. No Extra Ordinary General Meeting was held during the financial year under scrutiny.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into certain contracts/ arrangements for services sold which were of special nature and attracting the provisions of Section 297 of the Act
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors and Members pursuant to Section 314 of the Act wherever applicable.  
*- Not applicable*
12. The Share Transfer Committee, constituted by the Board of Directors, has approved the issue of duplicate share certificates and the Directors have ratified the same at the next Board Meeting.  
*- No duplicate share certificates have been issued.*
13. The Company has:
  - (i) delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
  - (ii) not declared dividend during the financial year under scrutiny and hence was neither required to deposit any amount in a separate bank account nor was it required to issue warrants for dividends to all the Members within a period of 30 (thirty) days.
  - (iii) has deposited the amount which remained unclaimed or unpaid for a period of 7 (seven) years to Investor Education and Protection Fund  
*-Not applicable for the period under review*
  - (iv) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of Directors and Additional Directors have been duly made.
15. The re-appointment of the Managing Director has been made in compliance with the provisions of Section 269 read together with Schedule XIII of the Act.





16. The Company has not appointed any sole-selling agents during the year.
17. During the year the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies, Maharashtra or such other authorities as are prescribed under the various provisions of the Act. *-No approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies, Maharashtra or such other authorities as are prescribed under the various provisions of the Act obtained.*
18. All the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of Section 299 of the Act and the Rules made thereunder.
19. The Company has not issued any shares/debentures/other securities during the financial year under scrutiny.
20. The Company has not bought back any shares during the financial year under scrutiny.
21. The Company has no preference share capital nor has it issued any debentures. Hence there has been no redemption of preference shares or debentures during the financial year under scrutiny.
22. The Company was not required to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of Section 58A of the Act read together with Companies (Acceptance of Deposits) Rules, 1975, the applicable directions issued by the Reserve Bank of India in respect of deposits accepted by the Company during the Financial Year. The Company has filed copy of the Statement-in-Lieu of Advertisement and other necessary particulars as required to be filed with the Ministry of Corporate Affairs.
24. The Company has not borrowed any amount from Directors, Members, public, financial institutions, banks and others during the financial year under scrutiny and hence the provisions of Section 293(1)(d) of the Act are not attracted to the Company.
25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate during the financial year under scrutiny.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one state to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under scrutiny.
31. There were no prosecutions initiated against the Company nor were any show cause notices received by the Company and no fines or penalties or any other punishment has been imposed on the Company for offences under the Act, during the financial year under scrutiny.
32. The Company has not received any money as security from its employees during the financial year under scrutiny.
33. The Company has deposited both employees' and employer's contribution of Provident Fund with the prescribed authorities.

Place: Mumbai  
Date: 14.8.2012

**For Sanjay Soman & Associates  
Company Secretaries**

**Sanjay Soman (CP 817)**

CE 1906

### **Annexure- A**

Registers as maintained by the Company

1. Register of Application and Allotment of Shares
2. Register of Members under Section 150
3. Register of Charges under Section 143
4. Register of Transfers
5. Register of Directors, Managing Directors etc. under Section 303
6. Register of Directors' Shareholdings under Section 307
7. Attendance Register
8. Register of Contracts, Companies and Firms in which Directors are interested under Section under Section 301(3)
9. Board Minutes Book and General Body Minutes Book under Section 193
10. Books of Accounts under Section 209
11. Register of Deposits under Section 58A
12. Register of Investments under Section 49(7)
13. Index of Members under Section 151

### **Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2012

<b>Document</b>	<b>Filed u/s</b>	<b>For the</b>	<b>Remarks</b>
Form 62	58A	Statement in Lieu of Advertisement	Filed with normal fees on 8th October, 2011
Form 66	383A	Compliance Certificate	Filed with normal fees on 29th September, 2011
Balance Sheet and Profit & Loss Account Form 23AC/ACA XBRL	220	Financial Year ended 31st March, 2011	Filed with additional fees on 6th February 2012
Annual Return Form 20B	159	AGM held on 28th September, 2011	Filed with additional fees on 30th November, 2011
Form 62	58A	Return of Deposits	Filed with normal fees on 30th June, 2012

For Sanjay Soman & Associates  
Company Secretaries

Sanjay Soman (CP 817)

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

1. We have audited the attached Balance Sheet of **BOMBAY SWADESHI STORES LIMITED** as at 31st March, 2012 and also the Statement of Profit and Loss for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter to referred to as 'the Act') we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i.) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii.) 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;
  - (iii.) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account;
  - (iv.) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v.) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi.) *Reference is invited to the following note 12.2 & 14.3 regarding Debtors and Loans and Advances aggregating to ₹ 8,890,221/ – (Previous year ₹ 7,715,565/-) considered good and recoverable by the Company.*
  - (vii.) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 in conformity with the accounting principles generally accepted in India:-
    - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2012;
    - (ii) in the case of the Statement of Profit and Loss Account of the profit for the year ended 31st March, 2012;
    - and
    - (iii) in the case of the Cash Flow Statement of the cash flows for the year ended 31st March, 2012.

**For M D PANDYA & ASSOCIATES**  
*Chartered Accountants*

**A. D. PANDYA**  
*Partner*  
Membership No.:033930

Mumbai, 14<sup>th</sup> August, 2012

**REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR  
REPORT OF EVEN DATE**

- i a The records of Fixed assets maintained by the company have not been properly up dated.
- i b The Fixed Assets have not been physically verified by the management during the year.
- i c The Company has not disposed off substantial part of fixed assets during the year.
- ii a Physical verification of stock-in-trade (Finished Goods) has been carried out during the year 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.
- ii b In our opinion and according to the information and explanations given to us, the procedure for physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- ii c 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.
- iii a The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- iii b The Company had taken loans, including fixed deposits from four parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 904,187/ – (Previous year ₹ 902,350/-) and the year end balance of loans taken from such parties was ₹ 784,445/ – (Previous year ₹ 736,842/-)
- iii c In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans are taken from parties listed in the register maintained under section 301 of the Companies Act, 1956, are prima-facie not prejudicial to the interest of the Company.
- iii d The Company is regular in repaying the principal

amount and has been regular in payment of interest where applicable.

- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of audit no major weakness has been noticed in these internal controls.
- v a In our opinion and according to the information and explanation given to us, the transactions that need to be entered into the register in pursuant of section 301 of the Act have been so entered.
- v b In our opinion and according to the information and explanation given to us, such transactions exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at relevant time.
- vi In our opinion and according to the information and explanation given to us, the Company has complied with the provision of Section 58A and 58AA of the Act and the Company (Acceptance of Deposits) Rules 1975 with regard to the deposit accepted from the public.
- vii We are informed that in view of the internal control procedures commensurate with the size of the Company and the nature of its business, which in our opinion is adequate, the Company had no separate internal audit system.
- viii The provisions of clause 4 (viii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
- ix a The Company is generally regular in depositing the undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Sales-tax, Wealth tax, Custom Duty, Excise Duty, cess and other material statutory dues.
- ix b According to the information and explanation given to us, no undisputed amount payable in respect of Income Tax , sales tax, wealth tax, service tax, customs duty and excise duty were in arrears as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date become payable.





- ix c According to the information and explanations given to us, there were no dues in respect of wealth tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
- x The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current or in the immediately preceding financial year.
- xi According to information and explanation given to us, the Company has not defaulted in repayment of dues to the financial institution or banks. The Company has not issued any debentures.
- xii According to information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii The Company is not a chit fund or nidhi/mutual benefit fund/society, therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
- xiv According to information and explanation given to us, the Company has not dealing or trading in shares, securities, debentures and other investments, therefore the provisions of clause 4 (xiv) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
- xv According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi According to information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
- xvii According to information and explanation given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- xviii The Company has not made preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Act.
- xix The Company has not issued any debentures during the year.

- xx The Company has not raised any money through a public issue during the year.
- xxi According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For M D PANDYA & ASSOCIATES**  
*Chartered Accountants*  
 Reg no ; 107325W

**A. D. PANDYA**  
*Partner*  
 Membership No.:033930

Mumbai, 14<sup>th</sup> August, 2012

**Balance Sheet as at 31st March, 2012**

	Notes	2011-12 ₹	2011-12 ₹	2010-11 ₹
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS FUNDS</b>				
Share Capital	2	<b>9,880,000</b>		9,880,000
Reserves & Surplus	3	<b>115,447,548</b>		114,779,433
			<b>125,327,548</b>	124,659,433
<b>NON CURRENT LIABILITIES</b>				
Long Term Borrowings	4		<b>25,446,000</b>	17,343,000
<b>CURRENT LIABILITIES</b>				
1) Short Term Borrowings	5	<b>47,174,618</b>		27,916,357
2) Trade Payables	6	<b>15,178,047</b>		32,531,045
3) Other Current Liabilities	7	<b>3,359,627</b>		4,815,396
4) Short Term Provisions	8	<b>552,856</b>		500,943
			<b>66,265,148</b>	65,763,741
			<b>217,038,697</b>	207,766,175
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
<b>Fixed Assets</b>	9			
Tangible Assets			<b>13,798,789</b>	14,967,949
Intangible Assets			<b>5,232,328</b>	4,915,726
Non Current Investments	10		<b>615,893</b>	614,776
Long Term Loans & Advances	11		<b>15,926,041</b>	15,849,424
<b>CURRENT ASSETS</b>				
1) Inventories	12	<b>152,768,431</b>		148,160,315
2) Trade Receivables	13	<b>8,416,556</b>		7,639,851
3) Cash & Cash Equivalents	14	<b>4,024,828</b>		4,961,046
4) Short Term Loans & Advances	15	<b>16,255,831</b>		10,657,089
			<b>181,465,646</b>	171,418,300
			<b>217,038,697</b>	207,766,175
<b>Notes forming part of Financial Statements</b>	<b>1 – 32</b>			
As per our Report of even dated		<b>Milan Dalal</b>		
<b>For M. D. PANDYA &amp; ASSOCIATES</b>		Chairman		
Chartered Accountants		<b>Asim Dalal</b>		
Reg No. 107325W		Managing Director		
<b>A. D. Pandya</b>				
Partner				
MUMBAI, 14th August, 2012		MUMBAI, 14th August, 2012		



## Statement of Profit and Loss for the year ended 31st March, 2012

	Notes	2011-12 ₹	2010-11 ₹
<b>INCOME :</b>			
Revenue from Operations	16	154,858,202	174,461,406
Other Income	17	4,148,125	7,910,248
Total Revenue		159,006,327	182,371,654
<b>EXPENSES :</b>			
Purchase of Stock in Trade	18	88,871,595	96,057,347
Change in Inventories of Stock in Trade	19	(4,597,998)	2,517,058
Employee Benefit Expenses	20	24,761,410	28,552,580
Finance Cost	21	8,682,145	6,274,390
Other Expenses	22	36,805,305	41,389,583
Depreciation & Amortisation Expenses	9	3,745,756	3,774,745
		158,268,213	178,565,702
Profit before Tax		738,114	3,805,952
Provision for Tax		70,000	1,190,000
		668,114	2,615,952
Less: Prior years tax adjustments		—	1,398,449
Profit for the year		668,114	1,217,502
Basic and diluted earning per share (in ₹)		0.14	0.53
<b>Notes forming part of Financial Statements</b>			
1 – 32			
As per our Report of even dated		<b>Milan Dalal</b>	
<b>For M. D. PANDYA &amp; ASSOCIATES</b>		Chairman	
Chartered Accountants			
Reg No. 107325W		<b>Asim Dalal</b>	
		Managing Director	
<b>A. D. Pandya</b>			
Partner			
MUMBAI, 14th August, 2012		MUMBAI, 14th August, 2012	

**Cash Flow Statement for the year ended 31st March, 2012**

	2011-2012		2010-2011	
	₹	₹	₹	₹
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extra-ordinary items		738		3,806
Add: Adjustments for :				
Depreciation	3,746		3,775	
Finance Cost	8,682		5,762	
Interest received	(96)		(386)	
(Profit) / Loss on sales of fixed assets (net)	(301)		459	
Dividend received	(7)	12,024	(6)	9,604
<i>Operating Profit before Working Capital Changes</i>		12,762		13,410
Adjustments for :				
Increase / (Decrease) in Trade payables	(17,353)		(8,283)	
Increase / (Decrease) in Other Current Liabilities	(1,456)		—	
Increase / (Decrease) in Short Term Provisions	52		—	
(Increase) / Decrease in Inventories	(4,608)		2,471	
(Increase) / Decrease in Long Term Loans & Advances	(77)			
(Increase) / Decrease in Short Term Loans & Advances	(4,973)		3,076	
(Increase) / Decrease in Trade & Other receivables	(777)	(29,192)	328	(2,408)
<i>Cash Generated from Operations</i>		(16,430)		11,002
Direct taxes paid		(696)		1,136
<b>Net Cash from Operating Activities</b>	[A]	(17,126)		12,138
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of Assets		(3,148)		(4,266)
Sales of Assets		555		113
Sales / (Purchases) of Investments		1		(1)
Interest received		96		386
Dividend received		7		6
<b>Net Cash from Operating Activities</b>	[B]	(2,489)		(3,762)
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
Proceeds from borrowings		27,361		2,042
Repayment of borrowings		—		(4,738)
Finance cost paid		(8,682)		(5,761)
<b>Net Cash Flow from Financial Activities</b>	[C]	18,679		(8,457)
<b>Net Cash increase/(Decrease) in cash and Cash equivalents</b>	(A+B+C)	(936)		(81)
<b>Cash and Cash Equivalents (Opening) :</b>				
Cash on Hand	1,697		1,032	
Balance with Banks	3,264	4,961	4,010	5,042
<b>Cash and Cash Equivalents (Closing) :</b>				
Cash on Hand	1,835		1,697	
Balance with Banks	2,190	4,025	3,264	4,961

**Notes :**

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard – 3 (AS3) 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.
- Cash and Cash Equivalent represent cash and bank balance only and includes unclaimed Interest on FD of ₹ 73,513/-
- Previous year's figures have been regrouped or rearranged wherever necessary.

**MUMBAI, 14th August, 2012**

**Milan Dalal**  
**Chairman**

**AUDITORS' REPORT ON CASH FLOW STATEMENT**

We have examined the attached Cash Flow Statement of Bombay Swadeshi Stores Limited for the year ended 31st March, 2012. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with Stock Exchange, Mumbai, and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 14th August, 2012 to the members of the Company.

For M D Pandya & Associates  
Chartered Accountants  
Reg No. 107325W

**A D PANDYA**  
**Partner**

MUMBAI, 14th August, 2012

Membership No:33930



## Notes to Financial Statements for the year ended 31st March, 2012

### 1 Company Background

The Company was incorporated in 1905. The Company is in the business of retailing of variety of household, gifts, artefacts & other consumable products through its stores.

#### 1.1 Significant Accounting Policies

- A. **Basis of Accounting:** The Financial Statements are prepared under historical cost conventions, on accrual basis of accounting and in accordance with the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956.
- B. **Use of Estimates:** The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Differences between actual results and estimates are recognised in the period they materialise.
- C. **Fixed Assets**
- Tangible Fixed Assets are recorded at cost inclusive of Inward Freight, Duties, Taxes and Incidental Expenses related to acquisition of the Assets. Leasehold Premises are carried forward at cost.
  - Depreciation: Depreciation on Tangible Fixed Assets has been provided on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956, except in case of leasehold building, which is amortised over the period of lease. No Depreciation has been provided on Leasehold Premises.
  - Impairment: Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.
  - Intangible Assets: Goodwill has been amortized over 20 years & Software has been amortised over a period of 60 months.
- D. **Investments**
- Long term Investments are recorded in the books at cost inclusive of all expenses incidental to acquisition thereof. Long term Investments are stated at cost, provision for decline in value, other than temporary is made to recognize such decline.
  - Current Investments are valued at lower of cost or market value/net asset value.
- E. **Inventories:** Stock in trade – Merchandise is valued at cost or net realizable value whichever is lower. Cost includes direct expenses such as freight, taxes etc. Stock is valued on first-in-first-out basis.
- F. **Cash & Cash Equivalents for purpose of Cash Flow:** Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- G. **Sales**
- Gross Sales of merchandise includes value added tax wherever applicable.
  - Export sales in foreign currency are accounted at the exchange rate prevailing on the date of the Bill of Lading.
  - Sales in foreign exchange are converted in to Indian Rupees at the exchange rate ruling on the date of the transactions.
- H. **Employees Benefits:**
- Defined Contribution Plan**  
Employees Benefits in the Provident Fund , Family Pension Fund and ESIC which are defined contribution schemes, are charged to the Profit and Loss Account of the year when contribution accrue.



**Notes to Financial Statements for the Year ended 31st March, 2012**

**ii. Defined Benefit Plan**

Annual Contribution towards Gratuity Liability is funded with the Life Insurance Corporation of India in accordance with their Gratuity Scheme and is absorbed in the accounts. The Company does not retain any obligation to pay further amounts if insurer does not pay all future employee benefits so the plan is not treated as defined benefit plan.

No provision is made for encashment of un-availed leave payable on retirement of employees.

**I. Taxation:**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period computed in accordance with relevant provisions of Income Tax Act, 1961.

Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

**J. Contingent Liabilities:** Contingent Liabilities are not provided for, till the same are crystallised.

**K. Traveling Agency Business:**

i. Commission and discount on airlines tickets is accounted on basis of completion of fortnightly sales.

ii. In case of cancellation of tickets, the commission and discount refundable is accounted only on final acceptance by the airlines.

**2 SHARE CAPITAL**

	2011-12 ₹	2010-11 ₹
<b>2.1 Authorised :</b>		
15,000,000 Equity shares of ₹ 2/- each	30,000,000	30,000,000
200,000 Preference shares of ₹ 100/- each	20,000,000	20,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
<b>2.2 Issued, subscribed and paid-up:</b>		
4,815,000 (Previous year 48,15,000) Equity shares of ₹ 2/- (Previous year ₹ 2/-) each fully paid-up in cash	9,630,000	9,630,000
125,000 (Previous year 125,000) Equity shares of ₹ 2/- (Previous year ₹ 2/-) each fully paid up issued for consideration other than in cash	250,000	250,000
	<u>9,880,000</u>	<u>9,880,000</u>

**2.3 Reconciliation of Shares outstanding at the beginning and end of the year:**

Particulars	2011-2012		2010-2011	
	No. of Shares	Amount	No. of Shares	Amount
		₹		₹
Equity shares at the beginning of the year	4,940,000	9,880,000	4,940,000	9,880,000
Add : Issued during the year	-	-	-	-
Equity shares at the end of the year	4,940,000	9,880,000	4,940,000	9,880,000

**2.4 Details of shareholders holding more than 5% of shares as at**

Name of the shareholder	No. of shares held as on 31st March, 2012	Shares held %	No. of shares held as on 31st March, 2011	Shares held %
Cifco Limited	816,039	16.52	816,039	16.52
Fidelity Multitrade Private Limited	740,000	14.98	740,000	14.98
Milan Dalal	660,000	13.36	660,000	13.36
Rhodes Diversified	400,000	8.10	400,000	8.10
Asim Dalal	335,620	6.79	335,620	6.79
Satyen B. Dalal	333,353	6.75	333,353	6.75

## Notes to Financial Statements for the year ended 31st March, 2012

	2011-12 ₹	2010-11 ₹
<b>3 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	1,004,364	1,004,364
<b>Share Premium Account</b>		
Balance as per last Balance Sheet	89,879,206	89,879,206
<b>Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	23,895,864	22,678,362
Add: Profit/(Loss) for the year	668,114	1,217,502
Balance at the close of the year	24,563,978	23,895,864
Total	115,447,548	114,779,434
<b>4 LONG TERM BORROWING</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	25,446,000	17,343,000
Total	25,446,000	17,343,000
<b>5 SHORT TERM BORROWING</b>		
<b>SECURED LOANS</b>		
Working Capital Loan from Banks	27,284,934	18,114,919
Other Loans	533,219	—
Total (A)	27,818,153	18,114,919
<b>UNSECURED LOANS</b>		
Fixed Deposits (due within one year)	13,641,000	7,954,000
Loan from Managing Director	280,513	400,255
Inter Corporate Deposits from Companies	5,434,952	1,447,183
Total (B)	19,356,465	9,801,438
Total (A) + (B)	47,174,618	27,916,357
5.1 Loans repayable on demand viz Cash Credit facilities are Secured by current assets including credit card receivables and fixed assets of the firm and unconditional and irrevocable personal Gurantee of Managing Director of the company.		
5.2 Other loans are secured by hypothecation of vehicles.		
<b>6 TRADE PAYABLES</b>		
Other Trade Payables	15,178,047	32,531,045
Total	15,178,047	32,531,045
6.1 In the absence of any intimation from vendors regarding the status of their registration under the “Micro, small and Medium Enterprises Development Act, 2006”, the Company is unable to comply with the disclosures required to be made under the said Act.		
6.2 Balance of Trade Payables are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
6.3 Includes ₹ NIL/ – (Previous year Rs 15,911,868/-) due to subsidiary Bombay Store Retail Company Limited		
<b>7 OTHER CURRENT LIABILITIES</b>		
Security Deposit received	1,050,000	1,050,000
Interest accrued and due	1,198,276	465,062
Other Payables	1,111,351	3,300,334
Total	3,359,627	4,815,396
<b>8 SHORT TERM PROVISIONS</b>		
Provision for Gratuity contribution	552,856	500,943
Total	552,856	500,943

**Notes to Financial Statements for the Year ended 31st March, 2012**

**9 : Fixed Assets**

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 1-Apr-11	ADDITIONS	DEDUCTIONS	AS AT 31-Mar-12	AS AT 1-Apr-11	DEDUCTIONS	FOR THE YEAR	AS AT 31-Mar-12	AS AT 31-Mar-12	AS AT 31-Mar-11
	<b>TANGIBLE ASSETS</b>										
1	Leasehold Premises	2,500,000	–	–	2,500,000	–	–	–	–	2,500,000	2,500,000
2	Furniture & Fixtures	27,207,476	1,144,647	–	28,352,123	23,896,347	–	723,022	24,619,369	3,732,754	3,311,129
3	Computers & Softwares (Refer Note 1)	17,939,487	896,223	–	18,835,710	15,216,074	–	1,304,541	16,520,615	2,315,095	2,723,412
4	Office & Other Equipments	4,268,552	199,900	–	4,468,452	2,884,916	–	203,910	3,088,826	1,379,626	1,383,636
5	Electrical Installations	6,115,489	102,436	44,000	6,173,925	3,542,788	–	364,767	3,907,555	2,266,370	2,572,701
6	Vehicles	11,398,269	–	1,037,357	10,360,912	8,921,200	782,628	617,396	8,755,968	1,604,944	2,477,069
	<b>Total</b>	<b>69,429,273</b>	<b>2,343,206</b>	<b>1,081,357</b>	<b>70,691,122</b>	<b>54,461,325</b>	<b>782,628</b>	<b>3,213,636</b>	<b>56,892,333</b>	<b>13,798,789</b>	<b>14,967,948</b>
	<b>Previous Year Rs</b>	66,935,508	4,266,278	1,772,513	69,429,273	52,406,780	1,200,200	3,254,745	54,461,325	14,967,948	–
	<b>INTANGIBLE ASSETS</b>										
7	Goodwill	10,400,000	–	–	10,400,000	5,484,275	–	520,000	6,004,275	4,395,725	4,915,725
8	Software (Refer Note 1)		848,723		848,723	–	–	12,120	12,120	836,603	–
	<b>Total</b>	<b>10,400,000</b>	<b>848,723</b>	<b>–</b>	<b>11,248,723</b>	<b>5,484,275</b>	<b>–</b>	<b>532,120</b>	<b>6,016,395</b>	<b>5,232,328</b>	<b>4,915,725</b>
	<b>Previous Year Rs</b>	10,400,000			10,400,000	4,964,275		520,000	5,484,275	4,915,725	

**Note :**

- (1) Gross Block and Accumulated Depreciation of Software for previous years could not be ascertained. The software acquired prior to 1.4.2011 is grouped under the head Computers & Softwares.

	2011-12 ₹	2010-11 ₹
<b>10 NON CURRENT INVESTMENTS</b>		
A. Trade – Unquoted		
i In Equity instruments : ( fully paid – up)		
(a) 500 (Previous year 500) Equity shares of New India Co-operative Bank Ltd. of ₹ 10/- each fully paid-up	<b>5,000</b>	5,000
(b) 5000 (Previous year 5,000) Equity shares of Dravya Industrial Chemicals Ltd. of ₹ 10/- each fully paid up	<b>75,000</b>	75,000
ii Investment in Subsidiary Company:		
50,000 (Previous year 50,000) Equity shares of Bombay Store Retail Company Ltd. of ₹ 10/- each fully paid up	<b>500,000</b>	500,000
iii Others:		
National Saving Certificate Series VIII Face value of ₹ 10,000/- (Deposited with Govt. Authorities)	<b>14,804</b>	13,687
<b>Total (A)</b>	<b>594,804</b>	<b>593,687</b>





## Notes to Financial Statements for the Year ended 31st March, 2012

	2011-12 ₹	2010-11 ₹
<b>B. Trade – Quoted</b>		
In Equity instruments : ( fully paid – up)		
180 (Previous year 180) Equity shares of State Bank of India of ₹ 10/ – each	62,700	62,700
200 (Previous year 100) Equity shares of Bharti Tele-Venture Ltd. of ₹ 5/ – each (100 shares received on subdivision of shares)	11,453	11,453
100 (Previous year 100) Equity shares of Rashtriya Chemical Fertilizers Limited Ltd. of ₹ 10/ – each	6,323	6,323
50 (Previous year 50) Equity shares of Tata Chemicals Limited, of ₹ 10/ – each	8,419	8,419
100 (Previous year 100) Equity shares of Foods & Inns Ltd. of ₹ 10/ – each	4,444	4,444
Total (B)	93,339	93,339
Total (A+B)	688,143	687,026
Less : Diminution in value of Investments	72,250	72,250
Total	615,893	614,776
[Market value of Quoted Investments ₹ 490,288/-(Previous Year ₹ 621,590/-)]		
<b>11 LONG TERM LOANS &amp; ADVANCES</b>		
Advance towards Premises	10,656,481	10,656,481
Others	5,269,560	5,192,944
Total	15,926,041	15,849,424
11.1 Advance towards premises includes payment made to Grishma Constructions & Trading Co. Pvt. Ltd. [Refer note 27]		
<b>12 INVENTORIES</b>		
Stock in Trade – Merchandise At cost or net realisable value whichever is lower (As per Inventories certified by the Managing Director)	Total	152,768,431
		148,160,315
<b>13 TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Due for more than six months from the due date of payment	6,450,645	4,552,739
Other trade receivables	1,965,911	3,087,112
Total	8,416,556	7,639,851
13.1 Balance of Trade Receivables are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
13.2 Trade Receivables includes ₹ 6,450,645/ – (Previous year ₹ 5,508,240/-) due from the customers for which no provision is considered necessary as the Company is of the view that the same are recoverable.		
<b>14 CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	1,835,153	1,696,990
Balance with Scheduled Banks in:		
Current Accounts *	266,637	1,486,098
Other Bank balances : Deposit Accounts	1,923,038	1,777,958
Total	4,024,828	4,961,046
* Balance with banks includes Unclaimed Interest on Fixed Deposit of ₹ 73,513/ – (Previous Yr ₹ 69,090/-)		

**Notes to Financial Statements for the Year ended 31st March, 2012**

	2011-12 ₹	2010-11 ₹
<b>15 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advance to Subsidiary	8,601,268	–
Other Short Term Advances	2,185,549	5,816,238
Advance payment of taxes (net)	3,744,289	3,118,606
Security & Other Deposits	1,724,725	1,722,245
Total	<u>16,255,831</u>	<u>10,657,089</u>
15.1 Above advance includes due from subsidiary company Bombay Store Retail Co. Ltd for purchase of merchandise ₹ 8,601,268/ – (Previous year ₹ NIL/-)		
15.2 Balance of Loans & Advances are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
15.3 Advances recoverable in kind includes ₹ 2,439,576/ – (Previous year ₹ 2,207,325/-) dues from various parties, for which recoveries are not forthcoming, which are considered good as the company is of the view that these are recoverable.		
<b>16 REVENUE FROM OPERATIONS</b>		
Gross Sales of Merchandise	165,345,324	186,860,899
Less : Value Added Tax	10,487,122	12,399,493
Net Sales	Total <u>154,858,202</u>	<u>174,461,406</u>
<b>17 OTHER INCOME</b>		
Interest	96,101	386,326
Dividend from Long Term Investments	7,040	5,879
Commission & Discounts received on Travel Agency Business	3,100,397	4,016,940
Other Commission received	89,588	86,555
Miscellaneous receipts	220,780	402,212
Profit on sale of assets (net)	300,719	–
Sundry balances written back	333,500	3,012,336
Total	<u>4,148,125</u>	<u>7,910,248</u>
<b>18 PURCHASE OF STOCK IN TRADE</b>		
Purchases of Merchandise	88,871,595	96,057,347
Total	<u>88,871,595</u>	<u>96,057,347</u>
<b>19 CHANGE IN INVENTORIES OF STOCK IN TRADE</b>		
Opening Stock	148,011,433	150,528,491
Closing Stock	152,609,431	148,011,433
(Increase)/Decrease	Total <u>(4,597,998)</u>	<u>2,517,058</u>
<b>20 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Allowances & Bonus	19,812,009	23,498,172
Managing Director's Remuneration	1,500,000	1,500,000
Contribution to Gratuity Fund	552,856	305,034
Contribution to Provided Fund & other Funds	1,244,676	1,402,855
Staff Welfare expenses	1,651,869	1,846,519
Total	<u>24,761,410</u>	<u>28,552,580</u>



## Notes to Financial Statements for the Year ended 31st March, 2012

	2011-12 ₹	2010-11 ₹
<b>21 FINANCE COST</b>		
Interest On Bank Borrowings	3,957,026	2,773,191
Interest On Others	4,129,771	2,988,860
Bank Charges	595,348	512,339
Total	<u>8,682,145</u>	<u>6,274,390</u>
<b>22 OTHER EXPENSES</b>		
Lease Rent	3,066,712	2,136,739
Repairs & Maintenance – Others	849,756	1,110,937
Legal & Professional Charges	5,586,043	4,359,072
Sales & Other Commission	3,856,875	4,090,655
Travelling & Conveyance	1,515,789	2,096,629
Electricity & Fuel	2,953,811	4,219,362
Insurance	398,345	598,836
Advertisements & Sales Promotion	5,535,444	7,091,716
Credit Card Charges	1,707,240	1,628,064
Packing materials	1,404,518	1,291,032
Auditors Remuneration:		
Audit Fees	224,720	220,600
Tax Audit Fees	28,090	27,575
Other Certifications	3,309	8,273
	<u>256,119</u>	<u>256,448</u>
Miscellaneous Expenses	8,691,223	9,202,150
Prior Period Expenses	542,509	–
Bad Debts & Sundry Advances Written-off	440,921	2,848,518
Loss on sales of fixed assets (net)	–	459,425
Total	<u>36,805,305</u>	<u>41,389,583</u>
<b>23. Contingent Liabilities:</b>		
i. Counter guarantees to Banks ₹ NIL/ – (Previous year ₹ 6,156,048/-).		
ii. Service Tax liability of ₹ 145,899/ – (Previous year ₹ NIL/-).		
<b>24. The Company considers its entire operations under single segment 'Retailing'. The Company's operations are only in India.</b>		
<b>25. Earning per share has been computed with reference to profit after tax of ₹ 668,114 (Previous year ₹ 2,615,951/-) and weighted average number of equity shares 49,40,000 shares (Previous year 49,40,000) There is no diluted earning per share as there are no dilutive potential equity shares.</b>		

**Notes to Financial Statements for the Year ended 31st March, 2012**

26. The Company has, on prudence not recognised Deferred Tax Assets ₹ 5,830,052/ – (Previous year ₹ 20,248,520/-) mainly representing expenses allowable for tax purposes when paid and difference between tax and book written down value of fixed assets, due to uncertainty of future profits in terms of Accounting Standard 22 (AS-22) for Taxes on Income issued by The Institute of Chartered Accountants of India.

The breakup of deferred tax assets / liability

	<b>Deferred tax asset/ (liability) as at 31-Mar-12 ₹</b>	<b>Deferred tax asset/ (liability) as at 31-Mar-11 ₹</b>
A. Deferred Tax Assets		
Expenses allowable for tax purpose when paid	<b>784,237</b>	537,593
Difference between tax and Book Written Down Value	<b>5,045,815</b>	19,710,927
	<b>5,830,052</b>	20,248,520
B. Deferred Tax Liability		
Difference between Book Written Down Value and tax	–	–
	–	–
C. Net Deferred Tax Assets	<b>5,830,052</b>	20,248,520
D. Deferred Tax Assets / (Liability)	<b>1,801,486</b>	6,256,793

**27. Related Party Disclosures**

**A. Relationship**

**I) Subsidiary Company**

Bombay Store Retail Company Limited

**II) Key Management Personnel & Relatives:**

Mr. Milan Dalal – Chairman

Mr. Asim Dalal – Managing Director

Mr. Satyen Dalal – Relative

Mr. B. C. Dalal – Relative

Mrs. Aditi Dalal – Relative

**III) Other Parties / Enterprises where control / significant influence exists.**

Gateway International Pvt. Ltd.      Grishma Constructions & Trading Co. Pvt. Ltd.

Cifco Limited      ASDA Trading Company Pvt. Ltd.

Western Press Pvt. Ltd.      M/s. Lemon Tree

Related party relationship is as identified by the Company and relied on by the Auditors.



B. Details of Transactions with Related Parties.

Sr. No.	Nature of Transactions	Related Party Referred in		
		A (I)	A (II)	A (III)
i.	Purchases of goods and material	<b>84,688,254</b> (94,013,783)	—	— (86,147)
ii.	Expenditure	—	<b>1,680,000</b>	—
	Remuneration	—	(1,680,000)	—
	Interest paid	—	<b>58,361</b>	—
	Printing & stationery	—	(48,397)	—
	General Expenses	—	—	(64,155)
	Reimbursement of expenses	—	—	<b>221,738</b>
	Professional Fees	—	—	(74,248)
	Commission & Discounts given	—	<b>234,000</b>	—
		—	(234,000)	—
iii.	Income	—	—	—
	Sales	<b>2,050,161</b> (13,705,033)	—	—
	Interest received	—	—	—
iv.	Outstanding Balance	—	—	—
	Loans & Advances receivable	—	—	<b>10,927,995</b>
	Loans & Advances received	—	—	(10,941,791)
	Trade Receivables	—	<b>780,513</b>	<b>1,115,860</b>
	Trade Payables	<b>8,601,268</b> (15,911,868)	(650,312)	—
		—	—	—
		—	—	(13,796)
		—	—	<b>33,578</b>
		—	—	(302,299)

Figures in brackets are for previous year.

28. In respect of previous years, the Company had applied to the Central Government seeking exemption from furnishing quantitative information which was rejected on 15th April, 2005. The Company had also received a show cause notice for violation under section 211. The Company is pursuing the matters with the authorities and is hopeful of resolving the issue in view of the circular no 2/2011 dt 8.2.2011 issued by Ministry of Corporate Affairs granting exemption from furnishing quantitative information

**29. Earning in Foreign Exchange:**

- i. FOB value of exports of goods NIL / – (Previous year NIL/-).
- ii. Receipts on account of sale of merchandise ₹ 38,553,870/ – (Previous year ₹ 42,967,410/-).

30. CIF Value of Imports : Goods ₹ NIL/ – (Previous year ₹ NIL/-).

31. Expenditure in Foreign Currency:

Other Expenses ₹ 268,248/ – (Previous year ₹ 1,444,501/-).

32. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / re-arranged / reclassified wherever necessary.

As per our Report of even dated

**For M. D. PANDYA & ASSOCIATES**

*Chartered Accountants*

*Reg No. 107325W*

**A. D. Pandya**

*Partner*

MUMBAI, 14th August, 2012

**Milan Dalal**

*Chairman*

**Asim Dalal**

*Managing Director*

MUMBAI, 14th August, 2012



**STATEMENT PURSUANT TO DIRECTIONS ISSUED VIDE CIRCULAR NO. 2/2011 UNDER  
SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

1. Name of Subsidiary Bombay Store Retail Company Ltd.
  
2. Financial Year ended 31st March, 2012
  
3. Equity shares of the Subsidiary held by the Company
  - i Number of shares and face value per share 50,000 shares of ₹ 10/ – each
  - ii Extent of Holding 100%

Sr. No.	Particulars	Amount (₹ '000)
a.	Capital	500
b.	Long Term Borrowings	50,000
c.	Reserves	(25,655)
d.	Total Assets	130,283
e.	Total Liabilities	130,283
f.	Investment (except investment in subsidiaries)	33
g.	Turnover	199,345
h.	Profit/(Loss) before Taxation	(19,273)
i.	Provision for Taxation	–
j.	Profit/(Loss) after Taxation	(19,273)
k.	Proposed Dividend	–

## **CONSOLIDATED ACCOUNTS**



**Auditors Report to the Board of Directors of Bombay Swadeshi Stores Limited on the Consolidated Financial Statements of Bombay Swadeshi Stores Limited and its subsidiary.**

1. We have audited the attached Consolidated Balance Sheet of **BOMBAY SWADESHI STORES LIMITED** and its subsidiary as at 31st March, 2012, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated financial statement have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements prescribed by the Companies ( Accounting Standards) Rules, 2006, and on the basis of the separate audited financial statements of Bombay Swadeshi Stores Limited and its subsidiary included in the Consolidated Financial Statements.
4. On the basis of information and explanations given to us and on the consideration of the separate audit reports of individual financial statements of the Company and its subsidiary, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the generally accepted in India :
  - (i) in the case of the Consolidated Balance Sheet of the state of affairs of the Bombay Swadeshi Stored Limited and its subsidiary as at 31st March, 2012;
  - (ii) in the case of the Consolidated Profit and Loss Account of the loss of Bombay Swadeshi Stored Limited and its subsidiary for the year ended 31st March, 2012; and
  - (iii) in the case of the Consolidated Cash Flow Statement of Bombay Swadeshi Stored Limited and its subsidiary for the year ended 31st March, 2012.

**For M D PANDYA & ASSOCIATES**  
*Chartered Accountants*  
Reg no 107325W

**A. D. PANDYA**  
*Partner*  
Membership No.:033930

MUMBAI

DATED: 14th August, 2012

**Consolidated Balance Sheet as at 31st March, 2012**

	Notes	2011-12 ₹	2011-12 ₹	2010-11 ₹
<b>EQUITY AND LIABILITIES:</b>				
SHAREHOLDERS FUNDS				
Share Capital	2	<b>9,880,000</b>		9,880,000
Reserves & Surplus	3	<b>89,792,820</b>		108,397,833
			<b>99,672,820</b>	118,277,833
NON CURRENT LIABILITIES				
Long Term Borrowing	4		<b>75,446,000</b>	52,343,000
CURRENT LIABILITIES				
1) Short Term Borrowings	5	<b>47,193,968</b>		27,935,707
2) Trade Payables	6	<b>111,198,853</b>		122,270,247
3) Other Current Liabilities	7	<b>4,155,842</b>		10,001,176
4) Short Term Provisions	8	<b>552,856</b>		652,980
			<b>163,101,519</b>	160,860,110
			<b>338,220,339</b>	331,480,943
<b>APPLICATION OF FUNDS :</b>				
NON CURRENT ASSETS				
FIXED ASSETS				
Tangible Assets	9		<b>40,165,786</b>	34,779,170
Intangible Assets			<b>5,232,328</b>	4,915,726
Capital Work-in-progress			<b>324,900</b>	2,743,735
NON CURRENT INVESTMENTS	10		<b>115,894</b>	114,777
LONG TERM LOANS AND ADVANCES	11		<b>15,926,041</b>	15,849,424
CURRENT ASSETS				
1) Current Investment	12	<b>33,459</b>		29,440
2) Inventories	13	<b>228,839,139</b>		210,992,743
3) Trade Receivables	14	<b>9,398,281</b>		24,291,425
4) Cash & Cash Equivalents	15	<b>6,519,991</b>		6,375,042
5) Short Term Loans and Advances	16	<b>31,228,583</b>		30,527,953
6) Other Current Assets	17	<b>435,937</b>		861,508
			<b>276,455,390</b>	273,078,111
			<b>338,220,339</b>	331,480,943
<b>Notes forming part of Financial Statements</b>	<b>1-35</b>			
As per our Report of even dated				
<b>For M. D. PANDYA &amp; ASSOCIATES</b>		<b>Milan Dalal</b>		
Chartered Accountants		Chairman		
Reg No. 107325W		<b>Asim Dalal</b>		
		Managing Director		
<b>A. D. Pandya</b>				
Partner				
MUMBAI, 14th August, 2012		MUMBAI, 14th August, 2012		





## Consolidated Statement of Profit & Loss Account for the year ended 31st March, 2012

	Notes	2011-12 ₹	2010-11 ₹
<b>INCOME :</b>			
Revenue from Operations	18	261,951,011	252,724,862
Other Income	19	4,828,427	8,367,742
Total Revenue		266,779,438	261,092,604
<b>EXPENSES :</b>			
Purchase of Stock in Trade	20	136,742,621	137,548,331
Change in Inventories of Stock in Trade	21	(17,855,155)	(23,908,751)
Employee Benefit Expenses	22	46,520,526	41,309,740
Finance Cost	23	9,279,960	6,291,856
Other Expenses	24	102,404,791	87,446,615
Depreciation & Amortisation Expenses	9	8,221,708	7,227,370
		285,314,451	255,915,161
Profit before Tax		(18,535,013)	5,177,443
Provision for Tax		70,000	1,440,000
Profit after Tax		(18,605,013)	3,737,443
Less: Prior years tax adjustments		–	1,398,449
Profit for the year		(18,605,013)	2,338,994
Basic and diluted earning per share (in Rs.)		(3.77)	0.76
<b>Notes forming part of Financial Statements 1 – 35</b>			
<p>As per our Report of even dated  <b>For M. D. PANDYA &amp; ASSOCIATES</b>  Chartered Accountants  Reg No. 107325W</p> <p><b>A. D. Pandya</b>  Partner</p> <p>MUMBAI, 14th August, 2012</p>			
<p><b>Milan Dalal</b>  Chairman</p> <p><b>Asim Dalal</b>  Managing Director</p> <p>MUMBAI, 14th August, 2012</p>			

**Consolidated Cash Flow Statement for the year ended 31st March, 2012**

(₹ in '000)

	2011-2012		2010-2011	
	₹	₹	₹	₹
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extra-ordinary items		(18,535)		5,177
Add: Adjustments for :				
Depreciation	8,222		7,228	
Finance Cost	9,244		5,779	
Interest received	(96)		(386)	
(Profit) / Loss on sales of fixed assets (net)	(223)		909	
Preliminary & Deferred expenses w/o	426		426	
Dividend received	(11)	17,562	(9)	13,947
<i>Operating Profit before Working Capital Changes</i>		(973)		19,124
Adjustments for :				
Increase / (Decrease) in Trade payables	(2,470)		4,310	
Increase / (Decrease) in Other Current Liabilities	(5,845)		—	
Increase / (Decrease) in Short Term Provisions	(100)		(26,471)	
(Increase) / Decrease in Inventories	(17,846)		(1,737)	
(Increase) / Decrease in Long Term Loans & Advances	(77)		—	
(Increase) / Decrease in Short Term Loans & Advances	(8,394)		771	
(Increase) / Decrease in Trade & Other receivables	14,893	(19,839)	328	(22,799)
<i>Cash Generated from Operations</i>		(20,812)		(3,675)
Direct taxes paid		(958)		1,136
<b>Net Cash from Operating Activities</b>	[A]	(21,770)		(2,539)
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of Assets		(11,877)		(12,476)
Sales of Assets		575		113
Sales / (Purchases) of Investments		(3)		(4)
Interest received		96		389
Dividend received		11		6
<b>Net Cash from Operating Activities</b>	[B]	(11,198)		(11,972)
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
Proceeds from borrowings		42,361		12,042
Repayment of borrowings		—		(4,738)
Finance cost paid		(9,244)		(5,778)
<b>Net Cash Flow from Financial Activities</b>	[C]	33,117		1,526
<b>Net Cash increase/(Decrease) in cash and Cash equivalents</b>	(A+B+C)	149		(12,985)
<b>Cash and Cash Equivalents (Opening) :</b>				
Cash on Hand	1,998		1,372	
Balance with Banks	4,376	6,374	17,987	19,359
<b>Cash and Cash Equivalents (Closing) :</b>				
Cash on Hand	2,149		1,998	
Balance with Banks	4,371	6,521	4,376	6,374

**Notes :**

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard – 3 (AS3) 'Cash Flow Statement' issued by the Institute of Chartered Accountant of India.
- Cash and Cash Equivalent represent cash and bank balance only and includes unclaimed Interest on FD of ₹ 73,513/-
- Previous year's figures have been regrouped or rearranged wherever necessary.

MUMBAI, 14th August, 2012

**Milan Dalal**  
Chairman

**AUDITORS' REPORT ON CASH FLOW STATEMENT**

We have examined the attached Consolidated Cash Flow Statement of Bombay Swadeshi Stores Limited for the year ended 31st March, 2012. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with Stock Exchange, Mumbai, and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 14th August, 2012 to the members of the Company."

For M D Pandya & Associates  
Chartered Accountants  
Reg No. 107325W

MUMBAI, 14th August, 2012

**A D PANDYA**  
Partner  
Membership No:33930

## Notes to Consolidated Financial Statements for the Year ended 31st March, 2012

### 1. Company Background

The Company was incorporated in 1905. The Company is in business of retailing of variety of household, gifts, artefacts & other consumable products through its stores

#### 1.1 Significant Accounting Policies of Consolidated Accounts

A. **Accounting Convention** : The Consolidated Financial Statements are prepared under historical cost conventions and based on accrual method of accounting and applicable accounting standards by consolidating the accounts of parent company with its subsidiary

B. **Principles of Consolidation** : The financial Statements of the Company and its Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra group balances and the unrealised profits/losses on intra group transactions. The consolidated financial statements are presented to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The difference between the cost of investment in the Subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

C. **Use of Estimates**: The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Differences between actual results and estimates are recognised in the period they materialise.

#### D. Fixed Assets

- i. Tangible Fixed Assets are recorded at Cost inclusive of Inward Freight, Duties, Taxes and Incidental Expenses related to acquisition of the Assets. Leasehold Premises are carried forward at cost.
- ii. Depreciation: Depreciation on Tangible Fixed Assets has been provided on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956, except in case of leasehold building, which is amortised over the period of lease. No Depreciation has been provided on Leasehold Premises.
- iii. Impairment: Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.
- iv. Intangible Assets: Goodwill has been amortized over 20 years & Software has been amortised over a period of 60 months.

#### E. Investments

- i. Long Term Investments are recorded in the books at cost inclusive of all expenses incidental to acquisition thereof. Long Term Investments are stated at cost, provision for decline in value, other than temporary is made to recognize such decline.
- ii. Current Investments are valued at lower of cost or market value/net asset value.

F. **Inventories**: Stock in trade – Merchandise is valued at cost or net realisable value whichever is lower. Cost includes direct expenses such as freight, taxes etc. Stock is valued on first-in-first-out basis.

G. **Cash & Cash Equivalents for purpose of Cash Flow**: Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### H. Sales:

- i. Gross Sales of merchandise includes value added tax wherever applicable.
- ii. Export sales in foreign currency are accounted at the exchange rate prevailing on the date of the Bill of Lading.



**Notes to Consolidated Financial Statements for the Year ended 31st March, 2012**

- iii. Sales in foreign exchange are converted in to Indian Rupees at the exchange rate ruling on the date of the transactions.

**I. Employees Benefits:**

**i. Defined Contribution Plan**

Retirement Benefits in the provident fund and Family Pension Fund which are defined contribution schemes, are charged to the Profit and Loss Account of the year when contribution accrue.

**ii. Defined Benefit Plan**

Annual Contribution towards Gratuity Liability is funded with the Life Insurance Corporation of India in accordance with their Gratuity scheme and is absorbed in the accounts. The Company does not retain any obligation to pay further amounts if insurer does not pay all future employee benefits so the plan is not treated as defined benefit plan.

- iii. No provision is made for encashment of unavailed leave payable on retirement of employees.

**J. Taxation:**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period computed in accordance with relevant provisions of Income Tax Act, 1961. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

- K. Contingent Liabilities:** Contingent Liabilities are not provided for, till the same are crystallised.

**L. Traveling Agency Business:**

- i. Commission and discount on airlines tickets is accounted on basis of completion of fortnightly sales.
- ii. In case of cancellation of tickets, the commission and discount refundable is accounted only on final acceptance by the airlines.

		2011-12 ₹	2010-11 ₹
<b>2 SHARE CAPITAL</b>			
<b>2.1 Authorised :</b>			
1,50,00,000 Equity shares of ₹ 2/- each		30,000,000	30,000,000
2,00,000 preference shares of ₹ 100/- each		20,000,000	20,000,000
		<b>50,000,000</b>	<b>50,000,000</b>
<b>2.2 Issued, subscribed and paid-up:</b>			
4,815,000 (Previous year 48,15,000) Equity shares of ₹ 2/- (Previous year ₹ 2/-) each fully paid-up in cash		9,630,000	9,630,000
125,000 (Previous year 125,000) Equity shares of ₹ 2/- (Previous year ₹ 2/-) each fully paid up issued for consideration other than in cash		250,000	250,000
		<b>9,880,000</b>	<b>9,880,000</b>

**2.3 Reconciliation of Shares outstanding at the beginning and end of the year:**

Particulars	2011-2012		2010-2011	
	No. of Shares	Amount	No. of Shares	Amount
		₹		₹
Equity shares at the beginning of the year	4,940,000	9,880,000	4,940,000	9,880,000
Add : Issued during the year	-	-	-	-
Equity shares at the end of the year	4,940,000	9,880,000	4,940,000	9,880,000

## Notes to Consolidated Financial Statements for the Year ended 31st March, 2012

### 2.4 Details of shareholders holding more than 5% of shares as at

Name of the shareholder	No. of shares held as on 31st March, 2012	Shares held %	No. of shares held as on 31st March, 2011	Shares held %
Cifco Limited	816,039	16.52	816,039	16.52
Fidelity Multitrade Private Limited	740,000	14.98	740,000	14.98
Milan Dalal	660,000	13.36	660,000	13.36
Rhodes Diversified	400,000	8.10	400,000	8.10
Asim Dalal	335,620	6.79	335,620	6.79
Satyen B. Dalal	333,353	6.75	333,353	6.75

2011-12  
₹

2010-11  
₹

### 3 RESERVES AND SURPLUS

#### Capital Reserve

Balance as per last Balance Sheet **1,004,364** 1,004,364

#### Share Premium Account

Balance as per last Balance Sheet **89,879,206** 89,879,206

#### Statement of Profit & Loss

Balance at the beginning of the year **17,514,263** 15,175,269

Add: Profit/(Loss) for the year **(18,605,013)** 2,338,994

Balance at the close of the year **(1,090,750)** 17,514,263

Total **89,792,820** 108,397,833

### 4 LONG TERM BORROWINGS

#### UNSECURED LOANS

Fixed Deposits **25,446,000** 17,343,000

Inter Corporate Deposits from Companies **50,000,000** 35,000,000

Total **75,446,000** 52,343,000

### 5 SHORT TERM BORROWINGS

#### SECURED LOANS

Working Capital Loan from Banks **27,284,934** 18,114,919

Other Loans **533,219** –

Total (A) **27,818,153** 18,114,919

#### UNSECURED LOANS

Fixed Deposits (due within one year) **13,641,000** 7,954,000

Loan from Managing Director **280,513** 400,255

Inter Corporate Deposits from Companies **5,434,952** 1,447,183

Loan from a Director **19,350** 19,350

Total (B) **19,375,815** 9,820,788

Total (A) + (B) **47,193,968** 27,935,707

### 6 TRADE PAYABLES

Acceptances **10,140,000** –

Other Trade Payables **101,058,853** 122,270,247

Total **111,198,853** 122,270,247



**Notes to Consolidated Financial Statements for the Year ended 31st March, 2012**

		2011-12 ₹	2010-11 ₹
<b>7</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Security Deposit received	1,050,000	1,050,000
	Interest accrued and due	1,198,276	465,062
	Other Payables	1,907,566	8,486,114
	Total	<u>4,155,842</u>	<u>10,001,176</u>
<b>8</b>	<b>SHORT TERM PROVISIONS</b>		
	Provision for Gratuity contribution payable	552,856	652,980
	Total	<u>552,856</u>	<u>652,980</u>

**9 : Consolidated Fixed Assets**

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 1-Apr-11	ADDITIONS	DEDUCTIONS	AS AT 31-Mar-12	AS AT 1-Apr-11	DEDUCTIONS	FOR THE YEAR	AS AT 31-Mar-12	AS AT 31-Mar-12	AS AT 31-Mar-11
	<b>TANGIBLE ASSETS</b>										
1	Leasehold Premises	2,500,000	–	–	2,500,000	–	–	–	–	2,500,000	2,500,000
2	Leasehold Improvement	2,554,253	2,477,818	–	5,032,071	542,185	–	383,691	925,876	4,106,195	2,012,068
3	Furniture & Fixtures	45,606,149	7,586,131	1,878,571	51,313,710	28,994,969	604,766	3,720,032	32,110,235	19,203,475	16,611,181
4	Computers & Softwares (Refer Note 1)	18,928,670	1,019,018	–	19,947,688	15,881,447	–	1,507,463	17,388,910	2,558,778	3,047,223
5	Office & Other Equipments	5,548,062	199,900	152,263	5,595,699	3,262,256	54,126	323,655	3,531,785	2,063,914	2,285,806
6	Electrical Installations	10,481,794	3,730,364	400,542	13,811,616	4,635,971	90,186	1,137,351	5,683,136	8,128,480	5,845,823
7	Vehicles	11,398,269	–	1,037,357	10,360,912	8,921,200	782,628	617,396	8,755,968	1,604,944	2,477,069
	<b>Total</b>	<b>97,017,197</b>	<b>15,013,231</b>	<b>3,468,733</b>	<b>108,561,696</b>	<b>62,238,028</b>	<b>1,531,706</b>	<b>76,895,88</b>	<b>68,395,910</b>	<b>40,165,786</b>	<b>34,779,169</b>
	<b>Previous Year Rs</b>	89,666,373	9,732,737	2,381,912	97,017,198	56,890,038	1,359,380	6,707,370	62,238,028	34,779,170	–
	<b>INTANGIBLE ASSETS</b>										
8	Goodwill	10,400,000	–	–	10,400,000	5,484,275	–	520,000	6,004,275	4,395,725	4,915,725
9	Software (Refer Note 1)	–	848,723	–	848,723	–	–	12,120	12,120	836,603	–
	<b>Total</b>	<b>10,400,000</b>	<b>848,723</b>	<b>–</b>	<b>11,248,723</b>	<b>5,484,275</b>	<b>–</b>	<b>532,120</b>	<b>6,016,395</b>	<b>5,232,328</b>	<b>4,915,725</b>
	<b>Previous Year Rs</b>	10,400,000			10,400,000	4,964,275		520,000	5,484,275	4,915,725	

**Note :** (1) Gross Block and Accumulated Depreciation of Software for previous years could not be ascertained. The software acquired prior to 1.4.2011 is grouped under the head Computers & Softwares.

		2011-12 ₹	2010-11 ₹
<b>10</b>	<b>NON CURRENT INVESTMENTS</b>		
	<b>Long term</b>		
	<b>A. Trade – Unquoted</b>		
	i. In Equity instruments : ( fully paid – up)		
	a. 5,000 (Previous year 5,000) Equity shares of Dravya Industrial Chemicals Ltd. of ₹ 10/ – each	75,000	75,000
	b. 500 (Previous year 500) Equity shares of New India Co-operative Bank Ltd. of ₹ 10/ – each	5,000	5,000
	ii Others:		
	National Saving Certificate Series VIII Face value of ₹ 10,000/ – (Deposited with Govt. Authorities)	14,804	13,687
	Total (A)	<u>94,804</u>	<u>93,687</u>



**Notes to Consolidated Financial Statements for the Year ended 31st March, 2012**

	2011-12 ₹	2010-11 ₹
<b>B. Trade – Quoted</b>		
Investment in Equity Instruments: ( fully paid-up)		
180 (Previous year 180) Equity shares of State Bank of India of ₹ 10/ – each	<b>62,700</b>	62,700
200 (Previous year 100) Equity shares of Bharti Tele-Venture Ltd. of ₹ 5/ – each	<b>11,453</b>	11,453
100 (Previous year 100) Equity shares of Rashtriya Chemical Fertilizers Limited Ltd. of ₹ 10/ – each	<b>6,323</b>	6,323
50 (Previous year 50) Equity shares of Tata Chemicals Limited, of ₹ 10/ – each	<b>8,419</b>	8,419
100 (Previous year 100) Equity shares of Foods & Inns Ltd. of ₹ 10/ – each	<b>4,444</b>	4,444
Total (B)	<b>93,339</b>	93,339
Total (A+B)	<b>188,144</b>	187,027
Less : Diminution in value of long term Investments	<b>72,250</b>	72,250
Total	<b>115,894</b>	114,777
[Market value of Quoted Investments ₹ 490,288/-(Previous Year ₹ 621,590/-)]		
<b>11 LONG TERM LOANS &amp; ADVANCES</b>		
Advance towards Premises	<b>10,656,481</b>	10,656,481
Others	<b>5,269,560</b>	5,192,944
Total	<b>15,926,041</b>	15,849,424
<b>12 CURRENT INVESTMENT</b>		
Current – Trade Unquoted		
530.58 ( Previous Year 507.68) units of ₹ 100/ – each of CICI Prudential Liquid Plan – Daily Dividend Option	<b>33,459</b>	29,440
Total	<b>33,459</b>	29,440
<b>13 INVENTORIES</b>		
Stock in Trade – Merchandise		
At cost or net realisable value whichever is lower		
(As per Inventories certified by the Managing Director/Director)	Total	<b>228,839,139</b>
<b>14 TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Due for more than six months from the due date of payment	<b>6,450,645</b>	4,552,739
Others	<b>2,947,636</b>	19,738,686
Total	<b>9,398,281</b>	24,291,425
14.1 Balance of Trade Receivables are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
14.2 Trade Receivables includes ₹ 6,450,645/ – (Previous year ₹ 5,508,240/-) due from the customers for which no provision is considered necessary as the Company is of the view that the same are recoverable.		
<b>15 CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	<b>2,149,178</b>	1,997,946
Balance with Scheduled Banks in:		
Current Accounts *	<b>2,441,221</b>	2,592,584
Other Bank balances : Deposit Accounts	<b>1,929,592</b>	1,784,512
Total	<b>6,519,991</b>	6,375,042
* Balance with banks includes Unclaimed Interest on Fixed Deposit of ₹ 73,513/ – (Previous Yr ₹ 69,090/-)		



**Notes to Consolidated Financial Statements for the Year ended 31st March, 2012**

	2011-12 ₹	2010-11 ₹
<b>16 SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	8,398,601	9,355,967
Advance payment of taxes	3,797,668	2,889,641
Security & Other Deposits	19,032,314	18,282,345
Total	<u>31,228,583</u>	<u>30,527,953</u>
16.2 Balance of Loans & Advances are subject to confirmations. Adjustments, if any, will be made on receipts of the confirmations.		
16.3 Advances recoverable in kind includes ₹ 2,439,576/ – (Previous year ₹ 2,207,325/-) dues from various parties, for which recoveries are not forthcoming, which are considered good as the company is of the view that these are recoverable.		
	2011-12 ₹	2010-11 ₹
<b>17 OTHER NON CURRENT ASSETS</b>		
Preliminary Expenses	–	64,541
Miscellaneous Expenditure	435,937	796,967
(To the extent not written off or adjusted)		
Total	<u>435,937</u>	<u>861,508</u>
<b>18 REVENUE FROM OPERATIONS</b>		
Gross Sales of Merchandise	288,330,103	277,332,441
Less : Value Added Tax	26,379,092	24,607,579
Net Sales	<u>261,951,011</u>	<u>252,724,862</u>
<b>19 OTHER INCOME</b>		
Interest	96,101	386,326
Dividend from Non Current Investments	7,040	5,879
Dividend from Current Investments	4,019	2,714
Commission & Discounts received on Travel Agency Business	3,100,397	4,016,940
Other Commission received	101,516	92,768
Miscellaneous receipts	257,107	413,520
Profit on Sale of Assets	300,719	–
Sundry balances written back	961,528	3,449,595
Total	<u>4,828,427</u>	<u>8,367,742</u>
<b>20 PURCHASE OF STOCK IN TRADE</b>		
Purchases of Merchandise	136,742,621	137,548,331
Total	<u>136,742,621</u>	<u>137,548,331</u>
<b>21 CHANGE IN INVENTORIES OF STOCK IN TRADE</b>		
Opening Stock	210,720,644	186,811,893
Closing Stock	228,575,799	210,720,644
(Increase)/Decrease	<u>(17,855,155)</u>	<u>(23,908,751)</u>

**Notes to Consolidated Financial Statements for the Year ended 31st March, 2012**

	2011-12 ₹	2010-11 ₹
<b>22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Allowances & Bonus	40,213,498	35,203,830
Managing Director's Remuneration	1,500,000	1,500,000
Contribution to Gratuity Fund	552,856	423,267
Contribution to Provided Fund & other Funds	2,234,063	2,010,172
Staff Welfare expenses	2,020,109	2,172,471
Total	<u>46,520,526</u>	<u>41,309,740</u>
<b>23 FINANCE COST</b>		
Interest On Bank Borrowings	3,957,026	2,773,191
Interest On Others	4,691,583	3,006,326
Bank Charges	631,351	512,339
Total	<u>9,279,960</u>	<u>6,291,856</u>
<b>24 OTHER EXPENSES</b>		
Lease Rent	34,473,182	24,964,879
Repairs & Maintenance – Others	7,346,868	4,902,310
Legal & Professional Charges	6,645,568	6,242,278
Sales & Other Commission	4,361,979	4,442,265
Travelling & Conveyance	1,916,526	2,803,404
Electricity & Fuel	6,518,276	6,229,007
Insurance	491,464	649,631
Advertisements & Sales Promotion	14,109,599	9,663,112
Credit Card Charges	2,908,521	2,599,161
Packing materials	2,324,066	1,827,552
Auditors Remuneration:		
Audit Fees	393,260	386,050
Tax Audit Fees	50,562	49,635
Other Certifications	3,309	8,273
	<u>447,131</u>	<u>443,958</u>
Miscellaneous Expenses	19,140,903	17,561,405
Prior Period Expenses	542,509	–
Bad Debts & Sundry Advances Written-off	674,491	3,782,437
Loss on sales of fixed assets (net)	78,137	909,644
Preliminary Expenses & Deferred Expenditure Written Off	425,571	425,572
Total	<u>102,404,791</u>	<u>87,446,615</u>

**25. Details of Subsidiary Company**

The Consolidated Financial Statements comprise the Financial Statement of the Parent Company, Bombay Swadeshi Stores Limited and the following subsidiary.

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Date of Investment
Bombay Store Retail Company Limited	India	100.00%	25-Jan-08

**Notes to Consolidated Financial Statements for the Year ended 31st March, 2012**

**26. Contingent Liabilities:**

- i. Counter guarantees to Banks ₹ NIL/- (Previous year ₹ 6,156,048/-).
- ii. Service Tax liability of ₹ 145,899/- (Previous year ₹ NIL/-).
- iii. Estimated amount of Contract to be executed on Capital Account ₹ 4,451,422/- (Previous year ₹ 2,986,670/-)

27. The Company considers its entire operations under single segment 'Retailing'. The Companies operations are only in India.

28. Earning per share has been computed with reference to loss after tax of (₹ 18,605,012/-) (Previous year profit after tax (₹ 3,737,443/-) and weighted average number of equity shares 4,940,000 shares (Previous year 4,940,000) There is no diluted earning per share

29. The Company has, on prudence not recognised Deferred Tax Assets ₹ 12,110,621/- (Previous year ₹ 23,696,447/-) mainly representing expenses allowable for tax purposes when paid and difference between tax and book written down value of fixed assets, due to uncertainty of future profits in terms of Accounting Standard 22 (AS-22) for Taxes on Income issued by The Institute of Chartered Accountants of India.

The breakup of deferred tax assets / liability

	<b>Deferred tax asset/ (liability) as at (₹) 31-Mar-12</b>	<b>Deferred tax asset/ (liability) as at (₹) 31-Mar-11</b>
<b>A. Deferred Tax Assets</b>		
Expenses allowable for tax purpose when paid	<b>1,033,086</b>	689,630
Difference between tax and Book Written Down Value	<b>9,145,792</b>	21,416,862
Unabsorbed Business Losses	<b>2,367,680</b>	2,451,462
	<b>12,546,558</b>	24,557,954
<b>B. Deferred Tax Liability</b>		
Difference between Book and Tax WDV	-	-
Deferred Revenue expenditure to the extent not written off	<b>435,937</b>	861,507
	<b>435,937</b>	861,507
<b>C. Net Deferred Tax Assets</b>	<b>12,110,621</b>	23,696,447
<b>D. Deferred Tax Assets / (Liability)</b>	<b>3,742,182</b>	7,322,202

**30. Related Party Disclosures**

**A. Relationship**

**I) Key Management Personnel & Relatives:**

Mr. Milan Dalal, Chairman  
Mr. Asim Dalal, Managing Director  
Mr. Satyen Dalal, Relative  
Mr. B. C. Dalal, Relative  
Mrs. Aditi Dalal, Relative

**II) Other Parties / Enterprises where control / significant influence exists.**

Gateway International Pvt. Ltd.	Grishma Constructions & Trading Co. Pvt. Ltd.
Cifco Limited	ASDA Trading Company Pvt. Ltd.
Western Press Pvt. Ltd.	M/s. Lemon Tree

Related party relationship is as identified by the Company and relied on by the Auditors.

## Notes to Consolidated Financial Statements for the Year ended 31st March, 2012

### B. Details of Transactions with Related Parties.

Sr. No.	Nature of Transactions	Related Party Referred in	
		A (I)	A (II)
i.	Purchases of goods and material	- (-)	<b>30,019,953</b> (19,996,272)
ii.	Expenditure		
	Remuneration	<b>1,680,000</b> (1,680,000)	- -
	Interest paid	<b>58,361</b> (48,397)	- -
	Printing & stationery	- (-)	- (64,155)
	General Expenses	- (-)	<b>221,738</b> (74,248)
	Reimbursement of expenses	- -	- -
	Professional Fees	<b>234,000</b> (234,000)	
	Commission & Discounts given	- -	<b>367,619</b> (225,735)
iii.	Outstanding Balance		
	Loans & Advances received	<b>857,717</b> (669,662)	<b>10,927,995</b> (10,941,791)
	Trade Receivables	-	- (13,796)
	Trade Payables	-	<b>969,193</b> (2,885,471)
	Advance Recoverable in Cash or Kind	-	-

Figures in brackets are for previous year.

31. In respect of previous years, the Company had applied to the Central Government seeking exemption from furnishing quantitative information which was rejected on 15th April, 2005. The Company had also received a show cause notice for violation under section 211. The Company is pursuing the matters with the authorities and is hopeful of resolving the issue in view of the circular no 2/2011 dt 8.2.2011 issued by Ministry of Corporate Affairs granting exemption from furnishing quantitative information

### 32. Earning in Foreign Exchange

- FOB value of exports of goods NIL/-.
- Receipts on account of sale of merchandise ₹ 57,537,732/- (Previous year ₹ 60,703,008/-)

33. CIF Value of Imports : Goods ₹ NIL (Previous year ₹ NIL/-).

34. Expenditure in Foreign Currencies:

Other Expenses ₹ 268,248/- (Previous year ₹ 1,444,501/-).

**Notes to Consolidated Financial Statements for the Year ended 31st March, 2012**

35. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / re-arranged / reclassified wherever necessary.

As per our Report of even dated  
**For M. D. PANDYA & ASSOCIATES**  
*Chartered Accountants*  
*Reg No. 107325W*

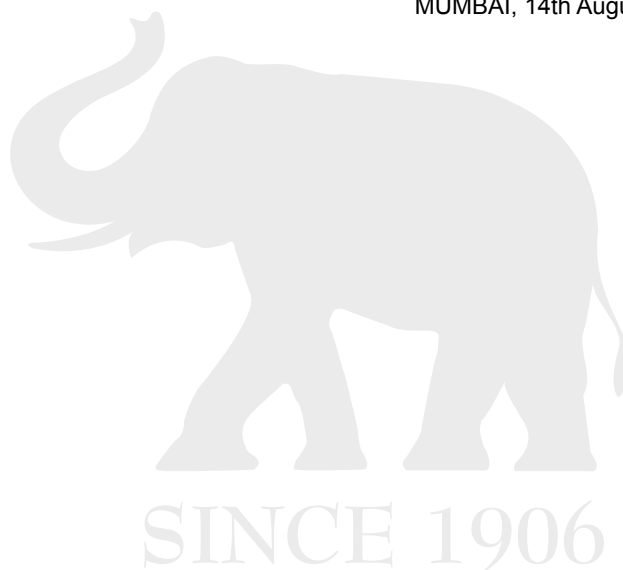
**A. D. Pandya**  
*Partner*

MUMBAI, 14th August, 2012

**Milan Dalal**  
Chairman

**Asim Dalal**  
Managing Director

MUMBAI, 14th August, 2012





## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# BOMBAY SWADESHI STORES LIMITED

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

## ATTENDANCE SLIP

I hereby record my presence at the 106<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Orchid, First Floor, MVIRDC, World Trade Centre, Centre-1, Cuffe Parade, Mumbai - 400 005, on Thursday, 20th September, 2012 at 10.45 a.m.

Folio No. \_\_\_\_\_ / \* DP ID . \_\_\_\_\_ / \* Client ID \_\_\_\_\_

Full name of the Shareholder/Proxy \_\_\_\_\_  
(in block letters)

\* Applicable for investors holding shares in electronic form.

\_\_\_\_\_  
Signature

Note : Please fill Attendance Slip and hand it over at the entrance of the hall.

# BOMBAY SWADESHI STORES LIMITED

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

## PROXY FORM

I/We \_\_\_\_\_

being a member/members of the above-named Company, I hereby appoint \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our proxy to vote for

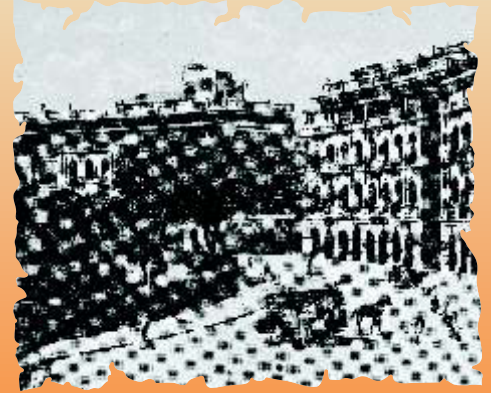
me/us on my/our behalf at the 106<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Thursday, 20th September, 2012 at 10.45 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

₹ 1  
Revenue  
Stamp

Note :

This proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.







THE BOMBAY STORE®



www.thebombaystore.com

WPPL - 40317777  
www.westernpress.in

Regd. Office : Western India House, Sir P. M. Road, Fort, Mumbai - 400 001 • Tel: +91 22 4066 9999

MUMBAI | NAVI MUMBAI | PUNE | AURANGABAD | GOA | BENGALURU