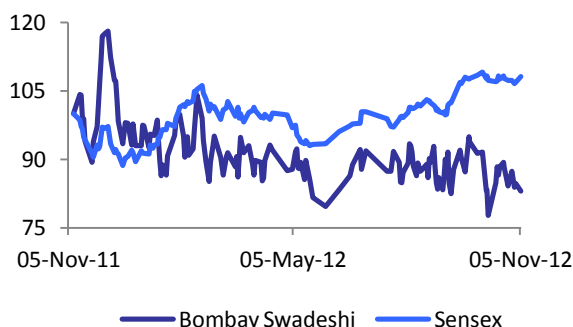


Nov 5, 2012

**CMP** **Rs. 27.9**

BSE Code	531276
BSE ID	BOMSS
High/Low 1Y (Rs.)	39.7 / 26.1
Average Volume (3M)	7690
Market Cap (Rs. Cr.)	14

Shareholding %	Sep-12	Jun-12
Promoters	52.34	52.34
DII <sup>#</sup>	0.39	0.39
FII <sup>#</sup>	8.77	8.77
Public & Others	38.50	38.50

**Stock Chart ( Relative to Sensex)**


Stock Performance (%)	1M	6M	1Yr
Bombay Swadeshi	-9.7	-5.7	-17.0
Sensex	1.2	13.9	8.1

Financials	FY10	FY11	FY12
Revenue	27.3	26.1	26.7
Y-o-Y	-	-4.4%	2.2%
EBITDA	1.4	1.9	-0.1
Y-o-Y	-	30.7%	PL
Net Profit	-0.1	0.2	-1.8
Y-o-Y	-	LP	PL
EPS (Dil.)	0.3	0.8	-3.8
EBITDA Margin	5.2%	7.2%	-
Net Profit Margin	-	0.9%	-
P/E(x)	99.6x	36.7x	-

Financial year ends at March 31.

All figures in Rs. crore except for per share data

<sup>#</sup>FII<sup>s</sup>- Foreign Institutional Investors

<sup>#</sup>DII<sup>s</sup>- Domestic Institutional Investors

## Bombay Swadeshi Stores Limited

### Company Overview

Bombay Swadeshi Stores Ltd. was incorporated in 1905. Space was hired in the present Times of India building in Mumbai and the first Bombay Swadeshi Store was inaugurated by Dr. Dadabhai Naoroji on December 17, 1906. What started under a Swadeshi movement has now come a long way to appeal to global consumers. The company rechristened its brand in December 1995 as "The Bombay Store". Bombay Swadeshi Stores Ltd., the retailer which owns and operates five retail outlets in Mumbai — three in Pune, two in Bangalore and one each in Goa and Aurangabad — operates either in the name of 'The Bombay Store' or 'Urban Living'. The company is in the business of retailing a variety of household, gifts, artefacts and other consumable products through its stores. It was the first retail organization to be listed on BSE in 1963. Bal Gangadhar Tilak, along with eminent industrialist and businessman Munmohandas Ramji, conceived the idea of The Bombay Swadeshi Co-operative Stores Co. Ltd. In 1991, the store came under new management when Dalal family took over the company.

### Company Fundamentals

#### Marginal Growth in Topline

The revenue of the company grew from Rs. 26.1 crore in FY11 to Rs. 26.7 crore in FY12, thus registering a growth of 2.2% y-o-y. The COGS stood at Rs. 11.9 crore in FY12 compared to Rs. 11.4 crore in FY11. The company witnessed a loss of Rs. 1.8 crore in FY12 against profit of Rs. 0.2 crore in FY11.

#### Strong Brand Presence

The company has a strong brand presence which appeals to global customers. Their contemporary design with modern day touch adds value for customers. The 10,000-square feet flagship store of the company in Mumbai is one of the most visited Indian stores by the tourists. The company has a number of brands under its bouquet. Some of the renowned brands of the company include Gurlz, Lemon Tree, Gatha, Biotique etc.

#### Foray into Online Retail

The company has recently forayed into online retail business, which opens up new opportunities and segments. With the online retail business witnessing growth, the company is set to leverage the opportunity presented. The company has recently launched a new venture — The Elephant Company — which is piggybacking the e-commerce boom for the new venture and is in talks with as many as 20 online retailers. Mr. Asim Dalal, the MD of the company, expects 20-25% future sales of the company to come from online space.

### Key Strengths

- Strong brand presence
- Diversified product bouquet
- Presence in online retail
- Contemporary designs which appeal to global audience

## Company Business

Bombay Swadeshi Store Ltd. has come a long way from its inception days and now has a bouquet of products which cater to global audience. It is involved in retail business of home furnishings and accessories and provides apparel, fashion accessories, personal-care products, home accessories, soft furnishings and stationery products. The company has recently moved into e-retailing, providing customers with online store option.

The company has recently started a new loyalty program under the name — Shukriya Select. The new loyalty program is initiated during the festive season so that the company can create some loyal customers. The company has also moved into social media marketing, leveraging Facebook and Twitter to market its set of products.

### Product Details:

Product Category	Offerings	
	Brand	Product
<b>Apparel</b>	Saffron	Salwar-Kurtas, tops, embellished kurtis
	The Bombay Store	Indian and western apparel
	Gurlz	Western apparel
	Lemon Tree	Salwar sets and tops
	Gatha	Tees and men's Kurta-pyjamas
<b>Fashion Accessories</b>		Leather and travel accessories, footwear, scarves and ties
<b>Personal care</b>	Biotique, Shahnaz Hussain, Breathe, Lotus	Aromatherapy, herbal skin and hair care
<b>Home accessories</b>		Lamps and shades, candles and Candle stands, tableware and kitchenware
<b>Soft furnishings</b>		Bed and bath linen, kitchen and table linen, wall hangings and curtains, floor coverings
<b>Stationery</b>		Handmade paper products, desktop accessories, gift wraps, etc.

Source: The Bombay Store, IndiaRetailing Website

The company has previously helped brands like Provogue and Tantra to create footprints in Indian retail segment. The management has recently indicated that they now want to promote 'home' as a category. The company is looking at selling more of contemporary products and boasts of having products across price range. The company has also forayed into corporate gifts and is looking to be a major player in the same segment. The Bombay Store has recently tied up with Yash Raj Films (YRF). The venture opens up an opportunity with the company to sale exclusive YRF merchandise through its store. This presents a good branding opportunity for the group.

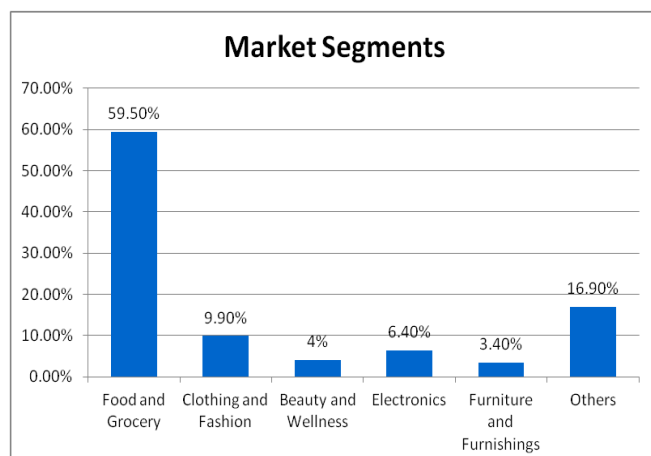
## Industry Overview

India's single-category retail chains, known as speciality retail in industry parlance, is scoring good over multi-category retail because companies are able to earn better gross margins, have faster turnaround time and they face less competition from unorganized retail segment. Gross margins for food and grocery retail chains like Food Bazaar, Spencer's are 18-20%, while that for speciality retail chains like Tanishq and Zara are between 35-45%. In some categories like furniture and clothing, it is as high as 60-70%.

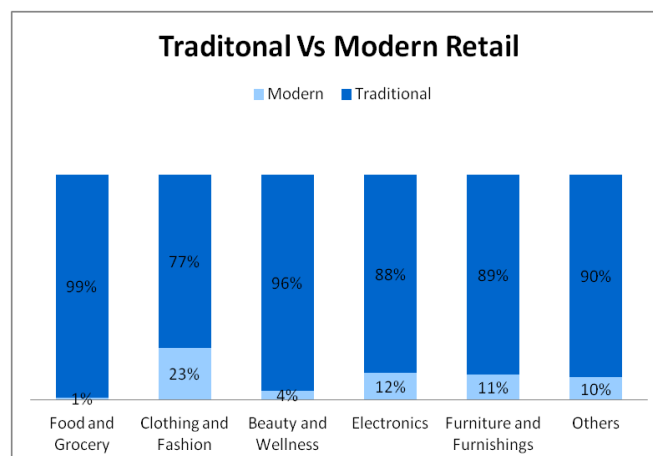
The growth drivers for speciality retail are very much different from value retail. In case of speciality retail, it is the brand and not the category which pushes the product to the customers. Most of the formats in the same grow organically while if a business is driven by brand, new partnerships drive the success.

(Source: The Financial Express)

The Indian retail industry is pegged at \$500 billion and is expected to reach \$1.3 trillion by 2020. In addition, it is expected that 25% of the same will be from organized retail. The Indian retail sector is expected to grow at 15-20% over the next five years and this will be boosted by the growth in online retail segment. India's e-retail industry is likely to touch Rs. 7,000 crore by 2015, up from Rs. 2,000 crore at present. The recent measure to allow 51% FDI in multi-brand retail is expected to attract international retail giants to the country. This will further boost organized retail segment in the country, although it is expected that they will face stiff competition from the unorganized segment. (Source: Indian Retail Scenario, IBEF)



Source: Indian Retail Market, Deloitte Research



## Road Ahead:

Increasing disposal income, expansion spree of retail stores and supporting economic factors will act as boosters for the sector. It is expected that the next generation of organized retail will be favored by luxury good segment. Consumer markets in emerging economies like India are growing rapidly and this is attracting large international retail giants. With the current measure of multi-brand retail FDI by the Government, the retail space in India is ready for the next giant leap.

## Competitor Analysis

We have compared Lords Chemicals with its closest peer in the domestic market.

Company	Year End	CMP	M Cap	Revenue	EBIT Margin	EPS	P/E
Bombay Swadeshi Stores Ltd	Mar-12	27.9	13.81	26.7	-	-3.8	-
V2 Retail	Mar-12	11.31	25.33	42.2	-	-	-

Source: Capitaline, BSE, Market cap and Revenue in Rs. crore. CMP as on 5 Nov'12

## Summary Financials

Particulars (Rs. Crore)	FY10	FY11	FY12
<b>Net Sales</b>	<b>25.6</b>	<b>25.3</b>	<b>26.2</b>
Other Op. Revenue	1.7	0.8	0.5
<b>Total Revenue</b>	<b>27.3</b>	<b>26.1</b>	<b>26.7</b>
<i>Growth (%)</i>	-	-4.4%	2.2%
Cost of Goods Sold	-10.1	-11.4	-11.9
<b>Gross Profit</b>	<b>17.2</b>	<b>14.7</b>	<b>14.8</b>
Employee Cost	-3.2	-4.1	-4.7
Other Expenditure	-12.6	-8.7	-10.2
<b>EBITDA</b>	<b>1.4</b>	<b>1.9</b>	<b>-0.1</b>
<i>Growth (%)</i>	-	30.7%	PL
Depreciation	-1.0	-0.7	-0.8
<b>EBIT Profit</b>	<b>0.5</b>	<b>1.1</b>	<b>-0.9</b>
Finance Cost	-0.4	-0.6	-0.9
Other Income	0.0	0.0	0.0
Exceptional Items	0.0	0.0	0.0
<b>PBT</b>	<b>0.01</b>	<b>0.52</b>	<b>-1.85</b>
<i>Growth (%)</i>	-	LP	PL
Income Tax	-0.2	-0.3	0.0
<b>Profit after Tax</b>	<b>-0.1</b>	<b>0.2</b>	<b>-1.8</b>
Extra Ordinary Items	0.0	0.0	0.0
<b>Net Profit</b>	<b>-0.1</b>	<b>0.2</b>	<b>-1.8</b>
<i>Growth (%)</i>	-	LP	PL
Rep. Basic EPS	0.28	0.76	-3.77
Rep. Diluted EPS	0.28	0.76	-3.77
Equity Capital	1.0	1.0	1.0
Face value	2	2	2

Ratio Analysis	FY10	FY11	FY12
<b>Margins</b>			
EBITDA Margin (%)	5.2%	7.2%	-
Net Profit Margin (%)	-	0.9%	-
<b>Valuation</b>			
P/E (x)	99.6	36.7	-
P/BV (x)	1.2	1.2	1.4
<b>Profitability</b>			
ROCE (%)*	-	6.7%	-
RONW (%)	-	2.0%	-
<b>Solvency Ratio</b>			
Debt/ Equity Ratio (x)	0.6	0.7	1.2
Interest Cover (x)	1.0	1.8	-1.0

\* Bifurcation between Long Term and Short Term Debt is not available for FY10

**Contact Details:**

ICRA Online Limited  
[research@icraonline.com](mailto:research@icraonline.com)

**Disclaimer**

All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Online Limited in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited shall not be liable for any losses incurred by users from any use of this document or its contents in any manner. Opinions expressed in this document are not the opinions of our holding company and of the subsidiary companies and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.

---

Published on behalf of BSE Investors' Protection Fund

**BSE Investor's Protection Fund**

First Floor, P J Towers, Dalal Street, Mumbai. Tel: 22721233/34 [www.bseindia.com](http://www.bseindia.com)

